Housing Trust Silicon Valley

Consolidated Financial Report
June 30, 2020

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Contents

Independent Auditor's Report

Board of Directors
Housing Trust Silicon Valley

Report on the Financial Statements
We have audited the accompanying consolidated financial statements of Housing Trust Silicon Valley, a California nonprofit public benefit corporation, which comprise the consolidated statements of financial position as of June 30, 2020 and 2019, the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

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

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend upon the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Housing Trust Silicon Valley as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

RSM US LLP

San José, California
October 22, 2020

Housing Trust Silicon Valley
(A California Nonprofit Public Benefit Corporation)

Consolidated Statements of Financial Position
June 30, 2020 and 2019

	2020	2019
Assets		
Current assets:		
Cash and cash equivalents	**$ 39,149,018**	$ 37,858,690
Restricted cash and cash equivalents	**5,731,636**	971,549
Restricted investments (Note 4)	**-**	1,801,864
Investments (Note 4)	**6,663,516**	14,012,072
Receivables, net (Note 5)	**1,645,038**	606,791
Prepaid expenses	**191,048**	102,716
Notes receivable held for sale	**432,480**	337,450
Notes receivable (Note 6)	**56,189,704**	34,102,636
Total current assets	**110,002,440**	89,793,768
Notes receivable, net of current portion (Note 6)	**112,478,910**	75,256,444
Receivables, net of current portion (Note 5)	**54,371**	115,210
Deferred interest receivable	**1,223,471**	1,100,380
Furniture and equipment, net (Note 7)	**197,679**	190,558
Other assets	**-**	122,491
Total assets	**$ 223,956,871**	$ 166,578,851
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	**$ 433,422**	$ 231,678
Accrued expenses	**849,069**	791,930
Conditional contributions (Note 12)	**215,909**	1,695,150
Nonrecourse capital from third parties - current portion (Note 8)	**7,600,243**	2,821,212
Notes payable - current portion (Note 9)	**350,000**	1,700,000
Funds held for others	**1,485,214**	-
Total current liabilities	**10,933,857**	7,239,970
Nonrecourse capital from third parties, net of current portion (Note 8)	**12,564,730**	10,098,939
Notes payable, net of current portion (Note 9)	**110,613,325**	74,179,087
Total liabilities	**134,111,912**	91,517,996
Commitments and contingencies (Notes 15 and 16)		
Net assets:		
Without donor restrictions	**40,154,494**	34,836,229
With donor restrictions (Note 13)	**49,690,465**	40,224,626
Total net assets	**89,844,959**	75,060,855
Total liabilities and net assets	**$ 223,956,871**	$ 166,578,851

See notes to consolidated financial statements.

Housing Trust Silicon Valley
(A California Nonprofit Public Benefit Corporation)

Consolidated Statement of Activities
Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Net financial income:			
Interest income on loans	$ 5,416,951	$ 162,363	$ 5,579,314
Loan origination fees	1,324,741	-	1,324,741
Less interest expense	(1,604,052)	-	(1,604,052)
Less provision for loan losses	(2,975,464)	-	(2,975,464)
Total net financial income	2,162,176	162,363	2,324,539
Fees:			
Contract program revenue	939,565	-	939,565
Loan servicing fees	468,363	-	468,363
Other	25,219	-	25,219
Total fees	1,433,147	-	1,433,147
Contributions	1,305,072	13,570,757	14,875,829
Revenue from special events, net of direct costs	327,815	-	327,815
Net assets released from restrictions (Note 13)	4,355,874	(4,355,874)	-
Investment return, net of fees (Note 4)	714,780	88,593	803,373
Total	6,703,541	9,303,476	16,007,017
Total support and revenue	10,298,863	9,465,839	19,764,702
Expenses:			
Program services	2,908,562	-	2,908,562
Management and general	1,530,841	-	1,530,841
Fundraising	541,195	-	541,195
Total expenses	4,980,598	-	4,980,598
Change in net assets	5,318,265	9,465,839	14,784,104
Net assets, beginning of year	34,836,229	40,224,626	75,060,855
Net assets, end of year	$ 40,154,494	$ 49,690,465	$ 89,844,959

See notes to consolidated financial statements.

Housing Trust Silicon Valley
(A California Nonprofit Public Benefit Corporation)

Consolidated Statement of Activities
Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Net financial income:			
Interest income on loans	$ 3,071,004	$ 148,822	$ 3,219,826
Loan origination fees	1,177,251	-	1,177,251
Less interest expense	(1,043,753)	-	(1,043,753)
Less provision for loan losses	(1,286,000)	-	(1,286,000)
Total net financial income	1,918,502	148,822	2,067,324
Fees:			
Contract program revenue	459,718	-	459,718
Loan servicing fees	442,052	-	442,052
Other	22,652	-	22,652
Total fees	924,422	-	924,422
Contributions	525,733	7,714,003	8,239,736
Revenue from special events, net of direct costs	306,409	-	306,409
Net assets released from restrictions (Note 13)	4,821,929	(4,821,929)	-
Investment return, net of fees (Note 4)	927,509	180,563	1,108,072
Total	6,581,580	3,072,637	9,654,217
Total support and revenue	9,424,504	3,221,459	12,645,963
Expenses:			
Program services	3,079,284	-	3,079,284
Management and general	1,104,986	-	1,104,986
Fundraising	367,310	-	367,310
Total expenses	4,551,580	-	4,551,580
Change in net assets	4,872,924	3,221,459	8,094,383
Net assets, beginning of year	29,963,305	37,003,167	66,966,472
Net assets, end of year	$ 34,836,229	$ 40,224,626	$ 75,060,855

See notes to consolidated financial statements.

Housing Trust Silicon Valley
(A California Nonprofit Public Benefit Corporation)

Consolidated Statement of Functional Expenses
Year Ended June 30, 2020

	Program Services						Supporting Services			
	Homebuyer and ADU Programs	Multi-Family Programs	NSP2, Safety Net and Homeless Prevention	Asset Management	Policy and Education	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Salaries and benefits	$ 572,808	$ 757,824	$ 34,758	$ 371,335	$ 47,965	$ 1,784,690	$ 950,149	$ 340,480	$ 1,290,629	$ 3,075,319
Occupancy and office expense	106,724	83,558	3,381	42,399	1,346	237,408	112,131	25,257	137,388	374,796
Accounting, legal and professional fees	67,526	165,098	598	16,870	48,231	298,323	389,463	75,668	465,131	763,454
Marketing and communication	4,953	1,344	32	645	13	6,987	1,511	80,157	81,668	88,655
Donations/sponsorships	-	7,200	-	-	40,000	47,200	11,800	-	11,800	59,000
Meetings, conferences and travel	4,677	14,176	47	7,505	19	26,424	7,469	648	8,117	34,541
Other operating expenses	29,320	26,245	524	14,878	209	71,176	41,214	13,244	54,458	125,634
Grants awarded (Note 11)	9,000	9,091	364,718	-	-	382,809	-	-	-	382,809
Depreciation and amortization	23,850	19,061	778	9,545	311	53,545	17,104	5,741	22,845	76,390
Total expenses before provision for loan losses, interest expense and costs for special events	818,858	1,083,597	404,836	463,177	138,094	2,908,562	1,530,841	541,195	2,072,036	4,980,598
Provision for loan losses	111,464	2,864,000	-	-	-	2,975,464	-	-	-	2,975,464
Interest expense	-	1,604,052	-	-	-	1,604,052	-	-	-	1,604,052
Costs for special events	-	-	-	-	-	-	-	67,220	67,220	67,220
Total expenses	$ 930,322	$ 5,551,649	$ 404,836	$ 463,177	$ 138,094	$ 7,488,078	$ 1,530,841	$ 608,415	$ 2,139,256	$ 9,627,334

See notes to consolidated financial statements.

Housing Trust Silicon Valley
(A California Nonprofit Public Benefit Corporation)

Consolidated Statement of Functional Expenses
Year Ended June 30, 2019

	Program Services						Supporting Services			
	Homebuyer and ADU Programs	Multi-Family Programs	NSP2, Safety Net and Homeless Prevention	Asset Management	Policy and Education	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Salaries and benefits	$ 553,624	$ 669,781	$ 117,447	$ 355,206	$ 42,910	$ 1,738,968	$ 706,899	$ 236,938	$ 943,837	$ 2,682,805
Occupancy and office expense	90,383	65,020	20,947	38,292	1,542	216,184	72,975	26,824	99,799	315,983
Accounting, legal and professional fees	112,154	66,055	9,653	17,937	389	206,188	234,013	24,631	258,644	464,832
Marketing and communication	14,907	762	232	678	13	16,592	881	49,697	50,578	67,170
Donations/sponsorships	-	39,700	-	-	-	39,700	27,400	-	27,400	67,100
Meetings, conferences and travel	13,976	17,080	2,355	7,176	35	40,622	17,799	2,750	20,549	61,171
Other operating expenses	24,856	23,109	2,550	10,491	188	61,194	33,614	8,544	42,158	103,352
Grants awarded (Note 11)	16,500	54,546	606,496	34,875	-	712,417	-	12,000	12,000	724,417
Depreciation and amortization	19,682	14,291	4,641	8,462	343	47,419	11,405	5,926	17,331	64,750
Total expenses before provision for loan losses, interest expense and costs for special events	846,082	950,344	764,321	473,117	45,420	3,079,284	1,104,986	367,310	1,472,296	4,551,580
Provision for loan losses	-	1,286,000	-	-	-	1,286,000	-	-	-	1,286,000
Interest expense	-	1,043,753	-	-	-	1,043,753	-	-	-	1,043,753
Costs for special events	-	-	-	-	-	-	-	64,992	64,992	64,992
Total expenses	$ 846,082	$ 3,280,097	$ 764,321	$ 473,117	$ 45,420	$ 5,409,037	$ 1,104,986	$ 432,302	$ 1,537,288	$ 6,946,325

See notes to consolidated financial statements.

Housing Trust Silicon Valley
(A California Nonprofit Public Benefit Corporation)

Consolidated Statements of Cash Flows
Years Ended June 30, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Cash received from donors for operations and lending	**$ 12,750,864**	$ 6,113,412
Cash received from program fees and other	**2,757,887**	2,101,673
Cash received from interest income - lending activities	**5,579,314**	3,232,784
Cash received for interest and dividends	**809,741**	906,359
Cash payments to employees	**(3,018,178)**	(2,183,613)
Cash payments to vendors and others	**(1,197,229)**	(976,347)
Cash payments of interest	**(1,712,195)**	(1,040,142)
Grants paid to individuals/organizations	**(382,809)**	(724,417)
Origination of notes receivable held for sale	**(1,647,010)**	(337,450)
Proceeds from sale of notes receivable	**10,079,288**	-
Proceeds from funds held for others	**1,485,213**	-
Net cash provided by operating activities	**25,504,886**	7,092,259
Cash flows from investing activities:		
Proceeds from the sale of investments	**115,051,552**	98,287,513
Purchases of investments	**(109,022,875)**	(107,091,116)
Purchases of furniture and equipment	**(83,507)**	(27,884)
Notes receivable disbursed	**(89,657,616)**	(64,910,408)
Collection of notes receivable	**21,820,773**	28,220,916
Net cash used in investing activities	**(61,891,673)**	(45,520,979)
Cash flows from financing activities:		
Cash received from long-term debt	**36,892,380**	31,500,000
Cash payments on long-term debt	**(1,700,000)**	-
Proceeds from secured borrowings	**6,888,073**	-
Cash received from loan pool participants	**3,350,848**	10,244,664
Cash payments to loan pool participants	**(2,994,100)**	(1,636,903)
Net cash provided by financing activities	**42,437,201**	40,107,761
Net increase in cash and cash equivalents and restricted cash and cash equivalents	**6,050,415**	1,679,041
Cash and cash equivalents and restricted cash and cash equivalents, beginning of year	**38,830,239**	37,151,198
Cash and cash equivalents and restricted cash and cash equivalents, end of year	**$ 44,880,654**	$ 38,830,239
Cash and cash equivalents	**$ 39,149,018**	$ 37,858,690
Restricted cash and cash equivalents	**5,731,636**	971,549
	$ 44,880,654	$ 38,830,239

See notes to consolidated financial statements.

Note 1. Organization and Nature of Activities

Housing Trust Silicon Valley (Housing Trust) was incorporated on May 22, 2000, as a nonprofit public benefit corporation. Housing Trust believes safe, stable, affordable housing opens the door to better living for everyone. From the homeless to renters to first-time homebuyers, Housing Trust assists a wide range of residents with programs across the entire spectrum of housing finance throughout the greater Bay Area. Housing Trust's financial expertise and extensive private and public sector partnerships ensures it makes the most out of every dollar to preserve thriving and diverse communities.

In order to increase and preserve the supply of affordable housing throughout the greater San Francisco Bay Area and the Monterey Bay Area, Housing Trust currently offers the following programs:

- Homebuyer Programs - Housing Trust offers loans to first-time homebuyers, and education and counseling to hopeful homebuyers. Housing Trust currently offers down payment assistance programs to help qualified homebuyers in Silicon Valley with a deferred second mortgage that could serve as a down payment. Housing Trust administers a similar program on behalf of the County of Santa Clara (SCC), Empower Homebuyers SCC. There is nearly $23.5 million of capital available for these loans in funds from Measure A which was passed in 2016. Housing Trust also administers the City of Santa Clara's Below Market Program, facilitating the sale of below market ownership to qualified buyers.

- Multi-Family Programs - These programs are designed to help create and preserve affordable multi-family rental housing units in communities throughout the San Francisco Bay Area and the Monterey Bay Area through loans to qualified developers of affordable multi-family rental housing. Housing Trust provides acquisition, predevelopment, bridge, term and construction financing.

In February 2020, Housing Trust entered into a grant agreement with Apple Inc. (Apple). The grant's mission is to create a strong affordable housing market in the greater Bay Area with the purpose of deploying new solutions, accelerating timelines and housing families faster using gap and other types of loans to affordable housing developers. Apple has committed $150 million to be distributed in two tranches from the date of the agreement February 3, 2020 to December 31, 2029. These grant awards will only be awarded upon Housing Trust meeting specific milestones as stated in the agreement subject to Apple's satisfaction. The grant awards are recorded in contributions on the consolidated statements of activities. Housing Trust recognized $10,737,693 in contributions with donor restrictions under this agreement during the year ended June 30, 2020. The milestones represent barriers in accordance with Accounting Standards Update (ASU) 2018-08, and therefore at June 30, 2020, there is a remaining conditional contribution amount of $139,262,307.

In March 2020, Housing Trust entered into a services agreement with Google Endeavor, LLC, a wholly owned fund of Google LLC (Google). Google has committed $50 million to create a separate Launch Initiative fund, an affordable housing fund aimed to accelerate the start-up and preservation of homes. Launch Initiative is a strategic partnership which enhances Housing Trust's lending capacity and provides Housing Trust and Google opportunities to invest in a broader range of affordable housing projects. Housing Trust's responsibilities include sourcing, underwriting, closing and servicing loans, taking at least a 10% participation in the loans and providing management services for the fund including accounting. Services revenue is included in the contract program revenue on the consolidated statements of activities. As the servicer, at June 30, 2020, Housing Trust holds $1,485,214 belonging to Google which is included as restricted cash and cash equivalents, and the associated liability as funds held for others on the consolidated statements of financial position.

Note 1. Organization and Nature of Activities (Continued)

- Safety Net and Homeless Grant Programs - Housing Trust administers grant and loan programs for organizations who are a part of the safety net and who support homeless families and individuals. The Finally Home program provides assistance to individuals and families moving from homelessness or unsuitable housing into permanent sustainable housing in the form of security deposit assistance grants. In addition, with grants from Santa Clara County, Housing Trust makes loans and grants to organizations who provide shelter and services to very low income and homeless individuals. Housing Trust also administers a small portfolio of loans to homeless services providers.

- Neighborhood Stabilization Program 2 (NSP2) - In February 2010, Housing Trust was awarded $25,000,000 in NSP2 funds from the U.S. Department of Housing and Urban Development (HUD) under the American Recovery and Reinvestment Act. These NSP2 funds are being used in targeted areas across 35 census tracts that have been the hardest hit by foreclosures within the city. Housing Trust has invested all of the funds and has begun its grant close-out period of five years. Housing Trust has received loan repayments which are available for lending subject to program restrictions and are included in net assets with donor restrictions. NSP2 funds are restricted until April 4, 2024.

- Asset Management Services - Housing Trust provides outsourced administration and advisory services to cities' below-market rate housing programs. Housing Trust partners with the cities and their developers to help market, outreach and qualify buyers for below-market price condominiums and townhomes. In addition, Housing Trust advises, performs special projects and administers loan programs for cities and counties.

- Policy and Education - Housing Trust works closely with its incubated but now independent advocacy organization, SV@Home, to support its activities as well as carries on a minimal amount of its own policy work in order to help move agendas forward that will help strengthen the affordable housing market in the greater San Francisco Bay Area.

- Accessory Dwelling Unit (ADU) Program - Small Homes, Big Impact is a new ADU pilot program from Housing Trust offering free educational workshops and financial assistance to homeowners seeking to build a secondary unit or granny flat in their backyard. Housing Trust has offered a planning grant to homeowners looking to create an ADU and plans to launch its construction loan program in fiscal 2021. These efforts are currently focused on increasing the supply of affordable housing in Santa Clara County.

Housing Trust is certified as a Community Development Financial Institution (CDFI) by the U.S. Department of Treasury - CDFI Fund. Over time, Housing Trust has received Financial Assistance Awards, a Bond Guarantee Program, and a Capital Magnet Fund Grant from the CDFI Fund. CDFIs are required to match Financial Assistance Awards dollar-for-dollar with nonfederal funds. The Bond Guarantee Program requires a pledge of 105% overcollateralization by CDFIs to draw funds from the program. The Capital Magnet Fund gives out grants to CDFIs on the condition that they meet leveraging requirements from the projects that the funds are invested into. In the future, Housing Trust expects to apply for such loans and grants.

Housing Trust is the first nonprofit CDFI in the U.S. to earn a credit rating from Standard & Poor's Ratings Services (S&P). During 2015, S&P assigned its 'AA-' issuer credit rating (stable outlook) to Housing Trust. The rating came after an extensive review of Housing Trust's financial activities, strategic plans and future prospects. The rating was renewed at 'AA-' in January 2020.

Note 2. Summary of Significant Accounting Policies

Principles of consolidation: The consolidated financial statements include the accounts of Housing Trust and its subsidiary, LTOA, LLC. Housing Trust is the sole member of LTOA, LLC. All significant intercompany transactions and balances have been eliminated in the consolidation.

Basis of presentation: Housing Trust's consolidated financial statements are presented in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) on the basis of net assets with and without donor restrictions and under the accrual basis of accounting.

Net assets without donor restrictions: Net assets without donor restrictions are not subject to donor-imposed restrictions and include the carrying value of all physical properties. Items that affect (i.e., increase or decrease) this net asset category include: revenue (principally interest and loan fees) and related expenses associated with the core activities of Housing Trust.

Net assets with donor restrictions: Net assets with donor restrictions represent contributions and other assets received from donors that are limited in use by Housing Trust in accordance with temporary donor-imposed stipulations or limited as to time. Items that affect this net asset category are restricted contributions, including unconditional pledges, and earnings on notes receivable that were funded by contributions with restricted purposes. These stipulations may expire with time or may be satisfied and removed by the actions of Housing Trust according to the terms of the contribution. Upon satisfaction of such stipulations, net assets are released from net assets with donor restrictions and recognized as net assets without donor restrictions.

Estimates: The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates that are particularly susceptible to significant changes in the near term relate to the determination of the allowance for loan losses.

Concentrations of credit risk: Housing Trust may be exposed to credit risk from a regional, economic standpoint since a significant concentration of its borrowers operate in the San Francisco Bay Area. The borrowers' ability to repay notes receivable may be affected by the economic climate of the overall geographic region in which the borrowers operate.

Housing Trust's revenues fluctuate from year to year due to public support and contributions from the federal government, Santa Clara County, and other government agencies and local corporations. Housing Trust's lending programs are especially vulnerable to the inherent risks associated with revenue that is substantially dependent on government funding. However, with the development of bank loan pools, Equity Equivalent Investments (EQ2) loans, its Community Impact Note, and other notes arising from the T.E.C.H. Fund campaign, and Apple Bay Area Housing Fund, Housing Trust's sources of funds to make more loans have diversified greatly. Housing Trust continues to be reliant on corporate and individual contributions; however, its self-sufficiency ratio is 103% in fiscal year 2020 such that it is much less dependent upon such contributions to support operations than in prior years. Operational self-sufficiency is a sustainability metric measuring the extent to which a CDFI is covering its expenses through earned income and equates roughly to program fees plus interest income plus investment earnings divided by program expenses.

Note 2. Summary of Significant Accounting Policies (Continued)

Cash and cash equivalents: Cash is defined as cash in demand deposit accounts as well as cash on hand. Cash equivalents are highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less. Housing Trust occasionally maintains cash on deposit at various banks in excess of the Federal Deposit Insurance Corporation limit of $250,000. Housing Trust has not experienced any losses in such accounts.

Restricted cash and cash equivalents and restricted investments: As of June 30, 2020 and 2019, restricted cash and cash equivalents and restricted investments are held for amounts related to the ongoing CalHome program, Bond Guarantee Program escrow and risk share pool accounts, and the Google agreement.

Receivables: Receivables include contribution and other earned income receivables. Housing Trust evaluates the collectability of its receivables on an ongoing basis and records a provision for potential uncollectible receivables when appropriate. At June 30, 2020 and 2019, Housing Trust has recorded an allowance for doubtful accounts of $7,000 and $0, respectively.

Contributions: Contributions are recognized at fair value as revenue when they are unconditionally promised. Grants represent contributions if resource providers receive no value in exchange for the assets transferred. Contributions are recorded as support without donor restrictions or support with donor restrictions, depending on the absence or existence of donor-imposed restrictions as applicable. When a restriction expires (that is when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported on the consolidated statements of activities as net assets released from restrictions.

Contributions receivable to be received within one year are presented at their net realizable value. Contributions receivable that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those contributions are computed using interest rates for the year in which the promise was received which considers market and credit risk as applicable. Amortization of the discounts, if any, is included in contribution revenue.

Conditional contributions are not recognized as revenue until the conditions are substantially met. A contribution is conditional if a barrier must be overcome before Housing Trust is entitled to the asset and a right of return or release exists. Conditional promises to give are recognized as revenue when the barriers outlined by the donor have been met. Conditional contributions received with lending purpose restrictions are recognized as revenue when the money is lent as Housing Trust is required to repay any monies not lent (see Note 12).

Contributed services are stated at their estimated fair value if they are ordinarily purchased and are of a specialized nature. Contributed services were approximately $13,000 and $23,000 for fiscal years ended June 30, 2020 and 2019, respectively, are included in contributions on the consolidated statements of activities, and related to accounting, legal and professional fees.

Investments and fair value measurements: Investments are stated at fair value and are recorded on the trade or contract date. The difference between cost and fair value of investments is reflected as unrealized appreciation (depreciation) on investments, and any change in that amount from the prior year is reported as a component of investment return on the consolidated statements of activities.

Note 2. Summary of Significant Accounting Policies (Continued)

Fair value is defined as the exchange price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset or liability and a fair value hierarchy that prioritizes the information used to develop those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to Housing Trust's assumptions (unobservable inputs). Housing Trust group's assets and liabilities at fair value in three levels based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1: Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that Housing Trust has the ability to access at measurement date. Valuation adjustments and block discounts are not applied to Level 1 securities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

Level 2: Valuations based on significant inputs that are observable, either directly or indirectly or quoted prices in markets that are not active, that is, markets in which there are few transactions, the prices are not current or price quotations vary substantially either over time or among market makers.

Level 3: Valuations are derived from other valuation methodologies and incorporate certain assumptions and projections that are not observable in the market and significant professional judgment in determining the fair value assigned to such assets or liabilities.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy is based on the lowest level input that is significant to the fair value measurement in its entirety.

Included within the investment portfolio are certificates of deposit, representing deposits with original maturities greater than three months. Certificates of deposit are highly liquid investments and are not subject to withdrawal limitations. The certificates are stated at the amount initially invested plus accrued interest.

The fair value of mutual funds is based on quoted market prices. Investments in equity instruments traded on national securities exchanges are stated at the last reported sales price on the day of valuation. These financial instruments are classified as Level 1 in the fair value hierarchy.

Investments in fixed income and equity instruments for which quotations are not readily available are valued using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows. To the extent the inputs used in the pricing models are observable and timely, these financial instruments are classified as Level 2 in the fair value hierarchy; otherwise, they would be categorized as Level 3.

Note 2. Summary of Significant Accounting Policies (Continued)

The availability of valuation techniques and observable inputs can vary from security to security and is affected by a wide variety of factors, including the type of security, whether the security is new and not yet established in the marketplace, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Those estimated values do not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined. Because of the inherent uncertainty of valuation, those estimated values may be materially higher or lower than the values that would have been used had a ready market for the securities existed.

Notes receivable held for sale: Notes receivable originated and intended for sale to third parties are carried at the lower of aggregate cost or estimated market value. All sales are made without recourse and are subject to the customary representations and warranties.

Notes receivable: Notes receivable received solely for cash are carried at their outstanding principal balances, net of an allowance for loan losses. Contributed notes receivable are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates plus a premium applicable to the years in which the contributed notes receivable are received. Amortization of discounts, if any, is included in contribution revenue. Direct origination fees, if significant, would be deferred and amortized using the effective interest method over the respective lives of the related notes receivable and recorded as an adjustment to loan fee revenue. At June 30, 2020 and 2019, direct origination fees were not deemed significant. Management has the intent and ability to hold these notes in the foreseeable future or until maturity or payoff.

Interest income is accrued on the unpaid principal balance at the notes' stated rate. Notes are considered to be past due when a payment has been missed. The accrual of interest on notes is typically discontinued at the time the note is more than 90 days delinquent. Notes are placed on nonaccrual status or charged off at an earlier date if collection of principal and interest is considered doubtful. Notes are returned to accrual status when all principal and interest amounts contractually due are brought current and future payments are reasonably assured.

Allowance for loan losses: The allowance for loan losses is an estimate of notes receivable losses inherent in Housing Trust's notes receivable portfolio as of the date of the consolidated statements of financial position. The allowance for loan losses is established through a charge to the consolidated statements of activities and decreased by loss as charged against loans, net of recoveries.

The allowance for loan losses is evaluated on a regular basis by management and is based upon management's periodic view of the collectibility of the notes receivable in light of historical experience, the nature and volume of the notes receivable portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of the underlying collateral, and prevailing economic conditions. This evaluation is inherently subjective, as it requires estimates that are susceptible to significant revision as more information becomes available.

Note 2. Summary of Significant Accounting Policies (Continued)

The allowance for loan losses is maintained at a level which, in management's judgment, is adequate to absorb credit losses inherent in the loan portfolio, including the nature of the portfolio, credit concentrations, trends in historical loss experience, specific impaired loans, and economic conditions. A loan is considered impaired when, based on current information and events, it is probable that Housing Trust will be unable to collect the scheduled payments of principal and interest when due according to the contractual terms of the loan agreement. Specific allowances for loan losses are established for impaired loans and troubled debt restructured (TDR) loans on an individual basis as required. When a loan is impaired, Housing Trust may measure impairment based on the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's observable market price, or the fair value of the collateral if the loan is collateral dependent. A loan is collateral dependent if the repayment is expected to be provided solely by the underlying collateral.

Housing Trust determines a separate allowance for each portfolio segment. These portfolio segments include homebuyer programs and multi-family programs. The allowance for loan losses attributed to each portfolio segment is combined to determine Housing Trust's overall allowance, which is included net of notes receivable on the consolidated statements of financial position and available for all loss exposures.

The determination of the general reserve for loans that are not considered to be individually impaired is based on estimates made by management, to include, but not limited to, consideration of historical losses by portfolio segment, internal asset classifications, and qualitative factors to include economic trends in Housing Trust's service areas, industry trends, geographic concentrations, estimated collateral values, Housing Trust's underwriting policies, the character of the loan portfolio, and probable losses inherent in the portfolio taken as a whole.

Loans whose contractual terms have been modified into a TDR and are current at the time of restructuring remain on accrual status if there is demonstrated performance prior to the restructuring and payment in full under the restructured terms is expected. A restructuring of a debt constitutes a TDR if Housing Trust, for economic, legal, or other reasons related to the borrower's financial difficulties, grants a concession to the borrower that it would not otherwise consider. These concessions may include rate reductions, principal forgiveness, extension of maturity date and other actions intended to minimize potential losses. TDR loans typically present an elevated level of credit risk because the borrowers may not be able to perform according to the original contractual terms. Loans that are reported as TDRs are considered impaired and measured for impairment as described above.

Housing Trust assigns a risk rating to all multi-family loans and periodically reviews the loans in this portfolio to identify credit risks and to assess the overall collectibility of that segment of the portfolio. These credit quality indicators are used to assign a risk rating to each individual loan. The risk ratings for loans in this portfolio segment can be grouped into five major categories, defined as follows:

Pass: A pass loan is performing consistent with or better than projections, and with no existing or known potential weaknesses deserving of management's close attention.

Watch: A watch loan has potential weaknesses that deserve management's close attention. If left uncorrected, these potential weaknesses may result in the deterioration of the repayment prospects for the loans or in Housing Trust's position at some future date. Watch loans are not adversely classified and do not expose Housing Trust to sufficient risk to warrant adverse classification.

Note 2. Summary of Significant Accounting Policies (Continued)

Impaired: An impaired loan is not adequately protected by the current financial position and paying capacity of the borrower or the value of the collateral pledged, if any. Loans classified as impaired have a well-defined weakness or weaknesses, and the likelihood of repayment from the primary source is uncertain. Well-defined weaknesses include inadequate cash flow or collateral support, a project's lack of marketability, failure to complete the project on time or the project's failure to fulfill economic expectations. They are characterized by the distinct possibility that Housing Trust will sustain some loss if the deficiencies are not corrected.

Doubtful: Loans classified as doubtful have all the weaknesses inherent in those classified as impaired with the added characteristic that the weaknesses are serious enough to make full collection of principal and interest highly questionable and/or improbable.

Loss: Loans classified as loss are considered uncollectible or of such little value that continuance as an earning asset is not warranted and is charged off.

The allowance for loan losses reserve factors are inherently subjective and are driven by the repayment risk associated with each portfolio segment described below:

Homebuyer programs: This portfolio segment consists of loans that are primarily secured by deeds of trust. Changes in real property values and the employment status of the borrower are key risk factors that may impact the collectability of these loans, along with the condition of collateral if foreclosed.

Multi-family programs: This portfolio segment consists primarily of loans that are secured by deeds of trust. Changes in real property values and the prospects of completion of the project, and therefore the take-out financing are key risk factors that may impact the collectibility of these loans, along with the condition of collateral if foreclosed.

Although management believes the allowance to be adequate, ultimate losses may vary from its estimates. On a routine basis the adequacy of the allowance, including consideration of the relative risks of the portfolio, current economic conditions, and other factors are reviewed. If management determines that charges are warranted based on those reviews, the allowance is adjusted.

Loan servicing fees: Servicing fee income is recorded for fees earned for servicing loans. The fees are based on a contractual percentage of the outstanding principal or a fixed amount per loan and are recorded as income when earned.

Transfers of financial assets: Transfers of financial assets are accounted for as sales when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from Housing Trust, (2) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and (3) Housing Trust does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity or the ability to unilaterally cause the holder to return specific assets.

Note 2. Summary of Significant Accounting Policies (Continued)

Housing Trust occasionally sells participation loans to third parties that do not meet the criteria to be accounted for as sales in accordance with Accounting Standards Codification (ASC) 860, Transfers and Servicing. As a result the participation loans are accounted for as secured borrowings, whereby Housing Trust records cash received from the transferee and records a liability to repay the cash to the transferee. The transferees have no recourse to Housing Trust for failure of the underlying borrowers to pay amounts contractually due. The outstanding balance of participation loans sold accounted for as securing borrowing is $6,888,073 as of June 30, 2020.

Furniture and equipment: Furniture and equipment is stated at cost of acquisition or fair value, if donated. The costs of maintenance and repairs are charged to expense as incurred. Depreciation is computed based on the straight-line method over the estimated useful lives of the assets ranging from three to five years. The cost of leasehold improvements is amortized using the straight-line method over the shorter of the terms of the related leases or the useful lives of the related assets.

Income taxes: Housing Trust is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code and the related California code sections. Contributions to Housing Trust qualify for the charitable contribution deduction and Housing Trust is not classified as a private foundation.

No income tax provision has been included in the consolidated financial statements for the single member limited liability company (LLC) which is generally considered a disregarded entity. The income and loss of the LLC is included in the tax return of its sole member. Only the annual California limited liability company minimum tax and the annual fee appear as expense in the consolidated financial statements.

Housing Trust believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the consolidated financial statements. Housing Trust's federal and state information returns for the years 2016 through 2019 are subject to examination by regulatory agencies, generally for three years and four years after they were filed federal and state, respectively.

Functional expense allocation: Expenses that are directly attributable to a program or supporting function are charged directly to the related program or supporting function. The consolidated financial statements report certain categories of natural expenses that are attributable to one or more program or supporting function of Housing Trust. Those expenses include salaries and benefits, occupancy and office expense, marketing and communication, meetings, conferences and travel, other operating expenses, and depreciation and amortization. Salaries and benefits are allocated based on estimates of time and effort of direct supervision or conduct of the activity. All other expenses are allocated based on headcount.

Reclassifications: Certain amounts previously reported in the 2019 consolidated financial statements were reclassified to conform to the 2020 presentation for comparative purposes with no impact to previously reported net assets and change in net assets.

Subsequent events: Housing Trust has evaluated subsequent events through October 22, 2020, the date on which the consolidated financial statements were available to be issued.

Note 2. Summary of Significant Accounting Policies (Continued)

Recent accounting pronouncements not yet adopted: In June 2020, the Financial Accounting Standards Board (FASB) issued ASU 2020-05, *Leases (Topic 842): Effective Dates for Certain Entities*, which delays the effective date of ASU 2016-02 for nonpublic entities that have not yet issued their financial statements reflecting the adoption, although early adoption continues to be permitted. These ASUs do not change the core principle of the guidance stated in ASU 2016-02. This guidance will be effective for nonpublic entities for fiscal years beginning after December 15, 2021, on a modified retrospective basis and early adoption is permitted.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which creates a new credit impairment standard for financial instruments. The existing incurred loss model will be replaced with a current expected credit loss (CECL) model for both originated and acquired financial instruments carried at amortized cost and off-balance-sheet credit exposures, including loans, loan commitments, held-to-maturity debt securities, financial guarantees, net investment in leases, and most receivables. Recognized amortized cost financial assets will be presented at the net amount expected to be collected through an allowance for credit losses. Expected credit losses on off-balance-sheet credit exposures will be recognized through a liability. Expected credit losses on available-for-sale (AFS) debt securities will also be recognized through an allowance; however, the allowance for an individual AFS debt security will be limited to the amount by which fair value is below amortized cost. Unlike current guidance, which requires certain favorable changes in expected cash flows to be accreted into interest income, both favorable and unfavorable changes in expected credit losses (and therefore the allowance) will be recognized through credit loss expense as they occur. With the exception of purchased financial assets with a more than insignificant amount of credit deterioration since origination, for which the initial allowance will be added to the purchase price of the assets, the initial allowance on financial assets subject to the scope (whether originated or acquired) will be recognized through credit loss expense. Expanded disclosures will also be required. The ASU is effective for Housing Trust as of July 1, 2023.

In November 2018, the FASB issued ASU 2018-19, *Codification Improvements to Topic 326, Financial Instruments—Credit Losses*. ASU 2018-19 clarifies that receivables from operating leases are accounted for using the lease guidance and not as financial instruments. The ASUs are effective for fiscal years beginning after December 15, 2022. Housing Trust is currently evaluating the impact of adopting this new guidance on its consolidated financial statements.

Newly adopted accounting pronouncements: In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard replaces most existing revenue recognition guidance in U.S. GAAP and permits the use of either a full retrospective or modified retrospective with cumulative effect transition method. Housing Trust adopted this standard for the year ended June 30, 2020, and applied retrospectively for the year ended June 30, 2019. Housing Trust has selected the modified retrospective transition method and the adoption did not have a material effect. Program services fees contracts are reciprocal agreements and Housing Trust recognizes this revenue in accordance with the five-step model under ASC 606 as follows:

- Identify the contract with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when or as performance obligations are satisfied

Note 2. Summary of Significant Accounting Policies (Continued)

Program services fees revenue is recognized overtime as services are provided by Housing Trust to its customers. In some cases, Housing Trust's contracts with customers include multiple performance obligations that are not fulfilled simultaneously. When this occurs, the transaction price is allocated on a relative stand-alone selling price (SSP) basis to each performance obligation. Housing Trust determines SSP based on observable selling prices of its products. Program services fees subject to ASC 606 were $721,356 and $458,863 for the years ended June 30, 2020 and 2019, respectively, and are included in program services fees revenue on the consolidated statements of activities.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958) Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU clarifies the accounting guidance for contributions received and made, including guidance to help an entity evaluate whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and determine whether a contribution is conditional. Housing Trust adopted both the contributions received and contributions made portion in the year ended June 30, 2020. As required by ASU 2018-08, Housing Trust applied the requirements on a modified prospective basis to agreements that either were not completed as of July 1, 2019, or entered into after July 1, 2019. There was no material impact to Housing Trust's consolidated financial statements upon the adoption of ASU 2018-08.

Note 3. Liquidity and Availability

Housing Trust regularly monitors liquidity required to meet its annual operating needs and other contractual commitments while also striving to maximize the return on investment of its funds not required for annual operations. As of June 30, 2020, the following financial assets are available to meet annual operating needs of the 2021 fiscal year:

	2020	2019
Financial assets at year end:		
Cash and cash equivalents, restricted cash and cash equivalents, investments, and restricted investments	$ 51,544,170	$ 54,644,175
Receivables, net	1,699,409	722,001
Notes receivable held for sale	432,480	337,450
Notes receivable	176,839,239	114,548,456
Total financial assets	230,515,298	170,252,082
Less amounts not available to be used within one year:		
Financial assets subject to donor restrictions in certain programs	(22,054,921)	(15,253,877)
Financial assets subject to donor restrictions in specific geographies	(2,033,054)	(10,489,225)
Cash held for other	(1,485,214)	-
Receivables due after one year, net	(54,371)	(115,210)
Amounts designated for reserves	(2,175,025)	(1,610,025)
Notes receivable due after one year, net Investments	(172,180,738)	(112,557,994)
Notes payable available for programs	(5,692,057)	(10,742,188)
Financial assets not available to be used within one year	(205,675,380)	(150,768,519)
Financial assets available to meet cash needs for general expenditures within one year	$ 24,839,918	$ 19,483,563

Note 3. Liquidity and Availability (Continued)

Housing Trust has various sources of liquidity at its disposal, including cash and cash equivalents, investments, and lines of credit. See Note 9 for information about Housing Trust's lines of credit. Housing Trust has a policy to maintain available cash and short-term investments to meet 90 days of normal operating expenses, which are, on average, approximately $1,500,000. Cash in excess of daily requirements is invested in various short-term investments with maturities designed to meet obligations as they come due.

Housing Trust management and its Board committees regularly monitor its financial position. Housing Trust generally expects to repay notes payable when they come due with proceeds from maturing notes receivable. As Housing Trust continues to grow it will also potentially refinance the debt with either new loans from the same lender or find additional sources. Interest payments on notes payable are made from income earned on notes receivable.

Housing Trust monitors amounts available for general expenditures from cash and cash equivalents and investments and identifies amounts as available for operations. The difference between available for operations and financial assets available for general expenditures included in the liquidity table above, represents financial assets at a point in time, June 30, 2020, whereas the liquidity table includes amounts expected to be available over the next year. The difference in financial assets available primarily relates to notes receivable that are expected to be collected in the next 12 months. The amount available for operations is made of the following at June 30:

	2020	2019
Cash and cash equivalents	$ 39,149,018	$ 37,858,690
Restricted cash and cash equivalents	5,731,636	971,549
Investments	6,663,516	14,012,072
Total	51,544,170	54,644,175
Less amount not available to be used for operations:		
Cash and cash equivalents to support program net asset restrictions	(23,321,742)	(34,673,208)
Cash and cash equivalents with time usage restrictions	(338,530)	(455,098)
Cash and cash equivalents held for others	(1,485,214)	-
Restricted cash and cash equivalents	(5,731,636)	(971,549)
Restricted investments	-	(1,801,864)
Cash designated for loan loss reserve	(2,175,025)	(1,610,025)
Total cash and equivalents and investments not available for operations	(33,052,147)	(41,313,608)
Cash and equivalents and investments available for operations	$ 18,492,023	$ 13,330,567

Note 4. Investments

A summary of Housing Trust's investments, including those measured at fair value on a recurring basis at June 30, and set forth by level within the fair value hierarchy, is as follows:

	2020				2019			
Description	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Domestic fixed income	$ -	$ 1,604,233	$ -	$ 1,604,233	$ -	$ 5,618,641	$ -	$ 5,618,641
Domestic equity	2,574,922	-	-	2,574,922	3,285,706	-	-	3,285,706
International equity mutual funds	658,356	-	-	658,356	85,642	-	-	85,642
International fixed income	-	-	99,316	99,316	-	-	77,280	77,280
Total investments at fair value	3,233,278	1,604,233	99,316	4,936,827	3,371,348	5,618,641	77,280	9,067,269
Certificates of deposit	-	-	-	1,726,689	-	-	-	6,746,667
Total investments	$ 3,233,278	$ 1,604,233	$ 99,316	$ 6,663,516	$ 3,371,348	$ 5,618,641	$ 77,280	$ 15,813,936

A summary of the Level 3 investment activity for the years ended June 30, 2020 and 2019, is below:

	2020	2019
Opening balance	$ 77,280	$ 77,196
Purchases	22,000	-
Sales	-	-
Change in value	36	84
Ending balance	$ 99,316	$ 77,280

Net investment return on the consolidated statements of activities consist of the following for the years ended June 30:

	2020	2019
Interest	$ 377,190	$ 381,014
Dividends	449,372	587,509
Other investment income	115	-
Unrealized and realized gains	19,445	179,120
Investment management fees	(42,749)	(39,571)
	$ 803,373	$ 1,108,072

Note 5. Receivables

Receivables are summarized as follows at June 30:

	2020	2019
Contributions:		
Restricted for programs	$ 887,693	$ 187,720
Unrestricted contributions	240,000	187,500
Less discount on contributions	(8,129)	(9,790)
Total contributions receivable	1,119,564	365,430
Other receivables	586,845	356,571
Less allowance for doubtful accounts	(7,000)	-
Total receivables	$ 1,699,409	$ 722,001

All contributions are due within a year other than $62,500 and $125,000, which were discounted at 2.73% on June 30, 2020 and 2019, and due in two to three years, respectively. Contributions receivable are unsecured.

Note 6. Notes Receivable

Notes receivable, net, consist of the following as of June 30:

	2020	2019
Homebuyer programs:		
Closing Cost Assistance Program (CCA) (1)	$ 2,486,463	$ 2,665,713
Mortgage Assistance Program (MAP) (2)	1,498,668	1,693,451
Equity Share Co-Investment (ESCO) (3)	183,756	183,756
Gap Assistance Program (GAP) (1)	1,073,774	1,379,728
Homebuyer Empowerment Loan Program (HELP) (4)	439,800	439,800
NSP2 Purchase Assistance Loan (PAL) (1)	1,076,368	1,176,370
Neighborhood Housing Services (NHS) Portfolio:		
Contributed deferred loans (5)	2,622,110	3,008,830
Contributed amortizing loans (5)	78,766	169,808
Less discount on contributed loans (5)	(161,750)	(217,770)
Purchased amortizing loans (6)	179,630	210,787
Less discount on purchased loans (6)	(144,266)	(170,180)
	9,333,319	10,540,293
Multi-family programs (7):		
Affordable housing developer loans:		
Short-term loan program	125,288,772	74,913,928
Term loan program	25,459,120	12,370,651
Long-term deferred loan program	15,164,903	15,180,708
	165,912,795	102,465,287
Gross notes receivable	175,246,114	113,005,580
Less allowance for loan losses	(6,577,500)	(3,646,500)
Net notes receivable	168,668,614	109,359,080
Less current portion	(56,189,704)	(34,102,636)
Long-term portion	$112,478,910	$ 75,256,444

Homebuyer programs: Homebuyer programs are designed to help qualified homebuyers in Santa Clara County purchase a home. Applicants must meet household income requirements as set forth by HUD and must not have owned a home in Santa Clara County within three years of application date. Borrower's first mortgage must be a 30-year fixed mortgage. In addition, borrowers must reside in the financed home as their principal residence. If a default occurs, the loan becomes due and payable immediately. With the cost of housing continuing to soar in the region, it is increasingly difficult for the first-time homebuyers that qualify for Housing Trust programs to locate a property which has lowered the demand for existing programs. Housing Trust launched a new program in 2018 to help low- to moderate-income homebuyers purchase their first homes to make loans affordable to a broader range of potential homeowners. In 2019 and 2020, the preponderance of loans originated for homebuyers has been through its contract with the County of Santa Clara. Housing Trust makes loans to homebuyers and sells them to the county. The county has raised funds through Measure A, 2016 to fund these purchases.

Note 6. Notes Receivable (Continued)

Housing Trust's homebuyer portfolios and programs are as follows:

(1) CCA, GAP, PAL - portfolios that consist of loans up to $95,000, secured by deeds of trust with 0% to 3% simple interest. Payment of principal and accrued interest is deferred until the maturity date of the related first mortgage, or upon any sale, transfer assignment or refinance of the first mortgage or upon default of the terms of the Housing Trust loan, whichever occurs first.

(2) MAP - portfolio that consists of loans up to $85,000, 30-year amortized second mortgage, secured by deeds of trust with interest at a rate of 1% to 1.5% above the interest rate on the related first mortgage. Payment of principal and interest are due monthly or upon any sale, transfer assignment or refinance of the first mortgage or upon default of the terms of the Housing Trust loan, whichever occurs first.

(3) ESCO - portfolio of down payment loans in amounts up to $75,000, secured by deeds of trust. ESCO loans are 15-year deferred loans. At maturity, principal plus a share of the home's appreciation are due. Housing Trust is entitled to the lesser of 9.5% or a share of the house appreciation when the loan is settled, and recognizes the 9.5% interest on an annual basis as long as its share of house appreciation is more.

(4) HELP - this program provides down payment assistance for up to half a buyer's down payment (or 10% of the purchase price of a home up to $800,000). A HELP loan is a 30-year deferred loan secured by deeds of trust. At maturity, principal plus a share of the home's appreciation that matches what is borrowed is due. Because the loan is a shared appreciation loan, no monthly payments are required. Payment is deferred until the loan reaches its maturity date, or until the home is sold, or the mortgage refinanced or upon default of the terms of the Housing Trust loan, whichever comes first.

(5) Housing Trust received a portfolio of notes receivable contributed by Neighborhood Housing Services Silicon Valley (NHS) upon its dissolution. The NHS deferred loan portfolio consists of loans ranging from $8,000 to $80,000 in face value and bears interest between 2% and 3%. Payment of principal and accrued interest is deferred until maturity date of the related first mortgage, or upon any sale, transfer, assignment or refinance of the first mortgage or upon default of the terms of the loan, whichever occurs first. The NHS amortizing loan portfolio consists of loans that have a face value of between $12,000 and $26,000 and carry interest of between 3% and 8%. These loans begin amortizing after five years.

    These notes were recorded at fair value on the contribution date. The fair value, using Level 3 unobservable inputs, was $490,073.

(6) In 2017, Housing Trust purchased a portfolio of notes receivable from NHS in connection with its dissolution. The purchased portfolio is amortizing and consists of loans that have a face value between $10,000 and $65,000 and bears interest at 6%.

    The purchase price of the portfolio was 30% of the face value of the performing loans, which amounted to $76,586. The purchase price approximates the fair value of the portfolio, resulting in a discount of $177,941. Included in the purchased portfolio were two loans with a combined face value of $69,191 and a combined discount of $69,191 that were accounted for under ASC 310-30, Loans and Debt Securities Acquired with Deteriorated Credit Quality. The loans were modified during the fiscal year ended June 30, 2020 as TDRs. The loans have been excluded from the disclosures within this note.

Note 6. Notes Receivable (Continued)

Multi-family programs: Housing Trust provides loan capital to community-based, non-profit and for-profit mission-aligned affordable housing developers in order to increase and improve the availability of quality affordable housing in our region.

(7) Qualified developers may borrow up to $1,000,000 for predevelopment and $15,000,000 for acquisition, and $10,000,000 for construction, and rehabilitation. These loans are primarily secured by deeds of trust. Housing Trust loan products include:

a. The short-term loan program provides early stage patient capital not offered by traditional lenders for predevelopment, acquisition, bridge or construction financing. Terms are up to five years with the average term of the Housing Trust's existing portfolio of just over two years. Housing Trust utilizes its grant monies from Santa Clara County (Supportive Housing Fund) to lend short term at significantly lower interest rates to developers who seek to acquire and develop or preserve permanent housing with supportive services for extremely low-income individuals and families and those with special needs, in particular the homeless.

b. Term loans provide permanent financing for stabilized multi-family properties. Terms are between 5 to 30 years.

c. Long-term deferred term loans provide maturities for up to 55 years.

The following are the details of activities on the allowance for loan losses during the years ended June 30:

	2020		
	Homebuyer Program Allowance	Multi-Family Program Allowance	Total
Balance, beginning of year	$ 560,500	$ 3,086,000	$ 3,646,500
Provision for loan losses	111,464	2,864,000	2,975,464
Recoveries	-	-	-
Write-offs	(44,464)	-	(44,464)
Balance, end of year	$ 627,500	$ 5,950,000	$ 6,577,500
Ending balance:			
individually evaluated for impairment	$ -	$ -	$ -
Ending balance:			
collectively evaluated for impairment	627,500	5,950,000	6,577,500
	$ 627,500	$ 5,950,000	$ 6,577,500
Total loans:			
Ending balance:			
individually evaluated for impairment	$ -	$ -	$ -
Ending balance:			
collectively evaluated for impairment	9,333,319	165,912,795	175,246,114
	$ 9,333,319	$ 165,912,795	$ 175,246,114

Note 6. Notes Receivable (Continued)

	2019		
	Homebuyer Program Allowance	Multi-Family Program Allowance	Total
Balance, beginning of year	$ 580,000	$ 1,800,000	$ 2,380,000
Provision for loan losses	-	1,286,000	1,286,000
Recoveries	-	-	-
Write-offs	(19,500)	-	(19,500)
Balance, end of year	$ 560,500	$ 3,086,000	$ 3,646,500
Ending balance:			
individually evaluated for impairment	$ 15,000	$ -	$ 15,000
Ending balance:			
collectively evaluated for impairment	545,500	3,086,000	3,631,500
	$ 560,500	$ 3,086,000	$ 3,646,500
Total loans:			
Ending balance:			
individually evaluated for impairment	$ 15,000	$ -	$ 15,000
Ending balance:			
collectively evaluated for impairment	10,525,293	102,465,287	112,990,580
	$ 10,540,293	$ 102,465,287	$ 113,005,580

Housing Trust considers the performance of the notes receivable portfolio and its impact on the allowance for loan losses. For the multi-family portfolio segment, management will evaluate credit quality of individual loans based on payment activity, borrower financial condition and other factors in order to assign individual risk ratings. The following shows the multi-family portfolio segment as allocated by management's internal risk ratings as of June 30:

	2020	2019
Pass	$ 165,912,795	$ 102,465,287

Note 6. Notes Receivable (Continued)

Future maturities on homebuyer programs notes receivable within the next five years are $200,000 with remaining amounts due thereafter. Future principal repayments for the multi-family programs loans are estimated as follows:

Years ending June 30:	
2021	$ 56,189,704
2022	64,444,345
2023	390,536
2024	2,044,175
2025	5,538,032
Thereafter	37,306,003
	$ 165,912,795

The following presents the recorded investment and unpaid principal balance for impaired loans, with the associated allowance amount, if applicable, as of June 30:

	2020			
	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment
Impaired loans:				
Homebuyer	$ -	$ -	$ -	$ 7,500

	2019			
	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment
Impaired loans:				
Homebuyer	$ 15,000	$ 15,000	$ 15,000	$ 15,000

For 2020 and 2019, interest income recognized on impaired loans was not significant.

There were no loans modified as TDRs during the years ended June 30, 2020 and 2019.

A summary of loans measured at fair value on a nonrecurring basis at June 30, and set forth by level within the fair value hierarchy, is as follows:

	Carrying Value at 2020			
Description	Total	Level 1	Level 2	Level 3
Impaired loans	$ -	$ -	$ -	$ -

Note 6. Notes Receivable (Continued)

Description	Carrying Value at 2019 Total	Level 1	Level 2	Level 3
Impaired loans	$ -	$ -	$ -	$ -

Housing Trust evaluates notes receivable based on the following credit quality indicators: collateral and lien position. These credit quality indicators are updated at least annually. Details about the notes receivable as of June 30 follow:

	2020				
				Status of Interest Accruals	
	Loan Balance	Past Due ≥ 90 Days	Allowance	Total Financing Receivable on Nonaccrual Status	Financing Receivables Past Past Due and Still Accruing Interest
Homebuyer programs	$ 9,333,319	$ -	$ 627,500	$ -	$ -
Multi-family programs:					
Funded by Affordable Housing Growth Fund LP (AHGF)	9,348,838	-	467,442	-	-
Unsecured	333,408	-	23,339	-	-
Non-real estate secured	10,649,122	-	745,439	-	-
Long-term deferred loan program	15,228,540	-	514,157	-	-
Real estate secured	130,352,887	-	4,199,623	-	-
	165,912,795	-	5,950,000	-	-
Total portfolio	$ 175,246,114	$ -	$ 6,577,500	$ -	$ -

Note 6. Notes Receivable (Continued)

	2019				
				Status of Interest Accruals	
	Loan Balance	Past Due ≥ 90 Days	Allowance	Total Financing Receivable on Nonaccrual Status	Financing Receivables Past Past Due and Still Accruing Interest
Homebuyer programs	$ 10,540,293	$ 15,000	$ 560,500	$ 15,000	$ -
Multi-family programs:					
Funded by AHGF	8,864,016	-	443,201	-	-
Non-real estate secured	8,927,335	-	627,913	-	-
Long-term deferred loan program	15,235,856	-	304,718	-	-
Real estate secured	69,438,080	-	1,710,168	-	-
	102,465,287	-	3,086,000	-	-
Total portfolio	$ 113,005,580	$ 15,000	$ 3,646,500	$ 15,000	$ -

Note 7. Furniture and Equipment

Furniture and equipment are summarized as follows at June 30:

	2020	2019
Office equipment	$ 128,253	$ 106,804
Software	40,918	52,889
Furniture and fixtures	195,508	167,824
Leasehold improvements	37,303	26,998
	401,982	354,515
Less accumulated depreciation and amortization	(204,303)	(163,957)
Total furniture and equipment, net	$ 197,679	$ 190,558

Depreciation and amortization charged to expense was $76,386 and $64,750 for the years ended June 30, 2020 and 2019, respectively.

Note 8. Nonrecourse Capital from Third Parties

Housing Trust enters into Loan Pooling Agreements to finance loans to affordable housing developers with various Investor Banks and other third-party investors whereby Housing Trust and investors have committed to provide funds to enable Housing Trust to originate affordable housing development loans to qualified developers of multi-family rental projects. Housing Trust issues a capital call to the investors at loan closing and they remit their established percentage of the total loan. This capital is nonrecourse with the exception of a required loan loss reserve in the Affordable Housing Growth Fund described below. Nonrecourse capital from third parties is as follows at June 30:

	2020	2019
Affordable Housing Growth Fund (AHGF) (1)	$ 7,533,561	$ 7,142,877
2015 Loan Fund - Tranche I (2)	-	2,954,762
2015 Loan Fund - Tranche II (2)	4,722,190	2,758,148
Monterey Bay Housing Trust (3)	1,021,151	64,364
Non true sale participants (4)	6,888,071	-
	20,164,973	12,920,151
Less current portion	(7,600,243)	(2,821,212)
Long-term portion	$ 12,564,730	$ 10,098,939

(1) AHGF - Housing Trust entered in a Funds Pooling Agreement (Agreement) on May 6, 2013, where the total loan pool commitment is $10,101,120, of which $8,085,000 is from Investor Banks and $2,016,120 from Housing Trust. The qualified developers may borrow up to a maximum loan amount of $2,000,000 for real estate secured loans or $500,000 for non-real estate secured loans. The maximum term of the loan is five years. Housing Trust is also required to maintain from its own funds a loan loss reserve equal to the greater of $250,000 or 5% of the combined contributed capital of Housing Trust and the Investor Banks, which represents the Investor Banks' only recourse. Cash designated for loan loss reserve was $467,442 and $443,201 at June 30, 2020 and 2019, respectively, and is included in cash and cash equivalents on the consolidated statements of financial position. The termination date for the Agreement is January 1, 2023.

(2) 2015 Loan Fund - Housing Trust entered into a 2015 Affordable Housing Loan Pooling Agreement on September 30, 2015, where the total loan pool commitment is $7,800,000, of which $5,800,000 is from Investor Banks and $2,000,000 from Housing Trust. Qualified developers may borrow up to a maximum loan amount of $2,000,000 for real estate secured loans or $500,000 for non-real estate secured loans. The maximum loan term is five years. The Agreement was extended for an additional five-year period upon the original termination date of March 1, 2020.

In March 2017, some of the original 2015 loan pool Investor Banks agreed along with one new Investor Bank to commit Tranche II of the 2015 loan pool totaling $6,300,000 from these banks and $8,300,000 in total, including Housing Trust's commitment of $2,000,000. The total loan pool (both tranches) including Housing Trust's commitment stands at $16,100,000.

Note 8. Nonrecourse Capital from Third Parties (Continued)

(3) Monterey Bay Housing Trust - In June 2017, Housing Trust entered into the Monterey Bay Housing Trust Funds Pooling Agreement for Affordable Housing Loans, where the total loan pool commitment is $10,000,000, of which the Monterey Bay Economic Partnership, Inc. raised and will invest $2,000,000 with the remaining amount funded by Housing Trust. Loans made from these funds will largely be short term, and the developments financed will be in the region covered by Monterey Bay Economic Partnership, Inc. Qualified developers may borrow up to a maximum loan amount of $4,000,000 for real estate secured loans or $500,000 for non-real estate secured loans. The maximum loan term is five years. The termination date for the Agreement is June 1, 2022.

(4) Secured borrowings - Housing Trust occasionally sells some participation loans to third parties that do not meet the criteria to be accounted for as sales in accordance with ASC 860, Transfers and Servicing. As a result the participation loans are accounted for as secured borrowings, whereby records cash received from the transferee and records a liability to repay the cash to the transferee. The transferees have no recourse to Housing Trust for failure of the underlying borrowers to pay amounts contractually due. The outstanding balance of participation loans sold accounted for as secured borrowings is $6,888,073 and $0 as of June 30, 2020 and 2019, respectively.

(5) In May 2019, Housing Trust signed a Memorandum of Understanding with the Santa Rosa Metro Chamber stating their mutual intent to enter into a pooling agreement in order to raise additional capital to lend to multi-family affordable housing developers in Sonoma County. The pooling agreement will entail Santa Rosa Metro Chamber raising at least $1 million and the total loan pool commitment is to be $2 million. No loans had been made using this fund as of June 30, 2020.

Housing Trust is responsible for monitoring and receiving monthly payments from the borrowers. Heritage Bank acts as Administrative Agent for AHGF, Monterey Bay Housing Trust and the 2015 Loan Fund tranches I and II. Payments from borrowers are received by Heritage Bank and are disbursed proportionately by Housing Trust to the Investor Banks and other third-party investors in arrears on a quarterly basis. The nonrecourse capital, other than the 5% loan loss reserve, is not required to be repaid if the $20,164,973 and $12,920,151 as of June 30, 2020 and 2019, respectively, of corresponding notes receivable within the multi-family program in Note 6 are not repaid.

Note 9. Notes Payable

Term loans of $14,892,380 are secured by notes receivable and cash and the remaining are unsecured and consist of the following at June 30:

	2020	2019
Term loans:		
Notes payable to religious and health and welfare organizations, bearing interest of 2%, with interest due quarterly, to be repaid in full from June 2020 to November 2024. Interest expense was $30,667 and $31,000 in 2020 and 2019, respectively.	$ 1,350,000	$ 1,550,000
Notes payable to financial institutions, bearing interest of 3%, with interest due quarterly, to be repaid in full in December 2025. Interest expense was $109,314 and $136,385 for 2020 and 2019, respectively.	3,000,000	4,500,000
Community Impact 5-year notes payable, bearing interest of 1.5%, paid semiannually, to be repaid in full from April 2022 to January 2025. (1) Interest expense was $664,583 and $379,480 in 2020 and 2019, respectively.	58,500,000	36,500,000
Notes payable to foundations and corporations, bearing interest from 1.5% to 2%, with interest due quarterly, to be repaid in full from January 2023 to August 2027. Interest expense was $518,667 and $400,667 for 2020 and 2019, respectively.	25,600,000	25,600,000
Bond loan, secured notes, with the CDFI fund for up to $25,000,000, with maturities up to 29.5 years with at a spread over U.S. Treasuries as funds are drawn. In 2020, two draws occurred bearing interest from 1.2% to 1.9%, with interest due monthly, and principal to be repaid from January 2022 to December 2030. Interest expense was $95,033 for 2020.	14,892,380	-
Subordinated notes payable:		
Notes payable to financial institutions, bearing interest from 0.00% to 2.5%, generally with interest due quarterly, to be repaid in full from September 2021 to May 2029. These subordinated notes are classified by lenders as Equity Equivalent Investments (EQ2). EQ2s are unique to the CDFI industry and were created as a mechanism for nonprofit CDFIs to acquire equity-like capital. Interest expense was $125,633 and $77,500 for 2020 and 2019, respectively.	7,750,000	7,750,000
Outstanding revolving line of credit:		
Charles Schwab Bank revolving lines of credit with a maximum amount of borrowings of $15,000,000, with interest due quarterly at the greater of three-month LIBOR plus 1.75% and 3% annum. The line of credit has a maturity date of April 2025, but is reviewed annually for an option to extend the advance period. Interest expense was $41,315 and $0 in 2020 and 2019, respectively.	-	-
	111,092,380	75,900,000
Less current portion	(350,000)	(1,700,000)
Less unamortized loan fees	(129,055)	(20,913)
Long-term portion	$ 110,613,325	$ 74,179,087

Note 9. Notes Payable (Continued)

(1) In March 2017 Housing Trust created a campaign called the TECH Fund - Technology Equity Community and Housing to fund its multi-family lending program. As part of this campaign Housing Trust has authorized and issued notes to employer and philanthropy accredited investors.

- In April 2017, Housing Trust offered for sale to accredited investors up to $50,000,000 Community Impact Notes. The Notes, Series A, five-year note bearing interest of 1.5%, paid semiannually, and Series B, 10-year notes bearing interest of 1.5%, paid semiannually, are unsecured. The note series was extended in 2018 to C through F.

- In July 2019, Housing Trust entered into a Note Purchase Agreement whereby it offered an additional $50,000,000 in Community Impact Notes for sale to Google. These notes can be sold during the five-year period ending July 2024 and begin with Series G, each series in a $10,000,000 increment. The Notes bear interest at 1.5% paid semiannually and have a term of five years. As of June 30, 2020, $10,000,000 Series G Notes and $7,000,000 Series H Notes have been sold.

- In January 2020, Housing Trust issued a separate Community Impact Note to Google in the amount of $5,000,000, with a term of five years and bearing interest at 1.5% paid semiannually. The proceeds of this note must be invested in the affordable housing developments in the City of Mountain View.

- In October 2019, Housing Trust revised its offering memorandum and added one additional term of note offering for sale $25,000,000 Community Impact Notes. The Notes are: Series 1, two-year note bearing interest of 1.25%, paid semiannually, Series 2, five-year note bearing interest of 1.5% paid semiannually, and Series 3, 10-year note bearing interest of 2.0%.

- As of June 30, 2020 and 2019, $58,500,000 and $36,500,000 Series A through H notes, respectively, have been sold. No Series 1-3 Notes have been sold to-date.

  Housing Trust has and expects to continue to attract non-Community Reinvestment Act (CRA) motivated investors to invest via this vehicle.

Scheduled principal payments on the notes payable for the next five years and thereafter are estimated as follows:

Years ending June 30:	
2021	$ 350,000
2022	19,028,178
2023	3,897,470
2024	32,315,891
2025	27,337,156
Thereafter	28,163,685
	$ 111,092,380

Housing Trust has a revolving line of credit agreement with Charles Schwab Bank whereby it may borrow up to $15,000,000. Interest on any outstanding balance is payable quarterly at the greater of three-month LIBOR plus 1.75% or 3% per annum, which was 3.18% and 3% at June 30, 2020 and 2019, respectively. The line of credit availability expires on April 14, 2021, and must be renewed. Its final maturity is April 14, 2025. There was no outstanding balance under this line of credit at June 30, 2020 and 2019.

Note 9. Notes Payable (Continued)

On September 25, 2017, Housing Trust entered into a $25,000,000 bond loan agreement with Opportunity Finance Network, a qualified issuer, as part of the Bond Guarantee Program of the CDFI Fund. This loan agreement, which has an advance period of five years, provides up to 29.5-year maturities at a spread over U.S. Treasuries. As it draws on the funds, Housing Trust is required to pledge eligible collateral to the lender and to fund 3% of the bond loan amount in a risk share pool. Housing Trust intends to use the funds to finance term loans to its multi-family borrowers. Housing Trust has pledged $15,479,645 of notes receivable and $157,354 of cash and has outstanding debt $14,892,380 as of June 30, 2020.

Note 10. Related-Party Transactions

Housing Trust's volunteer members of the Board of Directors are active in oversight of fundraising events, activities and making private contributions. Certain Board members have served as elected officials on jurisdictions which support Housing Trust. Contributions from the Board of Directors, from companies with which Board members are affiliated, or from jurisdictions represented on the Board by an elected official (related parties) were $217,850 and $624,836 for the years ended June 30, 2020 and 2019, respectively.

Housing Trust had related-party notes receivable of $2,005,798 and $535,000 and related-party notes payable of $32,755,798 and $20,520,000 at June 30, 2020 and 2019, respectively.

Note 11. Grants

Housing Trust provides grants to those transitioning from homelessness to permanent housing through its Finally Home security deposit program. In addition, Housing Trust works with government agencies such as the County of Santa Clara to underwrite and grant to organizations providing safety net to those experiencing homelessness or in need of supportive services. Housing Trust has also made planning grants to homeowners to kick start their ADUs, has a small scholarship grant program and occasionally donates to polling and other efforts to support local measures to raise funding for affordable housing. Such grants and contributions totaled $382,809 and $724,417 in 2020 and 2019, respectively. Grants are short-term grants, and therefore don't have future barriers that would result in conditions.

Note 12. Conditional Contributions

The balance in conditional contributions represents funds received but not lent as of June 30, 2020 and 2019. Conditional contributions consist of the following:

	2020	2019
Santa Clara County - SNCI (1)	$ 215,909	$ 211,650
Genesis LA Economic Development (2)	-	1,483,500
Total conditional contributions	$ 215,909	$ 1,695,150

(1) Housing Trust received $750,000 in 2016 from Santa Clara County for the SNCI Program for the rehabilitation of community facilities to increase shelter, transitional housing or drop-in services for the homeless.

Note 12. Conditional Contributions (Continued)

(2) In October 2017, Housing Trust signed a MOU with Genesis LA Economic Development Corp to pilot new approaches to affordable housing in two of California's most expensive housing markets. The initiative, called Small Housing, Big Impact, focuses on projects the existing affordable housing finance system does not currently prioritize: accessory dwelling units (ADUs) and multi-family buildings with low number of units. Via the MOU, Genesis re-granted half of the $3.5 million in funds it received in a ProNeighborhoods grant from JP Morgan Chase. The two organizations are cooperating to develop programs and share learnings. Housing Trust recognized support for the full portion of the $250,000 re-grant to be used as operating capital. An additional $1,500,000 is set aside for lending and granting capital and such funds must be returned if Housing Trust is unsuccessful at developing a program and investing the monies. Housing Trust received $1,250,000 of the lending/granting capital in 2018 and the remaining $250,000 in 2019, and recorded the full grant as a conditional contribution. In 2020, all of the capital was either granted as planning grants to homeowners looking to build an ADU on their property or to finance naturally occurring affordable housing. The capital is expected to be recycled as acquisition loans made with these funds repay so it is available to fund ADU loans once the program begins originating loans.

Note 13. Net Assets with Donor Restrictions

The net assets with donor restrictions are for the following purposes or periods at June 30:

	2020			
	June 30, 2019	Contributions	Released from Restrictions	June 30, 2020
General lending programs	$ 2,015,495	$ 150,000	$ (340,033)	$ 1,825,462
Homebuyer programs	7,844,541	162,363	(163,548)	7,843,356
NSP2	7,847,116	263,480	(932)	8,109,664
Affordable Multi-Family Rental Program and Homeless/Special Needs Program	22,039,655	12,786,193	(3,298,107)	31,527,741
Finally Home and Rehabilitation program	22,721	249,676	(226,685)	45,712
Time restrictions	455,098	210,000	(326,568)	338,530
	$ 40,224,626	$ 13,821,712	$ (4,355,873)	$ 49,690,465

	2019			
	June 30, 2018	Contributions	Released from Restrictions	June 30, 2019
General lending programs	$ 3,633,744	$ 150,000	$ (1,768,249)	$ 2,015,495
Homebuyer programs	7,887,671	148,821	(191,951)	7,844,541
NSP2	7,578,393	322,801	(54,078)	7,847,116
Affordable Multi-Family Rental Program and Homeless/Special Needs Program	17,170,883	6,894,725	(2,025,953)	22,039,655
Finally Home and Rehabilitation program	55,810	287,541	(320,630)	22,721
Time restrictions	676,666	239,500	(461,068)	455,098
	$ 37,003,167	$ 8,043,388	$ (4,821,929)	$ 40,224,626

Note 13. Net Assets with Donor Restrictions (Continued)

Contributions received from government entities are released from restrictions once the funds are disbursed to qualified borrowers within the cities specified by the donors, granted as contributions to qualified organizations or used as program expense based on maximum amounts allowed by the donors.

Contributions received from government agencies with both purpose and time restrictions are not released from restriction until the later of the restrictions is met. To the extent that agreements have secondary-use restrictions requiring Housing Trust to re-use the funds for another purpose, then restrictions are released when the secondary-use restrictions are fulfilled either through grants made to qualified organizations or use of funds for program expenses based on maximum amounts allowed by the donors. Net assets with donor restrictions include a total of $26,199,219 and $14,682,749 of disbursed funds with secondary-use restrictions as of June 30, 2020 and 2019, respectively.

Note 14. Pension Plan

Housing Trust has established a defined contribution plan (the Plan) for all eligible employees. There is no length of service requirement; therefore, employees may participate in the Plan upon joining the company. Contributions to employee accounts are immediately fully vested. Housing Trust contributes 3% of eligible employees' compensation and up to an additional 2% of matching funds for those employees who contribute to the Plan. Housing Trust contributed $111,448 and $100,605 to the Plan during 2020 and 2019, respectively.

Note 15. Office Lease

Housing Trust leases office space in San Jose under a noncancelable operating lease expiring in 2024. Rent expense for the years ended June 30, 2020 and 2019 was $225,790 and $225,361, respectively. The following represents the future minimum lease payments:

Years ending June 30:	
2021	$ 256,559
2022	264,256
2023	272,184
2024	69,913
	$ 862,912

Note 16. Commitments and Contingencies

Housing Trust had undisbursed loan commitments totaling $26,344,683 and $10,246,410 as of June 30, 2020 and 2019, respectively, relating to its multi-family programs.

Note 16. Commitments and Contingencies (Continued)

COVID-19: On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate the spread of it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which Housing Trust operates. On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was enacted to amongst other provisions, provide emergency assistance for individuals, families and businesses affected by the coronavirus pandemic. Housing Trust has granted payment deferrals for two homebuyer loans in May 2020.

It is unknown how long the adverse conditions associated with the coronavirus will last and what the complete financial effect will be to Housing Trust. The impact of this on Housing Trust, its borrowers, grantors, funding sources, and other constituents cannot be determined at this time. These impacts may include, but are not limited to, the ability of borrowers to repay their outstanding balances as they become due as well as the ability of others such as lenders, investors, grantors or grantees in any of the sectors in which Housing Trust operates to honor their commitments. Depending on how long COVID-19 concerns last, Housing Trust could see in the future increased delinquencies and loan losses, which could have negative implications over net income, but does not expect to. Housing Trust believes there may be longer construction periods, but contract extensions are already built into multi-family loans when they are originated to help account for this. Housing Trust's small homebuyer portfolio could continue to be affected by the recent low interest rate market, resulting in more payoffs, but an increase rate in delinquencies is not expected.

In April 2020, the Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, National Credit Union Administration, Office of the Comptroller of the Currency, and Consumer Financial Protection Bureau issued a revised Interagency Statement on Loan Modifications by Financial Institutions Working with Customers Affected by the coronavirus, which had previously been issued in March 2020. The revised statement provides guidance that modifications meeting certain criteria do not need to be classified as TDRs. Such criteria includes payment deferrals or extensions of repayment terms, of six months or less that are insignificant.

Additionally, it is reasonably possible that estimates, including the loan loss reserves and the investment valuation made in the consolidated financial statements may materially differ in the near term as a result of these conditions.