

***BERNAL HEIGHTS HOUSING CORPORATION
AND SUBSIDIARIES***

**CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
December 31, 2024 and 2023**

BERNAL HEIGHTS HOUSING CORPORATION AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Bernal Heights Housing Corporation and Subsidiaries

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Bernal Heights Housing Corporation, a California nonprofit public benefit corporation, and Subsidiaries which comprise the consolidated statements of financial position as of December 31, 2024 and 2023, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Bernal Heights Housing Corporation and Subsidiaries as of December 31, 2024 and 2023, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Bernal Heights Housing Corporation and Subsidiaries and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Bernal Heights Housing Corporation and Subsidiaries' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

INDEPENDENT AUDITORS' REPORT (Continued)

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Bernal Heights Housing Corporation and Subsidiaries' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Bernal Heights Housing Corporation and Subsidiaries' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Prior Period Financial Statements

We also draw attention to the fact that the financial statements of Bernal Heights Housing Corporation and Subsidiaries for the year ended December 31, 2023, were audited by SND Partners, LLP, who merged with Aprio LLP as of May 1, 2025, and whose report dated October 4, 2024, expressed an unmodified opinion on those statements.

INDEPENDENT AUDITORS' REPORT (Continued)

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated **December 3, 2025**, on our consideration of Bernal Heights Housing Corporation and Subsidiaries' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Bernal Heights Housing Corporation and Subsidiaries' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bernal Heights Housing Corporation and Subsidiaries' internal control over financial reporting and compliance.

Aprilo, LLP

Walnut Creek, California
December 3, 2025

BERNAL HEIGHTS HOUSING CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31, 2024 and 2023

	2024	2023
ASSETS		
Cash, cash equivalents, and restricted deposits		
Cash and cash equivalents	\$ 5,057,214	\$ 6,964,913
Restricted cash and deposits		
Restricted for affordable housing activities	449	1,016,827
Tenant security deposits	20,310	19,729
Rental property reserves	1,258,351	1,202,566
Total cash, cash equivalents, and restricted deposits	6,336,324	9,204,035
Accounts receivable		
Grants and contracts	24,737	96,475
Related party	1,706,334	1,418,342
Tenant rents and other receivables	519,838	213,164
Total receivables	2,250,909	1,727,981
Prepaid expenses	15,964	109,278
Investments in unconsolidated entities	31,411,743	31,461,304
Developments in progress	4,169,445	267,226
Property and equipment, net	3,926,078	4,161,039
Total assets	\$ 48,110,463	\$ 46,930,863
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	\$ 477,323	\$ 169,185
Accounts payable - related party	2,752,164	2,941,691
Tenant security deposits	25,809	12,079
Notes payable, net	8,904,716	6,461,844
Accrued interest payable	1,890,367	1,902,819
Total liabilities	14,050,379	11,487,618
Net assets without donor restrictions	34,060,084	35,443,245
Total liabilities and net assets	\$ 48,110,463	\$ 46,930,863

The accompanying notes are an integral part of these consolidated financial statements.

BERNAL HEIGHTS HOUSING CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF ACTIVITIES
Years Ended December 31, 2024 and 2023

	2024	2023
Public support and revenue without donor restrictions		
Public support		
Grants and contracts	\$ 151,826	\$ 189,159
Contributions	-	4,758,772
Revenue		
Rental property revenue, net of vacancy loss	516,211	613,097
Commercial lease revenue	224,903	218,558
Developer and consulting fee revenue	483,219	55,000
Management services fees	74,773	48,168
Interest income	290,562	186,817
Income (loss) from investments in partnerships	(49,561)	12,274
Other income	104,168	122,861
Total public support and revenue	1,796,101	6,204,706
Expenses		
Program services		
Housing development	1,681,387	1,853,665
Rental properties	1,225,334	1,273,117
Total program services	2,906,721	3,126,782
Supporting services		
Management and general	272,541	281,139
Total expenses	3,179,262	3,407,921
Change in net assets without donor restrictions	(1,383,161)	2,796,785
Net assets without donor restrictions - beginning of year	35,443,245	32,646,460
Net assets without donor restrictions - end of year	\$ 34,060,084	\$ 35,443,245

The accompanying notes are an integral part of these consolidated financial statements.

BERNAL HEIGHTS HOUSING CORPORATION AND SUBSIDIARIES
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended December 31, 2024 and 2023

	Program Services		Management and General	2024 Totals
	Housing Development	Rental Properties		
Program services-subcontractors expense	\$ 1,679,787	\$ -	\$ -	\$ 1,679,787
Equipment, repairs and maintenance	-	206,243	-	206,243
Rent expense	-	147,309	-	147,309
Utilities	-	98,126	-	98,126
Management fee	-	-	53,988	53,988
Asset management fee	-	-	75,322	75,322
Insurance	-	93,280	15,752	109,032
Salaries and wages	-	208,026	-	208,026
Professional fees	-	-	111,790	111,790
Other administration expenses	-	48,889	1,487	50,376
Taxes and licenses	1,600	10,079	-	11,679
Bad debts	-	12,765	-	12,765
Interest expense	-	18,757	-	18,757
Deferred note payable interest expense	-	131,601	-	131,601
Depreciation	-	250,259	14,202	264,461
Total expenses	<u>\$ 1,681,387</u>	<u>\$ 1,225,334</u>	<u>\$ 272,541</u>	<u>\$ 3,179,262</u>

The accompanying notes are an integral part of these consolidated financial statements.

BERNAL HEIGHTS HOUSING CORPORATION AND SUBSIDIARIES
STATEMENTS OF FUNCTIONAL EXPENSES (Continued)
Years Ended December 31, 2024 and 2023

	Program Services		Management and General	2023 Totals
	Housing Development	Rental Properties		
Program services-subcontractors expense	\$ 1,813,165	\$ -	\$ -	\$ 1,813,165
Equipment, repairs and maintenance	-	269,532	-	269,532
Rent expense	-	143,373	-	143,373
Utilities	-	78,787	-	78,787
Management fee	-	-	53,988	53,988
Asset management fee	-	-	72,892	72,892
Insurance	-	72,984	15,290	88,274
Salaries and wages	-	204,472	-	204,472
Professional fees	-	-	99,398	99,398
Other administration expenses	-	41,543	25,369	66,912
Taxes and licenses	-	12,269	-	12,269
Bad debts	40,500	25,294	-	65,794
Interest expense	-	19,306	-	19,306
Deferred note payable interest expense	-	152,945	-	152,945
Depreciation	-	252,612	14,202	266,814
Total expenses	\$ 1,853,665	\$ 1,273,117	\$ 281,139	\$ 3,407,921

The accompanying notes are an integral part of these consolidated financial statements.

BERNAL HEIGHTS HOUSING CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended December 31, 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (1,383,161)	\$ 2,796,785
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	264,461	266,814
Amortization of debt issuance costs	257	257
(Increase) decrease in assets:		
Grants and contracts receivable	71,738	(36,874)
Accounts receivable - related party	(287,992)	301,846
Rent and other receivables	(306,674)	(55,212)
Prepaid expenses	93,314	(35,319)
Investments in partnerships	49,561	67,429
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	308,138	74,831
Accounts payable - related party	(189,527)	(407,834)
Tenant security deposits	13,730	(2,881)
Accrued interest payable	(12,452)	130,973
Net cash provided (used) by operating activities	(1,378,607)	3,100,815
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(29,500)	(35,525)
Payments made for developments in progress	(3,902,219)	(267,226)
Net cash used by investing activities	(3,931,719)	(302,751)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of debit issuance costs	(53,580)	-
Proceeds from notes payable	2,508,426	-
Payment of notes payable	(12,231)	(17,176)
Net cash provided (used) by financing activities	2,442,615	(17,176)
Increase (decrease) in cash, cash equivalents, and restricted deposits	(2,867,711)	2,780,888
Cash, cash equivalents, and restricted deposits - beginning of year	9,204,035	6,423,147
Cash, cash equivalents, and restricted deposits - end of year	\$ 6,336,324	\$ 9,204,035
SUPPLEMENTARY CASH FLOW INFORMATION		
Cash paid for interest	\$ 183,897	\$ 16,685

The accompanying notes are an integral part of these consolidated financial statements.

BERNAL HEIGHTS HOUSING CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF ACCOUNTING POLICIES

Bernal Heights Housing Corporation (BHHC) was established in 1991 to preserve and develop affordable housing for low- and moderate-income individuals by the development of new housing projects and the rehabilitation of existing housing projects. Funding for these activities is provided by grants and loans from federal, state, and local governments, and private organizations.

BHHC is the sole member of Bernal Housing LLC, a California limited liability company formed in 2011. BHHC is the sole member of Hazel Eddy Woolsey LLC, a California limited liability company formed in 2023.

BHHC is the sole member of Dreambuilders Collective LLC, a California limited liability company formed in 2023 that serves as the managing general partner in Elevate Housing Partners L.P, a California limited partnership formed in 2024.

BHHC serves as the managing member of 190 Coleridge Ventures LLC, a California limited liability company formed in 2024 that serves as the managing general partner of 190 Coleridge Partners L.P., a California limited partnership formed in 2024.

These financial statements consolidate the activities of Bernal Housing, LLC, Hazel Eddy Woolsey LLC, Dreambuilders Collective LLC, Elevate Housing Partners L.P., 190 Coleridge Ventures LLC, and 190 Coleridge Partners L.P. (collectively, the Subsidiaries) with the activities of BHHC (collectively, the Organization).

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements is as follows:

1. Principles of Consolidation

Limited Partnerships

Partnerships that are controlled by BHHC are included in the consolidated financial statements. The controlling general partnership interests generally range from 0.01% to 1.0% with the remainder of the partnership's equity held by a limited partner and shown as non-controlling interests in unrestricted net assets, if applicable.

Limited Liability Companies

Limited liability companies that are controlled by BHHC are included in the consolidated financial statements.

Eliminations

Material intercompany balances and transactions between controlled entities are eliminated in the consolidated financial statements. Examples include: elimination of management fees on the books of BHHC against the corresponding operating expenses on a partnership or property's books; elimination of receivables from partnerships on BHHC against the corresponding payables on the partnerships and property's books.

BERNAL HEIGHTS HOUSING CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF ACCOUNTING POLICIES (Continued)

2. Basis of Presentation and Accounting Method

The accompanying financial statements have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America (GAAP). Support and revenues are recorded in the period when earned and expenses when incurred, regardless of the timing of payments. In addition, the financial position and activities are presented on the basis of net assets with donor restrictions and net assets without donor restrictions depending on the nature of any donor-imposed restrictions. The Organization elects to record contributions that are restricted by the donor as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. As of December 31, 2024 and 2023, all of the Organization's net assets are without donor restrictions.

3. Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions

Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets with Donor Restrictions

Net assets subject to donor- (or certain grantor-) imposed restrictions. Contributions are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

4. Cash, Cash Equivalents, and Concentrations of Credit Risk

Cash is defined as cash on hand and demand deposits with banks. All short-term debt securities purchased with a maturity of three months or less are considered to be cash equivalents. The Organization occasionally maintains cash on deposit at banks in excess of the Federal Deposit Insurance Corporation limit. As of December 31, 2024 and 2023, deposits on hand in excess of insured limits totaled \$1,849,000 and \$2,635,193, respectively. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant risk of loss.

5. Restricted Cash and Deposits

Restricted cash includes reserves for repairs and replacements, operating reserves, tax and insurance impound accounts, and rental property reserves held in accordance with lenders' regulatory agreements.

BERNAL HEIGHTS HOUSING CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF ACCOUNTING POLICIES (Continued)

6. Accounts Receivable

Grants and contracts receivable consist of billed amounts due for expenditures incurred in excess of payments received under grants and contracts with various entities that are recorded as receivables when earned. Receivables are stated at the amount management expects to collect from outstanding balances.

Tenant rents receivable consists of receivables from tenants for rent charges and other incidental charges that management expects to collect under the terms of their leases. Other receivables include balances due from third parties that management expects to collect in the course of operations.

The Organization reviews collectability of receivables based on historical collections and economic conditions. It is reasonably possible that management's estimate will change.

7. Property and Equipment

Property and equipment is stated at cost of acquisition or fair market value as of the date of donation in the case of gifts. The cost of maintenance and repairs is charged to operations when incurred. Depreciation is provided in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method, 30 years for building and improvements and 5 years for furniture and equipment.

The Organization reviews its investment in real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted cash flow expected to be generated by the rental property and any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the real estate exceeds the fair value of such property. There were no impairment losses recognized in the years ending December 31, 2024 and 2023.

8. Developments in Progress

Developments in progress includes the cost of acquisition, construction or rehabilitation of housing projects that have not been completed. BHHC incurs costs during the predevelopment phase of each affordable housing project undertaken. Property holding costs, including interest costs incurred on rehabilitation-related debt, net of interest earned on investment of the borrowed funds, are also capitalized. Any funds expended on a project that does not pass beyond the development stage are recorded as expenses when further activity on the project ceases. Developments in progress are not depreciated until the completion of the development.

9. Capitalized Interest

The Organization capitalizes interest incurred during construction as a component of development in progress and building and improvements costs. The Organization capitalized interest of \$158,426 and \$0 during the years ended December 31, 2024 and 2023, respectively.

BERNAL HEIGHTS HOUSING CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF ACCOUNTING POLICIES (Continued)

10. Investments in Unconsolidated Entities

The Organization uses the equity method to account for its investments in unconsolidated entities. Under the equity method, the initial investment is recorded at cost and is subsequently increased by the Organization's share of earnings and decreased by its share of losses and distributions. Under the equity method, losses from operating partnerships in which the Organization is not required to fund any operating deficits are no longer recognized once the balance in the investment account reaches zero.

11. Fair Value of Financial Assets and Liabilities

The carrying value of cash and cash equivalents approximates fair value due to the short-term maturity of these instruments. It is not practicable for management to estimate the fair value of accounts receivable, accounts payable, notes payable, and investments in other companies because of the nature of such instruments and because there is no readily available market information for financial instruments with similar terms.

12. Debt Issuance Costs

Debt issuance costs are amortized over the term of the note payable using the straight-line method. GAAP requires that the effective yield method be used to amortize debt issuance costs; however, the effect of using the straight-line method is not materially different from the results that would have been obtained under the effective yield method. Amortization of debt issuance costs is reported as a component of interest expense. Debt issuance costs, net of accumulated amortization, are reported as a direct deduction from the face amount of the note payable to which such costs relate.

13. Contributions and Recognition of Donor Restricted Contributions

Donations and contributions are recognized as revenue when they are unconditionally received. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction is satisfied in the period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions restricted for the acquisition of long-lived assets are reported as without donor restricted support when the assets are placed in service.

14. Rental Property Revenue

Lease revenue is recognized monthly as rent becomes due, to the extent that lease payments are considered collectible, and reported as a component of rental property revenue in the statements of activities. Rental payments received in advance are deferred until earned. All leases between the Organization and tenants of the properties are operating leases. Lease terms are typically 12 months or less and do not include extension options.

BERNAL HEIGHTS HOUSING CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF ACCOUNTING POLICIES (Continued)

15. Developer and Consulting Fee Revenue

BHHC earns fees for development services in connection with the acquisition, construction or rehabilitation of housing projects. Developer and consulting fees for services provided during the predevelopment phase are recognized at construction loan closing or with the admission of an investor limited partner into the tax credit partnership. Developer fees for services provided during the development or construction phase are recognized ratably over the expected construction phase. Payments received for services not yet performed are deferred until earned.

16. Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statements of activities and by both nature and function in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services based on estimates of employees' time incurred and usage of resources. Program services include all expense relating to development, management and rental operations of properties.

17. Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

18. Income Taxes and Tax-Exempt Status

The Organization has received tax exempt status under IRC Section 501(c)(3) and the California Franchise Tax Board under the Revenue and Taxation Code 23701(d). The Organization believes that it does not have any uncertain tax positions that are material to the financial statements. The federal and state information returns for the years ending December 31, 2023, 2022, 2021, and 2020 are subject to examination by regulatory agencies, generally for three years and four years after they were filed for the federal and state returns, respectively.

No income tax provision has been included in the combined financial statements for the consolidated single member limited companies which are considered a disregarded entity. The income and loss of the LLC is included in the tax returns of BHHC, the sole members. Only the annual California limited liability company minimum tax and the annual fee appear as expense in the combined financial statements.

19. Guarantees

GAAP requires a liability to be recorded for the fair value of the stand-ready obligation associated with a guarantee issued after December 31, 2002. Guarantees issued between entities under common control or on behalf of an entity under common control are excluded. Consequently, no liabilities have been recorded as all guarantees are considered to be issued to entities under common control.

BERNAL HEIGHTS HOUSING CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF ACCOUNTING POLICIES (Continued)

20. Risks and Uncertainties

The Organization is subject to various risks and uncertainties in the ordinary course of business that could have adverse impacts on its operating results and financial condition. Future operations could be affected by changes in the economy or other conditions in the geographical area where the Organization is located or by changes in federal, state and/or local low-income housing subsidies or the demand for such housing.

21. Related Party Transactions

Material related party transactions and balances between controlled entities have been eliminated in the consolidated financial statements.

22. Allocation of Partnership Income/loss and Tax Credits

The consolidated partnerships are generally expected to generate low-income housing tax credits, which will be allocated in the same manner as the income or loss of each consolidated partnership. Because the limited partners' losses are limited to their investments, the limited partners' equity will not be reduced below zero unless future capital contributions will be made in amounts sufficient to absorb the losses. All remaining losses are allocated to the general partners. Any subsequent income allocable to the limited partners is allocated to the general partners first until the general partners' share of that income offsets the losses not previously recognized by the limited partners.

23. Date of Management's Evaluation and Subsequent Events

Management has evaluated subsequent events through December 3, 2025, which is the date the financial statements were available to be issued.

BERNAL HEIGHTS HOUSING CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE B – PROPERTY AND EQUIPMENT

As of December 31, property and equipment and accumulated depreciation consist of the following:

	2024	2023
Land	\$ 1,678,332	\$ 1,678,332
Building and improvements	7,807,687	7,778,187
Furniture and equipment	73,785	73,785
Total property and equipment	9,559,804	9,530,304
Less: accumulated depreciation	(5,633,726)	(5,369,265)
Property and equipment, net	\$ 3,926,078	\$ 4,161,039

NOTE C – INVESTMENTS IN UNCONSOLIDATED ENTITIES

The Organization serves as a limited partner, general partner, or member of a general partner of limited partnerships organized to develop and operate affordable housing properties. The investments are recorded using the equity method in which the investments are originally recorded at cost and are adjusted annually to recognize the Organization’s share of earnings or losses. Limited Partner (LP) investments in partnerships are not adjusted below zero. As such investments in partnerships at December 31, consist of the following:

		2024	2023
1100 Ocean Avenue, L.P.	0.0049% AGP	\$ 479,746	\$ 479,784
Holly Court Housing, LLC	50.000% Member	(519,361)	(456,746)
Alemaný Housing, LLC	50.000% Member	(47,073)	(45,832)
Tabernal Alliance LLC	50.000% Member	(775)	-
Bernal Senior Housing Partners	70.000% LP	-	-
Boomerang Housing Associates	1.000% LP	14,792,897	14,788,058
Bernal Gateway Housing Associates	1.000% LP	16,706,309	16,696,040
Total investments		\$ 31,411,743	\$ 31,461,304

The financial position and activity of the limited partnerships are summarized below:

	Unaudited	
	2024	2023
Total assets	\$ 235,366,050	\$ 246,866,040
Total liabilities	\$ 157,928,180	\$ 158,091,428
Partner's equity	\$ 77,437,870	\$ 88,774,612
Income	\$ 11,167,531	\$ 10,886,474
Expenses	\$ 17,576,955	\$ 17,078,433
Results of operations	\$ (6,409,424)	\$ (6,181,457)

BERNAL HEIGHTS HOUSING CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE D – RELATED PARTY TRANSACTIONS

Accounts Receivable – Related Party

Accounts receivable from related parties as of December 31 are as follows:

	2024	2023
<i>Holly Court LLC</i>		
Management service fees	\$ 24,713	\$ 12,151
<i>Aleman Housing Associates, LP</i>		
Developer fee	599,676	599,676
Management service fees	24,700	23,467
<i>Market Heights 2, LP</i>		
Developer fee	50,062	129,542
Management services and operating advances	51,715	36,414
<i>Bernal Gateway 2, LP</i>		
Developer fee	202,836	227,209
Operating advances	181,653	23,220
<i>3300 Mission LP</i>		
Predevelopment costs and developer fee	275,948	27,500
<i>Bernal Senior Housing Partners</i>		
Operating deficit loan	125,945	125,945
<i>Boomerang Housing Associates</i>		
Operating advances	2,400	-
<i>Bernal Gateway Housing Associates</i>		
Operating advances	2,963	-
<i>5199 Mission Street Senior Housing, Inc.</i>		
Minimum capital investment	5,000	5,000
Operating advances	132,596	82,842
<i>St Peter's Supportive Housing, Inc.</i>		
Development costs advanced	1,003	7,022
Minimum capital investment	5,000	5,000
Operating advances	-	103,129
<i>Boomerang Housing Corporation</i>		
Operating advances	1,550	-
<i>Bernal Gateway Housing Corporation</i>		
Operating advances	1,700	-
<i>Tabernal Allicance LLC</i>		
Operating advances receivable	1,550	-
<i>RPMH, LLC</i>		
Operating advances receivable	2,550	-
<i>RFBG, LLC</i>		
Operating advances receivable	12,774	10,225
Total related-party receivable	\$ 1,706,334	\$ 1,418,342

BERNAL HEIGHTS HOUSING CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE E – RELATED-PARTY TRANSACTIONS (Continued)

Accounts Payable – Related Party

As of December 31, 2024 and 2023, accounts payable to BHNC for services provided and operating support totals \$2,811,706 and \$2,941,691, respectively.

Contributions – Related Party

During the year ending December 31, 2023, BHHC received contributions without donor restrictions from Boomerang Housing Corporation and Bernal Gateway Housing Corporation, related to BHHC by common members on the boards of directors, in the amounts of \$59,569 and \$4,699,203, respectively.

Program Services – Related Party

In accordance with a management services agreement between BHHC and BHNC, BHNC provides asset management, incentive management, housing development, and similar services to rental properties owned or controlled by BHHC. Also, BHHC contributes to BHNC income earned from leasing facilities at rental properties owned by BHHC. For the years ended December 31, 2024 and 2023, total fees earned by BHNC for the above services amounted to \$222,631 and \$216,182, respectively.

BHHC also provides general operating support to BHNC. For the years ended December 31, 2024 and 2023, general operating support provided to BHNC totaled \$1,528,757 and \$1,624,358, respectively.

NOTE F - LEASE AGREEMENTS

The Organization leases office space to BHNC under an operating lease that commenced November 1, 2014 and with an initial expiration date June 30, 2020, that is currently on a month-to-month term. For the years ended December 31 2024 and 2023, annual lease income earned from BHNC was \$59,268 and \$59,268, respectively.

BHHC leases space to an unrelated nonprofit organization at the Hazel Betsy property on a month to month basis. Annual lease income earned was \$6,236 and \$4,000 for the years ended December 31 2024 and 2023, respectively. In addition, BHHC leases space to another unrelated nonprofit organization at the Eddy Street property on a month to month basis. Annual lease income earned was \$12,000 in both years 2024 and 2023.

BHHC leases community support space at Bernal Gateway Apartments from Bernal Gateway 2, LP, a California limited partnership in which BHHC serves as a non-controlling member of the general partner, under two separate lease agreements in the annual amount of \$1 each. BHHC then in turn has two separate sublease agreements with two unrelated nonprofit corporations. One sublease has an initial term expiration date of February 29, 2022, that is currently on a month-to-month term, and lease income earned for 2024 and 2023 was \$72,696 and \$71,195, respectively. BHHC subleases the other space on a month-to-month basis, and lease income earned for 2024 and 2023 was \$74,613 and \$72,095, respectively. BHHC donated a portion of the sublease income to BHNC, which amounted to \$147,309 and \$143,290 in 2024 and 2023, respectively.

Management is unable to determine if the lessees are likely to continue renewing the leases for an expected term longer than one month give current economic and political conditions. As of December 31 2024 and 2023, there are no operating leases that have a non-cancelable lease term in excess of one year.

BERNAL HEIGHTS HOUSING CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE G – NOTES PAYABLE

Notes payable are secured by the property unless otherwise noted and consist of the following:

	<u>2024</u>	<u>2023</u>
<i><u>Moultrie House</u></i>		
City and County of San Francisco (CCSF) Mayors’ Office of Economic Planning and Development loan in the amount of \$334,177 funded under the CDBG program. Terms of the loan agreement stipulate restrictions on the use of the property for 55 years, at which time, if no uncured default exists, the loan will be forgiven. The loan is interest-free with the exception of an uncured default, which would require its entire repayment, including interest compounded at 10% per annum. The loan matures in March 2047.	\$ 334,177	\$ 334,177
CCSF Mayors’ Office of Housing (CCSF-MOH) loan in the amount of \$349,907 funded under the CDBG program. Terms of the loan agreement stipulate restriction on the use of the property for 55 years. The note bears 3% simple interest per annum, and principal and interest are payable from surplus cash. The note matures in May 2060. As of December 31, 2024 and 2023, accrued interest was \$157,339 and \$148,282, respectively.	301,888	301,888
<i><u>Woolsey Street</u></i>		
CCSF-MOH loan in the amount of \$428,453 funded under the HOME program. Terms of the loan agreement stipulate restrictions on the use of the property for 75 years, at which time, if no uncured default exists, the loan will be forgiven. The note is interest-free with the exception of an uncured default, which would require its entire repayment, including interest compounded at 10% per annum. The note matures in March 2069.	428,453	428,453
<i><u>Mission Street</u></i>		
CCSF-MOH loan in the amount of \$168,009. The note bears 3% simple interest per annum. The note matures in May 2063. As of December 31, 2024 and 2023, accrued interest was \$70,717 and \$70,121, respectively.	168,009	168,009
Wells Fargo Bank loan in the original amount of \$524,602 bears interest at a fixed rate of 7.63% and has been modified from the original terms to have a maturity date of May 1, 2035.	434,321	446,552

BERNAL HEIGHTS HOUSING CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE G - NOTES PAYABLE (Continued)

	2024	2023
<u><i>17th Street</i></u>		
CCSF loan in the amount of \$1,464,890 funded under the HOPWA program. Terms of the loan agreement stipulate restrictions on the use of the property for 55 years. The note bears 3% simple interest per annum (on loan principal of \$1,243,315) and matures in December 2072. Principal and interest are payable from surplus cash. As of December 31, 2024 and 2023, accrued interest was \$544,495 and \$555,224, respectively.	\$ 1,341,449	\$ 1,341,449
<u><i>Cortland Avenue</i></u>		
CCSF loan in the amount of \$360,000 funded under the CDBG Clean and Sober Housing Program. Terms of the loan agreement stipulate restrictions on the use of the property for 75 years, at which time, if no uncured default exists, the loan will be forgiven. The note is interest-free with the exception of an uncured default, which would require its entire repayment, including interest compounded at 10% per annum. The note matures in May 2070.	360,000	360,000
<u><i>Monterey Boulevard</i></u>		
CCSF-MOH loan in the amount of \$168,186 funded under the CDBG program. Terms of the loan agreement stipulate restriction on the use of the property for 55 years. The note bears 3% simple interest per annum. Principal and interest are payable from surplus cash. The note matures in June 2060. As of December 31, 2024 and 2023, accrued interest was \$59,889 and \$54,970, respectively.	163,970	163,970
CCSF-MOH loan in the amount of \$293,093 funded under the HOME program. Terms of the loan agreement stipulate restrictions on the use of the property for 75 years, at which time, if no uncured default exists, the balance of the loan will be forgiven. The note is interest-free with the exception of an uncured default, which would require payment of its entire remaining balance, including interest compounded at 10% per annum. The note matures in December 2071.	293,093	293,093
<u><i>Eddy Street</i></u>		
Boomerang Housing Corporation (BHC) loan in the amount of \$86,914 with a fixed interest rate of 3.5% per annum. Payments of principal and interest are due monthly in the amount of \$1,581, commencing on January 1, 2011. The unpaid principal and accrued interest was due in December 2015. As of December 31, 2024 and 2023, accrued interest was \$32,320 and \$29,328, respectively.	85,491	85,491

BERNAL HEIGHTS HOUSING CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE G - NOTES PAYABLE (Continued)

	2024	2023
<i><u>Eddy Street (Continued)</u></i>		
CCSF loan in the amount of \$1,070,119 funded under the HOPWA program. Terms of the loan agreement stipulate restrictions on the use of the property for 50 years, at which time, if no uncured default exists, the outstanding principal balance will be forgiven. The note bears 3% simple interest per annum and matures in April 2048. Principal and interest are payable from surplus cash. As of December 31, 2024 and 2023, accrued interest was \$639,335 and \$658,422, respectively.	\$ 1,070,117	\$ 1,070,117
CCSF loan in the amount of \$921,725 funded under the HOME program. Terms of the loan agreement stipulate restrictions on the use of the property for 75 years. Part A of the note (\$710,594) bears no interest and Part B (\$211,131) bears 6.7% interest per annum, compounded. Outstanding principal and interest shall be payable in December 2076. Principal and interest are payable from surplus cash. As of December 31, 2024 and 2023, accrued interest was \$118,356 and \$133,419, respectively.	921,725	921,725
CCSF loan in the amount of \$228,869 funded under the Hotel Tax Program. Terms of the loan agreement stipulate restrictions on the use of the property for 75 years. The note bears 6.7% interest per annum, compounded. Outstanding principal and interest shall be payable in August 2077. Principal and interest are payable from surplus cash. As of December 31, 2024 and 2023, accrued interest was \$267,916 and \$253,053, respectively.	228,869	228,869
<i><u>26th Street</u></i>		
CCSF loan funded under the CDBG program in the amount of \$348,000 funded under the CDBG Clean and Sober Housing Program. Terms of the loan agreement stipulate restrictions on the use of the property for 75 years, at which time, if no uncured default exists, the loan will be forgiven. The note is interest-free with the exception of an uncured default, which would require its entire repayment, including interest compounded at 10% per annum. The note matures in August 2070.	321,887	322,763
<i><u>3333 Mission Street</u></i>		
Elevate Housing Partners L.P. note payable to Low Income Investment Fund (LIIF Note) in the original amount of \$5,283,000 bears interest at rate of 6.99% per annum. Payments of interest only are due through the maturity date, May 1, 2026, and are to be made from an interest reserve established at loan closing. The loan allows for an option to extend the maturity date to February 1, 2027.	<u>2,508,426</u>	<u>-</u>
Total notes payable	8,961,875	6,465,680
Less unamortized debt issuance costs	<u>(57,159)</u>	<u>(3,836)</u>
Total notes payable, net	<u>\$ 8,904,716</u>	<u>\$ 6,461,844</u>

BERNAL HEIGHTS HOUSING CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE G - NOTES PAYABLE (Continued)

Principal payments toward deferred notes payable for the next five years are subject to changes in net cash flow which is a contingency that cannot be reasonably estimated.

Minimum required payments are estimated as follows for the years ending December 31:

2025	\$	20,016	2028	\$	7,512
2026	\$	6,452	2029	\$	8,105
2027	\$	2,515,388			

NOTE H – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Amounts related to restricted deposits that are not available for general expenditure within one year are excluded as noted below:

	2024	2023
Financial assets		
Cash, cash equivalents, and restricted deposits	\$ 6,336,324	\$ 9,204,035
Grants and contracts receivable	24,737	96,475
Receivable from related parties	1,706,334	1,418,342
Rent and other receivables	519,838	213,164
Total financial assets	8,587,233	10,932,016
Less amounts unavailable for general expenditure within one year:		
Contractual restrictions		
Restricted for affordable housing activities	(449)	(1,016,827)
Tenant security deposits	(25,809)	(12,079)
Replacement and operating reserves	(1,258,351)	(1,202,566)
Contracts payable	(24,737)	(23,405)
Related-party payable	(2,752,164)	(2,941,691)
Financial assets available to meet cash needs for general expenditure within one year	\$ 4,525,723	\$ 5,735,448

NOTE I - GUARANTEES

The Organization issues a variety of guarantees in the course of developing properties. The guarantees are generally issued in favor of limited partner investors of lenders.

The Organization has provided operating deficit guarantees as well as indemnifications with regard to tax benefits projected for its various affiliates and projects. The Organization will cover operating deficits as needed up to a stated limit. The Organization does not require any collateral or other security from its affiliates and projects related to these guarantees. Management believes that the likelihood of funding a material amount of any of the guarantees is remote.

BERNAL HEIGHTS HOUSING CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE J – VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

The Organization's principal assets consist of a low income rental housing projects in San Francisco, California. The Organization's operations are concentrated in the multifamily real estate market. In addition, the Organization operates in a heavily regulated environment. The operations of the Organization are subject to the administrative directives, rules and regulations of federal, state and local agencies. Such administrative directives, rules and regulations are subject to change which may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

NOTE K – COMMITMENTS AND CONTINGENCIES

Property Management

Property management is contracted with non-affiliated entities for annual amounts subject to yearly increases.

Grants and Loans Receivable

In connection with various federal, state and city grants and loan programs, the Organization is obligated to operate in accordance with those grant and loan requirements and are subject to audit by those agencies. In cases of noncompliance, the agencies involved may require that the Organization refund payment of program funds. The amount, if any, of expenditures that may be disallowed by the agencies cannot be determined at this time, although the Organization expects such amounts, if any, to be immaterial.

Construction Loan Repayment and Completion Guarantees

BHHC provides repayment guarantees for construction loans used for the development of properties. BHHC have also provided construction completion guarantees in favor of certain lenders for the development of properties and lease-up of a project, should the project not receive expected permanent financing, or should the cost of the development exceed permanent financing received. A payment under such a guarantee would result in the transfer of cash resources from the guarantor to an affiliate that is obligated to complete a development, resulting in an obligation to repay the advance, usually from future operating cash flow. There are no significant completion delays in BHHC's current developments. BHHC and its co-developers have guaranteed construction loan repayment on loans totaling \$18,600,000 of which \$0 has been drawn as of December 31, 2024.

SUPPLEMENTARY INFORMATION

BERNAL HEIGHTS HOUSING CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY INFORMATION AS REQUIRED BY MOHCD
CORTLAND AVENUE
Year Ended December 31, 2024

SCHEDULE OF OPERATING REVENUES - MOHCD

	Revenue	
5120	Tenant rental revenue	\$ 61,152
5121	Tenant rental assistance payments	-
5100T	Gross rent potential	<u>61,152</u>
	Vacancies	
5220	Apartments	<u>(41,510)</u>
5200T	Total vacancies	<u>(41,510)</u>
5152N	Net rental revenue	<u>19,642</u>
	Other revenue	
5490	Interest income - replacement reserve	1,941
5490	Interest income - operating reserve	874
5900T	Total other revenue	<u>2,815</u>
5000T	Total operating revenue	<u>22,457</u>

SCHEDULE OF OPERATING EXPENSES - MOHCD

	Management	
6320	Property management fees	2,904
6390	Asset management fee	6,364
	Total management expense	<u>9,268</u>
	Salaries/benefits	
6310	Office salaries	<u>3,435</u>
	Total salaries/benefits expenses	<u>3,435</u>
	Administrative expenses	
6311	Office expenses	2,701
6350	Audit fees	713
6365	Professional Services	14,188
6351	Bookeeping	720
	Total administrative expenses	<u>18,322</u>
	Utilities	
6450	Electricity	1,344
6451	Water	1,763
6452	Gas	583
6453	Sewer	125
	Total utilities	<u>3,815</u>
	Taxes and licenses	
6710	Real estate taxes	214
6711	Payroll taxes	175
	Total taxes and licenses	<u>389</u>

BERNAL HEIGHTS HOUSING CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY INFORMATION AS REQUIRED BY MOHCD
CORTLAND AVENUE
Year Ended December 31, 2024

SCHEDULE OF OPERATING EXPENSES - MOHCD (Continued)

	Insurance	
6720	Property and liability insurance	\$ 5,564
6722	Workmen's compensation	150
	Total insurance	<u>5,714</u>
	Operating and maintenance	
6510	Payroll	6,839
6515	Supplies	423
6520	Contracts	3,524
6525	Trash removal	1,326
6590	Miscellaneous operating and maintenance	63
	Total operating and maintenance	<u>12,175</u>
	Capital and non-capital items to be reimbursed from replacement reserve	<u>-</u>
6000	Total cost of operations before depreciation per MOHCD	<u>53,118</u>
5060	Operating loss before depreciation and amortization per MOHCD	<u>(30,661)</u>
	Depreciation and amortization expenses	
6600	Depreciation	<u>11,721</u>
3250	Net loss per MOHCD	<u><u>\$ (42,382)</u></u>

BERNAL HEIGHTS HOUSING CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY INFORMATION AS REQUIRED BY MOHCD
CORTLAND AVENUE
Year Ended December 31, 2024

COMPUTATION OF EXCESS CASH

Operating income		
Total income	\$	22,457
Less interest earned on reserves		<u>(2,815)</u>
Adjusted operating income	\$	19,642
Operating expenses		<u>(53,118)</u>
Adjusted net income		(33,476)
Other activity		
Deposits to replacement reserve	(2,000)	
Deposits to operating reserve	<u>(1,000)</u>	
Total other activity		<u>(3,000)</u>
Excess/distributable cash	\$	<u><u>(36,476)</u></u>

SCHEDULE OF REPLACEMENT AND OPERATING RESERVE ACTIVITY

	<i>Replacement Reserve</i>	<i>Operating Reserve</i>
	<u> </u>	<u> </u>
Balance, beginning of year	\$ 57,212	\$ 25,686
Interest earned	1,941	874
Deposits	<u>2,000</u>	<u>1,000</u>
Balance, end of year	<u><u>\$ 61,153</u></u>	<u><u>\$ 27,560</u></u>

BERNAL HEIGHTS HOUSING CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY INFORMATION AS REQUIRED BY MOHCD
WOOLSEY STREET
Year Ended December 31, 2024

SCHEDULE OF OPERATING REVENUES - MOHCD

Revenue		
5120	Tenant rental revenue	\$ 115,105
5121	Tenant rental assistance payments	-
5100T	Gross rent potential	115,105
Vacancies		
5220	Apartments	(60,335)
5200T	Total vacancies	(60,335)
5152N	Net rental income	54,770
Other revenue		
5410	Interest income - operations	191
5490	Interest income - replacement reserve	2,220
5190	Miscellaneous income	125
5900T	Total other revenue	2,536
5000T	Total operating revenue	57,306

SCHEDULE OF OPERATING EXPENSES - MOHCD

Management		
6320	Property management fees	10,248
6390	Asset management fee	6,364
	Total management	16,612
Salaries/benefits		
6310	Office salaries	16,643
	Total salaries/benefits expenses	16,643
Administrative expenses		
6311	Office expenses	6,726
6350	Audit fees	3,568
6351	Accounting fees	3,600
	Total administrative expenses	13,894
Utilities		
6450	Electricity	3,534
6451	Water	2,550
6452	Gas	3,211
	Total utilities	9,295
Taxes and licenses		
6710	Real estate taxes	1,165
6711	Payroll taxes	841
6790	Miscellaneous taxes and licenses	356
	Total taxes and licenses	2,362

See Independent Auditors' Report.

BERNAL HEIGHTS HOUSING CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY INFORMATION AS REQUIRED BY MOHCD
WOOLSEY STREET
Year Ended December 31, 2024

SCHEDULE OF OPERATING EXPENSES - MOHCD (Continued)

	Insurance	
6720	Property and liability insurance	\$ 19,873
6722	Workmen's compensation	719
	Total insurance	20,592
	Operating and maintenance	
6510	Payroll	32,828
6515	Supplies	729
6520	Contracts	8,101
6525	Trash removal	3,404
6590	Miscellaneous operating and maintenance	335
	Total operating and maintenance	45,397
	Capital and non-capital items to be reimbursed from replacement reserve	-
	Total operating expenses per MOHCD	124,795
	Financial expenses	
6820	Interest expense - note payable	-
	Total financial expenses	-
6000	Total cost of operations before depreciation per MOHCD	124,795
5060	Operating loss before depreciation and amortization per MOHCD	(67,489)
	Depreciation and amortization expenses	
6600	Depreciation	15,021
6610	Amortization of debt issuance costs	55
3250	Net loss per MOHCD	\$ (82,565)

BERNAL HEIGHTS HOUSING CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY INFORMATION AS REQUIRED BY MOHCD
WOOLSEY STREET
Year Ended December 31, 2024

COMPUTATION OF EXCESS CASH

Operating income		
Total income	\$	57,306
Less interest earned on reserves		(2,220)
Adjusted operating income		\$ 55,086
Operating expenses		(124,795)
Adjusted net income		(69,709)
Other activity		
Releases from replacement reserve		(5,000)
Total other activity		(5,000)
Excess/distributable cash (deficit)		\$ (74,709)

SCHEDULE OF REPLACEMENT AND OPERATING RESERVE ACTIVITY

	<i>Replacement Reserve</i>	<i>Operating Reserve</i>
Balance, beginning of year	\$ 149,086	\$ -
Deposits	-	-
Withdrawals	(5,000)	-
Interest earned	2,220	-
Balance, end of year	\$ 146,306	\$ -

BERNAL HEIGHTS HOUSING CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY INFORMATION AS REQUIRED BY MOHCD
26TH STREET
Year Ended December 31, 2024

SCHEDULE OF OPERATING REVENUES - MOHCD

	Revenue	
5120	Tenant rental revenue	\$ 32,916
5121	Tenant rental assistance payments	46,596
5100T	Gross rent potential	<u>79,512</u>
	Vacancies	
5220	Apartments	-
5200T	Total vacancies	<u>-</u>
5152N	Net rental revenue	<u>79,512</u>
	Other revenue	
5490	Interest income - replacement reserve	3,467
5490	Interest income - operating reserve	918
5990	Miscellaneous income	25
5900T	Total other revenue	<u>4,410</u>
5000T	Total operating revenue	<u>83,922</u>

SCHEDULE OF OPERATING EXPENSES - MOHCD

	Management	
6320	Property management fees	3,156
6390	Asset management fee	6,364
	Total management	<u>9,520</u>
	Salaries/benefits	
6310	Office salaries	3,435
	Total salaries/benefits expenses	<u>3,435</u>
	Administrative expenses	
6311	Office expenses	1,117
6340	Legal fees	2,032
6350	Audit fees	713
6351	Accounting fees	780
	Total administrative expenses	<u>4,642</u>
	Utilities	
6450	Electricity	6,840
6451	Water	4,668
6452	Gas	3,217
6453	Sewer	-
	Total utilities	<u>14,725</u>
	Taxes and licenses	
6710	Real estate taxes	214
6711	Payroll taxes	175
6790	Miscellaneous taxes and licenses	272
	Total taxes and licenses	<u>661</u>

BERNAL HEIGHTS HOUSING CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY INFORMATION AS REQUIRED BY MOHCD
26TH STREET
Year Ended December 31, 2024

SCHEDULE OF OPERATING EXPENSES - MOHCD (Continued)

	Insurance	
6720	Property and liability insurance	\$ 5,388
6722	Workmen's compensation	150
	Total insurance	<u>5,538</u>
	Operating and maintenance	
6510	Payroll	6,839
6515	Supplies	1,347
6520	Contracts	7,084
6525	Trash removal	1,687
6590	Miscellaneous operating	129
	Total operating and maintenance	<u>17,086</u>
	Capital and non-capital items to be reimbursed from replacement reserve	<u>-</u>
6000	Total cost of operations before depreciation per MOHCD	<u>55,607</u>
5060	Operating loss before depreciation and amortization per MOHCD	<u>28,315</u>
	Depreciation and amortization expenses	
6600	Depreciation	<u>7,696</u>
3250	Net loss per MOHCD	<u><u>\$ 20,619</u></u>

BERNAL HEIGHTS HOUSING CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY INFORMATION AS REQUIRED BY MOHCD
26TH STREET
Year Ended December 31, 2024

COMPUTATION OF NET CASH FLOW

Operating income		
Total income	\$ 83,922	
Less interest earned on reserves	<u>(4,385)</u>	
Adjusted operating income		\$ 79,537
Operating expenses		<u>(55,607)</u>
Adjusted net income		23,930
Other activity		
Releases from replacement reserve	52,238	
Deposits to replacement reserve	<u>(3,850)</u>	
Total other activity		<u>48,388</u>
Excess/distributable cash		<u><u>\$ 72,318</u></u>

SCHEDULE OF REPLACEMENT AND OPERATING RESERVE ACTIVITY

	<i>Replacement Reserve</i>	<i>Operating Reserve</i>
	<u> </u>	<u> </u>
Balance, beginning of year	\$ 132,530	\$ 27,747
Deposit of prior year residual receipts	6,972	-
Withdrawals	(52,238)	-
Interest earned	3,467	918
Monthly deposits	<u>3,850</u>	<u>-</u>
Balance, end of year	<u><u>\$ 94,581</u></u>	<u><u>\$ 28,665</u></u>

BERNAL HEIGHTS HOUSING CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY INFORMATION AS REQUIRED BY MOHCD
17TH STREET
Year Ended December 31, 2024

SCHEDULE OF OPERATING REVENUES - MOHCD

	Revenue	
5120	Tenant rental revenue	\$ 130,189
5121	Tenant rental assistance payments	114,352
5140	Commercial rental income	6,326
5193	Special claim revenue	4,661
5100T	Gross rent potential	<u>255,528</u>
	Vacancies	
5220	Apartments	<u>(106,739)</u>
5200T	Total vacancies	<u>(106,739)</u>
5152N	Net rental revenue	<u>148,789</u>
	Other revenue	
5490	Interest income - replacement reserve	3,899
5910	Interest income - operating reserve	2,608
5920	Tenant charges	2,331
5900	Miscellaneous income	15
5900T	Total other revenue	<u>8,853</u>
5000T	Total operating revenue	<u>157,642</u>

SCHEDULE OF OPERATING EXPENSES - MOHCD

	Management	
6320	Property management fees	10,248
6390	Asset management fee	6,364
	Total management	<u>16,612</u>
	Salaries/benefits	
6310	Office salaries	<u>15,802</u>
	Total salaries/benefits expenses	<u>15,802</u>
	Administrative expenses	
6311	Office expenses	25,196
6340	Legal fees	4,983
6350	Audit fees	3,210
6351	Accounting fees	3,600
6370	Bad debts	981
	Total administrative expenses	<u>37,970</u>
	Utilities	
6450	Electricity	9,873
6451	Water	18,621
6452	Gas	5,685
	Total utilities	<u>34,179</u>

BERNAL HEIGHTS HOUSING CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY INFORMATION AS REQUIRED BY MOHCD
17TH STREET
Year Ended December 31, 2024

SCHEDULE OF OPERATING EXPENSES - MOHCD

	Taxes and licenses	
6710	Real estate taxes	\$ 514
6711	Payroll taxes	806
6790	Miscellaneous taxes and licenses	356
	Total taxes and licenses	1,676
	Insurance	
6720	Property and liability insurance	16,175
6722	Workmen's compensation	689
	Total insurance	16,864
	Operating and maintenance	
6510	Payroll	33,844
6515	Supplies	12,852
6520	Contracts	69,718
6525	Trash removal	7,805
6530	Security contract	3,379
6590	Miscellaneous operating and maintenance	566
	Total operating and maintenance	128,164
	Capital and non-capital items to be reimbursed from replacement reserve	-
	Total operating expenses per MOHCD	251,267
	Financial expenses	
6830	Interest expense - note payable	33,597
	Total financial expenses	33,597
6000	Total cost of operations before depreciation per MOHCD	284,864
5060	Operating loss before depreciation and amortization per MOHCD	(127,222)
	Depreciation and amortization expenses	
6600	Depreciation	42,079
3250	Net loss per MOHCD	\$ (169,301)

BERNAL HEIGHTS HOUSING CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY INFORMATION AS REQUIRED BY MOHCD
17TH STREET
Year Ended December 31, 2024

COMPUTATION OF NET CASH FLOW

Operating income		
Total income	\$ 157,642	
Less interest earned on reserves	(6,507)	
Adjusted operating income		\$ 151,135
Operating expenses		
Adjusted net income		(251,267)
Other activity		
Releases from operating reserve - capitalized	29,500	
Releases from operating reserve - expensed	15,500	
Deposits to replacement reserve	(5,400)	
Deposits to operating reserve	(563)	
Total other activity		39,037
Excess/distributable cash		\$ (61,095)

SCHEDULE OF REPLACEMENT AND OPERATING RESERVE ACTIVITY

	<i>Replacement Reserve</i>	<i>Operating Reserve</i>
Balance, beginning of year	\$ 150,436	\$ 89,908
Interest earned	3,899	2,608
Withdrawals	(45,000)	(12,330)
Refund to Eddy Street *	(8,439)	-
Monthly deposits	5,400	563
Balance, end of year	\$ 106,296	\$ 80,749

* In prior year, the 2020 residual receipt amount for Eddy Street was deposited into Hazel Betsy's (17th St.) account. The error was corrected in 2024.

BERNAL HEIGHTS HOUSING CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY INFORMATION AS REQUIRED BY MOHCD
MISSION STREET
Year Ended December 31, 2024

SCHEDULE OF OPERATING REVENUES - MOHCD

Revenue		
5120	Tenant rental revenue	\$ 22,128
5140	Commercial rental revenue	59,268
5100T	Gross rent potential	81,396
Vacancies		
5220	Apartments	-
5200T	Total vacancies	-
5152N	Net rental revenue	81,396
Other revenue		
5490	Interest income - replacement reserve	1,781
5490	Interest income - operating reserve	943
5900T	Total other revenue	2,724
5000T	Total operating revenue	84,120

SCHEDULE OF OPERATING EXPENSES - MOHCD

Management		
6320	Property management fees	3,156
6390	Asset management fee	6,178
	Total management	9,334
Salaries/benefits		
6310	Office salaries	3,435
	Total salaries/benefits expenses	3,435
Administrative expenses		
6311	Office expenses	2,061
6340	Legal fees	6,840
6350	Audit fees	713
6351	Accounting fees	1,480
	Total administrative expenses	11,094
Utilities		
6451	Water	2,464
	Total utilities	2,464
Taxes and licenses		
6710	Real estate taxes	1,043
6711	Payroll taxes	175
	Total taxes and licenses	1,218

BERNAL HEIGHTS HOUSING CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY INFORMATION AS REQUIRED BY MOHCD
MISSION STREET
Year Ended December 31, 2024

SCHEDULE OF OPERATING EXPENSES - MOHCD (Continued)

	Insurance		
6720	Property and liability insurance	\$	6,530
6722	Workmen's compensation		150
	Total insurance		<u>6,680</u>
	Operating and maintenance		
6510	Payroll		6,839
6515	Supplies		4,148
6520	Contracts		6,838
6525	Trash removal		4,103
6590	Miscellaneous operating and maintenance		235
	Total operating and maintenance		<u>22,163</u>
	Capital and non-capital items to be reimbursed from replacement reserve		-
	Total operating expenses per MOHCD		<u>56,388</u>
	Financial expenses		
6820	Interest expense - notes payable		18,500
6830	Interest expense - deferred note payable		5,040
	Total financial expenses		<u>23,540</u>
6000	Total cost of operations before depreciation per MOHCD		<u>79,928</u>
5060	Operating income before depreciation and amortization per MOHCD		<u>4,192</u>
	Depreciation and amortization expenses		
6600	Depreciation		18,873
6610	Amortization of debt issuance costs		202
3250	Net income per MOHCD	\$	<u><u>(14,883)</u></u>

BERNAL HEIGHTS HOUSING CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY INFORMATION AS REQUIRED BY MOHCD
MISSION STREET
Year Ended December 31, 2024

COMPUTATION OF NET CASH FLOW

Operating income		
Total income	\$	84,120
Less interest earned on reserves		<u>(2,724)</u>
Adjusted operating income	\$	81,396
Operating expenses		<u>(56,388)</u>
Adjusted net income		25,008
Other activity		
Note payable principal payments	(11,782)	
Note payable interest payments	(18,500)	
Deposits to replacement reserve	<u>(3,850)</u>	
Total other activity		<u>(34,132)</u>
Excess/distributable cash		<u><u>\$ (9,124)</u></u>

SCHEDULE OF REPLACEMENT AND OPERATING RESERVE ACTIVITY

	<i>Replacement Reserve</i>	<i>Operating Reserve</i>
	<u> </u>	<u> </u>
Balance, beginning of year	\$ 51,324	\$ 38,244
Deposits	3,850	-
Withdrawals	-	(10,500)
Interest earned	<u>1,781</u>	<u>943</u>
Balance, end of year	<u><u>\$ 56,955</u></u>	<u><u>\$ 28,687</u></u>

BERNAL HEIGHTS HOUSING CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY INFORMATION AS REQUIRED BY MOHCD
EDDY STREET
Year Ended December 31, 2024

SCHEDULE OF OPERATING REVENUES - MOHCD

	Revenue	
5120	Tenant rental revenue	\$ 127,931
5121	Tenant rental assistance payments	100,269
5140	Commercial rent	12,000
		<u>240,200</u>
5100T	Gross rent potential	<u>240,200</u>
	Vacancies	
5220	Apartments	<u>(103,639)</u>
5200T	Total vacancies	<u>(103,639)</u>
5152N	Net rental revenue	<u>136,561</u>
	Other revenue	
5490	Interest income - replacement reserve	9,044
5490	Interest income - operating reserve	2,514
5920	Tenant charge	325
5990	Miscellaneous income	250
		<u>12,133</u>
5900T	Total other revenue	<u>12,133</u>
5000T	Total operating revenue	<u>148,694</u>

SCHEDULE OF OPERATING EXPENSES - MOHCD

	Management	
6320	Property management fees	10,248
6390	Asset management fee	6,364
	Total management	<u>16,612</u>
	Salaries/benefits	
6310	Office salaries	<u>12,368</u>
	Total salaries/benefits expenses	<u>12,368</u>
	Administrative expenses	
6311	Office expenses	6,515
6340	Legal fees	398
6350	Audit fees	2,853
6351	Accounting fees	3,600
6370	Bad debt expense	11,784
	Total administrative expenses	<u>25,150</u>
	Utilities	
6450	Electricity	7,527
6451	Water	4,884
6452	Gas	1,597
	Total utilities	<u>14,008</u>

BERNAL HEIGHTS HOUSING CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY INFORMATION AS REQUIRED BY MOHCD
EDDY STREET
Year Ended December 31, 2024

SCHEDULE OF OPERATING EXPENSES - MOHCD (Continued)

	Taxes and licenses	
6710	Real estate taxes	\$ 514
6711	Payroll taxes	631
6790	Miscellaneous taxes and licenses	356
	Total taxes and licenses	<u>1,501</u>
	Insurance	
6720	Property and liability insurance	18,376
6722	Workmen's compensation	539
	Total insurance	<u>18,915</u>
	Operating and maintenance	
6510	Payroll	24,621
6515	Supplies	6,456
6520	Contracts	31,876
6525	Trash removal	11,052
6530	Security contract	6,399
6590	Miscellaneous operating and maintenance	613
	Total operating and maintenance	<u>81,017</u>
	Capital and non-capital items to be reimbursed from replacement reserve	<u>-</u>
	Total cost of operations before depreciation per MOHCD	<u>169,571</u>
	Financial expenses	
6830	Interest expense - note payable	78,988
	Total financial expenses	<u>78,988</u>
6000	Total cost of operations before depreciation per MOHCD	<u>248,559</u>
5060	Operating income before depreciation and amortization per MOHCD	<u>(99,865)</u>
	Depreciation and amortization expenses	
6600	Depreciation	<u>119,836</u>
3250	Net loss per MOHCD	<u><u>\$ (219,701)</u></u>

BERNAL HEIGHTS HOUSING CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY INFORMATION AS REQUIRED BY MOHCD
EDDY STREET
Year Ended December 31, 2024

COMPUTATION OF NET CASH FLOW

Operating income		
Total income	\$	148,694
Less interest earned on reserves		<u>(11,558)</u>
Adjusted operating income	\$	137,136
Operating expenses		<u>(169,571)</u>
Adjusted net income		(32,435)
Other activity		
Deposits to replacement reserve	(12,643)	
Releases from replacement reserve	<u>5,810</u>	
Total other activity		<u>(6,833)</u>
Excess/distributable cash		<u><u>\$ (39,268)</u></u>

	<i>Replacement Reserve</i>	<i>Operating Reserve</i>
	<u> </u>	<u> </u>
Balance, beginning of year	\$ 249,660	\$ 84,378
Withdrawals	(5,810)	(9,725)
Refund from Hazel Betsy account *	8,439	-
Interest earned	9,044	2,514
Monthly deposits	<u>12,643</u>	<u>-</u>
Balance, end of year	<u><u>\$ 273,976</u></u>	<u><u>\$ 77,167</u></u>

* In prior year, the 2020 residual receipt amount for Eddy Street was deposited into Hazel Betsy's (17th St.) account. The error was corrected in 2024.

BERNAL HEIGHTS HOUSING CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY INFORMATION AS REQUIRED BY MOHCD
MONTEREY BOULEVARD
Year Ended December 31, 2024

SCHEDULE OF OPERATING REVENUES - MOHCD

	Revenue	
5120	Tenant rental revenue	\$ 33,550
5121	LOSP Assistance	95,759
5100T	Gross rent potential	<u>129,309</u>
	Vacancies	
5220	Apartments	<u>-</u>
5200T	Total vacancies	<u>-</u>
5152N	Net rental revenue	<u>129,309</u>
	Other revenue	
5490	Interest income - replacement reserve	1,693
5490	Interest income - operating reserve	750
5920	Tenant charges	629
5900T	Total other revenue	<u>3,072</u>
5000T	Total operating revenue	<u>132,381</u>

SCHEDULE OF OPERATING EXPENSES - MOHCD

	Management	
6320	Property management fees	10,248
6390	Asset management fee	6,364
	Total management	<u>16,612</u>
	Salaries/benefits	
6310	Office salaries	6,871
	Total salaries/benefits expenses	<u>6,871</u>
	Administrative expenses	
6204	Consultant costs	1,100
6311	Office expenses	2,973
6340	Legal fees	285
6350	Audit fees	1,428
6351	Accounting fees	3,600
	Total administrative expenses	<u>9,386</u>
	Utilities	
6450	Electricity	4,741
6451	Water	6,633
6452	Gas	4,008
	Total utilities	<u>15,382</u>

BERNAL HEIGHTS HOUSING CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY INFORMATION AS REQUIRED BY MOHCD
MONTEREY BOULEVARD
Year Ended December 31, 2024

SCHEDULE OF OPERATING EXPENSES - MOHCD (Continued)

	Taxes and licenses	
6710	Real estate taxes	\$ 514
6711	Payroll taxes	350
6790	Miscellaneous taxes and licenses	272
	Total taxes and licenses	<u>1,136</u>
	Insurance	
6720	Property and liability insurance	10,229
6722	Workmen's compensation	300
	Total insurance	<u>10,529</u>
	Operating and maintenance	
6510	Payroll	13,678
6515	Supplies	1,366
6520	Contracts	2,381
6525	Trash removal	2,999
6530	Security contract	199
6590	Miscellaneous operating and maintenance	187
	Total operating and maintenance	<u>20,810</u>
	Capital and non-capital items to be reimbursed from replacement reserve	<u>-</u>
	Total cost of operations before depreciation per MOHCD	<u>80,726</u>
	Financial expenses	
6830	Interest expense - note payable	4,919
	Total financial expenses	<u>4,919</u>
6000	Total cost of operations before depreciation per MOHCD	<u>85,645</u>
5060	Operating income before depreciation and amortization per MOHCD	<u>46,736</u>
	Depreciation and amortization expenses	
6600	Depreciation	<u>16,534</u>
3250	Net income per MOHCD	<u><u>\$ 30,202</u></u>

BERNAL HEIGHTS HOUSING CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY INFORMATION AS REQUIRED BY MOHCD
MONTEREY BOULEVARD
Year Ended December 31, 2024

COMPUTATION OF NET CASH FLOW

Operating income		
Total income	\$ 132,381	
Less interest earned on reserves	<u>(2,443)</u>	
Adjusted operating income		\$ 129,938
Operating expenses		<u>(80,726)</u>
Adjusted net income		49,212
Other activity		
Deposits to replacement reserve	(7,200)	
Deposits to operating reserve	<u>(3,756)</u>	
Total other activity		<u>(10,956)</u>
Excess/distributable cash		<u><u>\$ 38,256</u></u>

SCHEDULE OF REPLACEMENT AND OPERATING RESERVE ACTIVITY

	<i>Replacement Reserve</i>	<i>Operating Reserve</i>
	<u> </u>	<u> </u>
Balance, beginning of year	\$ 47,052	\$ 12,919
Additional deposit	-	10,000
Interest earned	1,693	750
Monthly deposits *	<u>7,200</u>	<u>3,756</u>
Balance, end of year	<u><u>\$ 55,945</u></u>	<u><u>\$ 27,425</u></u>

* Balance of 2020 residual receipts deposit of \$4,450 to be made in 2025.

BERNAL HEIGHTS HOUSING CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY INFORMATION AS REQUIRED BY MOHCD
MOULTRIE STREET
Year Ended December 31, 2024

SCHEDULE OF OPERATING REVENUES - MOHCD

Revenue		
5120	Tenant rental income	\$ 39,585
5100T	Gross rent potential	39,585
Vacancies		
5220	Apartments	-
5200T	Total vacancies	-
5152N	Net rental income	39,585
Other revenue		
5490	Interest income - replacement reserve	2,666
5490	Interest income - operating reserve	249
5900T	Total other revenue	2,915
5000T	Total operating revenue	42,500

SCHEDULE OF OPERATING EXPENSES - MOHCD

Management		
6320	Property management fees	3,780
6390	Asset management fee	6,364
	Total management	10,144
Salaries/benefits		
6310	Office salaries	6,871
	Total salaries/benefits expenses	6,871
Administrative expenses		
6311	Office expenses	1,813
6350	Audit fees	1,428
6351	Bookkeeping	1,388
	Total administrative expenses	4,629
Utilities		
6450	Electricity	258
6451	Water	3,943
6452	Gas	57
	Total utilities	4,258
Taxes and licenses		
6710	Property tax	514
6711	Payroll taxes	350
6790	Miscellaneous taxes and licenses	272
	Total taxes and licenses	1,136

BERNAL HEIGHTS HOUSING CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY INFORMATION AS REQUIRED BY MOHCD
MOULTRIE STREET
Year Ended December 31, 2024

SCHEDULE OF OPERATING EXPENSES - MOHCD (Continued)

	Insurance	
6720	Property and liability insurance	\$ 8,148
6722	Workmen's compensation	300
	Total insurance	<u>8,448</u>
	Operating and maintenance	
6510	Payroll	13,678
6515	Supplies	419
6520	Contracts	4,245
6530	Security	171
6590	Miscellaneous operating and maintenance	84
	Total operating and maintenance	<u>18,597</u>
	Capital and non-capital items to be reimbursed from replacement reserve	<u>-</u>
	Total operating expenses per MOHCD	<u>54,083</u>
	Financial expenses	
6830	Interest expense - note payable	<u>9,057</u>
	Total financial expenses	<u>9,057</u>
6000	Total cost of operations before depreciation per MOHCD	<u>63,140</u>
5060	Operating loss before depreciation and amortization per MOHCD	<u>(20,640)</u>
	Depreciation and amortization expenses	
6600	Depreciation	<u>18,499</u>
3250	Net loss per MOHCD	<u><u>\$ (39,139)</u></u>

BERNAL HEIGHTS HOUSING CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY INFORMATION AS REQUIRED BY MOHCD
MOULTRIE STREET
Year Ended December 31, 2024

COMPUTATION OF NET CASH FLOW

Operating income		
Total income	\$	42,500
Less interest earned on reserves		<u>(2,915)</u>
Adjusted operating income	\$	39,585
Operating expenses		<u>(54,083)</u>
Adjusted net income		(14,498)
Other activity		
Deposits to replacement reserve		<u>(3,000)</u>
Total other activity		<u>(3,000)</u>
Excess/distributable cash (deficit)	\$	<u><u>(17,498)</u></u>

SCHEDULE OF REPLACEMENT AND OPERATING RESERVE ACTIVITY

	<i>Replacement Reserve</i>	<i>Operating Reserve</i>
	<u> </u>	<u> </u>
Balance, beginning of year	\$ 78,848	\$ 7,536
Deposits	3,000	-
Interest earned	<u>2,666</u>	<u>249</u>
Balance, end of year	<u><u>\$ 84,514</u></u>	<u><u>\$ 7,785</u></u>

BERNAL HEIGHTS HOUSING CORPORATION AND SUBSIDIARIES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
December 31, 2024

Federal Grantor/Pass-through Grantor/Program Title	Federal AL Number	Agency or Pass- Through Number	Federal Expenditures
<u>Department of Housing and Urban Development</u>			
Project-Based Rental Assistance (PBRA) (Section 8 Project-Based Cluster)	14.195	Unknown	\$ <u>100,269</u>
Continuum of Care Pass-through the City and County of San Francisco	14.267	1-12892	<u>114,352</u>
Community Development Block Grant Program			
Prior year loans with continuing compliance requirements:			
Pass-through the City and County of San Francisco	14.218	Unknown	321,887
Pass-through the City and County of San Francisco	14.218	Unknown	360,000
Pass-through the City and County of San Francisco	14.218	Unknown	334,177
Pass-through the City and County of San Francisco	14.218	Unknown	301,888
Pass-through the City and County of San Francisco	14.218	Unknown	163,970
Subtotal (CDBG Program Cluster) AL #	14.218		<u>1,481,922</u>
Housing Opportunities for Persons with AIDS (HOPWA)			
Direct award - current year expenditures	14.241	CAH-22-0019	151,826
Prior year loans with continuing compliance requirements:			
Pass-through the City and County of San Francisco	14.241	Unknown	1,341,449
Pass-through the City and County of San Francisco	14.241	Unknown	1,070,117
Subtotal AL #	14.241		<u>2,563,392</u>
HOME Investment Partnership Program Loans			
Prior year loans with continuing compliance requirements:			
Pass-through the City and County of San Francisco	14.239	Unknown	921,725
Pass-through the City and County of San Francisco	14.239	Unknown	428,453
Pass-through the City and County of San Francisco	14.239	Unknown	293,093
Subtotal AL #	14.239		<u>1,643,271</u>
Total Federal Expenditures			<u>\$ 5,903,206</u>

BERNAL HEIGHTS HOUSING CORPORATION AND SUBSIDIARIES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
December 31, 2024

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant and loan activities of Bernal Heights Housing Corporation, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic combined financial statements. The purpose of the Schedule is to present a summary of those activities of Bernal Heights Housing Corporation for the year ended December 31, 2024, which have been financed by the U.S. Government. For purposes of the Schedule, federal awards include all federal assistance entered into directly and indirectly between Bernal Heights Housing Corporation and the federal government. Bernal Heights Housing Corporation has not passed any funds through to subrecipients for the year ended December 31, 2024.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, where certain types of expenditures are not allowable or are limited as to reimbursement. Assistance Listing numbers (“AL No.”) are provided when available.

Bernal Heights Housing Corporation did not elect to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C – PRIOR YEARS’ EXPENDITURES

The accompanying Schedule includes expenditures from prior years for which continuing compliance is required.

NOTE D – YEAR END LOAN BALANCES

Bernal Heights Housing Corporation has received pass-through Department of Housing and Urban Development loans. The loan balances outstanding as of December 31, 2024 are as follows:

Community Development Block Grant Program	\$ 1,481,046
Housing Opportunities for Persons with AIDS (HOPWA)	2,411,566
HOME Investment Partnership Program	<u>1,643,271</u>
Total	<u><u>\$ 5,535,883</u></u>



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Bernal Heights Housing Corporation and Subsidiaries

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Bernal Heights Housing Corporation and Subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 3, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Bernal Heights Housing Corporation and Subsidiaries' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Bernal Heights Housing Corporation and Subsidiaries' internal control. Accordingly, we do not express an opinion on the effectiveness of the Bernal Heights Housing Corporation and Subsidiaries' internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bernal Heights Housing Corporation and Subsidiaries' consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***
(Continued)

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Aprilo, LLP

Walnut Creek, California
December 3, 2025



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE**

To the Board of Directors

Bernal Heights Housing Corporation and Subsidiaries

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Bernal Heights Housing Corporation and Subsidiaries' compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Bernal Heights Housing Corporation and Subsidiaries' major federal programs for the year ended December 31, 2024. Bernal Heights Housing Corporation and Subsidiaries' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Bernal Heights Housing Corporation and Subsidiaries complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Bernal Heights Housing Corporation and Subsidiaries and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Bernal Heights Housing Corporation and Subsidiaries' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Bernal Heights Housing Corporation and Subsidiaries' federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Bernal Heights Housing Corporation and Subsidiaries' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**
(Continued)

Auditors' Responsibilities for the Audit of Compliance (Continued)

The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Bernal Heights Housing Corporation and Subsidiaries' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Bernal Heights Housing Corporation and Subsidiaries' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Bernal Heights Housing Corporation and Subsidiaries' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Bernal Heights Housing Corporation and Subsidiaries' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE
(Continued)**

Report on Internal Control over Compliance (Continued)

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Aprio, LLP

Walnut Creek, California
December 3, 2025

BERNAL HEIGHTS HOUSING CORPORATION AND SUBSIDIARIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
December 31, 2024

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued	Unmodified
Internal control over financing reporting:	
Material weakness(es) identified	No
Significant deficiency(ies) identified	No
Noncompliance material to financial statements	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified	No
Significant deficiency(ies) identified	None reported
Type of auditors' report issued on compliance for major programs	Unmodified
Audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)	No
Identification of major programs	
AL # 14.22 - Community Development Block Grant Program Cluster	
AL # 14.24 - HOME Investment Partnership Program Loans	
Dollar threshold used to distinguish between type A and type B programs	\$750,000
Auditee qualified as low-risk auditee	No

SECTION II - FINANCIAL STATEMENT FINDINGS

No findings reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings reported.