INNOVATIVE HOUSING, INC. AND AFFILIATES

CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2024
(With Comparative Totals for the Year Ended June 30, 2023)

Jones Roth
CPAs & Business Advisors

INNOVATIVE HOUSING, INC. AND AFFILIATES
CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2024

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1 - 3
Consolidated Financial Statements:	
Consolidated Statement of Financial Position	4 - 5
Consolidated Statement of Activities	6
Consolidated Statement of Cash Flows	7 - 8
Consolidated Statement of Functional Expenses	9
Notes to Consolidated Financial Statements	10 - 27
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*	28 - 29
Schedule of Findings	30 - 31
Schedule of Prior Year Findings	32
Corrective Action Plan	33 - 34
Supplementary Information:	
Consolidating Schedule of Financial Position - 2024	35 - 40
Consolidating Schedule of Activities - 2024	41 - 46
Consolidating Schedule of Financial Position - 2023	47 - 52
Consolidating Schedule of Activities - 2023	53 - 58

Jones Roth
CPAs & Business Advisors

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Innovative Housing, Inc. and affiliates
Portland, Oregon

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Innovative Housing, Inc. (a nonprofit organization) and affiliates (the Organization), which comprise the consolidated statement of financial position as of June 30, 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Innovative Housing, Inc. and affiliates as of June 30, 2024, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Innovative Housing, Inc. and affiliates and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the 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 auditor's 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 judgement and maintain professional skepticism through 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 consolidated the 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 Innovative Housing, Inc. and affiliates' 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 Innovative Housing, Inc. and affiliates' 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 are identified during the audit.

Report on Summarized Comparative Information

We have previously audited Innovative Housing, Inc. and affiliates' 2023 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated May 16, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information, as listed in the table of contents, is presented for purposes of additional analysis, and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 7, 2025 on our consideration of Innovative Housing, Inc. and affiliates' 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 Innovative Housing, Inc. and affiliates' 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 Innovative Housing, Inc. and affiliates' internal control over financial reporting and compliance.

Jones & Roth, P.C.
Eugene, Oregon
February 7, 2025

CONSOLIDATED FINANCIAL STATEMENTS

INNOVATIVE HOUSING, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
June 30, 2024
(With Comparative Totals for June 30, 2023)

	2024	2023
Assets		
Current assets		
Cash and cash equivalents	$ 4,841,951	$ 8,626,561
Investments	3,971,215	3,611,361
Accounts receivable, net of allowance for credit losses of $74,031 for 2024 and allowance for bad debt of $9,089 for 2023	443,005	247,932
Prepaid expenses and deposits	182,077	120,423
Development fees receivable, related parties, current portion	3,561,207	2,035,943
Total current assets	12,999,455	14,642,220
Property and equipment, net	28,153,749	20,425,393
Other noncurrent assets		
Restricted cash and reserves	2,094,296	1,201,972
Related party receivables	784,833	473,471
Development fees receivable, related parties, net of current portion	7,073,580	8,404,249
Notes and interest receivable, related parties, net of allowance credit losses of $884,000 for 2024 and allowance for bad debt of $-0- for 2023	29,620,670	29,725,031
Notes receivable - other	75,468	41,936
Investments affordable housing entities	2,611,131	2,304,439
Security deposits	226,493	219,381
Total noncurrent assets	42,486,471	42,370,479
Total assets	$ 83,639,675	$ 77,438,092

	2024	2023
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued liabilities	$ 753,529	$ 334,023
Accrued interest	26,215	20,829
Current portion of notes payable	2,557,102	981,090
Deferred revenue and prepaid rents	113,585	60,049
Total current liabilities	3,450,431	1,395,991
Noncurrent liabilities		
Security deposits payable	230,012	228,523
Notes payable, net of current portion and unamortized deferred financing costs	33,621,095	30,414,157
Total noncurrent liabilities	33,851,107	30,642,680
Total liabilities	37,301,538	32,038,671
Net assets		
Without donor restrictions	40,170,942	38,600,745
With donor restrictions	6,167,195	6,798,676
Total net assets	46,338,137	45,399,421
Total liabilities and net assets	$ 83,639,675	$ 77,438,092

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

INNOVATIVE HOUSING, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF ACTIVITIES
For the Year Ended June 30 2024
(With Comparative Totals for the Year Ended June 30, 2023)

	Without Donor Restrictions	With Donor Restrictions	Totals 2024	Totals 2023
Support and revenues				
Grants and contributions	$ 518,510	$ -	$ 518,510	$ 625,064
Rental income, net of vacancy	5,063,984	-	5,063,984	5,070,542
Property development fees	777,394	-	777,394	4,571,230
Resident services fees	260,868	-	260,868	226,082
Partnership and asset management fees	232,879	-	232,879	214,321
Program service contract fees	530,179	-	530,179	72,073
Investment income, net	1,065,908	-	1,065,908	769,164
Gain on sale of property	-	-	-	2,859,674
Gain (loss) from assumption of limited partnership interest	1,818,953	-	1,818,953	(1,911,806)
Other income	255,987	-	255,987	57,975
Net assets released from restrictions	631,481	(631,481)	-	-
Total support and revenues	11,156,143	(631,481)	10,524,662	12,554,319
Expenses				
Program services:				
Asset management	274,653	-	274,653	428,601
Resident services	1,193,481	-	1,193,481	893,421
Housing development	438,046	-	438,046	301,505
Property ownership	6,469,045	-	6,469,045	5,355,048
Supporting services:				
Management and general	453,297	-	453,297	268,814
Fundraising	13,424	-	13,424	8,612
Total expenses	8,841,946	-	8,841,946	7,256,001
Change in net assets	2,314,197	(631,481)	1,682,716	5,298,318
Net assets, beginning of year	38,600,745	6,798,676	45,399,421	40,101,103
Cumulative-effect adjustment from adoption of new accounting standard	(744,000)	-	(744,000)	-
Net assets, end of year	$ 40,170,942	$ 6,167,195	$ 46,338,137	$ 45,399,421

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

INNOVATIVE HOUSING, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended June 30 2024
(With Comparative Totals for the Year Ended June 30, 2023)

	2024	2023
Cash flows from operating activities		
Change in net assets	$ 1,682,716	$ 5,298,318
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,004,238	923,598
Amortization of debt issuance costs	21,876	58,418
Provision for credit losses	140,000	-
Unrealized gain on investments	(180,734)	(104,387)
Gain on sale of property	-	(2,859,674)
(Gain) loss on assumption of limited partnership interest	(1,818,953)	1,911,806
(Increase) decrease in:		
Receivables, net	(403,254)	2,305,180
Prepaid expenses and deposits	(20,737)	40,936
Interest receivable (from related party notes receivable)	(517,199)	(444,880)
Development fees receivable, related parties	(194,595)	(3,452,066)
Increase (decrease) in:		
Accounts payable and accrued liabilities	300,057	(186,291)
Accrued interest	2,665	17,471
Deferred revenue and prepaid rents	40,923	(40,722)
Security deposits payable	(13,920)	(33,852)
Net cash provided by operating activities	43,083	3,433,855
Cash flows from investing activities		
Proceeds from sales of property and equipment	-	3,300,000
Proceeds from assumption of limited partnership interest	969,676	-
Purchases of property and equipment	(3,634,270)	(565,734)
Purchases of investments	(4,295,068)	(106,014)
Proceeds from sale of investments	4,116,290	-
Capital contributions to limited partnership interests	(411,128)	-
Distributions from partnership interests	88,083	214,442
Advances made on notes receivable	(295,972)	(397,342)
Net cash provided (used) by investing activities	(3,462,389)	2,445,352
Cash flows from financing activities		
Proceeds from notes payable	1,009,637	833,000
Principal payments on notes payable	(475,505)	(3,729,814)
Net cash provided (used) by financing activities	534,132	(2,896,814)

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

	2024	2023
Net increase (decrease) in cash, cash equivalents and restricted cash	(2,885,174)	2,982,393
Cash, cash equivalents and restricted cash, beginning of year	10,047,914	7,065,521
Cash, cash equivalents and restricted cash, end of year	$ 7,162,740	$ 10,047,914
Supplemental disclosure of cash flow information		
Cash paid for interest	$ 428,092	$ 545,538
Supplemental schedule of noncash investing and financing activities:		
Total sales price for property and equipment	$ -	$ 6,520,000
Seller financed note	-	(3,220,000)
Cash received for sale of property and equipment	$ -	$ 3,300,000
Increases to property and equipment	$ 8,732,594	$ 4,903,528
Increase due to assumption of partnership interest	(5,098,324)	(4,337,794)
Cash paid for purchases of property and equipment	$ 3,634,270	$ 565,734
Net change in notes receivable, related parties	$ -	$ (838,150)
Seller financed note from property sale	-	(3,220,000)
Repayment of note via assumption of partnership interest	-	4,455,492
Cash advances made on notes receivable	$ -	$ 397,342
Capital contribution made via transfer of land (previously held)	$ -	$ 833,000
Total increases to notes payable	$ 5,236,579	$ 2,526,580
Increase due to assumption of debt held in partnership assumed	(4,226,942)	(1,693,580)
Proceeds from notes payable	$ 1,009,637	$ 833,000
Reconcilation to statements of financial position:		
Cash and cash equivalents	$ 4,841,951	$ 8,626,561
Restricted cash and reserves	2,094,296	1,201,972
Security deposits	226,493	219,381
Total cash, cash equivalents and restricted cash	$ 7,162,740	$ 10,047,914

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

INNOVATIVE HOUSING, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30 2024
(With Comparative Totals for the Year Ended June 30, 2023)

	Program Services					Support Services		Total	
	Asset Management	Resident Services	Housing Development	Property Ownership	Total Program	Management and General	Fundraising	2024	2023
Payroll	$ 201,673	$ 737,260	$ 310,673	$ -	$ 1,249,606	$ 211,528	$ 9,856	$ 1,470,990	$ 1,205,952
Payroll taxes	17,240	63,025	26,558	-	106,823	18,082	843	125,748	103,129
Employee benefits and retirement	24,391	89,168	37,574	-	151,133	25,584	1,192	177,909	164,076
Telephone and utilities	4,447	16,259	6,852	884,431	911,989	4,665	218	916,872	912,110
Rent and occupancy	3,392	12,402	5,226	-	21,020	3,558	166	24,744	27,497
Professional fees and contracted services	-	11,116	-	454,156	465,272	138,443	-	603,715	225,904
Property insurance and taxes	-	-	-	380,880	380,880	13,777	-	394,657	305,892
Depreciation and amortization	-	-	-	1,004,238	1,004,238	-	-	1,004,238	923,598
Interest expense	-	-	-	455,354	455,354	-	-	455,354	621,427
Repairs, maintenance and janitorial	1,371	5,014	2,113	1,688,529	1,697,027	1,438	68	1,698,533	1,106,800
Office expense	10,384	37,962	15,997	103,869	168,212	10,980	507	179,699	135,386
Other expenses	11,755	42,974	33,053	-	87,782	12,537	574	100,893	115,660
Property management expenses	-	-	-	1,001,825	1,001,825	-	-	1,001,825	1,082,937
Credit losses, programattic loans	-	-	-	140,000	140,000	-	-	140,000	-
Credit losses, other	-	-	-	355,763	355,763	12,705	-	368,468	225,431
Other supplies	-	-	-	-	-	-	-	-	8,383
PSH program expense	-	98,240	-	-	98,240	-	-	98,240	-
Resident activities and events	-	80,061	-	-	80,061	-	-	80,061	91,819
Total	$ 274,653	$ 1,193,481	$ 438,046	$ 6,469,045	$ 8,375,225	$ 453,297	$ 13,424	$ 8,841,946	$ 7,256,001

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

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Innovative Housing, Inc. (IHI) is a nonprofit organization that develops, preserves and operates affordable housing for low-income households. IHI complements its housing with a Resident Services Program designed to help residents maintain their housing stability, improve their quality of life and break the cycle of poverty.

Principles of Consolidation

The consolidated financial statements include the accounts of Innovative Housing, Inc., 82nd & Broadway LLC, Bridgeview Housing LLC, Clifford Apartments LLC, Innovative Fargo LLC, Hewitt Place II GP LLC, IHI/Musolf LLC, Innovative 4 Plex LLC, Innovative Cambrian LLC, Innovative Center Village LLC, Innovative Garden Park, Garden Park GP LLC, Innovative KWVS LLC, Innovative Rich LLC, Innovative Woodland Square LLC, ITH Inc., 82nd Avenue LP, Innovative Garden Park GP LLC, Innovative Merwyn LLC, Innovative CVGP LLC, Innovative Anna Mann LLC, Innovative Lincoln 25 LLC, Innovative Eliot LLC, Innovative Erickson LLC, Innovative Raleigh LLC, 527 SE Morrison MT LLC, and Musolf Manor LP, some of which have no current activity. Most entities are single member LLCs wholly controlled by IHI. Some of the affiliated entities have made IRS code section 168(h) elections to be taxed as corporate entities. Inter-organization transactions and balances have been eliminated in the consolidated financial statements. IHI and its affiliates are referred to throughout the notes as “the Organization.”

Description of Programs

The Organization's major program areas include:

Housing Development - The Organization creates and preserves affordable housing through new construction and the acquisition/rehabilitation of existing multifamily properties and historic buildings. The Organization’s rental housing serves low and very low-income families and individuals, seniors, people with disabilities, formerly homeless people, veterans, and households escaping domestic violence.

Resident Services - The Organization complements its housing with Resident Services designed to help residents maintain their housing stability, improve their quality of life, and break the cycle of poverty. Resident service staff connect residents with existing community resources and service providers, advocate for residents, sponsor community building activities, coordinate on-site classes and workshops, and offer site-based programs including an Eviction Prevention Program, Financial Education, an Emergency Fund, and a comprehensive Youth and Family Program.

Asset Management - The Organization is the managing general partner or managing member for several limited partnerships (LPs)/ limited liability companies (LLCs) that own affordable rental units in Oregon and Washington. The Organization manages this portfolio to ensure that each property is well-maintained, financially sustainable and makes a positive contribution to its neighborhood. Asset management includes hiring and supervising professional property managers, compliance and reporting, handling audits/tax matters, and structuring/refinancing debt.

Property Ownership - In addition to managing affordable properties owned by unaffiliated LP/LLCs, The Organization owns affordable rental units at multiple Portland area properties. The operating expenses and income from these properties are included in the consolidated financial statements.

1. Nature of Operations and Summary of Significant Accounting Policies, continued

Basis of Presentation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

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 IHI. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions - The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified into net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Tax Status

IHI is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code; accordingly, no taxes have been provided for in the consolidated financial statements. Wholly-owned LLCs are generally disregarded for tax purposes. With respect to the entities which made 168(h) elections to be taxed as corporations, none had taxable income for the year ended June 30, 2023.

Recent Accounting Standard Adopted

During the year ended June 30, 2024, the Organization adopted Accounting Standards Update (ASU) 2016-13 *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, and all related amendments (ASC 326), which replaced the incurred loss methodology for recognizing credit losses with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. CECL requires an estimate of lifetime expected credit losses to be recognized for financial assets based on historical experience, current conditions, and reasonable and supportable forecasts, and for the financial assets to be presented at the net amount expected to be collected on the statement of financial position. Financial assets held by the Organization that are subject to ASC 326 are trade accounts receivable, development fees receivable, and notes receivable and related interest receivable.

1. Nature of Operations and Summary of Significant Accounting Policies, continued

Recent Accounting Standard Adopted

The Organization adopted ASC 326 effective July 1, 2023, using the modified retrospective approach for all financial assets measured at amortized costs. Results for reporting periods beginning after July 1, 2023 are presented in accordance with ASC 326, while prior period amounts continue to be reported in accordance with previously applicable accounting standards.

As a result of the adoption, the Organization recorded a transition adjustment that included an increase to the allowance for credit losses for notes receivable and related interest receivable of $744,000, which is presented on the statement of financial position as an increase to the allowance for credit losses of $744,000, which resulted in a net decrease of $744,000 to the total notes and interest receivable presented on the statement of financial position. In addition, the Organization recorded a decrease to beginning net assets of $744,000 as of July 1, 2023 which reflects the transition adjustments noted above and represents the cumulative effect of adopting ASC 326.

Cash and Cash Equivalents

All checking accounts, money market mutual funds, and certificates of deposit with original maturities of 90 days or less are treated as cash and cash equivalents in the consolidated statements of financial position and cash flows. The carrying amount approximates fair value.

Investments

The Organization holds an investment portfolio that includes investments in exchange traded funds, fixed income holdings and equities. The investments are reported at fair value. Unrealized gains and losses are included in gain on investment income and reported as increases or decreases in net assets without donor restriction. Interest income and realized gains and losses are included in investment income and reported as increases or decreases in net assets without donor restriction. There were no restricted investments at June 30, 2024 or restrictions on income from investments for the year ended June 30, 2024.

The Organization has formed various limited partnerships and limited liability companies, some of which are owned 100 percent directly or indirectly by the Organization. The partnerships were formed to construct and operate affordable housing complexes. Investments owned 100 percent directly or indirectly by the Organization are consolidated and inter-company transactions are eliminated. Investments in affordable housing entities for which there is a less than 50 percent interest held by the Organization are accounted for using the equity method and are carried at cost adjusted annually for the Organization’s proportionate share of earnings or losses, less impairment, if any. It is not practical to estimate the fair value of the affordable housing interests held by the Organization. Management considers possible impairment of the investment if there are identified events or changes in circumstances that may have significant adverse effect on the value of the investment. There were no such identified events or change in circumstances for the year ended June 30, 2024.

1. Nature of Operations and Summary of Significant Accounting Policies, continued

Receivables and Allowance for Credit Losses

Accounts receivable are comprised of amounts due from granting agencies, contracts, tenant rent receivables and other various receivables. Related party receivables are comprised of amounts due for services provided and for assessed fees such as partnership management fees, asset management fees, resident services fees and other similar fees. Receivable are reported at the amount management expects to collect on balances outstanding at June 30, 2024. Management closely monitors outstanding balances and assess collectability and may provide for an allowance for credit losses based on the analysis. For trade receivables and tenant rent receivables, collectability and the allowance estimate is based on the aging of the receivables and the status of the tenants (current vs. past tenant status) based on management's experience with historic losses. This estimate is adjusted for management's assessment of current conditions, reasonable and supportable forecasts regarding future events. The Organization writes off receivables against the allowance when all collection efforts have been exhausted. If any recoveries are made from accounts previously written off, they will be recognized as income.

Property and Equipment

All expenditures for land, land improvements, buildings and equipment are capitalized at cost. Improvements, additions and replacements in excess of $5,000 are generally capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. All direct costs related to property under development (including land acquisition costs, land improvement and construction costs for clearing and grading, roads, utility systems, architectural, surveying, engineering and legal fees and construction costs) are capitalized and presented as construction in progress. Costs when incurred relating to the pre-development are evaluated by management for recoverability and capitalized if deemed appropriate.

Depreciation is provided using the straight-line method over the estimated useful lives of the individual assets: 27.5 to 30 years for buildings, 7 to 15 years for land improvements, and 5 to 7 years for furnishings and equipment. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the statement of operations.

Management reviews property and equipment for possible impairment whenever events or circumstances indicate the carrying amount of an asset may not be recoverable. On January 1, 2024, Musolf Manor Limited Partnership became wholly-owned by the Organization at which time management adjusted the value of property and equipment to estimated fair value measured based on the present value of expected future cash flows which resulted in a value that was less than the book value on Musolf Manor Limited Partnership's accounting records. No other impairment losses were recognized.

Development Fees Receivable and Allowance for Credit Losses

Development fees receivable are amounts due to the Organization for development services provided to related affordable housing entities. Amounts are due based on repayment terms in the underlying development service agreements. Development fees receivable generally do not accrue interest and are unsecured. Some of the repayments are to be made from proceeds from capital contributions to the affordable housing entities and some repayments are subject to the affordable housing entity having available cash flow, as defined in the partnership/operating agreements, to make payments on the fee.

1. Nature of Operations and Summary of Significant Accounting Policies, continued

Development Fees Receivable and Allowance for Credit Losses, continued

The underlying partnership/operating agreements include guarantees by the general partner/managing member to pay the development fees if the affordable housing entity is unable to repay from available cash flow by the specified due date. Management assesses the need for an allowance for credit losses based upon expected ability for the respective limited partnerships to pay the debt from future available cash flows based on historic information, current conditions and future reasonable supportable forecasts and also factors in the guarantees in the underlying agreements. This evaluation is inherently subjective as it requires significant estimates that are susceptible to future revisions. At June 30, 2024, management considered the development fees fully collectible; therefore, no provision for credit losses has been made.

Notes and Interest Receivable, Related Parties and the Allowance for Credit Losses

Notes receivable, related parties, include notes due from the affordable housing limited partnerships for which the Organization is the General Partner/Managing Member. The notes are stated at their unpaid principal balance. Interest on notes is recognized over the term of the loan in accordance with written agreements. The notes are secured by real estate; however, the Organization's security position is subordinate to other debt held by the affordable housing entities. Management assesses the need for an allowance for credit losses based upon expected ability for the respective limited partnerships to pay the debt before or at the time of assumption of the limited partner interest by the Organization which is to occur at some future point in accordance with the respective partnership agreements. The analysis performed by management includes evaluation of future expected cash flow to be used for payments on the notes and accrued interest as well as the estimated value of the partnership assets, less debts, that is anticipated to be transferred to IHI or one of its wholly owned subsidiaries upon limited partners' exit from the respective partnerships as is customary for the industry. This evaluation is inherently subjective as it requires significant estimates that are susceptible to future revisions. The notes and related interest are stated at amortized cost basis, less the allowance for credit losses.

Leases

The Organization determines if an arrangement is or contains a lease at inception. Under ASC 842, a contract is or contains a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the arrangement are changed.

The Organization has elected the short-term lease recognition exemption for all classes of underlying assets. Leases with an initial term of 12 months or less that do not include an option to purchase the underlying asset that the Organization is reasonably certain to exercise are not recorded on the statement of financial position. Lease expense is recognized for these leases on a straight-line basis over the lease term. The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants. The Organization has lease agreements with lease and non-lease components, which are generally accounted for as a single lease as permitted under ASC 842. When the implicit rate is not readily determinable for the Organization's leases, management has elected to use the risk-free rate at the commencement date for all classes of underlying assets in determining the present value of lease payments.

1. Nature of Operations and Summary of Significant Accounting Policies, continued

Revenue Recognition

Contributions - Contribution revenue is recognized when the contribution or promise to contribute is made. Contributions are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the absence or existence and/or nature of any donor restrictions. Donor-restricted support is recorded as an increase in net assets with donor restrictions as either restricted by action or passage of time, or perpetually, depending on the nature of the 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 (released) to net assets without donor restrictions and reported in the consolidated statements of activities as a release from restriction. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as net assets without donor restrictions. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported with donor restrictions. For such contributions where donors stipulate how long those long-lived assets must be maintained, the net assets are released from restriction over the period of time the asset is restricted or its estimated useful life, if shorter. Absent a specified period, such gifts are considered released from restriction once the asset is placed in service.

Donated Goods and Services - The Organization periodically receives donated goods and/or services. The Organization records the value of donated goods and use of facilities (contributions, in-kind) using the estimated fair market value of the donated good/use of facilities at the date of donation. The Organization records the value of donated services when the services meet the criteria for recognition in accordance with U.S. GAAP and are valued at the fair market value of similar services in the current market. The Organization also receives donated services from a variety of unpaid volunteers who assist with programs in nonspecialized roles. No amounts have been reflected in the consolidated financial statements for these donated hours. Donated goods and services are generally utilized by the Organization’s programs.

Resident Services, Partnership Management and Asset Management Fees - Revenue from fees is earned as the services, as outlined in the underlying agreements, are provided, which is considered satisfaction of the performance obligation. Revenue is generally considered earned and is recognized on a monthly basis. There are no elements of variable consideration in the property management agreements (contracts).

Developer Fee Income - Developer fee income is earned as certain benchmarks, as outlined in the underlying development services agreement, are accomplished, which is considered satisfaction of the performance obligations. The development services agreements detail the separate performance obligations and outline how the total fee should be allocated to those separate performance obligations. There are no elements of variable consideration in the development services agreements (contracts).

Rent Income - Rent income is recognized in the month in which the space is rented by residential and/or commercial tenants. Rental payments received in advance are deferred until earned. Other income includes fees for late payments, cleaning, damages, laundry facilities and other charges, which are recognized as performance obligations are satisfied.

1. Nature of Operations and Summary of Significant Accounting Policies, continued

Advertising Expenses

Advertising costs are charged to expense as they are incurred.

Functional Allocations of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statements of functional expenses. Accordingly, certain costs have been allocated among the programs and support services benefited. Indirect/overhead expenses are allocated based on actual time incurred by employees for program and support services.

Subsequent Events

Management evaluates events and transactions that occur after the consolidated statement of financial position date as potential subsequent events. Management has performed this evaluation through the date of the independent auditor's report.

2. Cash and Cash Equivalents and Restricted Cash Reserves and Deposits

At June 30, 2024, restricted cash deposits and reserves consisted of the following:

Loan agreements between IHI, Oregon Housing and Community Services, the Portland Housing Bureau, the Portland Development Commission and certain lenders require IHI to deposit funds into separate reserve accounts for each of the buildings financed. These funds are to be used for the purposes indicated below.

Restricted cash comprised of the following as of June 30, 2024:

Capital asset replacement reserves and operating reserves - established to fund the replacement of capital assets and operating deficits	$	1,937,514
Tax & Insurance Reserves - established to fund the annual payment of insurance and, if applicable, real estate taxes		156,782
Security Deposits - required to set up separate accounts in which tenant security deposits are held		226,493
Total	$	2,320,789

For purposes of the statement of cash flows, all investment instruments purchased with a maturity of three months or less are considered to be cash equivalents.

Concentration of Deposit Risk

Deposits with financial institutions include bank demand deposits and money market accounts. Deposits held at financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 at each financial institution. Balances held may from time to time exceed federally insured limits. Bank balances held in excess of FDIC insured limits were $1,836,341 at June 30, 2024. The Organization has not experienced any losses in such accounts. Management believes that the Organization is not exposed to any significant credit risk on cash and cash equivalents.

3. Liquidity and Availability of Resources

The Organization has a policy to manage its liquidity and reserves in order to meet its needs to fund operating expenditures. At June 30, 2024, the Organization's financial assets, reduced by amounts not available for general expenditures within one year, are comprised of the following:

Cash and cash equivalents	$ 4,841,951
Investments	3,971,215
Accounts receivable, net	443,005
Developer fees receivable, current portion	3,561,207
Financial assets available for general expenditure	$ 12,817,378

4. Fair Value Measurements and Investments

U.S. GAAP establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs are quoted prices in active markets for identical assets or liabilities for which the Organization has the ability to access at the measurement date.

Level 2: Inputs (other than quoted market prices included within Level 1) that are observable for the asset or liability, either directly or indirectly such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets;

Level 3: Unobservable inputs for the asset or liability that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The Organization's investments measured at fair value, which excludes investments in affordable housing entities, are valued with level 1 inputs as the investments have quoted prices and are traded on an active market.

Exchange traded funds	$ 3,479,937
Fixed income	196,278
Equities	191,640
Other – insurance debentures	103,360
Total investments	$ 3,971,215

5. Investments in Affordable Housing Entities

Investments in affordable housing LPs/LLC included the following at June 30, 2024:

	Ownership Interest		Ownership Interest
Anna Mann LP	.01%	Lincoln 25 LP	.01%
Erickson Housing LP	.01%	Garden Park LP	.01%
Eliot Housing LP	.01%	Merwyn Apartments LLC	.01%
Woodland Square LP	.01%	SunCo GP LLC	21.00%
Raleigh Housing LP	.01%	Victorian Mayfield	21.00%
Center Village LP	.01%	Reach Argyle GP LLC	21.00%
Magnolia 2 LP	.01%		

6. Property and Equipment

At June 30, 2024, property and equipment, net was comprised of the following:

Land	$ 3,497,938
Buildings and improvements	32,803,279
Furniture and equipment	407,942
Construction in progress and assets in development	5,694,713
	42,403,872
Accumulated depreciation	(14,250,123)
Property and equipment, net	$ 28,153,749

7. Development Fees Receivable

At June 30, 2024, development fees receivable were comprised of amounts due from affordable housing entities for which the Organization serves as General Partner/Managing Member as follows:

Anna Mann Limited Partnership	$ 4,446,254
Center Village Limited Partnership	1,254,805
Erickson Housing Limited Partnership	158,181
Garden Park Limited Partnership	1,514,167
Lincoln 25 Limited Partnership	470,000
Magnolia 2 Limited Partnership	673,586
Merwyn Apartments LLC	204,910
Raleigh Housing Limited Partnership	1,912,884
	10,634,787
Current portion	(3,561,207)
Total development fees receivable, net of current portion	$ 7,073,580

The current portion of the development fees shall be paid from proceeds of capital installments made to the affordable housing entities. Repayment of the non-current portion of the development receivable is contingent on the affordable housing entity having available cash flow, as defined in the partnership/operating agreements; therefore, future maturities are indeterminable.

8. Notes and Interest Receivable, Related Parties

Notes and interest receivable, related parties are comprised of amounts due from affordable housing entities for which the Organization serves as General Partner/Managing Member. Payments on the notes and accrued interest are all subject to the affordable housing entity having available cash flow, as defined in the partnership/operating agreements and underlying note agreements. The notes are secured by real estate; however, the Organization's security position is subordinate to other debt held by the affordable housing entities. At June 30, 2024, notes and interest receivable consisted of the following:

Anna Mann LP – Sponsor loan (PHB), bears no interest, matures November 30, 2079.	$	8,000,000
Eliot Housing LP – Sponsor loan (PDC), principal amount $102,158, accrues interest at 6.00%, compounded annually, matures September 1, 2043.		181,801
Eliot Housing LP – Sponsor loans (HOME), principal amount $400,000, accrues simple interest at 5.00%, matures September 1, 2043.		637,252
Eliot Housing LP – Sponsor loan (PHB), principal amount $975,000, accrues simple interest at 5.00%, matures September 1, 2043.		1,451,194
Erickson Housing LP – Sponsor loan, principal amount $6,084,262, accrues simple interest at 1.00%, matures March 1, 2056.		6,624,178
Erickson Housing LP – Funds advanced through the Operating Deficit Guarantee (Note 12), does not accrue interest, payable from available cash flow.		190,339
Center Village LP – Seller note, principal amount $3,098,341, accrues interest at 2.91%, compounded annually, matures December 31, 2059.		3,616,425
Center Village LP – Sponsor loan (OHCS), bears no interest, matures December 31, 2059.		1,988,710
Garden Park LP – Seller note, principal amount $3,220,000, accrues interest at 8.00%, compounded annually, matures February 1, 2080.		3,491,911
Lincoln 25 LP – Sponsor loan, maximum amount $437,000, bears no interest, matures December 31, 2072.		397,000
Magnolia 2 LP – Sponsor loan, bears no interest, matures December 31, 2063.		121,893
Magnolia 2 LP – Funds advanced through the Operating Deficit Guarantee (Note 12), does not accrue interest, payable from available cash flow.		72,000

8. Notes and Interest Receivable, Related Parties, continued

Merwyn Apartments LLC – Sponsor loan, bears no interest, matures December 31, 2064.	457,684
Raleigh Housing LP – Sponsor loan (FHLB), bears no interest, matures November 1, 2064.	750,000
Woodland Square LP – Sponsor loan (OHCS), principal amount of $180,000, accrues interest at 6.00%, compounded annually, matures December 31, 2074.	329,104
Woodland Square for Sponsor loan (CARA), principal amount of $1,450,000, accrues simple interest at 6.00%, matures December 31, 2074.	2,195,179
	30,504,670
Allowance for credit losses	(884,000)
Total notes and interest receivable, net of allowance	$ 29,620,670

The balances above include accrued interest which totaled $2,868,179 as of June 30, 2024. As payments are dependent on available cash flow, future maturities are indeterminable.

The following table presents the activity in the allowance for credit losses for notes and interest receivable, related parties, which are considered one portfolio segment, for the year ended June 30, 2024:

Balance July 1, 2023	$ -
Impact of adoption of ASC 326	(744,000)
Provision for credit losses (increase for current year)	(140,000)
Write-offs	-
Recoveries	-
Balance, June 30, 2024	$ (884,000)

9. Notes Payable

At June 30, 2024, notes payable consisted of the following:

Mortgage note payable to Network for Oregon Affordable Housing secured by investment in real estate known as the Clifford Apartments. During 2021 the principal balance was broken into two tranches. Principal for Tranche A ($500,000) and interest at 4.00% are payable in monthly installments of $5,062. The outstanding principal for Tranche A and principal for Tranche B ($230,000) and accrued interest at 3.00% are due and payable on the Maturity Date of June 1, 2025 with the option to extend to June 1, 2026.	$ 596,523
Note payable to Wells Fargo Bank, National Association for construction of and secured by investment in real estate known as the Rich Building. Principal and interest payments are due monthly. Principal payment amounts increase by 5% annually ($5,336 at June 30, 2024). Interest is variable (7.36% at June 30, 2024); matures in August 2025.	1,281,753

9. Notes Payable, continued

Note payable to City of Portland, Oregon, secured by investment in real estate known as Barbur Apartments. The note carries no interest. No payments required until maturity. The note matures December 31, 2025 or upon conversion to permanent financing, whichever is sooner.	1,000,000
Note payable to Umpqua Bank, secured by investment in real estate known as Kinnaman, Whitmarsh Building, and Village Square. This note was obtained as part of the transfer of the three properties into Innovative KWVS, LLC. Principal and interest at 5.71% are payable in monthly installments of $3,841; the note matures in January 1, 2026.	481,482
Mortgage note payable to Key Bank, secured by investment in real estate known as Hewitt Place Townhomes. Principal and interest at 6.82% are payable in monthly installments of $10,209; balloon payment of approximately $1,137,000 due at maturity; the note matures February 28, 2026.	1,196,944
Mortgage note payable to BMO Bank (formerly Bank of the West) secured by investment in real estate known as the Innovative 4 Plex. Principal and interest at 5.9% are payable in monthly installments of $2,349 beginning February 28, 2019; balloon payment of approximately $280,000 at maturity; the note matures January 31, 2029.	324,283
Note payable to Banner secured by investment in real estate known as the Musolf Manor. Required monthly payments of $8,072, including interest at a variable Principal and interest at 7.17% are payable in monthly installments of $8,072; the note matures in May 1, 2029.	400,374
Note payable to City of Portland, Oregon, secured by investment in real estate known as Broadway Vantage Apartments. The note carries no interest. Principal is payable from the property's available cash flow, as defined in the loan agreement. The note matures on February 1, 2038 if not paid off earlier from annual cash flow payments.	2,186,277
Note payable to First Interstate Bank, secured by investment in real estate known as Broadway Vantage Apartments. Principal and interest at 3.88% are payable in monthly installments of $12,064; the note matures April 1, 2039.	1,621,330
Note payable to Umpqua Bank, secured by investment in real estate known as Kinnaman, Whitmarsh Building, and Village Square. This note was obtained as part of the transfer of the three properties into Innovative KWVS, LLC. Principal and interest at 3.79% are payable in monthly installments of $20,892; the note matures in January 1, 2041.	3,070,650
Note payable to City of Portland, Oregon, secured by investment in real estate known as the Magnolia Apartments. The note carries no interest. Principal is payable from the property's available cash flow, as defined in the loan agreement. The note matures September 1, 2043 if not paid off earlier from annual cash flow payments.	975,000

9. Notes Payable, continued

Note payable to City of Lincoln City, Oregon, secured by investment in real estate known as the 25th Street Apartments. The note carries no interest. Principal is payable from the property's available cashflow, as defined in the loan agreement and will be forgivable given the property meets certain criteria. The note matures December 31, 2044 if not forgiven or paid off earlier from annual cash flow payments.	833,000
Note payable to City of Portland, Oregon, secured by investment in real estate known as the Erickson/Fritz Apartments. The note carries no interest. Principal is payable from the property's available cash flow, as defined in the loan agreement. The note matures March 1, 2056 if not paid off earlier from annual cash flow payments.	6,084,262
Note payable to City of Portland, Oregon, secured by investment in real estate known as the Bridgeview Apartments. The note carries no interest. Principal is payable from the property's available cash flow, as defined in the loan agreement. The note matures on February 1, 2067 if not paid off earlier from annual cash flow payments.	861,452
Note payable to City of Portland, Oregon, secured by investment in real estate known as Musolf Manor. The note carries no interest. Principal is payable from the property's available cash flow, as defined in the loan agreement. The note matures January 1, 2069 if not paid off earlier from annual cash flow payments.	3,822,333
Note payable to City of Portland, Oregon, secured by investment in real estate known as The Clifford Apartments. The note carries no interest. Principal is payable from the property's available cash flow, as defined in the loan agreement. The note matures in 2070 if not paid off earlier from annual cash flow payments.	3,350,000
Note payable to City of Portland, Oregon, secured by investment in real estate known as the Hewitt Place Townhomes. The note carries no interest. Principal is payable from the property's available cash flow, as defined in the loan agreement, as amended. The note matures in 2070 if not paid off earlier from annual cash flow payments.	363,018
Note payable to City of Portland, Oregon, secured by investment in real estate known as the Anna Mann. The note carries no interest. Principal is payable from the property's available cash flow, as defined in the loan agreement. The note matures November 30, 2079 if not paid off earlier from annual cash flow payments.	8,000,000
	36,448,681
Unamortized debt issuance costs	(270,484)
Current portion	(1,018,732)
Notes payable, net of unamortized debt issuance costs and current portion	$ 35,159,465

9. Notes Payable, continued

The notes payable require certain covenants related to debt service coverage and minimum unencumbered balance of liquid assets. As of June 30, 2024, the Organization was not meeting its minimum debt-coverage ratio covenant for its loan from First Interstate Bank for Broadway Vantage Apartments; therefore, the loan was considered to be in default. The Organization is working with the lender on possible remedies; however, since the loan was considered in default and callable by the lender, the entire loan balance of $1,621,330, at June 30, 2024, was included in the current portion of notes payable.

Minimum payments due over the next five years under the terms of the loan and note agreements are as follows:

For the Year Ending June 30,	
2025	$ 2,557,102
2026	4,061,469
2027	237,463
2028	249,482
2029	527,197
Thereafter	28,815,968
Total	$ 36,448,681

10. Net Assets with Donor Restrictions

The majority of net assets with donor restrictions are grants made for specific affordable housing developments. Funds were spent in accordance with grantor/funding restrictions, but the grants carry long term use restrictions - in most cases, 30 to 60 year terms.

Net assets with donor restrictions were comprised of the following as of June 30, 2024:

Lincoln City grant for Lincoln 25	$ 397,000
WX capital grant for Musolf Manor	52,393
HDGP capital grant for Musolf Manor	100,000
WX Capital grant for Broadway Vantage	95,779
Multnomah County capital grant for Broadway Vantage	50,000
HDGP capital grant for Broadway Vantage	100,000
HDGP capital grant for Hewitt Place	70,000
Acquisition and rehabilitation of Hewitt Place Townhomes - American Recovery and Reinvestment funding	182,926
GHAP capital grant for Clifford	197,000
HELP capital grant for Clifford	75,000
WX capital grant for Clifford	100,000
FHLB capital grant for Clifford	791,912

10. Net Assets with Donor Restrictions, continued

HDGP capital grant for Magnolia	200,000
GHAP capital grant for Woodland	200,000
Restricted grant assumed by IHI as part of donated land and building - Whitmarsh	300,000
HOPWA capital grant for Cornerstone	300,000
HOPWA capital grant for Cornerstone	24,000
HDGP capital grant for Kinnaman	100,000
OHCS GHAP Grant for Center Village	1,988,711
FHLB Grant for Vibrant!	750,000
MEP Grant for Magnolia 2	92,474
Total net assets with donor restrictions	$ 6,167,195

11. Section 403(B) Savings Plan

IHI maintains a qualified cash or deferred compensation plan (the "Plan") under Section 403(b) of the Internal Revenue Code. Under the Plan, employees may elect to defer up to 25 percent of their salary, subject to the Internal Revenue Service limitations. IHI matches employee contributions up to a maximum of 5 percent of the employee's eligible salary. Employees are immediately 100 percent vested in all employer contributions. For the years ended June 30, 2024, the Organization contributed $45,870 to the plan.

12. Commitments and Contingencies

Operating Deficit Guaranty - Erickson Housing LP

IHI, as owner of the general partner of Erickson Housing LP, is obligated jointly and severally, under terms of the partnership agreement, to pay any excess costs and expenses incurred by the partnership through the operating deficit guaranty period. Any advances under this guarantee will be recognized as subordinate loans, as provided in the partnership agreement, however, IHI shall not be obligated to providing funding for operating deficits in excess of $443,000. During the year ended June 30, 2024, $190,339 was advanced to Erickson Housing LP under the operating deficit guaranty all of which was outstanding at year-end.

Operating Deficit Guaranty - Magnolia 2 LP

IHI, as sole member of the general partner of Magnolia 2 LP, is obligated jointly and severally, under the terms of the partnership agreement, to fund deficits to the operating reserve for the five year period ending December 31, 2025. Any advances under this guarantee will be recognized as subordinate loans, as provided for in the partnership agreement. However, IHI shall not be obligated to provide funding for operating deficits in excess of $250,000. During the year ended June 30, 2024, $72,000 was advanced to Magnolia 2 LP under the operating deficit guaranty all of which was outstanding at year-end.

12. Commitments and Contingencies, continued

Operating Deficit Guaranty - Center Village LP

IHI, as the sole member of the general partner of Center Village LP, is obligated jointly and severally, under the terms of the Partnership agreement, to fund deficits to the operating reserve for the five year period ending December 31, 2025. Any advances under this guarantee will be recognized as subordinate loans, as provided for in the partnership agreement. However, IHI shall not be obligated to provide funding for operating deficits in excess of $315,000. As of June 30, 2024, no operating deficit funding was required.

Operating Deficit Guaranty - Merwyn Apartments LLC

IHI, as the owner of the managing member of Merwyn Apartments LLC, IHI is obligated jointly and severally, under the terms of the Merwyn Apartments LLC operating agreement, to fund deficits to the operating reserve for approximately the five-year period ending after the stabilization capital contribution date. Any advances under this guarantee will be recognized as subordinate loans, as provided for in the operating agreement. However, IHI shall not be obligated to provide funding for operating deficits in excess of $150,000. As of June 30, 2024, no operating deficit funding was required.

Operating Deficit Guaranty - Anna Mann LP

IHI, as the sole member of the general partner of Anna Mann LP, is obligated jointly and severally, under the terms of the partnership agreement, to fund operating deficits beginning with the date breakeven operations, as defined in the partnership agreement, occurs until the later of (i) the fifth anniversary of achievement of breakeven operations and (ii) the partnership achieving a 1.20 to 1.0 debt coverage ratio for twelve consecutive months. Breakeven operations had not yet occurred at June 30, 2023. Any advances under this guarantee will be recognized as subordinate loans, as provided for in the partnership agreement. However, IHI shall not be obligated to provide funding for operating deficits in excess of $985,000. As of June 30, 2024, no operating deficit funding was required.

Construction Completion Guaranty - Anna Mann LP

Pursuant to the terms of the limited partnership agreement and development agreement for Anna Mann LP, IHI, as the sole member of the General Partner of Anna Mann LP, and as the Developer for Anna Mann LP, is responsible for achieving the completion of construction for the Anna Mann House, the affordable housing project to be owned and operated by Anna Mann LP.

12. Commitments and Contingencies, continued

Operating Deficit Guaranty - Garden Park LP

In accordance with the partnership agreement of Garden Park LP, if, at any time or from time to time after the later of (i) the stabilization date, or (ii) permanent loan conversion date, as defined in the partnership agreement, an operating deficit, as defined in the Partnership Agreement, exists, then IHI, as the owner of the General Partner, shall contribute funds, as an *Operating Deficit Contribution*, to the Partnership as a contribution to capital in an amount equal to the amount of the operating deficit. The obligation to make operating deficit contributions after such date to fund operating deficits which are not funded from the operating reserve, shall be limited to $872,000.

The obligation of the IHI to make operating deficit contributions shall terminate on the date that the following have occurred simultaneously: (i) the Project has operated at the required debt service coverage, as defined in the partnership agreement, determined by audited financial statements for a period of at least two (2) consecutive Fiscal Years, which two (2) year period shall have commenced no earlier than three (3) years after the first day of the year in which the later of the stabilization date is achieved and permanent loan conversion occurs; (ii) the RAC rental subsidy and service subsidy is in full force and effect; and (iii) the balance in the operating reserve equals or exceeds $622,570. Operating deficit contributions shall be repayable, without interest, solely from cash low, as provided for in the partnership agreement. As of June 30, 2024, no operating deficit funding was required.

Construction Completion Guaranty - Garden Park LP

Pursuant to the terms of the limited partnership agreement and development agreement for Garden Park LP, IHI, as the owner of the General Partner of Garden Park LP, and as the Developer for Garden Park LP, is responsible for achieving the completion of construction for Garden Park Estates, the affordable housing project to be owned and operated by Garden Park LP.

Operating Deficit Guaranty - Lincoln 25 LP

IHI, as owner of the general partner of Lincoln 25 LP, is obligated jointly and severally, under terms of the partnership agreement, to pay any excess costs and expenses incurred by the partnership through the operating deficit guaranty period. Any advances under this guarantee will be recognized as subordinate loans, we provided in the partnership agreement, however, IHI shall not be obligation to providing funding for operating deficits in excess of $400,000. As of June 30, 2024, no operating deficit funding was required.

Construction Completion Guaranty - Lincoln 25 LP

Pursuant to the terms of the limited partnership agreement and development agreement for Lincoln 25 LP, IHI, as the owner of the General Partner of Lincoln 25 LP, and as the Developer for Lincoln 25 LP, is responsible for achieving the completion of construction for Lincoln 25 Apartments, the affordable housing project to be owned and operated by Lincoln 25 LP.

12. Commitments and Contingencies, continued

Option Agreement and Agreement of Purchase and Sale of Property on Barbur Boulevard

In October 2019, the Organization executed a purchase and sale of property on Barbur Boulevard. In October 2020 the parties replaced this agreement with an option agreement and agreement of purchase and sale and deposited $500,000 into escrow. During 2022, the Organization extended the option to purchase and deposited an additional $1,000,000 into escrow. During 2023, the Organization deposited another $200,000 into escrow. The deposits are included with construction in process. The term of the option agreement states a closing date on or before February 28, 2025, and the Organization has the right to close prior to this date with approved 6 month notice. The purchase price per the agreement is $5,995,000.

Tax Credit Recapture Guaranty

The Organization guarantees with respect to payment for reduced and delayed tax credits and repurchase obligations (tax credit recapture guarantees) on the following properties:

Property	Termination Date	Property	Termination Date
Broadway Vantage	2024	Magnolia 2	2035
Magnolia	2028	Center Village	2035
Erickson Fritz	2030	Merwyn	2035
Woodwind Apts	2030	Anna Mann	2038
Raleigh	2034	Lincoln 25	2039

13. Assumption of Limited Partnership Interest

During the year ended June 30, 2024, the limited partner for Musolf Manor Limited Partnership exited the partnership (effective December 31, 2023) and assigned its 99.99 percent interest to ITH, Inc., a wholly owned subsidiary of Innovative Housing, Inc. At the time the partnership interest was assigned, the partnership became effectively wholly owned by the Organization. At the time of assignment, the assets and liabilities of the partnerships were transferred to the Organization in satisfaction of the amounts due to the Organization. The assets were recorded at their estimated fair market value based on the restricted rents cash flow at the dates of the assignments. The net gain recognized from the assumption of the exiting partner's interests in the partnership was $1,818,953.

14. Reclassifications

Certain prior year summarized amounts have been reclassified to conform to current year presentation. Such reclassifications had no impact on previously reported net assets or change in net assets.

15. Subsequent Events

Subsequent to year end, the Organization entered into a loan agreement with City of Portland for a predevelopment loan on The Clifford Apartments. The loan is in the amount of $1,000,000 and is due upon the earlier of March 1, 2026 or the first disbursement of funds under the construction loan or any other construction or permanent financing obtained. The note carries no interest.

Jones Roth
CPAs & Business Advisors

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

To the Board of Directors
Innovative Housing, Inc. and affiliates
Portland, Oregon

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 Innovative Housing, Inc. and affiliates (the Organization) which comprise the consolidated statement of financial position as of June 30, 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated February 7, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings as items 2024-001 and 2024-002 that we consider to be significant deficiencies.

Report On Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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 determination of consolidated financial statement amounts. 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*.

Innovative Housing, Inc. and Affiliates' Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the findings identified in our audit and described in the accompanying schedule of findings. The Organization's response was not subjected to the other auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Jones & Roth, P.C.
Eugene, Oregon
February 7, 2025

INNOVATIVE HOUSING, INC. AND AFFILIATES
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2024

Finding 2024-001

Type of Finding: Significant deficiency in internal controls over financial reporting.

Criteria: It is the responsibility of the Organization's management to design and implement internal controls over financial reporting to ensure the Organization's accounts are properly recorded in accordance with U.S. GAAP and that accounting records and transactions therewithin contain appropriate and adequate supporting documentation. Significant adjustments that arise as a result of audit procedures that were otherwise not detected by the Organization's management are required to be reported as a deficiency in internal control over financial reporting.

Condition and Context: While performing audit procedures, we identified several accounts that required adjustment in order to be properly stated in accordance with U.S. GAAP. We noted proper cut-off of accounts payable was not achieved during the financial close and reporting process which resulted in required adjustments. We also noted some of the related party activity was not properly recorded.

We noted significant issues in the accounting records for some of the affordable housing properties. We noted accounts receivable and accounts payable sub-ledger balances for several of the affordable housing properties had not been properly reconciled to the general ledger. We also noted the operating cash accounts for several of the affordable housing properties had not been properly reconciled and required adjustment. Due to the number of audit adjustments required and the magnitude of some of the adjustments, we are considering this deficiency to be a significant deficiency in internal control over financial reporting.

Cause: There were not adequate internal controls over financial reporting process in place to ensure all significant transactions were recorded properly in accordance with U.S. GAAP and that all non-routine journal entries are adequately supported and reviewed prior to being recorded to the Organization's records.

Effect: Failing to review and/or fully reconcile all of the significant accounts of the Organization, failure to maintain supporting documentation and lack of review could cause the consolidated financial statements to be materially misstated.

Repeat Finding: Yes; see Finding 2023-001.

Recommendation: We recommend that management continue its efforts in reviewing the design and implementation of internal controls over the financial reporting process in order to identify and remedy control deficiencies. We recommend updating the process used to reconcile significant accounts at year-end and add additional layers of review by persons other than those preparing such reconciliations and schedules. The accounting records for the affordable housing properties that are maintained by property management companies should be carefully reviewed monthly and at year-end. The review should include review of the accounts receivable and accounts payable sub-ledger aging reports and reconciliations thereof to the general ledger. The review should also include review of the bank reconciliations for significant bank accounts.

Views of Responsible Officials: Management agrees with the finding. See Corrective Action Plan.

Finding 2024-002

Type of Finding: Significant deficiency in internal controls over financial reporting

Criteria: It is the responsibility of the Organization's management to design and implement internal controls over financial reporting to ensure the Organization's accounting records and transactions therewithin contain appropriate and adequate supporting documentation.

Condition and Context: While performing audit procedures, we identified instances where there were errors in non-routine journal entries. We noted appropriate and adequate supporting documentation for non-routine journal entries was not retained. We also noted evidence of review of non-routine journal entries by someone other than the individual recording the journal entries was not consistently documented and/or retained.

Cause: There were not adequate internal controls over financial reporting process in place to ensure all non-routine journal entries were accurate, adequately supported and reviewed prior to be recorded to the Organization's records.

Effect: Failing to maintain supporting documentation and lack of review could cause the consolidated financial statements to be materially misstated.

Repeat Finding: No.

Recommendation: We recommend that management continue its efforts in reviewing the design and implementation of internal controls over the financial reporting process in order to identify and remedy control deficiencies. We recommend updating the process used for non-routine journal entries to ensure appropriate and adequate supporting documentation is maintained and all non-routine journal entries are reviewed by persons other than those preparing such journal entries.

Views of Responsible Officials: Management agrees with the finding. See Corrective Action Plan

INNOVATIVE HOUSING, INC. AND AFFILIATES
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2024

Finding 2023-001

Type of Finding: Material weakness in internal controls over financial reporting

Criteria: It is the responsibility of the Organization's management to design and implement internal controls over financial reporting to ensure the Organization's accounts are properly recorded in accordance with U.S. GAAP. Significant adjustments that arise as a result of audit procedures that were otherwise not detected by the Organization's management are required to be reported as a deficiency in internal control over financial reporting.

Condition and Context: While performing audit procedures, we identified numerous accounts that required adjustment in order to be properly stated in accordance with U.S. GAAP. These misstatements included a material misstatement of beginning net assets resulting in a required restatement of beginning net assets to increase net assets by $1,331,075. Due to the number of audit adjustments required and the magnitude of some of the adjustments, we are considering this deficiency to be a material weakness in internal control over financial reporting.

2024 Follow-up: We noted some improvements; however, there was still evidence of an internal control deficiency; see Finding 2024-001.

Finding 2023-002

Type of Finding: Significant deficiency in internal controls over financial reporting

Criteria: It is the responsibility of the Organization's management to design and implement internal controls over financial reporting to ensure the Organization's accounting records and transactions therewithin contain appropriate and adequate supporting documentation.

Condition and Context: While performing audit procedures, we identified instances where appropriate and adequate supporting documentation for non-routine journal entries was not retained. We also noted evidence of review of non-routine journal entries by someone other than the individual recording the journal entries was not consistently documented and/or retained.

2024 Follow-up: We noted some improvements; however, there was still evidence of an internal control deficiency; see Finding 2024-002.

CORRECTIVE ACTION PLAN

The 2024 audit of IHI's financial procedures revealed matters that are opportunities for strengthening IHI's internal controls and operating efficiency. IHI management has reviewed the auditor's findings and recommendations and is implementing the following Corrective Action Plan to address these matters:

Finding 2024-001: Internal Controls and Financial Reporting

1. Bank Reconciliation issues with accounts held by 3rd party property management companies.

Correction Action Planned: Require all property management companies provide monthly bank statements and reconciliation reports with monthly financial reports/statements. IHI finance team to review reconciliations to ensure they balance between the bank and accounting records and communicate discrepancies with property management. The completion of this review to be documented as part of the ongoing monthly/quarterly property statement review process.

Implementation: IHI Asset Management to communicate requirement to include bank statements & reconciliation reports with monthly financial statements to property management no later than the April, 2025 reporting period.

Responsible Staff: Erik Liseth, IHI lead Asset Manager, to communicate reporting requirements to property management. IHI's Bookkeeper, Megan Enos, will review monthly statements as part of the process of posting monthly property statements and document review. IHI's Controller, Aaron Silverman, will review and confirm reconciliation reviews as part of the quarterly review process.

2. Historical uncleared (stale dated) items in bank reconciliations.

Corrective Action Planned: IHI Management to establish a formal, written policy concerning stale dated checks in accordance with Oregon escheat laws.

Implementation: IHI Management will establish a formal, written policy concerning stale dated checks. Controller will perform & document stale dated check review in conjunction with monthly bank statement reconciliation.

Responsible Staff: IHI Controller to implement IHI policy regarding stale dated checks

3. Accounts Receivable: Property management account receivable sub-ledgers not always in balance with accounts payable balance reported in the general ledger.

Corrective Action Planned: IHI Asset Managers to work more closely with property management companies to ensure the accounts receivable ledgers are updated to be accurate and that the sub-ledgers are reconciled monthly to the general ledger.

Responsible Staff: IHI Asset Management (Erik Liseth, Josh Raab)

4. Accounts Payable: Property management account payable sub-ledger not always reconciled to the accounts payable balance reported in the general ledger.

Corrective Action Planned: IHI to monitor that accounts payable sub-ledger reconciles with general ledger balance and work with property management to clear identified discrepancies.
Responsible Staff: IHI Bookkeeper, Megan Enos, to reconcile accounts payable sub-ledger as part of monthly posting process and communicate issues with property management. IHI Controller, Aaron Silverman, to review accounts payable sub-ledger and confirm reconciliation with general ledger on a quarterly basis.

Finding 2024-002: Internal Controls Over Non-Routine Journal Entries

1. Related Party and Intercompany Activity: Related Party activity, such as fees, payables/receivables, not always recorded in such a manner that the balance is accurate on both sets of books.

Corrective Action Planned: IHI Management to establish a policy for recording journal entries for related party activity that includes review by an outside Accountant of both sets of books to ensure amounts agree when required. Policy will include a thorough review on a quarterly basis of related party and intercompany balances to verify balances are properly reported for activity between entities.
Responsible Staff: IHI's Controller, Aaron Silverman, will work with an outside Accountant to review journal entry records on at least a quarterly basis, and confirm that all entries have been posted correctly to both sets of books. Controller will work with outside Accountant to review documentation of activity to ensure adequate documentation of non-routine entries related to intercompany balances.

2. Other Non-Routine Journal Entries: Not all non-routine journal entries were accurate or adequately supported and reviewed.

Corrective Action Planned: IHI Management to establish a policy for recording non-routine journal entries that includes review by an outside Accountant. Policy will include a thorough review on a quarterly basis of all non-routine journal entries including related party and intercompany balances to verify balances are properly reported for activity between entities.
Responsible Staff: IHI's Controller, Aaron Silverman, will work with an outside Accountant to review journal entry records on at least a quarterly basis.

SUPPLEMENTARY INFORMATION

INNOVATIVE HOUSING, INC. AND AFFILIATES
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
June 30, 2024

	Innovative Housing, Inc.	82nd & Broadway, LLC	Bridgeview Housing LLC	Clifford Apartments LLC
Assets:				
Cash and cash equivalents	$ 1,366,388	$ 102,537	$ 10,639	$ 88,185
Restricted cash and reserves	-	-	53,487	279,629
Investments	3,971,215	-	-	-
Prepaid expenses and deposits	13,002	-	-	6,457
Receivables, net	12,631,869	-	-	58,783
Notes and interest receivable, related parties	26,960,265	357,571	-	-
Notes receivable - other	75,468	-	-	-
Investments affordable housing entities	17,218,286	214,373	-	-
Property and equipment, net	6,074,390	-	570,920	3,714,395
Security deposits	-	-	-	9,430
Total assets	$ 68,310,883	$ 674,481	$ 635,046	$ 4,156,879
Liabilities and Net Assets:				
Accounts payable and accrued liabilities	$ 788,098	$ -	$ 103,513	$ 457,170
Deferred revenue and prepaid rents	-	-	-	22,762
Tenant security deposits	1,785	-	-	9,430
Notes payable, net and accrued interest	19,078,539	93,000	922,288	3,966,757
Total liabilities	19,868,422	93,000	1,025,801	4,456,119
Beginning net assets (deficit)	47,503,552	573,901	(317,790)	(54,320)
Cumulative-effect adjustment from adoption of new accounting standard	(744,000)	-	-	-
Contributions (distributions)	-	-	-	-
Change in net assets	1,682,909	7,580	(72,965)	(244,920)
Total net assets (deficit)	48,442,461	581,481	(390,755)	(299,240)
Total liabilities and net assets	$ 68,310,883	$ 674,481	$ 635,046	$ 4,156,879

INNOVATIVE HOUSING, INC. AND AFFILIATES
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION, Continued
June 30, 2024

	Innovative Fargo LLC	Hewitt Place II GP LLC	IHI/Musolf LLC	Innovative 4 Plex LLC
Assets:				
Cash and cash equivalents	$ -	$ 301,803	$ 6,799	$ 48,678
Restricted cash and reserves	-	469,190	-	2,000
Investments	-	-	-	-
Prepaid expenses and deposits	-	22,273	-	2,499
Receivables, net	-	31,442	-	2,428
Notes and interest receivable, related parties	-	-	-	-
Notes receivable - other	-	-	-	-
Investments affordable housing entities	917,692	-	37,983	-
Property and equipment, net	-	2,501,330	-	596,621
Security deposits	-	42,550	-	4,095
Total assets	$ 917,692	$ 3,368,588	$ 44,782	$ 656,321
Liabilities and Net Assets:				
Accounts payable and accrued liabilities	$ -	$ 24,182	$ -	$ 2,242
Deferred revenue and prepaid rents	-	11,440	-	173
Tenant security deposits	-	42,550	-	4,095
Notes payable, net and accrued interest	-	1,441,827	-	318,866
Total liabilities	-	1,519,999	-	325,376
Beginning net assets (deficit)	917,692	1,870,248	132,744	329,460
Cumulative-effect adjustment from adoption of new accounting standard	-	-	-	-
Contributions (distributions)	-	(78,031)	(88,083)	-
Change in net assets	-	56,372	121	1,485
Total net assets (deficit)	917,692	1,848,589	44,782	330,945
Total liabilities and net assets	$ 917,692	$ 3,368,588	$ 44,782	$ 656,321

INNOVATIVE HOUSING, INC. AND AFFILIATES
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION, Continued
June 30, 2024

	Innovative Center Village LLC	Innovative Garden Park	Innovative KWVS LLC	Innovative Rich LLC
Assets:				
Cash and cash equivalents	$ -	$ 63,580	$ 2,475,480	$ 156,570
Restricted cash and reserves	-	-	79,508	134,725
Investments	-	-	-	-
Prepaid expenses and deposits	-	-	78,003	9,099
Receivables, net	-	-	101,121	402,563
Notes and interest receivable, related parties	3,616,425	3,491,911	-	-
Notes receivable - other	-	-	-	-
Investments affordable housing entities	-	-	-	-
Property and equipment, net	-	-	3,638,212	1,893,086
Security deposits	-	-	108,619	12,691
Total assets	$ 3,616,425	$ 3,555,491	$ 6,480,943	$ 2,608,734
Liabilities and Net Assets:				
Accounts payable and accrued liabilities	$ -	$ -	$ 97,812	$ 118,231
Deferred revenue and prepaid rents	-	-	46,850	2,770
Tenant security deposits	-	-	108,619	12,021
Notes payable, net and accrued interest	-	-	3,487,017	1,279,585
Total liabilities	-	-	3,740,298	1,412,607
Beginning net assets (deficit)	3,514,024	3,294,312	2,567,930	991,569
Cumulative-effect adjustment from adoption of new accounting standard	-	-	-	-
Contributions (distributions)	-	-	-	-
Change in net assets	102,401	261,179	172,715	204,558
Total net assets (deficit)	3,616,425	3,555,491	2,740,645	1,196,127
Total liabilities and net assets	$ 3,616,425	$ 3,555,491	$ 6,480,943	$ 2,608,734

INNOVATIVE HOUSING, INC. AND AFFILIATES
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION, Continued
June 30, 2024

	Innovative Woodland Square LLC	ITH Inc.	82nd Ave LP	Garden Park GP, LLC
Assets:				
Cash and cash equivalents	$ 1,992	$ 13,333	$ 44,946	$ -
Restricted cash and reserves	-	-	80,371	-
Investments	-	-	-	-
Prepaid expenses and deposits	-	-	20,162	-
Receivables, net	-	-	52,433	75,013
Notes and interest receivable, related parties	-	-	-	-
Notes receivable - other	-	-	-	-
Investments affordable housing entities	(190)	1,225,833	-	80
Property and equipment, net	-	-	4,147,058	-
Security deposits	-	-	34,399	-
Total assets	$ 1,802	$ 1,239,166	$ 4,379,369	$ 75,093
Liabilities and Net Assets:				
Accounts payable and accrued liabilities	$ -	$ -	$ 459,262	$ -
Deferred revenue and prepaid rents	-	-	19,774	-
Tenant security deposits	-	-	36,803	-
Notes payable, net and accrued interest	3,650	-	6,224,205	-
Total liabilities	3,650	-	6,740,044	-
Beginning net assets (deficit)	(1,764)	23,780	(1,879,712)	3,750
Cumulative-effect adjustment from adoption of new accounting standard	-	-	-	-
Contributions (distributions)	-	-	-	-
Change in net assets	(84)	1,215,386	(480,963)	71,343
Total net assets (deficit)	(1,848)	1,239,166	(2,360,675)	75,093
Total liabilities and net assets	$ 1,802	$ 1,239,166	$ 4,379,369	$ 75,093

INNOVATIVE HOUSING, INC. AND AFFILIATES
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION, Continued
June 30, 2024

	Innovative Merwyn, LLC	Innovative CVGP, LLC	Innovative Anna Mann, LLC	Musolf Manor LP
Assets:				
Cash and cash equivalents	$ -	$ -	$ -	$ 161,021
Restricted cash and reserves	-	-	-	995,386
Investments	-	-	-	-
Prepaid expenses and deposits	-	-	-	30,582
Receivables, net	24,727	45,226	-	49,056
Notes and interest receivable, related parties	-	-	-	-
Notes receivable - other	-	-	-	-
Investments affordable housing entities	43,137	21,804	389,184	-
Property and equipment, net	-	-	-	5,017,737
Security deposits	-	-	-	14,709
Total assets	$ 67,864	$ 67,030	$ 389,184	$ 6,268,491
Liabilities and Net Assets:				
Accounts payable and accrued liabilities	$ -	$ -	$ -	$ 315,055
Deferred revenue and prepaid rents	-	-	-	9,816
Tenant security deposits	-	-	-	14,709
Notes payable, net and accrued interest	-	-	-	4,194,180
Total liabilities	-	-	-	4,533,760
Beginning net assets (deficit)	37,374	86,771	-	-
Cumulative-effect adjustment from adoption of new accounting standard	-	-	-	-
Contributions (distributions)	22,023	(42,630)	389,355	37,815
Change in net assets	8,467	22,889	(171)	1,696,916
Total net assets (deficit)	67,864	67,030	389,184	1,734,731
Total liabilities and net assets	$ 67,864	$ 67,030	$ 389,184	$ 6,268,491

INNOVATIVE HOUSING, INC. AND AFFILIATES
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION, Continued
June 30, 2024

	Total	Eliminations	Final
Assets:			
Cash and cash equivalents	$ 4,841,951	$ -	$ 4,841,951
Restricted cash and reserves	2,094,296	-	2,094,296
Investments	3,971,215	-	3,971,215
Prepaid expenses and deposits	182,077	-	182,077
Receivables, net	13,474,661	(1,612,036)	11,862,625
Notes and interest receivable, related parties	34,426,172	(4,805,502)	29,620,670
Notes receivable - other	75,468	-	75,468
Investments affordable housing entities	20,068,182	(17,457,051)	2,611,131
Property and equipment, net	28,153,749	-	28,153,749
Security deposits	226,493	-	226,493
Total assets	$ 107,514,264	$ (23,874,589)	$ 83,639,675
Liabilities and Net Assets:			
Accounts payable and accrued liabilities	$ 2,365,565	$ (1,612,036)	$ 753,529
Deferred revenue and prepaid rents	113,585	-	113,585
Tenant security deposits	230,012	-	230,012
Notes payable, net and accrued interest	41,009,914	(4,805,502)	36,204,412
Total liabilities	43,719,076	(6,417,538)	37,301,538
Beginning net assets (deficit)	59,593,521	(14,194,100)	45,399,421
Cumulative-effect adjustment from adoption of new accounting standard	(744,000)	-	(744,000)
Contributions (distributions)	240,449	(240,449)	-
Change in net assets	4,705,218	(3,022,502)	1,682,716
Total net assets (deficit)	63,795,188	(17,457,051)	46,338,137
Total liabilities and net assets	$ 107,514,264	$ (23,874,589)	$ 83,639,675

INNOVATIVE HOUSING, INC. AND AFFILIATES
CONSOLIDATING SCHEDULE OF ACTIVITIES
For the Year Ended June 30, 2024

	Innovative Housing, Inc.	82nd & Broadway, LLC	Bridgeview Housing LLC	Clifford Apartments LLC
Support and Revenue:				
Grants and contributions	518510	$ -	$ -	$ -
Rental income, net of vacancy	66,887	-	96,143	1,145,899
Property development fees	777,394	-	-	-
Resident services fees	422,600	-	-	-
Partnership and asset management fees	218,660	-	-	-
Program service contract fees	530,179	-	-	-
Investment income (loss), net	739,062	7,580	8	3,191
Gain on assumption of partnership interest	1,818,953	-	-	-
Other income (loss)	237,616	-	-	-
Total support and revenue	5,329,861	7,580	96,151	1,149,090
Expenses:				
Program services:				
Asset management	274,653	-	-	-
Resident services	1,193,481	-	-	-
Housing development	438,046	-	-	-
Property ownership	1,274,051	-	169,116	1,394,010
Supporting services:				
Management and general	453,297	-	-	-
Fundraising	13,424	-	-	-
Total expenses	3,646,952	-	169,116	1,394,010
Change in net assets	$ 1,682,909	$ 7,580	$ (72,965)	$ (244,920)

INNOVATIVE HOUSING, INC. AND AFFILIATES
CONSOLIDATING SCHEDULE OF ACTIVITIES, Continued
For the Year Ended June 30, 2024

	Innovative Fargo LLC	Hewitt Place II GP LLC	IHI/Musolf LLC	Innovative 4 Plex LLC
Support and Revenue:				
Grants and contributions	$ -	$ -	$ -	$ -
Rental income, net of vacancy	-	605,602	-	61,721
Property development fees	-	-	-	-
Resident services fees	-	-	-	-
Partnership and asset management fees	-	-	-	-
Program service contract fees	-	-	-	-
Investment income (loss), net	-	215	(61)	-
Gain on assumption of partnership interest	-	-	182	-
Other income (loss)	-	-	-	-
Total support and revenue	-	605,817	121	61,721
Expenses:				
Program services:				
Asset management	-	-	-	-
Resident services	-	-	-	-
Housing development	-	-	-	-
Property ownership	-	549,445	-	60,236
Supporting services:				
Management and general	-	-	-	-
Fundraising	-	-	-	-
Total expenses	-	549,445	-	60,236
Change in net assets	$ -	$ 56,372	$ 121	$ 1,485

INNOVATIVE HOUSING, INC. AND AFFILIATES
CONSOLIDATING SCHEDULE OF ACTIVITIES, Continued
For the Year Ended June 30, 2024

	Innovative Center Village LLC	Innovative Garden Park	Innovative KWVS LLC	Innovative Rich LLC
Support and Revenue:				
Grants and contributions	$ -	$ -	$ -	$ -
Rental income, net of vacancy	-	-	1,906,277	644,942
Property development fees	-	-	-	-
Resident services fees	-	-	-	-
Partnership and asset management fees	-	-	-	-
Program service contract fees	-	-	-	-
Investment income (loss), net	102,401	261,179	71,983	2,896
Gain on assumption of partnership interest	-	-	-	-
Other income (loss)	-	-	50	-
Total support and revenue	102,401	261,179	1,978,310	647,838
Expenses:				
Program services:				
Asset management	-	-	-	-
Resident services	-	-	-	-
Housing development	-	-	-	-
Property ownership	-	-	1,805,595	443,280
Supporting services:				
Management and general	-	-	-	-
Fundraising	-	-	-	-
Total expenses	-	-	1,805,595	443,280
Change in net assets	$ 102,401	$ 261,179	$ 172,715	$ 204,558

INNOVATIVE HOUSING, INC. AND AFFILIATES
CONSOLIDATING SCHEDULE OF ACTIVITIES, Continued
For the Year Ended June 30, 2024

	Innovative Woodland Square LLC	ITH Inc.	82nd Ave LP	Garden Park GP, LLC
Support and Revenue:				
Grants and contributions	$ -	$ -	$ -	$ -
Rental income, net of vacancy	-	-	685,409	-
Property development fees	-	-	-	-
Resident services fees	-	-	-	-
Partnership and asset management fees	-	-	-	71,363
Program service contract fees	-	-	-	-
Investment income (loss), net	-	(602,938)	37	(20)
Gain on assumption of partnership interest	-	1,818,771	-	-
Other income (loss)	-	-	202,901	-
Total support and revenue	-	1,215,833	888,347	71,343
Expenses:				
Program services:				
Asset management	-	-	-	-
Resident services	-	-	-	-
Housing development	-	-	-	-
Property ownership	84	447	1,369,310	-
Supporting services:				
Management and general	-	-	-	-
Fundraising	-	-	-	-
Total expenses	84	447	1,369,310	-
Change in net assets	$ (84)	$ 1,215,386	$ (480,963)	$ 71,343

INNOVATIVE HOUSING, INC. AND AFFILIATES
CONSOLIDATING SCHEDULE OF ACTIVITIES, Continued
For the Year Ended June 30, 2024

	Innovative Merwyn, LLC	Innovative CVGP, LLC	Innovative Anna Mann, LLC	Musolf Manor LP
Support and Revenue:				
Grants and contributions	$ -	$ -	$ -	$ -
Rental income, net of vacancy	-	-	-	537,444
Property development fees	-	-	-	-
Resident services fees	-	-	-	-
Partnership and asset management fees	8,487	22,947	-	-
Program service contract fees	-	-	-	-
Investment income (loss), net	(20)	(58)	(171)	2,919
Gain on assumption of partnership interest	-	-	-	1,818,953
Other income (loss)	-	-	-	-
Total support and revenue	8,467	22,889	(171)	2,359,316
Expenses:				
Program services:				
Asset management	-	-	-	-
Resident services	-	-	-	-
Housing development	-	-	-	-
Property ownership	-	-	-	662,400
Supporting services:				
Management and general	-	-	-	-
Fundraising	-	-	-	-
Total expenses	-	-	-	662,400
Change in net assets	$ 8,467	$ 22,889	$ (171)	$ 1,696,916

INNOVATIVE HOUSING, INC. AND AFFILIATES
CONSOLIDATING SCHEDULE OF ACTIVITIES, Continued
For the Year Ended June 30, 2024

	Total	Eliminations	Final
Support and Revenue:			
Grants and contributions	$ 518,510	$ -	$ 518,510
Rental income, net of vacancy	5,750,324	(686,340)	5,063,984
Property development fees	777,394	-	777,394
Resident services fees	422,600	(161,732)	260,868
Partnership and asset management fees	321,457	(88,578)	232,879
Program service contract fees	530,179	-	530,179
Investment income (loss), net	588,203	477,705	1,065,908
Gain on assumption of partnership interest	5,456,859	(3,637,906)	1,818,953
Other income (loss)	440,567	(184,580)	255,987
Total support and revenue	14,806,093	(4,281,431)	10,524,662
Expenses:			
Program services:			
Asset management	274,653	-	274,653
Resident services	1,193,481	-	1,193,481
Housing development	438,046	-	438,046
Property ownership	7,727,974	(1,258,929)	6,469,045
Supporting services:			
Management and general	453,297	-	453,297
Fundraising	13,424	-	13,424
Total expenses	10,100,875	(1,258,929)	8,841,946
Change in net assets	$ 4,705,218	$ (3,022,502)	$ 1,682,716

INNOVATIVE HOUSING, INC. AND AFFILIATES
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
June 30, 2023

	Innovative Housing, Inc.	82nd & Broadway, LLC	Bridgeview Housing LLC	Clifford Apartments LLC
Assets:				
Cash and cash equivalents	$ 5,546,408	$ 101,771	$ 28,018	$ 77,009
Restricted cash and reserves	-	-	65,135	278,426
Investments	3,611,361	-	-	-
Prepaid expenses and deposits	-	-	3,657	6,552
Receivables, net	11,423,763	-	3,485	116,105
Notes and interest receivable, related parties	27,297,369	350,709	-	-
Notes receivable - other	41,936	-	-	-
Investments affordable housing entities	15,187,572	214,421	-	-
Property and equipment, net	2,558,685	-	534,939	3,971,990
Security deposits	-	-	2,469	10,830
Total assets	$ 65,667,094	$ 666,901	$ 637,703	$ 4,460,912
Liabilities and Net Assets:				
Accounts payable and accrued liabilities	$ 92,855	$ -	$ 22,372	$ 483,207
Deferred revenue and prepaid rents	-	-	10,038	13,201
Tenant security deposits	1,785	-	2,469	10,830
Notes payable, net and accrued interest	18,068,902	93,000	920,614	4,007,994
Total liabilities	18,163,542	93,000	955,493	4,515,232
Beginning net assets, as restated	40,101,102	560,009	(294,629)	475,550
Contributions (distributions)	-	-	-	-
Change in net assets	7,402,450	13,892	(23,161)	(529,870)
Total net assets (deficit)	47,503,552	573,901	(317,790)	(54,320)
Total liabilities and net assets	$ 65,667,094	$ 666,901	$ 637,703	$ 4,460,912

INNOVATIVE HOUSING, INC. AND AFFILIATES
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION, Continued
June 30, 2023

	Innovative Fargo LLC	Hewitt Place II GP LLC	IHI/Musolf LLC	Innovative 4 Plex LLC
Assets:				
Cash and cash equivalents	$ -	$ 284,762	$ 6,797	$ 40,226
Restricted cash and reserves	-	471,661	-	-
Investments	-	-	-	-
Prepaid expenses and deposits	-	15,932	-	1,790
Receivables, net	-	8,473	-	-
Notes and interest receivable, related parties	-	-	-	-
Notes receivable - other	-	-	-	-
Investments affordable housing entities	917,692	-	125,947	-
Property and equipment, net	-	2,662,540	-	616,076
Security deposits	-	39,813	-	4,095
Total assets	$ 917,692	$ 3,483,181	$ 132,744	$ 662,187
Liabilities and Net Assets:				
Accounts payable and accrued liabilities	$ -	$ 44,721	$ -	$ 1,496
Deferred revenue and prepaid rents	-	2,939	-	33
Tenant security deposits	-	42,550	-	4,095
Notes payable, net and accrued interest	-	1,522,723	-	327,103
Total liabilities	-	1,612,933	-	332,727
Beginning net assets, as restated	917,735	1,994,313	132,793	335,064
Contributions (distributions)	-	(99,890)	-	-
Change in net assets	(43)	(24,175)	(49)	(5,604)
Total net assets (deficit)	917,692	1,870,248	132,744	329,460
Total liabilities and net assets	$ 917,692	$ 3,483,181	$ 132,744	$ 662,187

INNOVATIVE HOUSING, INC. AND AFFILIATES
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION, Continued
June 30, 2023

	Innovative Cambrian LLC	Innovative Center Village LLC	Innovative Garden Park	Innovative KWVS LLC
Assets:				
Cash and cash equivalents	$ -	$ -	$ 63,579	$ 2,186,709
Restricted cash and reserves	-	-	-	172,621
Investments	-	-	-	-
Prepaid expenses and deposits	-	-	-	83,683
Receivables, net	-	-	-	50,040
Notes and interest receivable, related parties	-	3,514,024	3,230,733	-
Notes receivable - other	-	-	-	-
Investments affordable housing entities	-	-	-	-
Property and equipment, net	-	-	-	3,811,709
Security deposits	-	-	-	111,158
Total assets	$ -	$ 3,514,024	$ 3,294,312	$ 6,415,920
Liabilities and Net Assets:				
Accounts payable and accrued liabilities	$ -	$ -	$ -	$ 73,215
Deferred revenue and prepaid rents	-	-	-	26,246
Tenant security deposits	-	-	-	111,158
Notes payable, net and accrued interest	-	-	-	3,637,371
Total liabilities	-	-	-	3,847,990
Beginning net assets, as restated	79,899	3,407,646	576,427	2,164,709
Contributions (distributions)	(80,233)	-	-	-
Change in net assets	334	106,378	2,717,885	403,221
Total net assets (deficit)	-	3,514,024	3,294,312	2,567,930
Total liabilities and net assets	$ -	$ 3,514,024	$ 3,294,312	$ 6,415,920

INNOVATIVE HOUSING, INC. AND AFFILIATES
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION, Continued
June 30, 2023

	Innovative Rich LLC	Innovative Woodland Square LLC	ITH Inc.	82nd Ave LP
Assets:				
Cash and cash equivalents	$ 221,727	$ 2,076	$ 13,779	$ 53,700
Restricted cash and reserves	119,658	-	-	94,471
Investments	-	-	-	-
Prepaid expenses and deposits	1,232	-	-	7,577
Receivables, net	13,928	-	-	35,515
Notes and interest receivable, related parties	-	-	-	-
Notes receivable - other	-	-	-	-
Investments affordable housing entities	-	(190)	10,001	-
Property and equipment, net	1,971,039	-	-	4,298,415
Security deposits	13,856	-	-	37,160
Total assets	$ 2,341,440	$ 1,886	$ 23,780	$ 4,526,838
Liabilities and Net Assets:				
Accounts payable and accrued liabilities	$ 5,823	$ -	$ -	$ 184,847
Deferred revenue and prepaid rents	1,727	-	-	5,865
Tenant security deposits	13,856	-	-	41,780
Notes payable, net and accrued interest	1,328,465	3,650	-	6,174,058
Total liabilities	1,349,871	3,650	-	6,406,550
Beginning net assets, as restated	1,107,571	(1,315)	14,325	-
Contributions (distributions)	-	-	10,001	224,422
Change in net assets	(116,002)	(449)	(546)	(2,104,134)
Total net assets (deficit)	991,569	(1,764)	23,780	(1,879,712)
Total liabilities and net assets	$ 2,341,440	$ 1,886	$ 23,780	$ 4,526,838

INNOVATIVE HOUSING, INC. AND AFFILIATES
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION, Continued
June 30, 2023

	Garden Park GP, LLC	Innovative Merwyn, LLC	Innovative CVGP, LLC
Assets:			
Cash and cash equivalents	$ -	$ -	$ -
Restricted cash and reserves	-	-	-
Investments	-	-	-
Prepaid expenses and deposits	-	-	-
Receivables, net	3,650	16,240	64,909
Notes and interest receivable, related parties	-	-	-
Notes receivable - other	-	-	-
Investments affordable housing entities	100	21,134	21,862
Property and equipment, net	-	-	-
Security deposits	-	-	-
Total assets	$ 3,750	$ 37,374	$ 86,771
Liabilities and Net Assets:			
Accounts payable and accrued liabilities	$ -	$ -	$ -
Deferred revenue and prepaid rents	-	-	-
Tenant security deposits	-	-	-
Notes payable, net and accrued interest	-	-	-
Total liabilities	-	-	-
Beginning net assets, as restated	-	7,978	81,355
Contributions (distributions)	-	21,183	-
Change in net assets	3,750	8,213	5,416
Total net assets (deficit)	3,750	37,374	86,771
Total liabilities and net assets	$ 3,750	$ 37,374	$ 86,771

INNOVATIVE HOUSING, INC. AND AFFILIATES
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION, Continued
June 30, 2023

	Total	Eliminations	Final
Assets:			
Cash and cash equivalents	$ 8,626,561	$ -	$ 8,626,561
Restricted cash and reserves	1,201,972	-	1,201,972
Investments	3,611,361	-	3,611,361
Prepaid expenses and deposits	120,423	-	120,423
Receivables, net	11,736,108	(574,513)	11,161,595
Notes and interest receivable, related parties	34,392,835	(4,667,804)	29,725,031
Notes receivable - other	41,936		41,936
Investments affordable housing entities	16,498,539	(14,194,100)	2,304,439
Property and equipment, net	20,425,393	-	20,425,393
Security deposits	219,381	-	219,381
Total assets	$ 96,874,509	$ (19,436,417)	$ 77,438,092
Liabilities and Net Assets:			
Accounts payable and accrued liabilities	$ 908,536	$ (574,513)	$ 334,023
Deferred revenue and prepaid rents	60,049	-	60,049
Tenant security deposits	228,523	-	228,523
Notes payable, net and accrued interest	36,083,880	(4,667,804)	31,416,076
Total liabilities	37,280,988	(5,242,317)	32,038,671
Beginning net assets, as restated	51,660,532	(11,559,429)	40,101,103
Contributions (distributions)	75,483	(75,483)	-
Change in net assets	7,857,506	(2,559,188)	5,298,318
Total net assets (deficit)	59,593,521	(14,194,100)	45,399,421
Total liabilities and net assets	$ 96,874,509	$ (19,436,417)	$ 77,438,092

INNOVATIVE HOUSING, INC. AND AFFILIATES
CONSOLIDATING SCHEDULE OF ACTIVITIES
For the Year Ended June 30, 2023

	Innovative Housing, Inc.	82nd & Broadway, LLC	Bridgeview Housing LLC	Clifford Apartments LLC
Support and Revenue:				
Grants and contributions	$ 625,064	$ -	$ -	$ -
Rental income, net of vacancy	70,131	-	156,017	861,799
Property development fees	4,571,230	-	-	-
Resident services fees	347,933	-	-	-
Partnership and asset management fees	292,272	-	-	-
Program service contract fees	72,073	-	-	-
Investment income (loss), net	3,286,997	13,892	8	394
Gain on sale of property	42,552	-	-	-
Impairment loss/loss on assumption	-	-	-	-
Other income (loss)	185,834	-	-	-
Total support and revenue	9,494,086	13,892	156,025	862,193
Expenses:				
Program services:				
Asset management	428,601	-	-	-
Resident services	893,421	-	-	-
Housing development	301,505	-	-	-
Property ownership	190,683	-	179,186	1,392,063
Supporting services:				
Management and general	268,814	-	-	-
Fundraising	8,612	-	-	-
Total expenses	2,091,636	-	179,186	1,392,063
Change in net assets	$ 7,402,450	$ 13,892	$ (23,161)	$ (529,870)

INNOVATIVE HOUSING, INC. AND AFFILIATES
CONSOLIDATING SCHEDULE OF ACTIVITIES, Continued
For the Year Ended June 30, 2023

	Innovative Fargo LLC	Hewitt Place II GP LLC	IHI/Musolf LLC	Innovative 4 Plex LLC
Support and Revenue:				
Grants and contributions	$ -	$ -	$ -	$ -
Rental income, net of vacancy	-	591,357	-	62,256
Property development fees	-	-	-	-
Resident services fees	-	-	-	-
Partnership and asset management fees	-	-	-	-
Program service contract fees	-	-	-	-
Investment income (loss), net	-	205	2	-
Gain on sale of property	-	-	-	-
Impairment loss/loss on assumption	-	-	-	-
Other income (loss)	(43)	-	(51)	-
Total support and revenue	(43)	591,562	(49)	62,256
Expenses:				
Program services:				
Asset management	-	-	-	-
Resident services	-	-	-	-
Housing development	-	-	-	-
Property ownership	-	615,737	-	67,860
Supporting services:				
Management and general	-	-	-	-
Fundraising	-	-	-	-
Total expenses	-	615,737	-	67,860
Change in net assets	$ (43)	$ (24,175)	$ (49)	$ (5,604)

INNOVATIVE HOUSING, INC. AND AFFILIATES
CONSOLIDATING SCHEDULE OF ACTIVITIES, Continued
For the Year Ended June 30, 2023

	Innovative Cambrian LLC	Innovative Center Village LLC	Innovative Garden Park	Innovative KWVS LLC
Support and Revenue:				
Grants and contributions	$ -	$ -	$ -	$ -
Rental income, net of vacancy	-	-	655,747	1,986,186
Property development fees	-	-	-	-
Resident services fees	-	-	-	-
Partnership and asset management fees	-	-	3,750	-
Program service contract fees	-	-	-	-
Investment income (loss), net	34	106,378	10,734	7,620
Gain on sale of property	-	-	2,817,122	-
Impairment loss/loss on assumption	-	-	-	-
Other income (loss)	300	-	300	522
Total support and revenue	334	106,378	3,487,653	1,994,328
Expenses:				
Program services:				
Asset management	-	-	-	-
Resident services	-	-	-	-
Housing development	-	-	-	-
Property ownership	-	-	769,768	1,591,107
Supporting services:				
Management and general	-	-	-	-
Fundraising	-	-	-	-
Total expenses	-	-	769,768	1,591,107
Change in net assets	$ 334	$ 106,378	$ 2,717,885	$ 403,221

INNOVATIVE HOUSING, INC. AND AFFILIATES
CONSOLIDATING SCHEDULE OF ACTIVITIES, Continued
For the Year Ended June 30, 2023

	Innovative Rich LLC	Innovative Woodland Square LLC	ITH Inc.	82nd Ave LP
Support and Revenue:				
Grants and contributions	$ -	$ -	$ -	$ -
Rental income, net of vacancy	321,250	-	-	365,799
Property development fees	-	-	-	-
Resident services fees	-	-	-	-
Partnership and asset management fees	-	-	-	-
Program service contract fees	-	-	-	-
Investment income (loss), net	1,829	-	2	37
Gain on sale of property	-	-	-	-
Impairment loss/loss on assumption	-	-	-	(1,911,806)
Other income (loss)	-	-	-	-
Total support and revenue	323,079	-	2	(1,545,970)
Expenses:				
Program services:				
Asset management	-	-	-	-
Resident services	-	-	-	-
Housing development	-	-	-	-
Property ownership	439,081	449	548	558,164
Supporting services:				
Management and general	-	-	-	-
Fundraising	-	-	-	-
Total expenses	439,081	449	548	558,164
Change in net assets	$ (116,002)	$ (449)	$ (546)	$ (2,104,134)

INNOVATIVE HOUSING, INC. AND AFFILIATES
CONSOLIDATING SCHEDULE OF ACTIVITIES, Continued
For the Year Ended June 30, 2023

	Garden Park GP, LLC	Innovative Merwyn, LLC	Innovative CVGP, LLC
Support and Revenue:			
Grants and contributions	$ -	$ -	$ -
Rental income, net of vacancy	-	-	-
Property development fees	-	-	-
Resident services fees	-	-	-
Partnership and asset management fees	3,750	8,240	5,464
Program service contract fees	-	-	-
Investment income (loss), net	-	(27)	(48)
Gain on sale of property	-	-	-
Impairment loss/loss on assumption	-	-	-
Other income (loss)	-	-	-
Total support and revenue	3,750	8,213	5,416
Expenses:			
Program services:			
Asset management	-	-	-
Resident services	-	-	-
Housing development	-	-	-
Property ownership	-	-	-
Supporting services:			
Management and general	-	-	-
Fundraising	-	-	-
Total expenses	-	-	-
Change in net assets	$ 3,750	$ 8,213	$ 5,416

INNOVATIVE HOUSING, INC. AND AFFILIATES
CONSOLIDATING SCHEDULE OF ACTIVITIES, Continued
For the Year Ended June 30, 2023

	Total	Eliminations	Final
Support and Revenue:			
Grants and contributions	$ 625,064	$ -	$ 625,064
Rental income, net of vacancy	5,070,542	-	5,070,542
Property development fees	4,571,230	-	4,571,230
Resident services fees	347,933	(121,851)	226,082
Partnership and asset management fees	313,476	(99,155)	214,321
Program service contract fees	72,073	-	72,073
Investment income (loss), net	3,428,057	(2,658,893)	769,164
Gain on sale of property	2,859,674	-	2,859,674
Impairment loss/loss on assumption	(1,911,806)	-	(1,911,806)
Other income (loss)	186,862	(128,887)	57,975
Total support and revenue	15,563,105	(3,008,786)	12,554,319
Expenses:			
Program services:			
Asset management	428,601	-	428,601
Resident services	893,421	-	893,421
Housing development	301,505	-	301,505
Property ownership	5,804,646	(449,598)	5,355,048
Supporting services:			
Management and general	268,814	-	268,814
Fundraising	8,612	-	8,612
Total expenses	7,705,599	(449,598)	7,256,001
Change in net assets	$ 7,857,506	$ (2,559,188)	$ 5,298,318