

Jamboree Housing Corporation and Subsidiaries

**Consolidated Financial Statements and Supplemental Schedules
with Report of Independent Auditors
December 31, 2023 and 2022**

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Report of Independent Auditors

To the Board of Directors of
Jamboree Housing Corporation:

Opinion

We have audited the accompanying consolidated financial statements of Jamboree Housing Corporation (a California non-profit public benefit corporation) and Subsidiaries (collectively, the "Corporation"), which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, and the related consolidated statements of activities and changes in net assets, 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 referred to above present fairly, in all material respects, the financial position of the Corporation as of December 31, 2023 and 2022, and the changes in its net assets and its 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 Consolidated Financial Statements section of our report. We are required to be independent of the Corporation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these 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 the Corporation's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

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 and *Government 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 the Corporation's 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 the Corporation's 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.

Other Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the consolidating financial information on pages 39-46, are presented for purposes of additional analysis and are 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 consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

The schedule of the status of prior audit findings and questioned costs has not been subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated August 30, 2024, on our consideration of the Corporation's 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 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 the Corporation's 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 the Corporation's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Novogradac & Company LLP". The signature is written in a cursive, flowing style.

Petaluma, California
August 30, 2024

JAMBOREE HOUSING CORPORATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 36,786,958	\$ 37,575,486
Investment in securities	12,658,217	12,892,193
Due from affordable housing partnerships	719,430	1,837,281
Other accounts receivable	2,702,529	4,039,135
Prepaid expenses	<u>2,388,012</u>	<u>2,443,128</u>
Total current assets	55,255,146	58,787,223
Fixed assets		
Land	130,243,092	137,854,704
Land improvements	99,694,969	82,754,040
Residential buildings	824,965,471	634,107,991
Office condominium	3,485,469	3,485,469
Right-of-use asset - finance lease	706,508	706,508
Properties under development	157,840,551	242,644,660
Equipment and furniture	<u>48,964,157</u>	<u>42,451,654</u>
Total fixed assets	1,265,900,217	1,144,005,026
Less: accumulated depreciation	<u>(225,660,301)</u>	<u>(199,865,242)</u>
Fixed assets, net	1,040,239,916	944,139,784
Notes receivable	6,333,053	6,349,158
Interest receivable	255,589	294,831
Interest rate swap	5,220,883	5,677,606
Grants receivable	1,074,003	1,074,003
Restricted funds	33,837,406	24,465,753
Right-of-use asset - ground lease	14,495,858	15,026,939
Other assets	278,865	273,750
Project predevelopment costs	4,207,319	5,539,847
Investments in affordable housing partnerships, net	2,942,925	2,237,889
Due from affordable housing partnerships, net of current portion and allowance for doubtful accounts	3,829,438	4,135,610
Deferred costs, net of accumulated amortization	<u>2,248,313</u>	<u>2,339,547</u>
Total assets	<u><u>\$ 1,170,218,714</u></u>	<u><u>\$ 1,070,341,940</u></u>

see accompanying notes

JAMBOREE HOUSING CORPORATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022
(continued)

	<u>2023</u>	<u>2022</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 4,845,141	\$ 5,609,513
Construction costs payable	31,052,775	39,576,538
Prepaid rent	428,640	193,528
Due to non-controlling interests	970,827	932,194
Current portion of liabilities		
Notes payable	7,703,598	15,350,611
Finance lease obligations	45,909	53,817
Accrued ground lease	595,990	165,406
Accrued interest	983,557	2,382,804
Deferred revenue	7,606,997	7,578,085
Line of credit	8,072,169	-
Total current liabilities	<u>62,305,603</u>	<u>71,842,496</u>
Notes payable, net of current portion and unamortized debt issuance costs	711,679,897	623,841,150
Interest rate swap	112,854	105,827
Finance lease obligations, net of current portion	673,350	719,605
Development fees payable	1,347,073	1,278,691
Accrued ground lease, net of current portion	7,391,078	7,239,826
Accrued interest, net of current portion	46,739,263	41,192,840
Tenant security deposits	2,945,396	2,663,730
Other long-term liabilities	85,026	61,851
Total long-term liabilities	<u>770,973,937</u>	<u>677,103,520</u>
Total liabilities	833,279,540	748,946,016
Net assets		
Net assets without donor restrictions		
Controlling interests	128,873,486	126,256,187
Non-controlling interests	202,812,012	188,844,193
Total	<u>331,685,498</u>	<u>315,100,380</u>
Net assets with donor restrictions	5,253,676	6,295,544
Total net assets	<u>336,939,174</u>	<u>321,395,924</u>
Total liabilities and net assets	<u>\$ 1,170,218,714</u>	<u>\$ 1,070,341,940</u>

see accompanying notes

JAMBOREE HOUSING CORPORATION
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
PUBLIC SUPPORT AND OTHER REVENUE			
Public support			
Government contracts and cash grants	\$ 769,068	\$ -	\$ 769,068
Private contributions (corporate, foundation, and individuals)	6,168,657	-	6,168,657
Total public support	6,937,725	-	6,937,725
Other revenue			
Rental revenues	63,352,906	-	63,352,906
Management and social services fees	2,129,129	-	2,129,129
Project development fees	3,057,261	-	3,057,261
Flow-through income from affordable housing partnerships	200,956	-	200,956
Interest and dividends	1,388,476	-	1,388,476
Realized loss on investment in securities	(33,510)	-	(33,510)
Unrealized gain on investment in securities	1,281,072	-	1,281,072
Unrealized loss on interest rate swap obligation	(463,750)	-	(463,750)
Gain on sale of fixed assets	739,588	-	739,588
Other revenue	1,053,954	-	1,053,954
Total other revenue	72,706,082	-	72,706,082
Net assets released from restrictions	1,041,868	(1,041,868)	-
Total public support, other revenue, and net assets released from restrictions	80,685,675	(1,041,868)	79,643,807
EXPENSES			
Program services	100,218,461	-	100,218,461
Management and general	3,172,491	-	3,172,491
Fundraising	339,252	-	339,252
Total expenses	103,730,204	-	103,730,204
Change in net assets	(23,044,529)	(1,041,868)	(24,086,397)
Net assets at beginning of year	315,100,380	6,295,544	321,395,924
Non-controlling interests' net contributions	39,629,647	-	39,629,647
Net assets at end of year	\$ 331,685,498	\$ 5,253,676	\$ 336,939,174

see accompanying notes

JAMBOREE HOUSING CORPORATION
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
PUBLIC SUPPORT AND OTHER REVENUE			
Public support			
Government contracts and cash grants	\$ 41,655,615	\$ -	\$ 41,655,615
Government contracts and noncash grants	5,680,000	-	5,680,000
Private contributions (corporate, foundation, and individuals)	707,366	-	707,366
Total public support	48,042,981	-	48,042,981
Other revenue			
Rental revenues	55,789,466	-	55,789,466
Management and social services fees	1,872,032	-	1,872,032
Flow-through income from affordable housing partnerships	633,141	-	633,141
Interest and dividends	891,569	-	891,569
Realized gain on investment in securities	81,957	-	81,957
Unrealized loss on investment in securities	(4,540,909)	-	(4,540,909)
Unrealized gain on interest rate swap obligation	10,786,844	-	10,786,844
Gain on sale of fixed assets	995,704	-	995,704
Debt forgiveness income	1,410,985	-	1,410,985
Other revenue	527,918	-	527,918
Total other revenue	68,448,707	-	68,448,707
Net assets released from restrictions	3,237,071	(3,237,071)	-
Total public support, other revenue (loss), and net assets released from restrictions	119,728,759	(3,237,071)	116,491,688
EXPENSES			
Program services	80,203,485	-	80,203,485
Management and general	2,893,614	-	2,893,614
Fundraising	289,252	-	289,252
Total expenses	83,386,351	-	83,386,351
Change in net assets	36,342,408	(3,237,071)	33,105,337
Net assets at beginning of year	254,169,276	9,532,615	263,701,891
Non-controlling interests' net contributions	24,668,696	-	24,668,696
Syndication costs	(80,000)	-	(80,000)
Net assets at end of year	\$ 315,100,380	\$ 6,295,544	\$ 321,395,924

see accompanying notes

JAMBOREE HOUSING CORPORATION
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

	Program Services	Supporting Services		Total Expenses
		Management and General	Fundraising	
Expenses				
Marketing	\$ -	\$ 110,093	\$ -	\$ 110,093
Nonrecoverable predevelopment costs	95,635	-	-	95,635
Construction expenses	93,124	-	-	93,124
Consulting fees	1,386,600	377,217	-	1,763,817
Depreciation and amortization	25,800,670	84,398	-	25,885,068
Interest expense	20,809,568	-	-	20,809,568
Bond fees	45,169	-	-	45,169
Lease	1,596,263	-	-	1,596,263
Office and administration costs	1,628,013	471,994	-	2,100,007
Operating expense - rental properties	38,913,817	-	-	38,913,817
Partnership fees	1,009,233	-	-	1,009,233
Payroll taxes and benefits	1,010,390	242,038	38,735	1,291,163
Wages	7,829,979	1,886,751	300,517	10,017,247
Total expenses	<u>\$ 100,218,461</u>	<u>\$ 3,172,491</u>	<u>\$ 339,252</u>	<u>\$ 103,730,204</u>

see accompanying notes

JAMBOREE HOUSING CORPORATION
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Program Services	Supporting Services		Total Expenses
		Management and General	Fundraising	
Expenses				
Marketing	\$ -	\$ 327,188	\$ -	\$ 327,188
Nonrecoverable predevelopment costs	206,097	-	-	206,097
Construction expenses	125,679	-	-	125,679
Consulting fees	1,159,874	312,752	-	1,472,626
Bad debt expense	22,511	-	-	22,511
Depreciation and amortization	19,921,729	84,398	-	20,006,127
Interest expense	14,569,223	-	-	14,569,223
Bond fees	18,600	-	-	18,600
Ground lease	762,160	-	-	762,160
Office and administration costs	1,336,073	374,475	-	1,710,548
Operating expense - rental properties	33,580,621	-	-	33,580,621
Partnership fees	943,233	-	-	943,233
Payroll taxes and benefits	883,208	208,300	33,758	1,125,266
Wages	6,674,477	1,586,501	255,494	8,516,472
Total expenses	<u>\$ 80,203,485</u>	<u>\$ 2,893,614</u>	<u>\$ 289,252</u>	<u>\$ 83,386,351</u>

see accompanying notes

JAMBOREE HOUSING CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (24,086,397)	\$ 33,105,337
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	25,885,068	20,006,127
Flow-through income from affordable housing partnerships	(200,956)	(633,141)
Unrealized (gain) loss on marketable securities	(1,281,072)	4,540,909
Realized loss (gain) on marketable securities	33,510	(81,957)
Unrealized loss (gain) on interest rate swap	463,750	(10,786,844)
Bad debt expense	-	22,511
Interest expense - debt issuance costs	495,311	395,704
Amortization of development fees	51,253	30,860
Debt forgiveness income	-	(1,410,985)
Gain on disposal of fixed assets	(739,588)	(995,704)
Decrease (increase) in assets		
Due from affordable housing partnerships	1,424,023	260,213
Other accounts receivable	1,336,606	(1,550,748)
Prepaid expenses	55,116	168,886
Right-of-use asset - ground lease	497,138	153,376
Interest receivable	39,242	17,911
Grants receivable	-	1,216,477
Other assets	(5,115)	(20,126)
(Decrease) increase in liabilities		
Accounts payable and accrued expenses	(764,372)	4,447,316
Prepaid rent	235,112	(5,585)
Due to non-controlling interests	38,633	642,034
Deferred revenue	28,912	1,202,614
Accrued interest	2,557,555	1,183,441
Tenant security deposits	281,666	182,607
Ground lease payable	176,658	157,025
Ground lease payable - cash flow rent	439,121	(109,326)
Other long-term liabilities	23,175	13,666
Net cash provided by operating activities	<u>6,984,349</u>	<u>52,152,598</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments of deferred costs	(1,484)	(266,154)
Proceeds from (advances of) notes receivable	16,105	(1,106,711)
Proceeds from investments in securities, net	1,481,538	7,941,796
Purchases of fixed assets	(87,565,879)	(142,423,702)
Payment of project predevelopment costs, net	(1,139,480)	(1,123,790)
Payment of accrued construction costs	(39,576,538)	(24,730,718)
(Contributions to) distributions from affordable housing partnerships, net	(504,080)	1,028,242
Net cash used in investing activities	<u>(127,289,818)</u>	<u>(160,681,037)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of finance lease obligations	(54,163)	(51,626)
Proceeds from (payment of) line of credit	8,072,169	(1,314,916)
Net proceeds of notes payable	81,976,715	93,724,332
Payment of debt issuance costs	(735,774)	(123,058)
Non-controlling interests' contributions	40,029,609	24,729,336
Non-controlling interests' distributions	(399,962)	(60,640)
Syndication costs	-	(80,000)
Net cash provided by financing activities	<u>128,888,594</u>	<u>116,823,428</u>
Net increase in cash, cash equivalents, and restricted funds	8,583,125	8,294,989
Cash, cash equivalents, and restricted funds at beginning of year	<u>62,041,239</u>	<u>53,746,250</u>
Cash, cash equivalents, and restricted funds at end of year	<u><u>\$ 70,624,364</u></u>	<u><u>\$ 62,041,239</u></u>

see accompanying notes

JAMBOREE HOUSING CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 36,786,958	\$ 37,575,486
Restricted funds	<u>33,837,406</u>	<u>24,465,753</u>
Total cash, cash equivalents, and restricted funds	<u>\$ 70,624,364</u>	<u>\$ 62,041,239</u>
Supplemental disclosures of cash flow information		
Cash paid for interest capitalized	<u>\$ 5,757,625</u>	<u>\$ 5,516,098</u>
Cash paid for interest expensed	<u>\$ 17,756,702</u>	<u>\$ 13,221,610</u>
Supplemental disclosures of non-cash activities		
Increase in right-of-use asset - ground lease and ground lease payable	<u>\$ 65</u>	<u>\$ 4,526,865</u>
Increase in fixed assets from capitalized debt issuance costs	<u>\$ 1,778,498</u>	<u>\$ 232,927</u>
Increase in fixed assets and construction costs payable	<u>\$ 31,052,775</u>	<u>\$ 39,576,538</u>
Increase in fixed assets and accrued interest	<u>\$ 1,589,621</u>	<u>\$ 5,284,566</u>
Increase in fixed assets and development fees payable	<u>\$ 68,382</u>	<u>\$ 530,524</u>
Increase in fixed assets and decrease in project predevelopment cost	<u>\$ 2,472,008</u>	<u>\$ -</u>

see accompanying notes

JAMBOREE HOUSING CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023 and 2022

1. Organization

Jamboree Housing Corporation (“JHC”), incorporated in 1990, is a California non-profit public benefit corporation classified by the Internal Revenue Service as tax-exempt under Section 501(c)(3) of the Internal Revenue Code of 1986, and was established to expand housing opportunities for low-income households as a non-profit housing developer. JHC achieves its mission through the development and construction of new affordable rental housing and the preservation of existing affordable housing through acquisition and rehabilitation in California communities. Through various ownership structures, JHC has control of organizations that provide services and housing for the benefit of families, seniors, and persons with special needs. Collectively, JHC and these various entities are referred herein as the “Corporation.”

2. Summary of significant accounting policies

Basis of accounting

The Corporation prepares its financial statements on the accrual basis of accounting consistent with accounting principles generally accepted in the United States of America. The Corporation’s year-end for financial and tax reporting purposes is December 31.

Basis of presentation

The Corporation is required to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Corporation. These net assets may be used at the discretion of the Corporation’s management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature, which will be met by actions of the Corporation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Principles of consolidation

The Corporation’s consolidated financial statements include JHC, the accounts of majority-owned, controlled subsidiaries, and operating partnerships that JHC controls.

JHC is majority owner and is under common board of directors’ control with the following non-profit organizations:

- Helping Our Mentally Ill Experience Success, Inc. (“HOMES”) – housing and services for the mentally ill and others with special needs
- Housing with Heart, Inc. (“HWH”) – services for residents of affordable housing communities
- The Meadows in Irvine (“Meadows”) – 360-space mobile home park
- JHC River Ranch, Inc. (“River Ranch”) – 136-space mobile home park
- Quality Development and Construction, Inc. (“QDC”) – general contracting, architectural, and construction administration services to affordable housing communities developed by JHC
- JHC Woodglen, Inc.

JAMBOREE HOUSING CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023 and 2022

2. Summary of significant accounting policies (continued)

Principles of consolidation (continued)

JHC has consolidated the following limited partnerships or single member limited liability companies (“LLC”):

<u>Limited Partnership or LLC</u>	<u>Property</u>
Jamboree Holdings, LLC	Office condominium
Jamboree Holdings II, LLC	Office condominium
Jamboree Ventures LLC	None
JHC-Acquisitions LLC	None
JHC-Ceres, LLC	63 apartment units
JHC-Hillview LLC	Motel conversion (134 units)
JHC-Hotel Berry, LLC (“Hotel Berry”)	104 apartment units
JHC-Oakview, LLC	19 apartment units
JHC-Pine Avenue, LLC (“Pine Avenue”)	14 apartment units
JHC-Temecula Reflections, LLC	11 apartment units
JHC-Valencia Woods, LLC (“Valencia”)	60 apartment units
JHC-4 th Street LLC	43 apartment units*
JHC-Beach3 LLC	21 apartment units*
JHC-Crestview LLC	49 apartment units*
JHC-Vista Nueva LLC	117 apartment units

In addition, JHC, directly or through LLCs, controls the following consolidated entities (the “Consolidated Entities”) in which JHC is the controlling general partner or managing member:

<u>Non-profit Corporation or LLC</u>	<u>Limited Partnership or LLC</u>	<u>Units</u>	<u>Percent Ownership</u>
JHC-Beach LLC	Beach Housing Partners LP	43*	.01%
JHC-Beach2 MGP LLC	Beach2 Housing Partners LP	60	.01%
JHC-Birch Hills, LLC	Birch Hills Housing Partners LP	115	.01%
JHC-Buena Park, LLC	Buena Park Housing Partners LP	70	.01%
JHC-Ceres Way, LLC	Ceres Way, LP	60	.009%
JHC-City Yard, LLC	City Yard Housing Partners	70	.01%
JHC-Claremont Village, LLC	Claremont Village Housing Partners, LP	75	.01%
JHC-Commonwealth LLC	Commonwealth Housing Partners LP	58	.01%
JHC-Cornerstone II, LLC	Cornerstone Housing Partners, LP	127	.01%
JHC-Crest LLC	Crest Housing Partners LP	41	.01%
JHC-Tower Bridge LLC	Delta Lane Housing Partners II LP	60*	.01%
JHC-Delta Lane, LLC	Delta Lane Housing Partners, LP	84	.01%
JHC-Diamond Aisle, LLC	Diamond Aisle, LP	25	.005%
JHC-El Monte, LLC	El Monte Housing Partners LP	132	.01%
JHC-Emerald Cove, LLC	Emerald Cove, LP	164	.01%
JHC-Fountain Crest, LLC	Fountain Crest, LP	53	60%
JHC-Garden Grove Housing LLC	Garden Grove Housing Partners, LP	47	.01%
JHC-Granite, LLC	JHC-Granite, LP	71	.01%
JHC-Greenleaf, LLC	Jamboree Greenleaf, LP	20	.01%
JHC-Grove Park, LLC	Grove Park, LP	104	.01%

JAMBOREE HOUSING CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023 and 2022

2. Summary of significant accounting policies (continued)

Principles of consolidation (continued)

<u>Non-profit Corporation or LLC</u>	<u>Limited Partnership or LLC</u>	<u>Units</u>	<u>Percent Ownership</u>
JHC-Heritage Villas LLC	Heritage Villas Housing Partners LP	143	.01%
JHC-IHO Lincoln LLC	Lincoln Housing Partners, LP	70	.01%
JHC-La Palma LLC	La Palma Housing Partners, LP	70	.01%
JHC-Laurel Crest, LLC	Laurel Crest, LP	72	100%
JHC-Manchester LLC	Manchester Housing Partners LP	102	.01%
JHC-Monarch Pointe, LLC	Monarch Pointe, LP	63	.01%
JHC-Monument Arms LLC	Monument Arms Communities Partners LP	92	.005%
JHC-North Harbor LLC	North Harbor Housing Partners LP	91*	.01%
JHC-Park Avenue LLC	Park Avenue Housing Partners LP	59*	.01%
JHC-Richman Park, LLC	Richman Park Housing Partners LP	46	.01%
JHC-San Ysidro LLC	San Ysidro Housing Partners LP	65	.009%
JHC-Santa Ana Village LLC	Santa Ana Village LP	76	.01%
JHC-Saybrook LLC	Saybrook Housing Partners LP	88*	.01%
JHC-Sierra LLC	Sierra Housing Partners LP	60	.009%
JHC-Sun Swept LLC	Sun Swept, LP	16	50%
JHC-Sunrise Point LLC	Sunrise Point Housing Partners LP	47	.01%
JHC-Tonner Hills, LLC	Tonner Hills Housing Partners, LP	94	.01%
JHC-Tower Bridge LLC	Delta Lane Housing Partners II LP	60*	.01%
JHC-Walnut Village, LLC	Walnut Village Housing Partners LP	-	100%
JHC-West Gateway, LLC	Jamboree West Gateway, LP	64	.01%
JHC-West Mission LLC	West Mission Housing Partners LP	57	.01%
JHC-Woodbury, LLC	JHC-Woodbury, LP	90	.01%
JHC-Woodglen LLC	Woodglen Vista Housing Partners LP	188	.006%
JHC-Ynez Road LLC	Ynez Road Housing Partners LP	55*	.01%
Stonegate Housing LLC	Stonegate Housing Partners, LP	60	.01%
Stonegate Housing LLC	Stonegate Housing Partners II, LP	74	.01%
HOMES	Jackson Aisle Apartments, LP	30	100%
JHC	Denni Street Partners, LP	35	100%
JHC	Jamboree-Tal Housing, LP	124	100%
JHC	Jamboree-Tal Housing II, LP	62	100%
JHC	JHC-Culver, LP	162	.01%
JHC	WV Fund LLC	-	79%
JHC-Katella MGP LLC	Katella Housing Partners LP	72	.01%
JHC-Larkin Place LLC	Larkin Place Housing Partners LP	33*	.01%
JHC-Paseo Adelanto LLC	Paseo Adelanto Housing Partners LP	55*	.01%
JHC-North Broadway LLC	North Broadway Housing Partners LP	48*	.01%
Total units		<u>4,002</u>	

*Property was under construction as of December 31, 2023.

All material intercompany balances and transactions have been eliminated.

JAMBOREE HOUSING CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023 and 2022

2. Summary of significant accounting policies (continued)

Investment in partnerships – equity method

JHC uses the equity method of accounting for its investments in 43 limited partnerships or limited liability companies in which JHC serves as a co-general partner, as JHC has significant influence over, but not control of, the major operating and financial policies of the limited partnerships or limited liability companies. Under this method, JHC's share of revenue, losses, and distributions incurred by the limited partnerships is recognized as an increase or reduction of the carrying value of the investments. JHC's percentage ownership interest in these limited partnerships ranges from .0005% to .5%. The following partnerships are recorded under the equity method:

<u>Non-profit Corporation or LLC</u>	<u>Limited Partnership or LLC</u>	<u>Units</u>
JHC-Arbor Terrace LLC	Arbor Terrace Community Partners, LP	129
JHC-Arborelle, LLC	Arborelle, LP	179
JHC-Asbury, LLC	Asbury Place, LP	104
JHC-Ashford Heights, LLC	Ashford Heights, LP	300
JHC-Belage GP, LLC	Belage Preservation, LP	180
JHC-Breckenridge, LLC	Breckenridge Village, LP	160
JHC	Cienega Preservation, LP (property sold to Cienega Gardens Preservation Limited Partnership on February 21, 2018)	-
JHC-Cienega Gardens LLC	Cienega Gardens Preservation Limited Partnership ("Cienega")	180
JHC	Citrus Grove Preservation LP	50
JHC-Citrus Grove LLC	Citrus II Preservation LP	-
JHC-Columbus, LLC	Columbus Preservation, LP	64
JHC-Corona Park LLC	Corona Park Preservation LP	-
JHC	Corona Preservation, LP	160
JHC-Desert Oasis, LLC	Desert Oasis Community Partners, LP	90
JHC-Hastings Park, LLC	Hastings at Antelope, LP	242
JHC-Heritage Oaks, LLC	Heritage Oaks, LP	120
JHC-Highgrove, LLC	Highgrove Workforce Housing, LP	89
JHC-La Puente, LLC	La Puente Preservation, LP	-
JHC-La Puente Park, LLC	La Puente Park Preservation, LP	132
JHC	Laguna Housing Partners, LP	27
JHC	Lake Merritt Preservation, LP	-
JHC-Lake Merritt LLC	Lake Merritt II Preservation LP	55
JHC-Miracle Terrace LLC	Miracle Terrace Community Partners, LP	179
JHC	JHC-Monte Vista LLC	-
JHC-Monte Vista II LLC	Monte Vista Community Partners, LP	144
JHC-Orlands, LLC	Orland Apartments, LP	82
JHC-Panorama, LLC	Panorama Apartments, LP	87
JHC	Plum Tree Apartments, LP	-
JHC-Plum Tree West LLC	Plum Tree West Preservation LP	70
JHC-Rowland LLC	Rowland Preservation, LP	142
JHC-Royals, LLC	Royals Preservation, LP (property sold to Royals 4 Preservation Limited Partnership on January 23, 2020)	-
JHC-Royals II LLC	Royals 4 Preservation Limited Partnership	115
JHC San Dimas LLC	San Dimas Community Partners LP	65
JHC-First Point I LLC	Santa Ana Pacific Associates LP	346
JHC-First Point II LLC	Santa Ana Pacific Associates II LP	206

JAMBOREE HOUSING CORPORATION AND SUBSIDIARIES**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2023 and 2022

2. Summary of significant accounting policies (continued)Investment in partnerships – equity method (continued)

<u>Non-profit Corporation or LLC</u>	<u>Limited Partnership or LLC</u>	<u>Units</u>
JHC-Metro East, LLC	Santa Ana Senior Associates	418
JHC-Summer Field LLC	Summer Field Community Partners, LP	268
JHC	Sky Parkway Preservation, LP	59
JHC-Sky Park Way LLC	Sky Parkway II Preservation LP	-
JHC-St Andrews, LLC	St. Andrews Preservation, LP	43
JHC-Cascades, LLC	The Cascades at Sacramento, LP	112
JHC-Shenandoah, LLC	The Shenandoah, LP	100
JHC-Two Worlds, LLC	Two Worlds Preservation, LP	96
JHC-Woodbridge, LLC	Woodbridge Villa Partners, LP	116
Total units		<u>4,909</u>

JHC regularly assesses its investment in limited partnerships for the existence of impairment. Impairment typically occurs when the carrying value of JHC's investment in a limited partnership exceeds the estimated value of the investment as determined by management. The estimated value generally consists of operating distributions allocable to JHC and the estimated residual value if any, of the investment available to JHC. The residual value is estimated by management based on current economic and capital market conditions, operational results, and the terms of the limited partnership's agreements that provide for distributions to JHC upon the liquidation of the limited partnership or sale or disposition of its assets. JHC also evaluates its other assets for impairment in connection with its investments in limited partnerships.

An impairment loss has no effect on the actual fair value of the underlying property or performance of the overall investment, nor does it have any effect on the remaining low-income housing tax credits to be generated. If an investment in a limited partnership is considered to be impaired, JHC reduces its investment in such limited partnership on the statement of activities. JHC recognized no impairment losses on its investments in limited partnerships for each of the years ended December 31, 2023 and 2022.

Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Significant estimates include the collectability of fees receivable from the properties for development, administrative, partnership/asset management, and social services. Estimates of collectability are generally based on the properties' cash flow.

Cash and cash equivalents

Cash and cash equivalents include all cash balances on deposit with financial institutions and highly liquid investments with a maturity of three months or fewer at the date of acquisition.

JAMBOREE HOUSING CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023 and 2022

2. Summary of significant accounting policies (continued)

Cash and cash equivalents (continued)

Restricted cash is not considered cash and cash equivalents, and includes cash held with financial institutions for funding of operating deficits, repairs or improvements to the buildings that extend their useful lives, annual payments of tax and insurance, debt service payments, payments of tenant service fees, payments of asset management fees, and refunds of tenant security deposits. Restricted cash does not fall under the criteria for net assets with donor restrictions as these funds are held for operational purposes rather than donor-imposed restrictions.

Concentration of credit risk

The Corporation maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Corporation has not experienced any losses in such accounts. The Corporation believes it is not exposed to any significant credit risk on cash and cash equivalents.

Notes receivable and allowance for credit losses

Notes receivable are measured at amortized cost basis and presented at the amount expected to be collected, net of deferred loan origination fees and unearned discounts, as applicable. The Corporation records an allowance for credit losses based on losses expected to arise over the contractual term of the financial asset. Assets are written off when the Corporation deems the note receivable to be uncollectable. Write-offs are recognized as a deduction from the allowance for credit losses. Expected recoveries of amounts previously written off, which do not exceed the aggregate of previous write-offs, are included in determining the allowance account. As of both December 31, 2023 and 2022, management believes that the Corporation's notes receivable are fully collectable and as such, the allowance for credit losses is zero.

In developing estimates for expected credit losses, management considers reasonable and supportable forecasts that affect expected collectability using a loss rate approach. Management considers factors such as the borrower's financial condition, the borrower's ability to make scheduled interest or principal payments based on the current and forecasted direction of the economic and business environment, the remaining payment terms of the loan, the remaining time to maturity, and the value of underlying collateral. Although management uses many factors to estimate credit losses, because of uncertainties associated with local economic conditions, collateral values, and future cash flows, it is reasonably possible that a material change could occur in the allowance for credit loan losses in the near term. However, the amount of the change that is reasonably possible cannot be estimated.

Accounts receivable

Accounts receivable consist primarily of noninterest-bearing amounts due for professional services and rents. Based on historical experience, an assessment of economic conditions, and a review of subsequent collections, the Corporation expects all such accounts receivable to be collectible. Accordingly, an allowance for uncollectible amounts has not been established as of both December 31, 2023 and 2022.

Fair value measurements

The Corporation applies the accounting provisions related to fair value measurements. These provisions define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, establish a hierarchy that prioritizes the information used in developing fair value estimates, and require disclosure of fair value measurements by level within the fair value hierarchy. The hierarchy gives the highest priority to quoted prices in active markets (Level 1 measurements) and the lowest priority to unobservable data (Level 3 measurements), such as the reporting entity's own data. These provisions also provide valuation techniques, such as the market approach (comparable market prices), the income approach (present value of future income or cash flows), and the cost approach (cost to replace the service capacity of an asset or replacement cost).

JAMBOREE HOUSING CORPORATION AND SUBSIDIARIES**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2023 and 2022

2. Summary of significant accounting policies (continued)**Fair value measurements (continued)**

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The three levels of valuation hierarchy are defined as follows:

Level 1: Observable inputs such as quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2: Inputs other than quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3: Unobservable inputs that reflect the Corporation's own assumptions.

The following tables present the Corporation's assets and liabilities that are measured and recognized at fair value on a recurring basis classified under the appropriate level of the fair value hierarchy as of December 31, 2023 and 2022:

	December 31, 2023			Fair Value
	Level 1	Level 2	Level 3	Measurements
Money market	\$ 79,148	\$ -	\$ -	\$ 79,148
Mutual funds	12,579,069	-	-	12,579,069
Interest rate swaps	-	5,108,029	-	5,108,029
Total	<u>\$ 12,658,217</u>	<u>\$ 5,108,029</u>	<u>\$ -</u>	<u>\$ 17,766,246</u>

	December 31, 2022			Fair Value
	Level 1	Level 2	Level 3	Measurements
Money market	\$ 288,069	\$ -	\$ -	\$ 288,069
Mutual funds	12,489,286	-	-	12,489,286
Certificates of deposit	114,838	-	-	114,838
Interest rate swaps	-	5,571,779	-	5,571,779
Total	<u>\$ 12,892,193</u>	<u>\$ 5,571,779</u>	<u>\$ -</u>	<u>\$ 18,463,972</u>

Derivatives and hedging activities

The Corporation recognizes all derivatives on the consolidated statement of financial position at fair value. Derivatives that do not qualify for the hedge accounting are adjusted to fair value through income. If the derivative is a hedge instrument, depending on the nature of the hedge transaction, the changes in the fair value of derivative instrument are either offset against the earnings of the hedged item or recognized in other revenue (expenses) in net assets until the hedged item is recognized in earnings. The ineffective portion of a derivative hedge instrument is immediately recognized in earnings. The Corporation is a party to a derivative instrument for the purpose of limiting its exposure to interest rate fluctuations through the use of an interest rate swap. Net amounts received or paid under the swap arrangement are recorded as an offset to interest expense. Derivatives are held only for the purpose of hedging or limiting such risks, not for speculation. As of December 31, 2023 and 2022, none of the Corporation's derivatives qualifies as a hedge instrument.

Fixed assets and depreciation

Purchases of property, equipment, or improvements are recorded at cost. Major improvements are charged to the fixed asset account, while maintenance and repairs, which do not extend the life of the respective assets, are expensed. When fixed assets are retired or otherwise disposed, the cost of the fixed asset and related accumulated depreciation are removed from the accounts and any resulting gains or losses are reflected in income. Donated property is capitalized based on fair market value as of the contribution date.

JAMBOREE HOUSING CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

2. Summary of significant accounting policies (continued)

Fixed assets and depreciation (continued)

Depreciation is computed on the straight-line method over the estimated useful lives of the assets. The useful lives of the assets are estimated as follows:

Building and improvements	15-40 years
Land improvements	10-20 years
Equipment and furniture	5-7 years
Leasehold improvements	40 years

Depreciation expense for the years ended December 31, 2023 and 2022 was \$25,743,806 and \$19,895,024, respectively.

Deferred charges and amortization

Deferred charges consist of tax credit fees and Housing Authority of the County of Los Angeles ("HACOLA") monitoring fees. Tax credit and HACOLA monitoring fees are amortized on a straight-line basis over the tax credit period.

Impairment of long-lived assets

The Corporation reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the asset to the future net undiscounted cash flow expected to be generated and any estimated proceeds from the eventual disposition. If the long-lived assets are considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the asset exceeds the fair value as determined from an appraisal, discounted cash flow analysis, or other valuation technique. There were no impairment losses recognized during 2023 and 2022.

Income taxes

JHC is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3) and from California income and franchise taxes under Revenue and Taxation Code Section 23701(d).

Income taxes on partnership and LLC income are levied on the partners and members in their individual capacity. Accordingly, all profits and losses of the Consolidated Entities are recognized by each partner and member on its respective tax return.

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the Corporation to report information regarding its exposure to various tax positions taken by the Corporation. The Corporation has determined whether any tax positions have met the recognition threshold and has measured the Corporation's exposure to those tax positions. Management believes that the Corporation has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Federal tax authorities generally have the right to examine and audit the previous three years of tax returns filed. California tax authorities generally have the right to examine and audit the previous four years of tax returns filed. Any interest or penalties assessed to the Corporation are recorded in operating expenses. No interest or penalties from federal or state tax authorities were recorded in the accompanying financial statements.

JAMBOREE HOUSING CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

2. Summary of significant accounting policies (continued)

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor-restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Unconditional pledges to give are recorded as contributions when pledged at the net present value of the amounts expected to be collected. Unconditional pledges to give that are expected to be received in future periods are discounted annually using the current interest rate the funds would earn. Amortization of the discount is recorded as contribution revenue.

For the years ended December 31, 2023 and 2022, the Corporation recognized contributed building and improvements in the amount of \$0 and \$5,680,000, respectively, for the purpose of developing and operating a 72-unit project located in Stanton, California. The project will be rented to low-income tenants and will be operated in a manner to qualify for federal low-income housing tax credits as provided under Internal Revenue Code Section 42. The Corporation estimated the fair value based on the appraisal, which is classified as level 3 in the fair value hierarchy.

Public support and revenue recognition

Revenue from contributions is recognized at the net present value of the amounts expected to be collected pursuant to the terms specified by the donor. Contributions are recognized at the earlier of the date of receipt of funds or the date of a formal unconditional pledge from known donors.

The Corporation receives contract and grant funding from federal, state, and county agencies for the establishment of affordable housing opportunities primarily to benefit low-income households. Revenue from such grants is recognized once all conditions are met in accordance with grant agreements.

Revenue from program service fees is recognized as services are performed and collection is reasonably assured. Revenue from rental properties is reflected at the gross potential rent that may be earned net of vacancies.

Economic concentrations

The Corporation receives a significant amount of revenue from the projects in which it is the general partner. These sources of funds are dependent upon the continued successful development and management of these projects.

The Corporation, either as a direct owner, advisor, or general partner, has an economic interest in real estate projects that are subject to business risks associated with the economy and level of unemployment in California, which affects occupancy, as well as the tenants' ability to make rental payments. In addition, these projects operate in a heavily regulated environment. The operations of these projects are subject to the administrative directives, rules, and regulations of federal, state, and local regulatory agencies, including, but not limited to, the Department of Housing and Urban Development ("HUD"). Such administrative directives, rules, and regulations are subject to change by an act of Congress or an administrative change mandated by HUD and may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

JAMBOREE HOUSING CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023 and 2022

2. Summary of significant accounting policies (continued)

Economic concentrations (continued)

In addition to its regulatory agreements with HUD, the Corporation has entered into various regulatory agreements with the City of Irvine, City of Garden Grove, City of Huntington Beach, Fontana Housing Authority, California Housing Finance Agency, and the State of California Department of Housing and Community Development, which govern the ownership, occupancy, management, and maintenance and operations of the projects.

Functional expenses

The costs of providing program services and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program service, management and general, and fundraising efforts benefited. The functional classifications are defined as follows:

- Program service expenses consist of costs incurred in connection with providing services and conducting programs.
- Management and general expenses consist of costs incurred in connection with the overall activities of the Corporation, which are not allocable to another functional expense category.
- Fundraising expenses consist of costs incurred in connection with activities related to obtaining grants and activities designed to generate revenue.

The Corporation allocates expenses into functional classifications (program services, management & general, and fundraising) based upon the following criteria:

- Certain corporate expenses (payroll, administrative, consulting, and marketing) are allocated to program services, management and general, and fundraising based on a time and cost analysis.
- Expenses incurred in the direct operation of apartment communities and the provision of services to residents are recorded as program expenses.

Property tax exemption

The Corporation's real estate holdings are generally exempt from real property taxes. In the event such exemption is not renewed annually or no longer available, the Corporation's cash flow would be negatively impacted.

Development fees

Development fees are earned on the percentage of completion method. Development fees earned from consolidated entities are fully eliminated from the consolidated financial statements, and therefore, the project development fees included on the accompanying Consolidated Statements of Activities and Changes in Net Assets are earned exclusively from non-consolidated entities.

For the elimination of intercompany development fees, JHC determines the related expenses, including depreciation expense (\$28,141 and \$30,860 for the years ended December 31, 2023 and 2022, respectively), incurred in the performance of development services, which are eliminated against a portion of the current year development revenue. The remaining revenue, which is considered the annual profit, is eliminated against the fee capitalized by the subsidiary as real property, the basis of which is amortized annually thereafter as an offset (reduction) to depreciation expense on a straight-line basis over the estimated life of the property.

Donated services

The value of donated services has not been recorded on the accompanying financial statements since the Corporation believes these services do not enhance non-financial assets, or would normally have to be purchased if volunteers were not available.

JAMBOREE HOUSING CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023 and 2022

2. Summary of significant accounting policies (continued)

Project predevelopment costs

In the normal course of business, the Corporation incurs costs when determining the viability of a real estate development. The Corporation capitalizes these costs until the project is transferred to a separate entity, or expenses them upon determining the project is no longer feasible. As of December 31, 2023 and 2022, the Corporation had capitalized \$4,207,319 and \$5,539,847 respectively, in project costs for future development.

Marketing and advertising

Marketing and advertising costs are expensed as incurred.

Leases

The Corporation determines if an arrangement is a lease at inception. An arrangement is a lease if the arrangement conveys a right to direct the use of and to obtain substantially all of the economic benefits from the use of an asset for a period of time in exchange for consideration.

Operating and finance lease right-of use assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. The Corporation uses a risk-free rate at the commencement date in determining the present value of lease payments.

The right-of-use assets also include any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Corporation will exercise that option. The lease agreement does not contain any material residual value guarantees or material restrictive covenants. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The lease agreement includes rental payments based on available cash flow, as defined in its respective lease agreements. Lease liabilities are not remeasured as a result of changes in available cash flow; instead, changes in available cash flow are treated as variable lease payments and are excluded from the measurement of the right-of-use asset and lease liability. These payments are recognized in the period in which the related obligation was incurred.

JHC accounts for the leases with various lessors as a finance lease because: (a) the lease is deemed to transfer ownership of the leased property to JHC by the end of the lease term; (b) the lease contains a right of first offer or purchase option; (c) the lease term is equal to 75% or more of the estimated economic life of the leased property; or (d) the present value of the beginning of the lease term of the minimum lease payments calculated using the interest rate implicit in the lease equals or exceeds 90% of the fair value of the lease property at lease inception. The finance leases involve buildings and furniture and equipment. Since the finance lease meets the transfer of ownership criterion, the building and furniture and equipment are separately capitalized and the present value of the future minimum lease payments after deducting executory costs is allocated between the two elements in proportion to their fair values at lease inception.

Reclassifications

Certain reclassifications have been made to the prior year consolidated financial statements to conform to the current year presentation.

JAMBOREE HOUSING CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023 and 2022

3. Investments in securities

The Corporation's marketable securities as of December 31, 2023 and 2022 are as follows:

	<u>2023</u>	
	<u>Cost Basis</u>	<u>Fair Value</u>
Money market	\$ 79,148	\$ 79,148
Domestic exchange traded fund	1,487,608	1,901,735
Domestic bond mutual fund	3,094,224	2,970,941
Foreign bond mutual fund	1,396,219	1,382,635
Domestic equity mutual fund	2,531,293	5,566,649
Foreign equity mutual fund	666,105	757,109
Total	<u>\$ 9,254,597</u>	<u>\$ 12,658,217</u>

	<u>2022</u>	
	<u>Cost Basis</u>	<u>Fair Value</u>
Money market	\$ 288,069	\$ 288,069
Domestic exchange traded fund	1,219,717	1,299,430
Domestic bond mutual fund	2,758,303	2,464,547
Foreign bond mutual fund	1,189,791	1,046,682
Domestic equity mutual fund	3,689,105	6,136,696
Foreign equity mutual fund	1,510,660	1,541,931
Certificates of deposit	114,000	114,838
Total	<u>\$ 10,769,645</u>	<u>\$ 12,892,193</u>

	<u>2023</u>	<u>2022</u>
Interest and dividends	\$ 229,980	\$ 353,035
Realized gain	33,510	81,957
Unrealized gain (loss)	1,281,072	(4,540,909)
Investment expenses	(44,202)	(54,049)
Total investment gain (loss)	<u>\$ 1,500,360</u>	<u>\$ (4,159,966)</u>

For the years ended December 31, 2023 and 2022, the Corporation also received interest income of \$1,158,496 and \$538,534, respectively, primarily from cash and restricted cash sources.

4. Restricted funds

The Corporation's restricted cash is comprised of the following as of December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Operating reserves	\$ 12,728,131	\$ 10,781,360
Replacement reserves	7,783,929	7,741,780
Tax and insurance reserves	1,790,557	1,326,914
Security deposits	2,818,313	2,597,184
Tenant services reserves	93,093	163,903
Asset management reserves	26,035	36,019
Other reserves	2,737,803	1,818,593
Closing funds held in escrow	5,859,545	-
Total restricted cash	<u>\$ 33,837,406</u>	<u>\$ 24,465,753</u>

As of December 31, 2023, \$5,859,545 was available for distribution as part of the permanent loan closing that occurred on December 20, 2023 for Manchester Housing Partners, LP. The partnership received the funds on January 2, 2024, which were used on January 3, 2024 to pay down advances provided from Jamboree Housing Corporation.

JAMBOREE HOUSING CORPORATION AND SUBSIDIARIES**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2023 and 2022

5. Notes receivable

The Corporation's notes receivable are comprised of the following as of December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Cienega Preservation LP	\$ 1,147,345	\$ 1,147,345
Citrus Grove Preservation LP	506,276	508,124
Corona Preservation LP	1,539,854	1,539,854
La Puente Preservation, LP	87,844	87,844
Lake Merritt Preservation, LP	1,419,883	1,419,883
Plum Tree Apartments, LP	949	949
Rowland Preservation, LP	370,953	385,210
Royals Preservation, LP	<u>1,259,949</u>	<u>1,259,949</u>
Total notes receivable	<u>\$ 6,333,053</u>	<u>\$ 6,349,158</u>

The annual interest rates (with interest compounding annually) and maturity dates for the notes are summarized in the following table:

	<u>Interest Rate</u>	<u>Maturity Date</u>
Cienega Preservation LP	7%	July 2058
Citrus Grove Preservation LP	7%	February 2059
Corona Preservation LP	7%	February 2064
La Puente Preservation, LP	7%	December 2058
Lake Merritt Preservation, LP	7.5%	May 2072
Plum Tree Preservation LP	10%	September 2048
Rowland Preservation, LP	8%	December 2065
Royals Preservation, LP	7%	January 2065

The notes are payable from residual receipts, as defined in the respective seller note agreements. For each of the years ended December 31, 2023 and 2022, interest revenue was \$0. As of December 31, 2023 and 2022, the balance of interest receivable was \$255,589 and \$294,831, respectively.

6. Other assets

The Corporation's other assets are comprised of the following as of December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Deposits	\$ 128,865	\$ 123,750
Investment in HPN Select	<u>150,000</u>	<u>150,000</u>
Total other assets	<u>\$ 278,865</u>	<u>\$ 273,750</u>

During 2015, JHC purchased a membership interest in HPN Select, LLC ("HPN Select"). HPN Select's purpose is to help leverage the collective purchasing power of its members to purchase goods and services at the lowest cost possible, to provide professional procurement services for improved efficiencies and optimized spending, to share experience regarding these goods and services, and to research and investigate new products and services which can be purchased in a collective manner. JHC has a 3.448% ownership interest in HPN Select. Since JHC does not have significant influence over HPN Select, and since there is no readily determinable fair value of the investment, JHC accounts for its investment in HPN Select under the cost method.

JAMBOREE HOUSING CORPORATION AND SUBSIDIARIES**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2023 and 2022

7. Properties under development

As of December 31, 2023 and 2022, the Corporation had the following properties under development:

	<u>2023</u>	<u>2022</u>
Manchester Housing Partners LP	\$ -	\$ 50,298,218
San Ysidro Housing Partners LP	-	28,907,290
North Harbor Housing Partners LP	28,770,167	19,193,406
Park Avenue Housing Partners LP	21,106,785	8,849,416
West Mission Housing Partners LP	-	19,483,964
Sunrise Point Housing Partners LP	-	22,015,944
Beach Housing Partners LP	15,788,154	7,276,647
Beach2 Housing Partners LP	-	12,597,408
Katella Housing Partners LP	-	11,276,913
JHC-Vista Nueva LLC	-	37,826,870
Paseo Adelanto Housing Partners LP	14,690,226	3,334,439
Saybrook Housing Partners LP	15,687,073	4,356,868
Ynez Road Housing Partners LP	22,532,376	11,637,423
JHC-Beach3 LLC	9,840,256	5,595,817
JHC-4 th Street LLC	3,612,082	-
JHC-Crestview LLC	3,650,149	-
North Broadway Housing Partners LP	10,984,935	-
Delta Lane Housing Partners II LP	11,178,348	-
Total	<u>\$ 157,840,551</u>	<u>\$ 242,650,623</u>

On January 9, 2023, the board of directors approved to sell the Fullerton House, a house that belonged to HOMES. The house was sold on June 27, 2023, for a total consideration of \$936,000, resulting in a net gain of \$739,588. HOMES received a total of \$876,146 in net proceeds from the sale of the Fullerton House.

8. Deferred costs

As of December 31, 2023 and 2022, deferred costs were comprised of the following:

	<u>2023</u>	<u>2022</u>
Tax credit fees	\$ 3,449,232	\$ 3,540,399
HACOLA monitoring fees	<u>26,400</u>	<u>26,400</u>
Total deferred charges	3,475,632	3,566,799
Less: accumulated amortization	<u>(1,227,319)</u>	<u>(1,227,252)</u>
Deferred costs, net	<u>\$ 2,248,313</u>	<u>\$ 2,339,547</u>

Amortization expense for the years ended December 31, 2023 and 2022 was \$141,262 and \$111,103, respectively.

9. Investments in affordable housing partnerships

JHC's investment as a general partner in various limited partnerships (consolidated or accounted for using the equity method) may result in contingent liabilities. In some cases, JHC is responsible for cost overruns during a project's construction phase, for operating deficits of each limited partnership, and for guarantees of tax credits, as well as certain other commitments, as defined in the limited partnership agreements.

JAMBOREE HOUSING CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023 and 2022

9. Investments in affordable housing partnerships (continued)

A summary of JHC's investments as a general partner in non-consolidated limited partnerships as of December 31, 2023 is as follows, including specific balances for certain limited partnerships that comprise a greater portion of the total:

<u>Partnership Investment</u>	<u>JHC Investment Balance</u>	<u>% of Ownership Profits/Losses</u>	<u>JHC Share of Partnerships' Profits/(Losses)</u>
Monte Vista Community Partners, LP	\$ 3,161,364	30%	\$ 174,328
All other non-consolidated limited partnerships	(218,439)	Various	26,628
Total	<u>\$ 2,942,925</u>		<u>\$ 200,956</u>

A summary of JHC's investments as a general partner in non-consolidated limited partnerships as of December 31, 2022 is as follows:

<u>Partnership Investment</u>	<u>JHC Investment Balance</u>	<u>% of Ownership Profits/Losses</u>	<u>JHC Share of Partnerships' Profits/(Losses)</u>
Monte Vista Community Partners, LP	\$ 2,987,036	30%	\$ 153,593
All other non-consolidated limited partnerships	(749,147)	Various	479,548
Total	<u>\$ 2,237,889</u>		<u>\$ 633,141</u>

10. Related party transactions

In accordance with certain partnership agreements, the Corporation is entitled to receive fees for partnership/asset management, social services, and development services. The Corporation's management periodically reviews the collectability of receivables and, when appropriate, records a reserve when collectability is in doubt.

A summary of related party receivables as of December 31, 2023 is as follows:

<u>Name</u>	<u>Developer Fees and Interest</u>	<u>Asset and Partnership Management Fees</u>	<u>Total Receivables at December 31, 2023</u>
Arbor Terrace Community Partners, LP	\$ 53,665	\$ 77,145	\$ 130,810
Cienega Gardens Preservation LP	51,108	-	51,108
Desert Oasis Community Partners, LP	1,213	97,114	98,327
Highgrove Workforce Housing, LP	-	7,488	7,488
Lake Merritt Preservation, LP	22,288	-	22,288
Miracle Terrace Community Partners, LP	23,609	17,638	41,247
San Dimas Community Partners, LP	-	52,190	52,190
Santa Ana Senior Associates	3,587,476	29,357	3,616,833
Santa Ana Pacific Associates II	-	12,840	12,840
Summer Field Community Partners, LP	-	144,996	144,996
Belage Preservation Limited Partnership	-	40,000	40,000
Panorama Apartments, LP	-	25,000	25,000
Royals 4 Preservation, LP	546,299	-	546,299
Total related party receivables	4,285,658	503,768	4,789,426
Less: allowance for doubtful accounts	(240,558)	-	(240,558)
Total related party receivables, net	<u>\$ 4,045,100</u>	<u>\$ 503,768</u>	<u>\$ 4,548,868</u>
Less: current portion			(719,430)
Due from affordable housing partnerships, net			<u>\$ 3,829,438</u>

JAMBOREE HOUSING CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023 and 2022

10. Related party transactions (continued)

A summary of related party receivables as of December 31, 2022 is as follows:

Name	Developer Fees and Interest	Asset and Partnership Management Fees	Total Receivables at December 31, 2022
Arbor Terrace Community Partners, LP	\$ 53,665	\$ 38,003	\$ 91,668
Cienega Gardens Preservation LP	66,807	40,000	106,807
Corona Preservation, LP	240,000	30,000	270,000
Desert Oasis Community Partners, LP	119,175	-	119,175
Highgrove Workforce Housing, LP	-	14,721	14,721
Lake Merritt Preservation, LP	32,449	-	32,449
Miracle Terrace Community Partners, LP	23,609	-	23,609
San Dimas Community Partners, LP	-	50,671	50,671
Santa Ana Senior Associates	4,725,000	29,357	4,754,357
Santa Ana Pacific Associates II	-	12,840	12,840
Summer Field Community Partners, LP	-	360	360
The Shenandoah, LP	-	1,716	1,716
Sky Parkway Preservation LP	-	30,000	30,000
Citrus Grove Preservation LP	-	30,010	30,010
Belage Preservation Limited Partnership	-	30,000	30,000
Columbus Preservation, LP	-	20,000	20,000
Panorama Apartments, LP	-	15,000	15,000
Royals 4 Preservation, LP	546,299	30,000	576,299
St. Andrews Preservation, LP	-	20,000	20,000
Two Worlds Preservation, LP	-	13,767	13,767
Total related party receivables	5,807,004	406,445	6,213,449
Less: allowance for doubtful accounts	(240,558)	-	(240,558)
Total related party receivables, net	\$ 5,566,446	\$ 406,445	\$ 5,972,891
Less: current portion			(1,837,281)
Due from affordable housing partnerships, net			\$ 4,135,610

11. Due to non-controlling interests

The Consolidated Entities incurred various accrued fees and payables to their limited partner(s) and other related parties. All fees owed to the Corporation have been eliminated. The outstanding fees are due to related parties of the Consolidated Entities other than the Corporation. As of December 31, 2023 and 2022, the total balance payable from Consolidated Entities to non-controlling interests was \$970,827 and \$932,194, respectively.

12. Leases

The Corporation has entered into agreements with the various entities to lease the building, furniture and equipment, and land underlying various projects. The lease terms range from 3 to 99 years, with the earliest lease commencing in 2005. Minimum rent for certain leases increases annually and is expensed under a straight-line basis over the lease terms. The difference between the lease payment and the straight-line rental expense is recorded as an operating lease liability. Other leases assess minimum, or additional, rent based on the individual project's cash flow, as defined.

JAMBOREE HOUSING CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023 and 2022

12. Leases (continued)

The balances for operating and finance leases are presented as follows on the consolidated statement of financial position as of December 31:

	<u>2023</u>	<u>2022</u>
Operating leases:		
Operating lease right-of-use asset(s)	\$ <u>14,495,858</u>	\$ <u>15,026,939</u>
Operating lease liability	\$ <u>7,987,068</u>	\$ <u>7,405,232</u>
Finance leases:		
Property and equipment	\$ 706,508	\$ 706,508
Accumulated depreciation	<u>(354,657)</u>	<u>(326,046)</u>
Total finance lease assets, net	\$ <u>351,851</u>	\$ <u>380,462</u>
Finance lease obligations	\$ <u>719,259</u>	\$ <u>773,422</u>

Lease expense on the consolidated statements of activities and changes in net assets consists of the following for the year ended December 31:

	<u>2023</u>	<u>2022</u>
Operating lease expense:		
Operating lease – base rent	\$ 656,067	\$ 310,227
Operating lease - variable	<u>908,836</u>	<u>419,971</u>
Total operating lease expense	\$ <u>1,564,903</u>	\$ <u>730,198</u>
Finance lease expense		
Amortization of leased assets	\$ 28,611	\$ 28,998
Interest on lease liabilities	<u>2,749</u>	<u>2,964</u>
Total finance lease expense	\$ <u>31,360</u>	\$ <u>31,962</u>
Total lease expense	\$ <u>1,596,263</u>	\$ <u>762,160</u>

The weighted-average remaining lease term for these leases approximated 36 years and the weighted-average discount rate approximated 2.61% as of both December 31, 2023 and 2022.

The lease agreements did not provide an implicit rate of return and the Corporation used its risk-free rate based on information available at the lease commencement date in determining the present value of lease payments.

As of December 31, 2023, the maturities of operating and finance lease liabilities are summarized as follows:

2024	\$ 595,990
2025	119,574
2026	103,359
2027	87,185
2028	89,098
Thereafter	<u>17,022,048</u>
Total minimum lease payments	18,017,254
Less: interest	<u>(9,310,927)</u>
Present value of lease obligations	\$ <u>8,706,327</u>

JAMBOREE HOUSING CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023 and 2022

13. Notes payable

Notes payable are generally secured by the respective properties and consist of the following:

	2023		2022	
	Accrued Interest	Principal	Accrued Interest	Principal
<u>Notes payable with regular payments</u>				
Loans bearing interest from 1.00% to 7.57%, generally with principal and interest due monthly, to be repaid in full through 2052. For the year ended December 31, 2022, the lender forgave \$1,410,985, which consists of principal of \$1,392,557 and accrued interest of \$18,428. For the years ended December 31, 2023 and 2022, interest expense was \$8,440,836 and \$8,333,728, respectively.	\$ 573,388	\$ 207,173,540	\$ 633,523	\$ 158,069,218
Construction loans bearing variable interest, generally with interest-only payments due monthly, to be repaid in full or partially converted to permanent loans through 2041. For the years ended December 31, 2023 and 2022, interest was \$10,785,026 and \$4,386,292, respectively, of which \$6,687,590 and \$3,851,805, respectively, was capitalized to fixed assets and \$4,097,436 and \$534,487, respectively, was expensed.	871,960	158,769,906	651,509	132,035,357
	\$ 1,445,348	\$ 365,943,446	\$ 1,285,032	\$ 290,104,575
<u>Notes payable with annual payments from residual receipts</u>				
California Department of Housing Community Development ("HCD") loans bearing interest of 3.00%, generally payable out of excess cash annually in arrears, to be repaid in full through 2077. For the years ended December 31, 2023 and 2022, interest was \$1,367,343 and \$1,397,326, respectively, of which \$0 and \$132,285, respectively, was capitalized to fixed assets and \$1,367,343 and \$1,265,041, respectively, was expensed.	\$ 12,493,429	\$ 46,014,075	\$ 11,356,481	\$ 46,014,075

JAMBOREE HOUSING CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023 and 2022

13. Notes payable (continued)

	2023		2022	
	Accrued Interest	Principal	Accrued Interest	Principal
<u>Notes payable with annual payments from residual receipts (continued)</u>				
State and local agency loans bearing interest from 0.00% to 5.00%, generally payable out of excess cash annually in arrears, to be repaid in full through 2080. For the years ended December 31, 2023 and 2022, interest was \$6,356,889 and \$5,136,437, respectively, of which \$659,656 and \$1,300,476, respectively, was capitalized to fixed assets and \$5,697,233 and \$3,835,961 respectively, was expensed.	33,110,845	250,313,600	28,842,492	238,659,183
	\$ 45,604,274	\$ 296,327,675	\$ 40,198,973	\$ 284,673,258
<u>Notes payable with repayments due at maturity</u>				
HCD loan bore simple interest at 3.00% and was paid in full on January 26, 2023. For the years ended December 31, 2023 and 2022, interest expense was \$549 and \$8,009, respectively.	\$ -	\$ -	\$ 171,457	\$ 266,963
Federal, state, and local agency loans bearing interest from 0.00% to 5.00% with principal payments generally deferred through 2080. For the years ended December 31, 2023 and 2022, interest was \$678,891 and \$465,470, respectively, of which \$0 and \$231,532, respectively, was capitalized to fixed assets and \$678,891 and \$233,938, respectively, was expensed.	593,705	62,114,325	1,920,182	67,280,482
	\$ 593,705	\$ 62,114,325	\$ 2,091,639	\$ 67,547,445

JAMBOREE HOUSING CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023 and 2022

13. Notes payable (continued)

	2023		2022	
	Accrued Interest	Principal	Accrued Interest	Principal
<u>Notes payable with no repayment terms</u>				
Grant payable from the state agency bearing no interest and has no repayment obligation. Grant is amortized as a reduction of interest expense over 40 years. For each of the years ended December 31, 2023 and 2022, the reduction of interest expense was \$38,543.	\$ -	\$ 1,011,740	\$ -	\$ 1,050,283
<u>Notes payable with other repayment terms</u>				
Local agency loan bearing interest at 2.00% with principal payments deferred until the sale of the project. For the years ended December 31, 2023 and 2022, interest expense was \$0 and \$898, respectively.	\$ -	\$ -	\$ -	\$ 44,910
Total	\$ 47,722,820	\$ 725,397,186	\$ 43,575,644	\$ 643,420,471
Less: current portion	(1,006,690)	(7,703,598)	(2,382,804)	(15,350,611)
Non-current portion	\$ 46,636,637	\$ 717,693,588	\$ 41,192,840	\$ 628,069,860
Less: unamortized debt issuance costs		(6,013,691)		(4,228,710)
Notes payable, net of current portion and debt issuance costs		\$ 711,679,897		\$ 623,841,150

Construction loans are generally refinanced with permanent debt or repaid from investor capital contributions. The Corporation obtained written commitments from refinance lenders and/or investors, and presented the balances as part of the long-term debt accordingly. Similarly, loans associated with assets held for sale are generally repaid upon sale and are not shown as a current obligation.

Debt issuance costs are being amortized to interest expense over the term of the loan. For 2023 and 2022, the effective interest rates ranged from 0.01% to 9.06%. During 2023 and 2022, amortization expense for debt issuance costs was \$495,311 and \$395,704, respectively. In addition, during 2023 and 2022, amortization of debt issuance costs capitalized to fixed assets was \$1,778,498 and \$232,927, respectively.

JAMBOREE HOUSING CORPORATION AND SUBSIDIARIES**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2023 and 2022

13. Notes payable (continued)

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

Annual estimated principal payments are due as follows:

Year ending December 31,	
2024	\$ 7,703,598
2025	14,698,258
2026	12,962,252
2027	10,006,993
2028	27,266,317
Thereafter	<u>652,759,768</u>
Total	<u>\$ 725,397,186</u>

14. Line of credit

JHC has a line of credit with US Bank with maximum aggregate borrowings of up to \$10,000,000. Advances on the line of credit bear interest at the one-month forward-looking term rate based on SOFR (8.34281% and 7.12396% as of December 31, 2023 and 2022, respectively). The line of credit is secured by JHC's investments in securities. The line of credit had maturity date of June 22, 2024, but on June 11, 2024, the line of credit was extended to May 1, 2025. As of December 31, 2023 and 2022, the outstanding balance of the line of credit was \$8,072,169 and \$0, respectively. For the years ended December 31, 2023 and 2022, interest expense was \$595,585 and \$38,583, respectively, which is included in program services on the accompanying Consolidated Statements of Activities and Changes in Net Assets.

15. Interest rate swaps

On June 19, 2012, Birch Hills Housing Partners LP ("Birch Hills") entered into an interest rate swap agreement (the "Birch Hills Swap Agreement") with US Bank, FKA MUFG Union Bank (the "Lender") to minimize the effect of the changes in interest rates on its permanent loan. Under the terms of the Birch Hills Swap Agreement, effective beginning on May 13, 2014, Birch Hills pays interest at a fixed rate of 4.9%, and the Lender pays the interest on the permanent loan at a variable rate. For the years ended December 31, 2023 and 2022, unrealized (loss) gain on the Birch Hills Swap Agreement was \$(71,159) and \$848,471, respectively. The variable rate under the Birch Hills Swap Agreement is based on the notional amount of \$7,900,000. As of December 31, 2023 and 2022, the fair market value of the Birch Hills Swap Agreement represents an asset in the amount of \$170,062 and \$241,221, respectively. This value represents the fair value of the current difference in interest paid and received under the Birch Hills Swap Agreement over the remaining term of the reimbursement agreement.

On January 28, 2016, El Monte Housing Partners LP ("El Monte") entered into an interest rate swap agreement (the "El Monte Swap Agreement") with the Lender to minimize the effect of the changes in interest rates on its permanent loan. Under the terms of the El Monte Swap Agreement, effective beginning on May 1, 2016, El Monte pays interest at a fixed rate of 6.02%, and the Lender pays the interest on the permanent loan at a variable rate. For the years ended December 31, 2023 and 2022, unrealized (loss) gain on the El Monte Swap Agreement was \$(7,027) and \$773,981, respectively. The variable rate under the El Monte Swap Agreement is based on the notional amount of \$4,446,391. As of December 31, 2023 and 2022, the fair market value of the El Monte Swap Agreement represents a liability in the amount of \$112,854 and \$105,827, respectively. This value represents the fair value of the current difference in interest paid and received under the El Monte Swap Agreement over the remaining term of the reimbursement agreement.

JAMBOREE HOUSING CORPORATION AND SUBSIDIARIES
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December 31, 2023 and 2022

15. Interest rate swaps (continued)

On July 27, 2017, Delta Lane Housing Partners, LP (“Delta Lane”) entered into an interest rate swap agreement (the “Delta Lane Swap Agreement”) with the Lender to minimize the effect of the changes in interest rates on its permanent loan. Under the terms of the Delta Lane Swap Agreement, effective beginning on September 11, 2017, Delta Lane pays interest at a fixed rate of 5.28%, and the Lender pays the interest on the permanent loan at a variable rate. For the years ended December 31, 2023 and 2022, unrealized gain on the Delta Lane Swap Agreement was \$526 and \$413,300, respectively. The variable rate under the Delta Lane Swap Agreement is based on the notional amount of \$1,690,000. As of December 31, 2023 and 2022, the fair market value of the Delta Lane Swap Agreement represents an asset in the amount of \$84,002 and \$83,476, respectively. This value represents the fair value of the current difference in interest paid and received under the Delta Lane Swap Agreement over the remaining term of the reimbursement agreement.

On December 1, 2017, Richman Park Housing Partners, LP (“Richman Park”) entered into an interest rate swap agreement (the “Richman Park Swap Agreement”) with the Lender to minimize the effect of the changes in interest rates on its permanent loan. Under the terms of the Richman Park Swap Agreement, effective beginning on September 1, 2019, Richman Park pays interest at a fixed rate of 5.26%, and the Lender pays the interest on the permanent loan at a variable rate. For the years ended December 31, 2023 and 2022, unrealized (loss) gain on the Richman Park Swap Agreement was \$(19,434) and \$496,900, respectively. The variable rate under the Richman Park Swap Agreement is based on the notional amount of \$2,288,700. As of December 31, 2023 and 2022, the fair market value of the Richman Park Swap Agreement represents an asset in the amount of \$149,914 and \$169,348, respectively. This value represents the fair value of the current difference in interest paid and received under the Richman Park Swap Agreement over the remaining term of the reimbursement agreement.

On December 6, 2018, Santa Ana Village, LP (“Santa Ana”) entered into an interest rate swap agreement (the “Santa Ana Swap Agreement”) with the Lender to minimize the effect of the changes in interest rates on its permanent loan. Under the terms of the Santa Ana Swap Agreement, effective beginning on January 1, 2021, Santa Ana pays interest at a fixed rate of 5.56%, and the Lender pays the interest on the permanent loan at a variable rate. For the years ended December 31, 2023 and 2022, the unrealized (loss) gain on the Santa Ana Swap Agreement was \$(27,570) and \$2,723,123, respectively. The variable rate under the Santa Ana Swap Agreement is based on the notional amount of \$10,300,000. As of December 31, 2023 and 2022, the fair market value of the Santa Ana Swap Agreement represents an asset in the amount of \$306,010 and \$333,580, respectively. This value represents the fair value of the current difference in interest paid and received under the Santa Ana Swap Agreement over the remaining term of the reimbursement agreement.

On September 19, 2019, Cornerstone Housing Partners, LP (“Cornerstone”) entered into an interest rate swap agreement (the “Cornerstone Swap Agreement”) with the Lender to minimize the effect of the changes in interest rates on its permanent loan. Under the terms of the Cornerstone Swap Agreement, effective beginning on May 1, 2021, Cornerstone pays interest at a fixed rate of 3.63%, and the Lender pays the interest on the permanent loan at a variable rate. For the years ended December 31, 2023 and 2022, the unrealized (loss) gain on the Cornerstone Swap Agreement was \$(90,097) and \$2,025,439, respectively. The variable rate under the Cornerstone Swap Agreement is based on the notional amount of \$11,100,000. As of December 31, 2023 and 2022, the fair market value of the Cornerstone Swap Agreement represents an asset in the amount of \$1,291,796 and \$1,381,893, respectively. This value represents the fair value of the current difference in interest paid and received under the Cornerstone Swap Agreement over the remaining term of the reimbursement agreement.

JAMBOREE HOUSING CORPORATION AND SUBSIDIARIES

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December 31, 2023 and 2022

15. Interest rate swaps (continued)

On March 1, 2020, Manchester Housing Partners, LP (“Manchester”) entered into an interest rate swap agreement (the “Manchester Swap Agreement”) with the Lender to minimize the effect of the changes in interest rates on its construction and permanent loan. Under the terms of the Manchester Swap Agreement, effective beginning on March 12, 2020, Manchester pays interest at a fixed rate of 3.32%, and the Lender pays the interest on the construction loan at a variable rate. For the years ended December 31, 2023 and 2022, the unrealized (loss) gain on the Manchester Swap Agreement was \$(248,989) and \$3,505,630, respectively. The variable rate under the Manchester Swap Agreement is based on the notional amount of \$14,340,824. As of December 31, 2023 and 2022, the fair market value of the Manchester Swap Agreement represents an asset in the amount of \$3,219,099 and \$3,468,088, respectively. This value represents the fair value of the current difference in interest paid and received under the Manchester Swap Agreement over the remaining term of the reimbursement agreement.

16. Changes in consolidated net assets without donor restrictions

The changes in the Corporation’s consolidated net assets without donor restrictions are reconciled as follows:

	<u>Total</u>	<u>Controlling Interests</u>	<u>Non-controlling Interests</u>
Balance, January 1, 2022	\$ 254,169,276	\$ 84,402,617	\$ 169,766,659
Change in net assets without donor restrictions	36,342,408	41,853,570	(5,511,162)
Non-controlling interests’ net contributions	24,668,696	-	24,668,696
Syndication costs	<u>(80,000)</u>	<u>-</u>	<u>(80,000)</u>
Balance, December 31, 2022	315,100,380	126,256,187	188,844,193
Change in net assets without donor restrictions	(23,044,529)	2,617,299	(25,661,828)
Non-controlling interests’ net contributions	<u>39,629,647</u>	<u>-</u>	<u>39,629,647</u>
Balance, December 31, 2023	<u>\$ 331,685,498</u>	<u>\$ 128,873,486</u>	<u>\$ 202,812,012</u>

17. Net assets with donor restrictions

As of December 31, 2023 and 2022, the Corporation had net assets with donor restrictions as follows:

	<u>2023</u>	<u>2022</u>
ARRA grant funds	\$ 3,390,265	\$ 4,294,337
Weatherization funds	496,364	507,709
Capitalized operating reserve grant	293,044	419,495
County of Orange grant	<u>1,074,003</u>	<u>1,074,003</u>
Total net assets with donor restrictions	<u>\$ 5,253,676</u>	<u>\$ 6,295,544</u>

Net assets were released from donor restrictions by incurring expenses satisfying the purpose restrictions specified by donors during 2023 and 2022, as follows:

	<u>2023</u>	<u>2022</u>
ARRA grant funds	\$ 904,072	\$ 912,331
Weatherization funds	11,345	11,345
Capitalized operating reserve grant	126,451	144,111
County of Orange grant	<u>-</u>	<u>2,169,284</u>
Total net assets released	<u>\$ 1,041,868</u>	<u>\$ 3,237,071</u>

JAMBOREE HOUSING CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

18. Government contracts and cash grants

On July 14, 2010, Hotel Berry entered into an agreement (“ARRA Agreement”) with the California Tax Credit Allocation Committee (“CTCAC”), for the funding of a grant of funds (in lieu of tax credits), pursuant to the Tax Credit Exchange Program under Sections 1404 and 1602 of the American Recovery and Reinvestment Act of 2009 (the “Section 1602 Funds”) for \$13,561,066.

Provided that Hotel Berry operates the project in compliance with all program requirements during the 15-year compliance period, Hotel Berry will not be obligated to repay the Section 1602 Funds. In the event of noncompliance, CTCAC has the right to subject Hotel Berry to recapture provisions, as more fully explained in the ARRA Agreement.

In addition, on November 17, 2010, Hotel Berry entered into an agreement with Community Resource Project, Inc. to fund the purchase of windows and/or heating and air conditioning equipment to be used in the construction of the project (“Weatherization Funds”) for \$624,000. Under the terms of the agreement, Hotel Berry is to operate the project as affordable housing energy-efficient residential units for a period of 55 years.

The Section 1602 Funds and Weatherization Funds are released from restriction over the 15-year and 55-year compliance periods, respectively. The project was placed in service on October 2, 2012.

During 2012, Hotel Berry received a capitalized operating reserve grant from Sacramento RDA (the “RDA”) in the amount of \$1,700,000. The purpose of the grant is to ensure the operation and financial feasibility of the project and to capitalize an operating reserve. The grants are comprised of \$1,250,000 of Downtown Tax Increment Housing Set-Aside Funds and \$450,000 of one-time MHSA Funds. The grants are subject to the terms of the RDA and will be released from restrictions as expenditures are incurred and the grant proceeds are disbursed for their intended purpose.

On November 3, 2020, JHC-Beach2 LLC and JHC-Katella LLC received grants from the County of Orange to provide various support services to at risk populations in response to the COVID-19 pandemic for \$9,764,057 and \$8,482,727, respectively. Expenditures are submitted for reimbursement and are released from restrictions as incurred for their intended purpose. For the year ended December 31, 2023, JHC-Beach2 LLC and JHC-Katella LLC expended funds totaling \$502,211 and \$181,292, respectively. During 2023, JHC-Beach2 LLC had to make a one-time adjustment to income in the amount of (\$944,559). For the year ended December 31, 2022, JHC-Beach2 LLC and JHC-Katella LLC expended funds totaling \$1,332,792 and \$1,510,067, respectively.

On April 13, 2021, HOMES received a grant from the County of Orange for the demolition and reconstruction of Cypress House in the amount of \$3,243,287. Construction funds were released from restriction when the Cypress House was placed in service in 2022. The remaining funds are being used for a Capitalized Operating Subsidy Reserve through July 31, 2035. As of both December 31, 2023 and 2022, grant receivable and net assets with donor restriction was \$1,074,003.

On November 1, 2022, JHC-Beach3 LLC received a Homekey grant from the County of Orange in the amount of \$6,070,000 to acquire a motel located in Stanton, California. Eligible uses of the grant are for acquisition or rehabilitation of motels, hotels or hostels to help provide housing for individuals who are experiencing homelessness, are at risk of homelessness, and those impacted by the COVID-19 pandemic. Expenditures are submitted for reimbursement and are released from restrictions as incurred for their intended purpose. For the years ended December 31, 2023 and 2022, grant income was \$930,124 and \$4,651,094, respectively.

JAMBOREE HOUSING CORPORATION AND SUBSIDIARIES**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2023 and 2022

18. Government contracts and cash grants (continued)

On November 1, 2022, JHC-Beach3 LLC received a grant from the Stanton Housing Authority to assist in the pre-development and construction of its project for \$2,500,000. For the years ended December 31, 2023 and 2022, grant income was \$0 and \$2,250,000, respectively.

During 2022, JHC-Beach3 LLC received a grant through the Housing Partnership Network in the amount of \$250,000. Funding is intended to support adaptive reuse projects in order to increase the supply of affordable housing units and support longer-term housing stability. For the years ended December 31, 2023 and 2022, grant income was \$0 and \$250,000, respectively.

During 2022, JHC-Vista Nueva LLC received a Homekey grant from the Housing Authority of the City of Sacramento in the amount of \$29,010,350. Eligible uses of the grant are for acquisition or rehabilitation of motels, hotels or hostels to help provide housing for individuals who are experiencing homelessness, are at risk of homelessness, and those impacted by the COVID-19 pandemic. Expenditures are submitted for reimbursement and are released from restrictions as incurred for their intended purpose. For the years ended December 31, 2023 and 2022, grant income was \$0 and \$28,511,662, respectively.

On April 1, 2022, JHC-Vista Nueva LLC received Emergency Services Grant funds from the Sacramento Housing and Redevelopment Agency in the amount of \$3,150,000. The grant was intended to be used to convert a motel into multifamily residence to serve homeless and those at risk of homelessness. During 2022, the entire grant was expended to acquire a motel located in Sacramento, California.

On December 12, 2023, JHC received a grant from the County of Orange to assist in the permanent loan conversion for the property held by Commonwealth Housing Partners LP. For the years ended December 31, 2023 and 2022, grant income was \$100,000 and \$0, respectively.

For the years ended December 31, 2023 and 2022, government contracts and cash grants consist of the following:

	<u>2023</u>	<u>2022</u>
County of Orange	\$ 769,068	\$ 7,493,953
Stanton Housing Authority	-	2,250,000
Housing Partnership Network	-	250,000
Housing Authority of the City of Sacramento	-	28,511,662
Sacramento Housing and Redevelopment Agency	-	3,150,000
Total Grants	<u>\$ 769,068</u>	<u>\$ 41,655,615</u>

19. Contingencies

In the normal course of business, the Corporation and the various affordable housing partnerships in which the Corporation is a general partner, are subject to or a participant in legal claims. The Corporation's management believes the ultimate resolution of these claims will not have a material impact on the financial position of the Corporation.

20. Employee retirement plan

The Corporation has established a salary reduction plan through a tax sheltered 403(b) annuity. Under the plan, eligible employees can elect to have their salary withheld and contributed to the plan up to the maximum allotted, as defined. In addition, the Corporation provides matching contributions of up to 4% of employees' salaries. For the years ended December 31, 2023 and 2022, total expenses related to contributions matched by the Corporation were \$224,426 and \$218,434, respectively, which are included in management and general expenses on the accompanying Consolidated Statements of Activities and Changes in Net Assets.

JAMBOREE HOUSING CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

21. Liquidity and availability of financial assets

Financial assets available for general expenditure, that is, without donor restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 36,786,958	\$ 37,575,486
Investments in securities	12,658,217	12,892,193
Due from affordable housing partnerships	719,430	1,837,281
Other accounts receivable	<u>2,702,529</u>	<u>4,039,135</u>
	<u>\$ 52,867,134</u>	<u>\$ 56,344,095</u>

The Corporation regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Corporation considers all expenditures related to its ongoing activities, as well as the conduct of services undertaken to support those activities, to be general expenditures. The Corporation has various sources of liquidity at its disposal, including cash and cash equivalents, marketable debt and equity securities, and a line of credit (Note 14). In addition, the Corporation operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures.

22. Subsequent events

Subsequent events have been evaluated through August 30, 2024, which is the date the financial statements were available to be issued. The subsequent events is disclosed in Note 14.

Supplemental Schedules

JAMBOREE HOUSING CORPORATION
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023

	JHC	Others*	Eliminations Increase (Decrease)	Total
ASSETS				
Cash and cash equivalents	\$ 13,354,394	\$ 23,487,202	\$ (54,638)	\$ 36,786,958
Investment in securities	12,658,217	-	-	12,658,217
Due from affordable housing partnerships	41,454,340	24,313,481	(65,048,391)	719,430
Other accounts receivable	1,144,311	1,558,218	-	2,702,529
Prepaid expenses	44,217	2,343,795	-	2,388,012
Interest rate swap	-	5,220,883	-	5,220,883
Total current assets	68,655,479	56,923,579	(65,103,029)	60,476,029
Fixed assets				
Land	7,590,294	122,652,798	-	130,243,092
Land improvements	2,374,095	97,320,874	-	99,694,969
Residential buildings	127,658,572	736,504,250	(39,197,351)	824,965,471
Office condominium	3,485,469	-	-	3,485,469
Right-of-use asset - finance lease	706,508	-	-	706,508
Properties under development	17,060,815	145,659,158	(4,879,422)	157,840,551
Equipment and furniture	12,462,921	36,501,236	-	48,964,157
Total fixed assets	171,338,674	1,138,638,316	(44,076,773)	1,265,900,217
Less: accumulated depreciation	(19,567,875)	(211,284,241)	5,191,815	(225,660,301)
Fixed assets, net	151,770,799	927,354,075	(38,884,958)	1,040,239,916
Notes receivable	38,013,935	-	(31,680,882)	6,333,053
Interest receivable	3,527,631	5,792	(3,277,834)	255,589
Grants receivable	-	1,074,003	-	1,074,003
Restricted funds	2,429,652	31,358,312	49,442	33,837,406
Right-of-use asset - ground lease	-	14,495,858	-	14,495,858
Other assets	176,642	102,223	-	278,865
Project predevelopment costs	4,114,418	-	92,901	4,207,319
Investments in affordable housing partnerships, net	(3,396,240)	(422,249)	6,761,414	2,942,925
Due from affordable housing partnerships, net of current portion and allowance for doubtful accounts	32,057,070	180,297	(28,407,929)	3,829,438
Deferred costs, net of accumulated amortization	40,167	2,208,146	-	2,248,313
Total assets	\$ 297,389,553	\$ 1,033,280,036	\$ (160,450,875)	\$ 1,170,218,714

*Others include HOMES, HwH, QDCI, Meadows, River Ranch, and Consolidated Entities under common control.

JAMBOREE HOUSING CORPORATION
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023
(continued)

	JHC	Others*	Eliminations Increase (Decrease)	Total
LIABILITIES AND NET ASSETS				
Liabilities				
Accounts payable and accrued expenses	\$ 2,703,902	\$ 14,026,183	\$ (11,884,944)	\$ 4,845,141
Construction costs payable	1,265,663	59,185,130	(29,398,018)	31,052,775
Prepaid rent	22,844	405,796	-	428,640
Due to Jamboree Housing Corporation	-	18,242,363	(18,242,363)	-
Due to non-controlling interests	-	970,827	-	970,827
Current portion of liabilities				
Notes payable	2,795,428	4,908,170	-	7,703,598
Finance lease obligations	45,909	-	-	45,909
Accrued ground lease	78,413	517,577	-	595,990
Accrued interest	-	983,557	-	983,557
Deferred revenue	7,514,227	92,770	-	7,606,997
Line of credit	8,072,169	-	-	8,072,169
Total current liabilities	<u>22,498,555</u>	<u>99,332,373</u>	<u>(59,525,325)</u>	<u>62,305,603</u>
Due to Jamboree Housing Corporation, net of current portion	-	1,996,011	(1,996,011)	-
Notes payable, net of current portion and unamortized debt issuance costs	76,022,652	682,058,141	(46,400,896)	711,679,897
Interest rate swap	-	112,854	-	112,854
Finance lease obligations, net of current portion	673,350	-	-	673,350
Development fees payable	1,796,886	26,942,046	(27,391,859)	1,347,073
Accrued ground lease, net of current portion	-	7,391,078	-	7,391,078
Accrued interest, net of current portion	429,033	51,368,067	(5,057,837)	46,739,263
Tenant security deposits	473,995	2,471,401	-	2,945,396
Other long-term liabilities	39,351	45,675	-	85,026
Deferred revenue on related party sale of property	30,591,980	-	(30,591,980)	-
Total long-term liabilities	<u>110,027,247</u>	<u>772,385,273</u>	<u>(111,438,583)</u>	<u>770,973,937</u>
Total liabilities	132,525,802	871,717,646	(170,963,908)	833,279,540
Net assets				
Net assets without donor restrictions				
Controlling interests	160,684,078	(42,323,625)	10,513,033	128,873,486
Non-controlling interests	-	202,812,012	-	202,812,012
Total	<u>160,684,078</u>	<u>160,488,387</u>	<u>10,513,033</u>	<u>331,685,498</u>
Net assets with donor restrictions	<u>4,179,673</u>	<u>1,074,003</u>	<u>-</u>	<u>5,253,676</u>
Total net assets	<u>164,863,751</u>	<u>161,562,390</u>	<u>10,513,033</u>	<u>336,939,174</u>
Total liabilities and net assets	<u>\$ 297,389,553</u>	<u>\$ 1,033,280,036</u>	<u>\$ (160,450,875)</u>	<u>\$ 1,170,218,714</u>

*Others include HOMES, HwH, QDCI, Meadows, River Ranch, and Consolidated Entities under common control.

see report of independent auditors

JAMBOREE HOUSING CORPORATION
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022

	JHC	Others*	Eliminations Increase (Decrease)	Total
ASSETS				
Cash and cash equivalents	\$ 12,671,391	\$ 24,998,974	\$ (94,879)	\$ 37,575,486
Investment in securities	11,664,866	1,227,327	-	12,892,193
Due from affordable housing partnerships	27,463,906	29,360,930	(54,987,555)	1,837,281
Other accounts receivable	2,225,528	1,813,607	-	4,039,135
Prepaid expenses	66,659	2,376,469	-	2,443,128
Total current assets	54,092,350	59,777,307	(55,082,434)	58,787,223
Fixed assets				
Land	17,590,294	120,264,410	-	137,854,704
Land improvements	2,374,095	80,379,945	-	82,754,040
Residential buildings	86,970,892	586,429,438	(39,292,339)	634,107,991
Office condominium	3,485,469	-	-	3,485,469
Capital leases	706,508	-	-	706,508
Properties under development	43,416,724	195,891,551	3,336,385	242,644,660
Equipment and furniture	12,410,501	30,041,153	-	42,451,654
Total fixed assets	166,954,483	1,013,006,497	(35,955,954)	1,144,005,026
Less: accumulated depreciation	(15,869,261)	(188,639,738)	4,643,757	(199,865,242)
Fixed assets, net	151,085,222	824,366,759	(31,312,197)	944,139,784
Notes receivable	38,408,141	-	(32,058,983)	6,349,158
Interest receivable	3,733,560	3,035	(3,441,764)	294,831
Interest rate swap	-	5,677,606	-	5,677,606
Grants receivable	-	1,074,003	-	1,074,003
Restricted funds	1,326,287	23,091,696	47,770	24,465,753
Right-of-use asset - ground lease	-	15,026,939	-	15,026,939
Other assets	175,777	97,973	-	273,750
Project predevelopment costs	5,435,325	-	104,522	5,539,847
Investments in affordable housing partnerships, net	(4,007,366)	(261,922)	6,507,177	2,237,889
Due from affordable housing partnerships, net of current portion and allowance for doubtful accounts	24,289,863	232,292	(20,386,545)	4,135,610
Deferred costs, net of accumulated amortization	28,480	2,311,067	-	2,339,547
Total assets	<u>\$ 274,567,639</u>	<u>\$ 931,396,755</u>	<u>\$ (135,622,454)</u>	<u>\$ 1,070,341,940</u>

*Others include HOMES, HwH, QDCI, Meadows, River Ranch, and Consolidated Entities under common control.

JAMBOREE HOUSING CORPORATION
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022
(continued)

	JHC	Others*	Eliminations Increase (Decrease)	Total
LIABILITIES AND NET ASSETS				
Liabilities				
Accounts payable and accrued expenses	\$ 3,235,081	\$ 9,521,233	\$ (7,146,801)	\$ 5,609,513
Construction costs payable	2,075,768	62,661,917	(25,161,147)	39,576,538
Prepaid rent	25,135	168,393	-	193,528
Due to Jamboree Housing Corporation	-	5,204,277	(5,204,277)	-
Due to non-controlling interests	-	932,194	-	932,194
Current portion of liabilities				
Notes payable	2,516,178	12,834,433	-	15,350,611
Capital lease obligations	53,817	-	-	53,817
Accrued ground lease	17,290	148,116	-	165,406
Accrued interest	-	2,382,804	-	2,382,804
Deferred revenue	7,451,474	126,611	-	7,578,085
Total current liabilities	15,374,743	93,979,978	(37,512,225)	71,842,496
Due to Jamboree Housing Corporation, net of current portion	-	1,996,011	(1,996,011)	-
Notes payable, net of current portion and unamortized				
debt issuance costs	66,753,394	603,597,619	(46,509,863)	623,841,150
Interest rate swap	-	105,827	-	105,827
Capital lease obligations, net of current portion	719,605	-	-	719,605
Development fees payable	3,809,782	21,491,309	(24,022,400)	1,278,691
Accrued ground lease, net of current portion	-	7,239,826	-	7,239,826
Accrued interest, net of current portion	1,859,331	43,659,811	(4,326,302)	41,192,840
Tenant security deposits	465,534	2,198,196	-	2,663,730
Other long-term liabilities	39,351	22,500	-	61,851
Deferred revenue on related party sale of property	30,591,980	-	(30,591,980)	-
Total long-term liabilities	104,238,977	680,311,099	(107,446,556)	677,103,520
Total liabilities	119,613,720	774,291,077	(144,958,781)	748,946,016
Net assets				
Net assets without donor restrictions				
Controlling interests	149,732,378	(32,812,518)	9,336,327	126,256,187
Non-controlling interests	-	188,844,193	-	188,844,193
Total	149,732,378	156,031,675	9,336,327	315,100,380
Net assets with donor restrictions	5,221,541	1,074,003	-	6,295,544
Total net assets	154,953,919	157,105,678	9,336,327	321,395,924
Total liabilities and net assets	\$ 274,567,639	\$ 931,396,755	\$ (135,622,454)	\$ 1,070,341,940

*Others include HOMES, HwH, QDCI, Meadows, River Ranch, and Consolidated Entities under common control.

see report of independent auditors

JAMBOREE HOUSING CORPORATION
CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Net assets without donor restrictions		Net assets with donor restrictions		Eliminations	
	JHC	Others*	JHC	Others*	Increase (Decrease)	Total
PUBLIC SUPPORT AND OTHER REVENUE						
Public support						
Government contracts and cash grants	\$ 769,068	\$ -	\$ -	\$ -	\$ -	\$ 769,068
Private contributions (corporate, foundation, and individuals)	8,425,231	140,300	-	-	(2,396,874)	6,168,657
Total public support	9,194,299	140,300	-	-	(2,396,874)	6,937,725
Other revenue						
Rental revenue	6,253,945	57,098,961	-	-	-	63,352,906
Management and social services fees	5,724,302	4,118,468	-	-	(7,713,641)	2,129,129
Project development fees	9,521,121	-	-	-	(6,463,860)	3,057,261
Flow-through (loss) income from affordable housing partnerships	112,926	(160,327)	-	-	248,357	200,956
Interest and dividends	2,013,728	479,741	-	-	(1,104,993)	1,388,476
Realized (loss) gain on investment in securities	(44,725)	11,215	-	-	-	(33,510)
Unrealized gain on investment in securities	1,216,776	64,296	-	-	-	1,281,072
Unrealized loss on interest rate swap obligation	-	(463,750)	-	-	-	(463,750)
Gain on disposal of fixed assets	-	739,588	-	-	-	739,588
Other revenue	229,112	56,605,895	-	-	(55,781,053)	1,053,954
Total other revenue	25,027,185	118,494,087	-	-	(70,815,190)	72,706,082
Net assets released from restrictions	1,041,868	-	(1,041,868)	-	-	-
Total public support, other revenue, and net assets released from restrictions	35,263,352	118,634,387	(1,041,868)	-	(73,212,064)	79,643,807
EXPENSES						
Program services	21,678,725	151,943,387	-	-	(73,403,651)	100,218,461
Management and general	2,360,340	1,713,817	-	-	(901,666)	3,172,491
Fundraising	272,587	156,694	-	-	(90,029)	339,252
Total expenses	24,311,652	153,813,898	-	-	(74,395,346)	103,730,204
Change in net assets	10,951,700	(35,179,511)	(1,041,868)	-	1,183,282	(24,086,397)
Net assets at beginning of year	149,732,378	156,031,675	5,221,541	1,074,003	9,336,327	321,395,924
Controlling interests' net distributions	-	6,576	-	-	(6,576)	-
Non-controlling interests' net contributions	-	39,629,647	-	-	-	39,629,647
Net assets at end of year	\$ 160,684,078	\$ 160,488,387	\$ 4,179,673	\$ 1,074,003	\$ 10,513,033	\$ 336,939,174

*Others include HOMES, HwH, QDCI, Meadows, River Ranch, and Consolidated Entities under common control.

JAMBOREE HOUSING CORPORATION
CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Net assets without donor restrictions		Net assets with donor restrictions		Eliminations	
	JHC	Others*	JHC	Others*	Increase (Decrease)	Total
PUBLIC SUPPORT AND OTHER REVENUE						
Public support						
Government contracts and cash grants	\$ 41,655,615	\$ -	\$ -	\$ -	\$ -	\$ 41,655,615
Government contracts and noncash grants	5,680,000	-	-	-	-	5,680,000
Private contributions (corporate, foundation, and individuals)	1,510,302	341,998	-	-	(1,144,934)	707,366
Total public support	48,845,917	341,998	-	-	(1,144,934)	48,042,981
Other revenue (loss)						
Rental revenue	5,657,204	50,156,262	-	-	(24,000)	55,789,466
Management and social services fees	4,509,826	3,716,197	-	-	(6,353,991)	1,872,032
Project development fees	16,559,914	-	-	-	(16,559,914)	-
Flow-through income (loss) from affordable housing partnerships	(907,234)	(185,439)	-	-	1,725,814	633,141
Interest and dividends	1,930,408	38,395	-	-	(1,077,234)	891,569
Realized gain on investment in securities	54,297	27,660	-	-	-	81,957
Unrealized loss on investment in securities	(4,297,914)	(242,995)	-	-	-	(4,540,909)
Unrealized gain on interest rate swap obligation	-	10,786,844	-	-	-	10,786,844
Gain on disposal of fixed assets	-	995,704	-	-	-	995,704
Debt forgiveness income	1,410,985	-	-	-	-	1,410,985
Other revenue	435,038	77,544,659	-	-	(77,451,779)	527,918
Total other revenue (loss)	25,352,524	142,837,287	-	-	(99,741,104)	68,448,707
Net assets released from restrictions	1,067,787	2,169,284	(1,067,787)	(2,169,284)	-	-
Total public support, other revenue (loss), and net assets released from restrictions	75,266,228	145,348,569	(1,067,787)	(2,169,284)	(100,886,038)	116,491,688
EXPENSES						
Program services	18,963,169	150,532,602	-	-	(89,292,286)	80,203,485
Management and general	2,470,814	1,275,714	-	-	(852,914)	2,893,614
Fundraising	258,005	123,023	-	-	(91,776)	289,252
Total expenses	21,691,988	151,931,339	-	-	(90,236,976)	83,386,351
Change in net assets	53,574,240	(6,582,770)	(1,067,787)	(2,169,284)	(10,649,062)	33,105,337
Net assets at beginning of year	96,158,138	138,455,196	6,289,328	3,243,287	19,555,942	263,701,891
Controlling interests' net distributions	-	(429,447)	-	-	429,447	-
Non-controlling interests' net contributions	-	24,668,696	-	-	-	24,668,696
Syndication costs	-	(80,000)	-	-	-	(80,000)
Net assets at end of year	\$ 149,732,378	\$ 156,031,675	\$ 5,221,541	\$ 1,074,003	\$ 9,336,327	\$ 321,395,924

*Others include HOMES, HwH, QDCI, Meadows, River Ranch, and Consolidated Entities under common control.

JAMBOREE HOUSING CORPORATION
CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

	JHC				Others*				Eliminations	
	Program Services	Supporting Services Management and General	Fundraising	Total	Program Services	Supporting Services Management and General	Fundraising	Total	Increase (Decrease)	Total
Expenses										
Marketing	\$ -	\$ 110,093	\$ -	\$ 110,093	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 110,093
Nonrecoverable predevelopment costs	95,635	-	-	95,635	-	-	-	-	-	95,635
Construction expenses	-	-	-	-	59,391,563	-	-	59,391,563	(59,298,439)	93,124
Consulting fees	1,055,150	263,787	-	1,318,937	379,550	126,516	-	506,066	(61,186)	1,763,817
Depreciation and amortization	3,591,554	84,398	-	3,675,952	22,785,315	-	-	22,785,315	(576,199)	25,885,068
Interest expense	1,573,346	-	-	1,573,346	20,379,521	-	-	20,379,521	(1,143,299)	20,809,568
Bond fees	-	-	-	-	45,169	-	-	45,169	-	45,169
Lease	92,483	-	-	92,483	1,503,780	-	-	1,503,780	-	1,596,263
Office and administration costs	1,429,605	357,401	-	1,787,006	1,314,629	438,209	-	1,752,838	(1,439,837)	2,100,007
Operating expense - rental properties	6,492,652	-	-	6,492,652	35,659,966	-	-	35,659,966	(3,238,801)	38,913,817
Subsidy expense	-	-	-	-	-	-	-	-	-	-
Partnership fees	79,307	-	-	79,307	6,566,534	-	-	6,566,534	(5,636,608)	1,009,233
Payroll taxes and benefits	830,003	176,376	31,125	1,037,504	417,415	122,442	16,696	556,553	(302,894)	1,291,163
Wages	6,438,990	1,368,285	241,462	8,048,737	3,499,945	1,026,650	139,998	4,666,593	(2,698,083)	10,017,247
Total expenses	<u>\$ 21,678,725</u>	<u>\$ 2,360,340</u>	<u>\$ 272,587</u>	<u>\$ 24,311,652</u>	<u>\$ 151,943,387</u>	<u>\$ 1,713,817</u>	<u>\$ 156,694</u>	<u>\$ 153,813,898</u>	<u>\$ (74,395,346)</u>	<u>\$ 103,730,204</u>

*Others include HOMES, HwH, QDCI, Meadows, River Ranch, and Consolidated Entities under common control.

see report of independent auditors

JAMBOREE HOUSING CORPORATION
CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	JHC				Others*				Eliminations	
	Program Services	Supporting Services		Total	Program Services	Supporting Services		Total	Increase (Decrease)	Total
		Management and General	Fundraising			Management and General	Fundraising			
Expenses										
Marketing	\$ -	\$ 327,188	\$ -	\$ 327,188	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 327,188
Nonrecoverable predevelopment costs	206,097	-	-	206,097	-	-	-	-	-	206,097
Construction expenses	-	-	-	-	78,228,365	-	-	78,228,365	(78,102,686)	125,679
Consulting fees	925,615	231,404	-	1,157,019	285,491	95,163	-	380,654	(65,047)	1,472,626
Bad debt expense	-	-	-	-	22,511	-	-	22,511	-	22,511
Depreciation and amortization	1,304,722	84,398	-	1,389,120	19,216,769	-	-	19,216,769	(599,762)	20,006,127
Interest expense	239,307	-	-	239,307	15,401,633	-	-	15,401,633	(1,071,717)	14,569,223
Bond fees	-	-	-	-	18,600	-	-	18,600	-	18,600
Lease	31,962	-	-	31,962	730,198	-	-	730,198	-	762,160
Office and administration costs	1,463,191	365,798	-	1,828,989	835,154	278,384	-	1,113,538	(1,231,979)	1,710,548
Operating expense - rental properties	7,728,219	-	-	7,728,219	26,969,649	-	-	26,969,649	(1,117,247)	33,580,621
Subsidy expense	158,400	-	-	158,400	-	-	-	-	(158,400)	-
Partnership fees	25,536	-	-	25,536	5,748,661	-	-	5,748,661	(4,830,964)	943,233
Payroll taxes and benefits	860,422	182,840	32,266	1,075,528	349,389	102,487	13,976	465,852	(416,114)	1,125,266
Wages	6,019,698	1,279,186	225,739	7,524,623	2,726,182	799,680	109,047	3,634,909	(2,643,060)	8,516,472
Total expenses	<u>\$ 18,963,169</u>	<u>\$ 2,470,814</u>	<u>\$ 258,005</u>	<u>\$ 21,691,988</u>	<u>\$ 150,532,602</u>	<u>\$ 1,275,714</u>	<u>\$ 123,023</u>	<u>\$ 151,931,339</u>	<u>\$ (90,236,976)</u>	<u>\$ 83,386,351</u>

*Others include HOMES, HwH, QDCI, Meadows, River Ranch, and Consolidated Entities under common control.

see report of independent auditors

JAMBOREE HOUSING CORPORATION AND SUBSIDIARIES

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended December 31, 2023

Federal Grantor/Pass-through Agent/Program Title	Assistance Listing Number	Agreement Number	Federal Expenditures
<u>CDBG – Entitlement Grants Cluster</u>			
<u>Community Development Block Grants/Entitlement Grants:</u>			
City of Irvine/Community Development Department			
Stonegate Doria II	14.218	B-11-MC-06-0557	\$ 93,043
Stonegate Doria II	14.218	B-12-MC-06-0557	254,857
City of Huntington Beach			
17372 Koledo Lane	14.218	B-09-MC-06-0506	44,910
The Long Beach Housing Development Company			
Pine Avenue Collage	14.218	B-08-MN-06-0511	377,900
City of Chico			
Park Avenue	14.218	B-18-MC-06-0031	2,156,397
County of Butte			
Park Avenue	14.218	B-19-DV-06-0002	593,100
Sacramento Housing Redevelopment Agency			
Saybrook	14.218	1000113654	2,400,000
Vista Nueva	14.218	1000113960	1,720,000
City of Mountain View			
Crestview	14.218	B-23-MC-06-0019	2,817,190
			10,457,397

HOME Investment Partnerships Programs:

City of Anaheim			
Lincoln Housing	14.239	M-08-MC-060502	199,190
Lincoln Housing	14.239	M-10-MC-060502	228,310
Lincoln Housing	14.239	M-11-MC-060502	1,249,748
Lincoln Housing	14.239	M-12-MC-060502	422,074
Lincoln Housing	14.239	M-14-MC-060502	400,678
City of Irvine/Community Development Department			
Culver Montecito	14.239	M-04-MC-06-0561	108,660
Stonegate Doria I	14.239	M-10-MC-06-0561	397,495
Stonegate II Doria II	14.239	M-11-MC-06-0561	506,810
Stonegate II Doria II	14.239	M-12-MC-06-0561	359,580

see report of independent auditors and notes to schedule of expenditures of federal awards

JAMBOREE HOUSING CORPORATION AND SUBSIDIARIES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended December 31, 2023

Federal Grantor/Pass-through Agent/Program Title	Assistance Listing Number	Agreement Number	Federal Expenditures
<u>HOME Investment Partnerships Programs</u> (continued):			
Fontana Housing Authority			
Hillcrest Terrace View	14.239	M-01-MC-06-0548	394,874
Ceres Way	14.239	M-07-MC-06-0548	190,993
Ceres Way	14.239	M-08-MC-06-0565	599,339
Ceres Way	14.239	M-09-MC-06-0548	725,778
Ceres Way	14.239	M-10-MC-06-0548	603,706
City of Garden Grove			
Grove Park	14.239	M-10-MC-07-0511	3,800,000
Garden Grove Wesley Village	14.239	M-10-MC-06-0511	997,655
Garden Grove Wesley Village	14.239	M-11-MC-06-0511	901,129
Garden Grove Wesley Village	14.239	M-14-MC-06-0511	111,777
City of Huntington Beach			
17372 Koledo Lane	14.239	M-95-MC-06-0514	213,188
17372 Koledo Lane	14.239	M-99-MC-06-0514	2,919
17372 Koledo Lane	14.239	M-02-MC-06-0514	294,390
17372 Koledo Lane	14.239	M-03-MC-06-0514	213,491
17362 Koledo Lane	14.239	M-03-MC-06-0514	520,880
17362 Koledo Lane	14.239	M-04-MC-06-0514	229,584
17362 Jacqueline Lane	14.239	M-04-MC-06-0514	368,071
17362 Jacqueline Lane	14.239	M-06-MC-06-0514	156,146
17362 Jacqueline Lane	14.239	M-07-MC-06-0514	55,947
17442 Koledo Lane	14.239	M-07-MC-06-0514	146,995
17442 Koledo Lane	14.239	M-08-MC-06-0514	271,286
County of Orange			
Culver Montecito	14.239	M-03-UC-06-0525	1,386,378
Granite	14.239	M-06-UC-06-0525	1,800,000
Tonner Bonterra	14.239	M-96-UC-06-0525	620,000
Tonner Bonterra	14.239	M-97-UC-06-0525	145,000
Tonner Bonterra	14.239	M-01-UC-06-0525	203,833
Tonner Bonterra	14.239	M-05-UC-06-0525	473,182
Tonner Bonterra	14.239	M-06-UC-06-0525	221,502
Tonner Bonterra	14.239	M-09-UC-06-0525	336,483
Stonegate Doria I	14.239	M-09-UC-06-0525	244,632
Stonegate Doria I	14.239	M-10-UC-06-0525	580,368
Stonegate Doria I	14.239	M-05-UC-06-0525	8,404
Birch Hills	14.239	M-99-UC-06-0525	1,238
Birch Hills	14.239	M-10-UC-06-0525	955,965
Birch Hills	14.239	M-11-UC-06-0525	1,042,797
Stonegate II Doria II	14.239	M-12-UC-06-0525	1,155,336

see report of independent auditors and notes to schedule of expenditures of federal awards

JAMBOREE HOUSING CORPORATION AND SUBSIDIARIES

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended December 31, 2023

<u>Federal Grantor/Pass-through Agent/Program Title</u>	<u>Assistance Listing Number</u>	<u>Agreement Number</u>	<u>Federal Expenditures</u>
<u>HOME Investment Partnerships Programs</u> <u>(continued):</u>			
Lancaster Redevelopment Agency Laurel Crest	14.239	M-04-MC-0734	3,412,500
County of Los Angeles Courier Place Claremont	14.239	M-09-UC-06-0520	703,855
City of El Monte The Exchange	14.239	M-09-MC-06-0509	229,321
The Exchange	14.239	M-10-MC-06-0509	616,749
The Exchange	14.239	M-11-MC-06-0509	1,117,537
The Exchange	14.239	M-12-MC-06-0509	536,392
City of Santa Ana Cornerstone	14.239	M-15-MC-06-0535	7,182,479
North Broadway	14.239	1000116388	3,791,697
City of Anaheim Manchester	14.239	M-15-MC-06-0502	151,823
Manchester	14.239	M-16-MC-06-0502	160,111
Manchester	14.239	M-19-MC-06-0502	211,005
City of Fontana Sierra	14.239	363.1433	1,625,000
Sacramento Housing Redevelopment Agency Sunrise	14.239	1000109092	3,222,000
City of Huntington Beach Beach Housing	14.239	M-15-MC-06-0514	2,830,697
Sacramento Housing Redevelopment Agency Saybrook	14.239	1000109092	2,710,545
Vista Nueva	14.239	1000116102	2,830,423
Vista Nueva	14.239	1000116103	418,315
			55,596,260
Total Expenditures of Federal Awards			\$ 66,053,657

see report of independent auditors and notes to schedule of expenditures of federal awards

JAMBOREE HOUSING CORPORATION AND SUBSIDIARIES
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended December 31, 2023

1. Basis of presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the expenditures of Jamboree Housing Corporation (a California non-profit public benefit corporation) and Subsidiaries (collectively, the "Corporation") under programs of the federal government for the year ended December 31, 2023. The information in the Schedule is presented in accordance with the requirements of *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of the basic consolidated financial statements.

For purposes of the Schedule, federal awards include all subawards to the Corporation by nonfederal organizations pursuant to federal grants, contracts, and similar agreements.

2. 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 Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* and OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowed. Assistance Listing numbers ("AL No.") are provided when available.

The Corporation elected not to use the 10% de minimis indirect cost rate.

3. Pass-through awards to subrecipients

Included in the Schedule are the following amounts passed through to subrecipients:

<u>Program title</u>	<u>AL No.</u>	<u>Amount Provided to Subrecipients</u>
Community Development Block Grants/ Entitlement Grants	14.218	\$ 5,497,397
HOME Investment Partnerships Program	14.239	49,811,640
Total		<u>\$ 55,309,037</u>

4. Outstanding federal loans

The following represents the amount of outstanding loans identified by AL No. All loans are provided by HUD and are included in the Schedule.

<u>AL No.</u>	<u>Program title</u>	<u>Loans received in 2023</u>	<u>Prior year loans with continuing compliance requirements</u>	<u>Total outstanding loans</u>
14.218	Community Development Block Grants/Entitlement Grants	\$ 5,015,882	\$ 5,435,178	\$ 10,451,060
14.239	HOME Investment Partnerships Program	\$ 7,848,380	\$ 47,653,782	\$ 55,502,162

see report of independent auditors



NOVOGRADAC
& COMPANY LLP®

REPORT OF INDEPENDENT AUDITORS 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 of
Jamboree Housing Corporation

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 Jamboree Housing Corporation (a California non-profit public benefit corporation) and Subsidiaries (collectively, the "Corporation") which comprise the consolidated statement of financial position as of December 31, 2023, and the related consolidated statements of activities and changes in net assets, 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 August 30, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Corporation's 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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the organization's 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 the Corporation's 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*.

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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Novogradac & Company LLP". The signature is written in a cursive, flowing style.

Petaluma, California
August 30, 2024



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

To the Board of Directors of
Jamboree Housing Corporation

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Jamboree Housing Corporation (a California non-profit public benefit corporation) and Subsidiaries' (collectively, the "Corporation") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Corporation's major federal program for the year ended December 31, 2023. The Corporation's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2023.

Basis for Opinion on the 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 Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Corporation 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 the major federal program. Our audit does not provide a legal determination of the Corporation's 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 the Corporation's federal programs.

Auditor's 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 the Corporation's 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. 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 the Corporation's compliance with the requirements of the 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 the Corporation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Corporation's 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 the Corporation's 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 Auditor's 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.

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.

A handwritten signature in blue ink that reads "Novogradac & Company LLP". The signature is written in a cursive, flowing style.

Petaluma, California
August 30, 2024

JAMBOREE HOUSING CORPORATION AND SUBSIDIARIES**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For the year ended December 31, 2023

Section I - Summary of Auditors' ResultsFinancial Statements

Type of auditors' report issued:	Unmodified		
Internal control over financial reporting:			
Material weakness(es) identified?	_____ Yes	_____ x	No
Significant deficiency(ies) identified not considered to be material weaknesses?	_____ Yes	_____ x	None reported
Noncompliance material to financial statements noted?	_____ Yes	_____ x	No

Federal Awards

Internal Control over major programs:			
Material weakness(es) identified?	_____ Yes	_____ x	No
Significant deficiency(ies) identified not considered to be material weaknesses?	_____ Yes	_____ x	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified		
Audit findings required to be reported in accordance with 2 CFR section 200.516(a)?	_____ Yes	_____ x	No

Identification of major programs:

<u>AL Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.239	HOME Investment Partnerships Program

Dollar threshold used to distinguish between Type A and Type B programs:	_____ \$750,000
--	-----------------

Auditee qualified as low-risk auditee?	_____ x	Yes	_____	No
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Section II - Financial Statement Findings

There were no findings noted.

Section III - Federal Award Findings and Questioned Costs

There were no findings noted.

JAMBOREE HOUSING CORPORATION AND SUBSIDIARIES
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the year ended December 31, 2023

Status of Prior Audit Findings and Recommendations:

There were no findings and recommendations reported in the December 31, 2022 financial statements.