

Northwest Housing Alternatives, Inc.

Consolidated Financial Statements and Other Information
as of and for the Year Ended December 31, 2009
and Report of Independent Accountants

TABLE OF CONTENTS

	Page
Executive Director's Report	2
Management's Discussion and Analysis of Financial Condition and Results of Operations	3
Treasurer's Report	6
Report of Independent Accountants	7
Consolidated Financial Statements:	
Consolidated Statement of Financial Position	9
Consolidated Statement of Activities	10
Consolidated Statement of Revenues and Expenses by Function – 2009	12
Consolidated Statement of Revenues and Expenses by Function – 2008	14
Consolidated Statement of Cash Flows	16
Notes to Consolidated Financial Statements	17
Supplementary Financial Information:	
<i>Schedule 1</i> – Consolidating Statement of Financial Position	38
<i>Schedule 2</i> – Consolidating Statement of Activities	40
<i>Schedule 3</i> – Stand-Alone Statement of Financial Position of the NHA Parent Entity	42
<i>Schedule 4</i> – Stand-Alone Statement of Activities of the NHA Parent Entity	43
Other Information:	
Affiliated Entities	45
Affiliation Chart	46
Governing Board and Management	47
Inquiries and Other Information	48

Executive Director's Report

Two thousand and nine was another year of steady and sustainable growth for Northwest Housing Alternatives (“NHA”). Affordable housing units were added to the portfolio, the organization’s two service departments expanded their reach in the community, and the number of staff members grew. Oregon’s economy continued to founder, but NHA strengthened its capacity to link people to opportunities for stability and success.

In response to the growing demand for services to help people transition out of homelessness, NHA began operations for the innovative new HomeBase program. HomeBase works to prevent homelessness before it begins through eviction prevention, rapid re-housing, and on-going access to case management. HomeBase is on track to triple the number of very vulnerable households we serve. Annie Ross House continued to provide emergency shelter and services for Clackamas County families with children.

The Resident Services team grew from two full-time coordinators to three in 2009. The department continues to offer core housing services and enhanced programs for tenants in NHA rental properties. All efforts from the Resident Service team have the goal of working toward NHA’s mission of linking people to new opportunities for success.

The Housing Development team completed another affordable rental community in 2009. The Charleston, 52 apartments in Wilsonville, was financed through the innovative mixed-finance model which blends Low-Income Housing Tax Credits with grant funding from the U.S. Department of Housing and Urban Development. The combination of sources creates a building with stable funding and long-term rental assistance to keep the units affordable to people with great housing needs.

Two new-construction projects, also being developed with mixed-finance sources, are keeping development staff busy:

- *Oakridge Park* – 45 apartments in Lake Oswego for seniors
- *Creekside Woods* – 84 senior apartments in Wilsonville

NHA also has a long-standing commitment to preserving existing affordable housing properties. This housing would convert to market rate rents without the intervention of a nonprofit like NHA, and current tenants would be displaced. NHA finalized the acquisition of six properties in 2009 and completed the rehabilitation of one of them, Roselyn Apartments, a 31-unit senior apartment in NW Portland. Two others, Cottonwood I (22 family units) and Cottonwood II (24 senior apartments) in Hermiston, began rehabilitation during 2009.

The balance of preservation properties are slated for rehabilitation soon:

- *Seneca Terrace* – 32 multi-family property in Milwaukie
- *Upsbur House* – 30 apartments for families in Northwest Portland
- *Quimby Street Apartments* – 52 senior apartments in Bend, and
- *Spring Street Apartments* – 56 apartments for seniors in Medford

NHA owes much of its success in providing affordable housing to the tireless efforts of talented employees, dedicated volunteer service from the passionate Board of Directors, generous support from community volunteers and donors, and collaboration with valued business partners. As always, we accomplish great things when we work together!

Martha McLennan
Executive Director

Management's Discussion and Analysis of Financial Condition and Results of Operations

MISSION

NHA creates opportunity through housing. We believe that stable and affordable housing is the foundation for healthy families and communities. Thus, NHA has become one of the most active developers of affordable housing in the state with 1,487 units in our portfolio. Most of these units are in 26 large multi-family properties held by related entities. In total the NHA portfolio serves 2,340 individuals.

The fees earned from the development of affordable housing is the economic engine that supports future development efforts and enables NHA to extend our mission to other critical housing needs. These needs include operating the only homeless shelter for families in Clackamas County (the Annie Ross House), providing eight units of housing for families transitioning from homelessness, and leasing 59 group homes to service providers around the state. During 2009, we responded to the increased home and family stresses caused by the current economic condition by initiating the HomeBase program to prevent evictions and to rapidly re-house those who become homeless.

Market Risk & NHA Mission

In order to meet the need for affordable housing for our most vulnerable citizens, NHA must maintain two key program components:

- A pipeline of housing projects at varying stages of development that insures a steady source of earnings to support future housing efforts; and
- Financial capacity, primarily in the form of adequate cash reserves (liquidity) and minimal debt (leverage), to meet the stringent underwriting and lending criteria necessary to attract project partners.

NHA has a successful track record in both of these areas and is well positioned to take on future development opportunities in one of the most challenging lending periods since the 1930s. Now more than ever, a development pipeline of solid projects and well-established financial capacity, including strong cash reserves, are both necessary — and inseparable — for successful affordable housing development.

NHA DEVELOPMENT PIPELINE

NHA has maintained a strong pipeline of housing development despite tight credit markets and plummeting prices for tax credit equity. At December 31, 2009, we had both new housing units and preservation units in our pipeline — 161 of those units were in active construction or rehab and 215 units were in pre-development.

Housing Development Activity in 2009

In January 2009, NHA completed the acquisition of six affordable housing properties which were nearing conversion to market rents. In July 2009, three of these properties were syndicated and began rehab. All of those units have now completed rehab and tenants have returned. NHA completed construction of The Charleston, a LIHTC multi-family property in Wilsonville, Oregon in May 2009 and began new construction of Creekside Woods, a LIHTC senior property also in Wilsonville, in September 2009. With a combination of innovative financing structures, multiple community partners, and NHA's strength as a sponsoring organization, we've been able to attract financing and continue to create housing and opportunities.

Looking Forward

In May 2010, three other preservation properties have been syndicated with new tax credit equity partners and rehabilitation construction has begun. Also during 2010 we will begin refinancing 92 units in two properties which have reached their first performance milestone — Year 15 — and need to be recapitalized. NHA is also exploring several opportunities for new construction projects.

FINANCIAL CAPACITY IN HOUSING

Average Investment

Analysis of NHA's development activity over the past three years shows an average pre-development phase for new construction of 32 months. This is the time from initial exploration of a development opportunity until all financing and partners are pulled together and construction begins. The average pre-development costs during this phase were \$19,000 per month indicating a need for over \$600,000 in pre-development financing for each property in the pre-development pipeline. In order to sustain this level of development, NHA must have a strong balance sheet, a strong development team, and strong community partners. We have all three.

Indicators of Organizational Strength

Leverage and liquidity are important measures of NHA strength. One indicator of leverage for NHA, before consolidation with related entities, is our current debt to unrestricted net assets ratio of .42. Industry guidelines suggest a goal of a ratio of .50 or less.

A good measure of liquidity for the organization is the current ratio (current assets to current liabilities). NHA's current ratio, before consolidation, is 1.38. NHA has included in its current liabilities \$1,779,000 in pre-development financing which is due to be refinanced in 2010. If we remove this debt from the current ratio calculation, the resulting ratio is 6.65. These ratios demonstrate the liquidity and financial strength necessary to continue to attract partners and to develop properties.

Another important aspect of understanding the NHA operations is the economic vacancy rate of our housing portfolio. NHA's portfolio maintained an economic vacancy rate for 2009 of 4.29%. NHA's asset management department is focused on keeping this rate low and it compares very favorably to the rate of 6.53% for other comparable affordable housing projects. This rate is reported by Oregon Housing and Community Services from statewide data compiled for 2009.

REVENUE FLUCTUATION

Cash vs. Accrual

NHA revenues can vary widely from year to year. The major factor contributing to this fluctuation is the accrual of developer fees (\$1.66 million in 2006, \$131,000 in 2007, \$736,000 in 2008, and \$1.49 million in 2009). These fees are earned for housing development and are accrued over the course of construction of a property. Thus the large fluctuations are the result of construction schedules and the NHA pipeline of projects. We completed construction on three large properties during 2006. In 2008, we had one large property in construction; in 2009 we had 3 large properties in construction; and in 2010, we will have four properties in construction.

Developer fees are received in cash on a very different schedule than when accrued. A small portion of the total fee is usually received when a new property starts construction, another small portion is often received when construction is completed, the largest portion is often received when the property moves from construction financing to permanent financing, and a final portion (perhaps 10-25% of the total fee) is received over the following 15 years. Due to this business model, cash flow from developer fees is smoothed out over several years.

Other Key Revenue Sources

As a result of the recession, many not-for-profit organizations have faced declining donor support. With increased staff training and management commitment to expanding and retaining our donor base, NHA was able to reverse a two year downward trend with a 90% increase in individual and business contributions over 2008. Having already designed the HomeBase program as an innovative way to defeat family homelessness, NHA worked quickly to access new government and private sources for the program. HomeBase uses ARRA (American Recovery and Reinvestment Act) and foundation funding to effectively serve those who are homeless. Total government funding of NHA program efforts has increased by 21% over 2007 levels on a stand-alone basis.

While meeting these new financing and programmatic challenges NHA continues to direct the majority of our efforts into programs. Management costs represent only 10% of our total expenses while fundraising is only 5%. Charity Navigator gives their highest score to organizations spending less than 15% on management and less than 10% on fundraising. NHA is proud to be well within these guidelines.

EFFECTS OF CONSOLIDATION

NHA is a related entity to 26 affordable housing ownership entities. Of these entities, 11 required consolidation under Generally Accepted Accounting Principles with the NHA parent at the end of 2009. This means that the activity related to 15 of those properties is not presented in the financial presentation. In an effort to present the larger picture of NHA, the following table shows some key factors of both consolidated and unconsolidated activity for the NHA property portfolio.

	Prepared in accordance with GAAP			Additional pro forma financial information [2]		
	NHA Parent Entity	Consolidated properties	Consolidated totals	Equity affiliate properties [3]	Sponsored projects [4]	Total NHA and affiliated entities
Fixed assets	\$ 18,703,160	19,639,943	38,343,103	73,219,120	6,712,510	118,274,733
Accumulated depreciation	(5,069,078)	(5,430,939)	(10,500,017)	(11,559,611)	(1,613,729)	(23,673,357)
Net fixed assets	13,634,082	14,209,004	27,843,086	61,659,509	5,098,781	94,601,376
Liabilities	7,634,762	11,766,869	19,401,631	51,803,645	194,369	71,399,645
Net assets	14,325,290	3,312,875	17,638,165	16,047,173	5,077,234	38,762,572
Pro forma cash flows from operations [1] [2]	\$ 1,928,468	245,597	2,174,065	144,393	5,857	2,324,315

[1] Pro forma cash flows from operations represents the net increase (decrease) in total net assets, plus depreciation and amortization expense, less cash outflows associated with the payment of long-term debt principal.

[2] To supplement the financial information presented in the organization's consolidated financial statements, prepared in accordance with generally accepted accounting principles, management uses certain additional measures in the above table to enhance the reader's understanding of the breadth and range of NHA-sponsored programs and activities, including the "pro forma" presentation of financial information for affiliated entities founded by, or operated in conjunction with, NHA in the delivery of its housing and related services. NHA does not exercise sole dominion or control over these affiliated entities.

[3] Equity affiliates are described in note 8 of the consolidated financial statements.

[4] Sponsored projects include Fisher Ridge, Meadowlark, and River Glen Associates, Inc.

Summary

NHA is a strong and active organization. 2009 was a productive year for our mission and strengthened the organization for future efforts. NHA was recognized in 2009 as one of the 100 Best Nonprofits to Work For in Oregon by Oregon Business Magazine. We look forward to another strong year in 2010 creating opportunity through affordable housing.

Treasurer's Report

The consolidated financial statements and other information contained in this report have been prepared by management, which is responsible for the information's integrity and objectivity. The financial statements have been prepared in accordance with generally accepted accounting principles applied on a consistent basis and are deemed to present fairly the financial position of NORTHWEST HOUSING ALTERNATIVES, INC. and the changes in its net assets and cash flows. Where necessary, management has made informed judgments and estimates of the outcome of events and transactions, with due consideration given to materiality.

As a means of fulfilling its responsibility for the integrity of financial information included in this report, management relies on a system of internal controls established to ensure, within reasonable limits, that assets are safeguarded against loss or unauthorized use, that transactions are properly recorded and executed in accordance with management's authorization, and that the accounting records can be relied upon to prepare financial statements in accordance with generally accepted accounting principles. This system is augmented by careful selection and training of qualified personnel and the dissemination of written policies and procedures.

The financial statements have been examined by the organization's independent accountants, GARY MCGEE & CO., whose report follows. Their examinations were made in accordance with generally accepted auditing standards. The Board of Directors meets periodically with management and the independent accountants to review accounting, auditing, internal accounting controls, and financial reporting matters, and to ensure that all responsibilities are fulfilled with regard to the objectivity and integrity of the organization's financial statements. The Board of Directors also reviews the scope and results of the organization's audit, and current and emerging accounting and financial requirements and practices affecting the organization.

Katy Patricelli
Treasurer
Board of Directors
Northwest Housing Alternatives, Inc.

REPORT OF INDEPENDENT ACCOUNTANTS

*The Board of Directors
Northwest Housing Alternatives, Inc.:*

We have audited the accompanying consolidated statement of financial position of Northwest Housing Alternatives, Inc. and subsidiaries as of December 31, 2009, and the related consolidated statements of activities, revenues and expenses by function, and cash flows for the year then ended. These consolidated financial statements are the responsibility of Northwest Housing Alternatives, Inc.'s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We did not audit the financial statements of certain consolidated entities and certain investments accounted for by the equity method of accounting, which reflect total assets constituting 41.9% and total revenues constituting 28.3% of the related consolidated totals. Those statements were audited by other auditors whose reports have been provided to us, and our opinion, insofar as it relates to the amounts included by these entities, is based solely on the reports of the other auditors. The prior year summarized comparative information has been derived from the consolidated financial statements of Northwest Housing Alternatives, Inc. as of December 31, 2008 and, in our report dated May 26, 2009, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Northwest Housing Alternative, Inc.'s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of the other auditors, the 2009 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Northwest Housing Alternatives, Inc. as of December 31, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in the schedules on pages 38 through 44 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information, which also is the responsibility of Northwest Housing Alternatives, Inc.'s management, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of the other auditors, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink, appearing to read "Gung & Co.", is written in a cursive style.

May 18, 2010 (except for notes 13 and 20,
as to which the date is May 25, 2010)

NORTHWEST HOUSING ALTERNATIVES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2009

(WITH COMPARATIVE AMOUNTS FOR 2008)

	2009	2008
Assets:		
Cash and cash equivalents	\$ 1,351,226	721,433
Tenant and other receivables	50,791	18,785
Investments (note 5)	407,584	604,344
Grant and contract payments receivable	178,566	261,149
Prepaid expenses and deferred charges	296,026	78,410
Current receivables from affiliated organizations (note 6)	1,388,722	85,749
Investments in affiliated organizations (note 8)	1,485,832	1,426,152
Land held for development (note 10)	1,195,752	1,195,752
Restricted deposits and funded reserves (note 9)	1,543,333	1,393,700
Long-term receivables from affiliated organizations (note 6)	1,159,565	1,391,804
Notes receivable from affiliated organizations (note 7)	139,313	38,455
Land, building and equipment (notes 10, 11, and 12)	27,843,086	19,934,490
Total assets	\$ 37,039,796	27,150,223
Liabilities:		
Accounts payable and accrued expenses	238,985	170,137
Construction payable	36,160	150,219
Accrued payroll and related expenses	65,612	40,607
Current portion of long-term debt (note 11)	8,702,033	378,574
Deferred revenue	36,234	23,301
Funds held on behalf of others	118,722	79,313
Long-term debt, less current portion (note 11)	10,203,885	10,097,032
Total liabilities	19,401,631	10,939,183
Net assets:		
Unrestricted:		
Available for general operations and programs	3,580,994	2,056,088
Designated by Board (note 14)	449,509	449,509
Restricted deposits and funded reserves (note 9)	1,543,333	1,322,139
Net investment in capital assets and affiliated organizations	11,988,752	12,131,856
Total unrestricted	17,562,588	15,959,592
Temporarily restricted (note 14)	75,577	251,448
Total net assets	17,638,165	16,211,040
Commitments and contingencies (notes 10, 12, 13, 16, 17, 18, 19 and 20)		
Total liabilities and net assets	\$ 37,039,796	27,150,223

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2009
(WITH COMPARATIVE TOTALS FOR 2008)

	2009		
	Unrestricted	Temporarily restricted	Total
Operating revenues, gains and other support:			
Government grants and contracts	\$ 807,378	67,998	875,376
Private grants and contributions	154,875	-	154,875
Special events, net of direct costs of \$9,577 in 2009 and \$9,699 in 2008	45,204	-	45,204
In-kind contributions	34,579	-	34,579
Trust deed note installments forgiven (note 17)	110,473	-	110,473
Rental income	3,571,089	-	3,571,089
Development fees from equity affiliates (note 4)	1,490,633	-	1,490,633
Consulting and asset management fees	170,562	-	170,562
Resident service fees	65,690	-	65,690
Interest income	114,758	-	114,758
Equity in losses of affiliated organizations (note 8)	(3,641)	-	(3,641)
Other	73,806	-	73,806
Total operating revenues and gains	6,635,406	67,998	6,703,404
Net assets released from restrictions for operating purposes (note 14)	252,869	(252,869)	-
Total operating revenues, gains and other support	6,888,275	(184,871)	6,703,404
Expenses (note 15):			
Program services:			
Annie Ross programs	358,445	-	358,445
HomeBase	86,112	-	86,112
DD group homes	858,601	-	858,601
Property development and consulting	358,546	-	358,546
Rental and leasing	263,519	-	263,519
Management contracts	38,860	-	38,860
Large multi-unit housing	3,210,905	-	3,210,905
Resident services	158,370	-	158,370
Total program services	5,333,358	-	5,333,358
Supporting services:			
Management and general	294,522	-	294,522
Fundraising and public relations	167,182	-	167,182
Total supporting services	461,704	-	461,704
Total expenses	5,795,062	-	5,795,062
Increase (decrease) in net assets before non-operating activities	1,093,213	(184,871)	908,342
Non-operating activities:			
Capital grants received for the acquisition of property	1,636,995	9,000	1,645,995
Provision for the non-collection of loans to affiliated organizations (note 7)	(1,127,212)	-	(1,127,212)
In-kind contributions of capital assets	-	-	-
Total non-operating activities	509,783	9,000	518,783
Increase (decrease) in net assets	1,602,996	(175,871)	1,427,125
Net assets at beginning of year	15,959,592	251,448	16,211,040
Net assets at end of year	\$ 17,562,588	75,577	17,638,165

See accompanying notes to consolidated financial statements.

2008		
Unrestricted	Temporarily restricted	Total
642,359	155,000	797,359
57,835	150,280	208,115
46,753	—	46,753
31,261	—	31,261
113,259	—	113,259
2,008,646	—	2,008,646
735,939	—	735,939
154,983	—	154,983
—	—	—
122,880	—	122,880
(126)	—	(126)
99,805	—	99,805
4,013,594	305,280	4,318,874
82,195	(82,195)	—
4,095,789	223,085	4,318,874
369,168	—	369,168
—	—	—
839,111	—	839,111
273,661	—	273,661
188,391	—	188,391
38,961	—	38,961
1,672,157	—	1,672,157
59,662	—	59,662
3,441,111	—	3,441,111
316,372	—	316,372
142,677	—	142,677
459,049	—	459,049
3,900,160	—	3,900,160
195,629	223,085	418,714
3,474,251	—	3,474,251
(3,466,751)	—	(3,466,751)
112,500	—	112,500
120,000	—	120,000
315,629	223,085	538,714
15,643,963	28,363	15,672,326
15,959,592	251,448	16,211,040

CONSOLIDATED STATEMENT OF REVENUES AND EXPENSES BY FUNCTION

YEAR ENDED DECEMBER 31, 2009

	Program services				
	Annie Ross programs	Home- Base	DD group homes	Property develop- ment and consulting	Rental and leasing
Operating revenues, gains and other support:					
Government grants and contracts	\$ 98,948	59,913	470,815	93,695	10,457
Private grants and contributions	72,682	27,998	-	-	-
Special events, net	2,501	-	-	-	-
In-kind contributions	28,729	-	-	-	-
Trust deed note installments forgiven	-	-	107,020	-	3,453
Rental income	33,400	-	608,149	-	193,586
Development fees	-	-	-	1,490,633	-
Consulting and management fees	-	-	10,081	-	-
Resident service fees	-	-	-	-	-
Interest income	84	-	360	-	363
Equity in losses of affiliated organizations	-	-	-	(3,641)	-
Other	14	-	3,374	350	(3,580)
Total operating revenues, gains and other support	236,358	87,911	1,199,799	1,581,037	204,279
Expenses:					
Salaries and payroll-related costs	224,798	67,001	104,935	325,189	58,602
Professional services	-	-	-	400	19,754
Management fees	-	-	-	-	-
Direct client assistance	30,649	17,715	-	-	14,892
Supplies	671	-	-	207	300
Telephone	3,456	410	1,031	2,042	242
Postage	-	-	15	136	75
Printing	-	-	-	-	-
Repairs and maintenance	8,564	-	249,507	-	21,753
Travel	263	268	3,479	249	1,146
Seminars and conferences	3,255	-	450	5,041	310
Insurance	6,030	-	32,165	-	8,220
Utilities	27,913	329	2,568	-	19,142
Janitorial services	275	-	-	-	866
Groundskeeping	2,106	-	-	-	4,189
Interest	-	-	151,678	-	31,434
Advertising	-	-	-	-	762
Provision for the doubtful collection of receivables	-	-	-	-	(4,285)
Dues, subscriptions and publications	238	-	-	-	-
Community building	3,282	-	-	376	81
Taxes, licenses and fees	297	173	17,244	100	2,036
Other	4,911	208	351	5,411	15,652
Depreciation and amortization	22,107	-	289,320	3,589	63,072
Expenses before allocation of indirect costs	338,815	86,104	852,743	342,740	258,243
Allocation of indirect costs	19,630	8	5,858	15,806	5,276
Total expenses	358,445	86,112	858,601	358,546	263,519
Increase (decrease) in net assets before non-operating activities	(122,087)	1,799	341,198	1,222,491	(59,240)
Non-operating activities:					
Capital grants received for the acquisition of property	-	-	-	1,470,277	175,718
Provision for the non-collection of loans to affiliated organizations	-	-	-	(1,127,212)	-
Total non-operating activities	-	-	-	343,065	-
Increase (decrease) in net assets	\$ (122,087)	1,799	341,198	1,565,556	(59,240)

See accompanying notes to consolidated financial statements.

Management contracts	Large multi-unit housing	Resident services	Supporting services					
			Total	Management and general	Fundraising and public relations	Indirect costs	Total	Total
-	123,295	1,503	858,626	1,750	15,000	-	16,750	875,376
-	-	-	100,680	20,431	33,764	-	54,195	154,875
-	-	-	2,501	-	42,703	-	42,703	45,204
-	-	5,850	34,579	-	-	-	-	34,579
-	-	-	110,473	-	-	-	-	110,473
-	2,735,954	-	3,571,089	-	-	-	-	3,571,089
-	-	-	1,490,633	-	-	-	-	1,490,633
8,525	151,956	-	170,562	-	-	-	-	170,562
-	-	65,690	65,690	-	-	-	-	65,690
-	8,380	-	9,187	105,753	(182)	-	105,571	114,758
-	-	-	(3,641)	-	-	-	-	(3,641)
10,016	58,125	40,347	108,646	5,160	(40,000)	-	(34,840)	73,806
18,541	3,077,710	113,390	6,519,025	133,094	51,285	-	184,379	6,703,404
34,008	673,484	121,086	1,609,103	151,387	138,236	-	289,623	1,898,726
-	237,001	6,598	263,753	42,927	3,720	10,633	57,280	321,033
-	195,139	-	195,139	-	-	-	-	195,139
-	-	-	63,256	-	-	-	-	63,256
-	184,409	735	186,322	2,151	1,594	31,624	35,369	221,691
-	2,275	1,636	11,092	389	-	6,669	7,058	18,150
-	195	-	421	17	1,008	4,029	5,054	5,475
-	-	-	-	-	2,702	771	3,473	3,473
-	24,573	-	304,397	-	-	18,561	18,561	322,958
10	1,155	4,771	11,341	408	1,971	-	2,379	13,720
62	3,748	725	13,591	14,235	806	-	15,041	28,632
580	55,267	129	102,391	1,942	155	12,328	14,425	116,816
-	293,954	-	343,906	-	-	11,455	11,455	355,361
-	70,025	-	71,166	-	-	5,757	5,757	76,923
-	2,805	-	9,100	175	-	9,530	9,705	18,805
-	630,637	-	813,749	8,726	-	-	8,726	822,475
-	1,757	-	2,519	-	150	-	150	2,669
-	32,063	-	27,778	29,096	-	-	29,096	56,874
-	-	-	238	2,758	1,207	2,906	6,871	7,109
-	174	-	3,913	3,337	14	-	3,351	7,264
-	124,097	259	144,206	305	185	119	609	144,815
169	39,844	7,053	73,599	716	1,318	-	2,034	75,633
566	625,980	2,820	1,007,454	6,373	2,338	1,900	10,611	1,018,065
35,395	3,198,582	145,812	5,258,434	264,942	155,404	116,282	536,628	5,795,062
3,465	12,323	12,558	74,924	29,580	11,778	(116,282)	(74,924)	-
38,860	3,210,905	158,370	5,333,358	294,522	167,182	-	461,704	5,795,062
(20,319)	(133,195)	(44,980)	1,185,667	(161,428)	(115,897)	-	(277,325)	908,342
-	-	-	1,645,995	-	-	-	-	1,645,995
-	-	-	(1,127,212)	-	-	-	-	(1,127,212)
-	-	-	518,783	-	-	-	-	518,783
(20,319)	(133,195)	(44,980)	1,704,450	(161,428)	(115,897)	-	(277,325)	1,427,125

CONSOLIDATED STATEMENT OF REVENUES AND EXPENSES BY FUNCTION

YEAR ENDED DECEMBER 31, 2008

	Program services			
	Annie Ross programs	DD group homes	Property develop- ment and consulting	Rental and leasing
Operating revenues, gains and other support:				
Government grants and contracts	\$ 109,743	306,783	180,844	–
Private grants and contributions	–	–	–	–
Special events, net	9,148	–	–	–
In-kind contributions	25,967	–	–	–
Trust deed note installments forgiven	–	113,259	–	–
Rental income	33,269	592,950	–	155,063
Development fees	–	–	735,939	–
Consulting and management fees	–	7,644	–	–
Interest income	201	1,023	–	643
Equity in earnings (losses) of affiliated organizations	–	–	(126)	–
Other	10	–	28	1,265
Allocation of revenues	63,022	–	–	–
Total operating revenues, gains and other support	241,360	1,021,659	916,685	156,971
Expenses:				
Salaries and payroll-related costs	240,446	104,217	248,494	48,500
Professional services	465	–	–	18,032
Management fees	–	–	–	–
Direct client assistance	26,683	–	–	–
Supplies	493	–	358	281
Telephone	2,555	815	877	127
Postage	–	33	83	–
Printing	532	–	181	–
Repairs and maintenance	7,032	195,385	–	26,133
Travel	167	4,142	423	675
Seminars and conferences	3,560	–	1,692	85
Insurance	6,646	25,913	–	6,367
Utilities	21,165	138	–	17,142
Janitorial services	369	–	–	555
Groundskeeping	1,902	–	–	3,236
Interest	–	167,632	–	10,422
Advertising	–	–	–	626
Provision for the doubtful collection of receivables	–	–	–	2,056
Dues and subscriptions	150	–	–	76
Community building	(452)	–	378	–
Taxes, licenses and fees	313	29,658	72	1,689
Other	29,411	–	6,842	881
Depreciation and amortization	17,075	306,316	–	45,793
Expenses before allocation of indirect costs	358,512	834,249	259,400	182,676
Allocation of indirect costs	10,656	4,862	14,261	5,715
Total expenses	369,168	839,111	273,661	188,391
Increase (decrease) in net assets before non-operating activities	(127,808)	182,548	643,024	(31,420)
Non-operating activities:				
Capital grants received for the acquisition of property	–	–	3,354,251	120,000
Provision for the non-collection of loans to affiliated organizations	–	–	(3,466,751)	–
In-kind contribution of capital assets	–	–	112,500	–
Total non-operating activities	–	–	–	120,000
Increase (decrease) in net assets	\$ (127,808)	182,548	643,024	88,580

See accompanying notes to consolidated financial statements.

Management contracts	Large multi-unit housing	Resident services	Total	Supporting services			Total	Total
				Management and general	Fundraising and public relations	Indirect costs		
-	115,026	81,013	793,409	3,950	-	-	3,950	797,359
-	-	-	-	-	208,115	-	208,115	208,115
-	-	-	9,148	19,800	17,805	-	37,605	46,753
-	-	5,294	31,261	-	-	-	-	31,261
-	-	-	113,259	-	-	-	-	113,259
-	1,223,764	-	2,005,046	3,600	-	-	3,600	2,008,646
-	-	-	735,939	-	-	-	-	735,939
8,358	134,421	-	150,423	4,560	-	-	4,560	154,983
-	22,713	-	24,580	99,195	(895)	-	98,300	122,880
-	-	-	(126)	-	-	-	-	(126)
11,572	86,541	34	99,450	355	-	-	355	99,805
-	-	-	63,022	19,799	(82,821)	-	(63,022)	-
19,930	1,582,465	86,341	4,025,411	151,259	142,204	-	293,463	4,318,874
32,728	380,204	37,450	1,092,039	162,166	127,326	-	289,492	1,381,531
-	146,960	5,329	170,786	45,116	865	156	46,137	216,923
-	97,003	-	97,003	-	-	-	-	97,003
-	-	-	26,683	-	-	-	-	26,683
-	146,426	1,283	148,841	67	1,176	22,426	23,669	172,510
-	1,172	1,432	6,978	507	-	5,431	5,938	12,916
-	92	-	208	27	808	3,729	4,564	4,772
-	-	449	1,162	-	2,191	1,377	3,568	4,730
103	7,025	-	235,678	122	-	20,788	20,910	256,588
157	1,068	2,146	8,778	1,157	247	-	1,404	10,182
-	1,581	851	7,769	11,706	833	1,179	13,718	21,487
1,761	39,203	-	79,890	3,634	155	9,921	13,710	93,600
-	135,553	-	173,998	-	-	7,596	7,596	181,594
-	46,609	-	47,533	-	-	5,142	5,142	52,675
50	3,700	-	8,888	-	-	10,343	10,343	19,231
-	78,422	-	256,476	5,130	-	-	5,130	261,606
-	2,535	-	3,161	-	122	-	122	3,283
-	87,013	-	89,069	25,424	-	-	25,424	114,493
-	-	-	226	3,727	119	3,499	7,345	7,571
-	251	-	177	2,089	-	-	2,089	2,266
-	35,434	-	67,166	678	-	121	799	67,965
7	24,480	6,026	67,647	503	624	79	1,206	68,853
-	430,394	-	799,578	20,220	-	1,900	22,120	821,698
34,806	1,665,125	54,966	3,389,734	282,273	134,466	93,687	510,426	3,900,160
4,155	7,032	4,696	51,377	34,099	8,211	(93,687)	(51,377)	-
38,961	1,672,157	59,662	3,441,111	316,372	142,677	-	459,049	3,900,160
(19,031)	(89,692)	26,679	584,300	(165,113)	(473)	-	(165,586)	418,714
-	-	-	3,474,251	-	-	-	-	3,474,251
-	-	-	(3,466,751)	-	-	-	-	(3,466,751)
-	-	-	112,500	-	-	-	-	112,500
-	-	-	120,000	-	-	-	-	120,000
(19,031)	(89,692)	26,679	704,300	(165,113)	(473)	-	(165,586)	538,714

NORTHWEST HOUSING ALTERNATIVES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2009
(WITH COMPARATIVE TOTALS FOR 2008)

	2009	2008
Cash flows from operating activities:		
Cash received from tenants, contractors, grantors and donors	\$ 5,413,581	4,303,816
Equity distributions received from affiliated organizations	–	4,600
Cash received for interest	32,083	62,101
Cash paid to employees and suppliers	(3,957,797)	(2,627,134)
Cash paid for interest	(772,650)	(226,171)
Net cash provided by operating activities	715,217	1,517,212
Cash flows from investing activities:		
Capital expenditures for project in pre-development	(249,062)	(774,020)
Capital expenditures for NHA acquisitions and rehabilitations	(662,497)	(619,985)
Capital expenditures for acquisitions and rehabilitations by subsidiaries	(8,183,630)	(2,634,849)
Acquisition of land held for development	–	(1,195,752)
Loans made to affiliated organizations	(1,888,085)	(3,354,251)
Transfer of capital assets made to affiliated organizations	254,777	523,314
Payments received on loans to affiliated organizations	679,441	8,308
Net change to restricted cash reserves	(149,633)	66,771
Purchase of investments	(303,240)	(1,264,344)
Sales of investments	500,000	660,000
Investments in affiliated organizations	(450)	(125,889)
Net cash used in investing activities	(10,002,379)	(8,710,697)
Cash flows from financing activities:		
Repayment of long-term debt	(271,125)	(817,545)
Proceeds from the issuance of debt	8,542,085	3,955,820
Proceeds from capital grants restricted for property acquisition	1,645,995	3,474,251
Net cash provided by financing activities	9,916,955	6,612,526
Net increase (decrease) in cash and cash equivalents	629,793	(580,959)
Cash and cash equivalents at beginning of year	721,433	1,302,392
Cash and cash equivalents at end of year	\$ 1,351,226	721,433
Supplemental schedule of non-cash investing and financing activities:		
Transfer of property to affiliated organization through the issuance of a note receivable	\$ –	112,500
Purchase of capital assets through issuance of a note payable	220,000	–

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

1. Organization

Northwest Housing Alternatives, Inc. (“NHA”) is a nonprofit organization founded in 1982 to provide a wide range of affordable housing options for Oregonians who earn low incomes including families, seniors and people with special needs. The organization has a portfolio that includes 1,487 units of housing in 16 Oregon counties. NHA’s mission is to create opportunity through housing.

2. Program Services

During the year ended December 31, 2009, NHA provided services in the following major program areas:

Annie Ross Programs – The Annie Ross House provides shelter and services to five Clackamas County families who are experiencing homelessness. NHA Transitional Housing units provide homes for another six families who are transitioning from homelessness to stability.

HomeBase – The community-based program provides eviction prevention services to households to stop homelessness before it begins. On the other side of the coin, HomeBase provides rapid re-housing services enabling staff members to quickly move families out of the shelter into their own home.

DD Group Homes – NHA owns and property-manages 53 group homes across Oregon for adults with developmental disabilities. The homes are leased by licensed care providers.

Property Development and Consulting – NHA is a leading developer of affordable rental communities and group homes. NHA combines federal, state and local government programs with financing from banks, private investors and charitable foundations in order to develop housing. The organization has also acquired and rehabilitated apartments so they continue to be affordable for current and future tenants. NHA also has consulted with other nonprofit organizations on their housing projects.

Rental and Leasing – This program includes several small properties and six group homes in Clackamas County. These properties serve people with special needs and families and individuals who earn low incomes.

Management Contracts – NHA provides on-site property management for a 20-unit apartment building for mental health consumers.

Large Multi-Unit Housing – Providing asset and partnership management of eleven Low Income Housing Tax Credit (LIHTC) projects and twelve preservation projects is the main focus of this program that maintains attractive, financially healthy, and affordable rental housing.

Resident Services – NHA links residents of multi-family and senior properties in the Portland metro area to services provided in the community. Core services include eviction prevention, information and referral, and community building. These links to services help tenants remain stable and access new opportunities.

3. Summary of Significant Accounting Policies

The significant accounting policies followed by NHA are described below to enhance the usefulness of the financial statements to the reader.

Basis of Accounting – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles and the principles of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by donors.

Principles of Consolidation – The accompanying financial statements include all accounts and activities of NHA, including all wholly-owned and majority-owned subsidiaries, joint ventures and partnerships, and all nonprofit organizations in which NHA has a controlling financial and economic interest. The latter category includes five nonprofit Low Income Housing Preservation and Resident Homeownership Act (LIHPRHA) projects organized and operated under Section 236 of the National Housing Act (Oakhill Associates, Inc.; Ridgeway Village Associates, Inc.; Saginaw Village Associates, Inc.; College Manor Associates, Inc.; and Sunnyslope Manor Associates, Inc.), one wholly-owned LIHTC project organized under Section 42 of the Internal Revenue Code (Mayfield Court, Inc.); four LLCs formed to acquire and preserve HUD Section 8 properties at risk of conversion to market rents (Quimby Renewal, LLC; Seneca Terrace, LLC; Spring Renewal, LLC; and Upshur Renewal, LLC); one LLC formed to develop Foster Townhomes, LP (Pleasant Valley Homes, LLC); and nine entities organized under the laws of the State of Oregon to invest in LIHTC projects (333 Associates, LLC; Villa St. Rose Management, LLC; Autumn Park GP, LLC; Foster GP, LLC; Weidler Renewal GP, LLC; The Headwaters GP, LLC; Charleston GP, LLC; Oakridge GP, LLC; and Creekside GP, LLC).

Investments in affiliated organizations in which NHA has significant ownership interests (generally ranging from 20% to 50%), and where the organization exercises significant influence over the operating and financial policies of the affiliate, are accounted for using the equity method. The equity method of accounting is also followed for other investments in limited partnerships for which NHA serves as sponsor and general partner, and in which it holds an equity interest. NHA's share of affiliate earnings is included in the consolidated statement of activities. See note 8 for a summary of NHA's investments in affiliated organizations.

All significant interorganizational investments, accounts and transactions have been eliminated.

Basis of Presentation – NHA has adopted the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") No. 958-605, *Revenue Recognition*, and FASB ASC No. 958-205, *Presentation of Financial Statements*. Under these provisions, net assets and all balances and transactions are presented based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the organization and changes therein are classified and reported as follows:

- *Unrestricted net assets* – Net assets not subject to donor-imposed stipulations.
- *Temporarily restricted net assets* – Net assets subject to donor-imposed stipulations that will be met either by actions of the organization and/or the passage of time.

Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues of the unrestricted net asset class.

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. In the opinion of the organization's management, such differences would not be significant.

Contributions – Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

Contributions of Long-Lived Assets – Contributions of land, building and equipment without donor stipulations concerning the use of such long-lived assets are reported as revenues of the unrestricted net asset class. Contributions of cash or other assets to be used to acquire property and equipment with such donor stipulations are reported as revenues of the temporarily restricted net assets class; the restrictions are considered to be released at the time of acquisition of such long-lived assets.

In-Kind Contributions – A number of unpaid volunteers have made significant contributions of their time to develop and implement the organization's programs. In accordance with FASB ASC No. 958-605, significant services received which create or enhance a nonfinancial asset or require specialized skills that the organization would have purchased if not donated are recognized in the consolidated statement of activities. During the year ended December 31, 2009, \$5,850 of contributed services were recorded.

In-kind contributions of equipment and other materials are recorded where there is an objective basis upon which to value these contributions and where the contributions are an essential part of the organization's activities. During the year ended December 31, 2009, \$28,729 of contributed property, equipment and materials were recorded.

Cash Equivalents – For purposes of the financial statements, the organization considers all liquid investments having initial maturities of three months or less to be cash equivalents.

Investments – Investments are carried at fair value. Net appreciation in the fair value of investments, which consists of the realized gains or losses and the unrealized appreciation (decline) of those investments, is shown in the consolidated statement of activities. Interest income is accrued as earned, and reported net of investment advisory fees. Security transactions are recorded on a trade date basis.

The organization has some exposure to investment risks, including interest rate, market, and credit risks, for marketable securities. Due to the level of risk exposure, it is possible that near-term valuation changes for investment securities may occur to an extent that could materially affect the amounts reported in the accompanying financial statements.

Capital Assets and Depreciation – Land, buildings and equipment are carried at cost, and at market value when acquired by gift. Depreciation is provided on a straight-line basis over the estimated useful lives of the respective assets, which is generally 5 to 40 years for buildings and improvements, 5 years for automobiles, and 3 to 5 years for furnishings and equipment. Expenditures of less than \$4,000 for maintenance, repairs and minor renewals to maintain facilities in operating condition are generally expensed as incurred. Major replacements and renewals of \$1,000 or more are capitalized.

Continued

Development Properties – Properties acquired and held for development are recorded at acquisition cost, plus all costs associated with repair and rehabilitation of the property and other amounts incurred to make the properties ready for their intended use. In addition, certain indirect costs associated with the acquisition of properties are capitalized and allocated to the properties to which the costs relate, including interest expense which is capitalized in accordance with FASB ASC No. 835-20, *Capitalization of Interest*. During the year ended December 31, 2009, no interest expenses were capitalized. Costs incurred for such items after the property has been substantially completed and made ready for its intended use, and indirect costs that do not relate to the property acquired, including general and administrative expenses, are charged to expense as incurred. Depreciation is recorded on all completed and occupied properties.

Revenue Recognition – All contributions and grants are considered available for the unrestricted general operations of the organization unless specifically restricted by a donor. Restricted revenues received and expended in the same period are reported in the unrestricted net asset class. Revenues for services are recognized at the time services are provided and the revenues are earned.

Income Taxes – NHA is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law. In addition, the organization has been recognized as a public charity under Section 509(a)(1) of the Internal Revenue Code.

Advertising Expenses – Advertising costs are charged to expense as they are incurred.

Limitations on Certain Unrestricted Net Assets

– A certain portion of the organization’s unrestricted net assets are limited by contract to use within the program from which they were generated. In these cases, surplus funds are not refundable or payable to the contractor, but are generally limited to providing an extension or continuation of specific program services. In addition and despite the control that NHA exercises over organization affiliates, the net assets of affiliates are not generally available to the parent organization due to restrictions that have been imposed by external grantors and contractors.

Concentrations of Credit Risk – The organization’s investments consist primarily of financial instruments including bonds, stock and certificates of deposit. These financial instruments may subject the organization to concentrations of credit risk as from time to time, as cash balances may exceed amounts insured by the Federal Deposit Insurance Corporation (“FDIC”), the market value of securities are dependant on the ability of the issuer to honor its contractual commitments, and the investments are subject to changes in market values.

The Emergency Economic Stabilization Act of 2008 temporarily raises the basic limit on federal deposit insurance coverage from \$100,000 to \$250,000 per depositor. The temporary increase will remain in effect through December 31, 2013. In addition, unlimited deposit insurance coverage is provided through June 30, 2010 by the FDIC for non-interest bearing transaction accounts at institutions participating in the FDIC’s Transaction Guaranty Program.

Certain receivables also may, from time to time, subject the organization to concentrations of credit risk. To minimize its exposure to significant losses from customer or donor insolvencies, NHA management evaluates the financial condition of its customers and donors, and monitors concentrations of credit risk arising from similar geographic regions, activities, or economic characteristics. When necessary, receivables are reported net of an allowance for uncollectible accounts.

Subsequent Events – As required by FASB ASC No. 855, *Subsequent Events*, subsequent events have been evaluated by management through May 25, 2010, which is the date the financial statements were available to be issued.

Summarized Financial Information for 2008 – The accompanying financial information as of and for the year ended December 31, 2008 is presented for comparative purposes only and is not intended to represent a complete financial statement presentation.

Other Significant Accounting Policies – Other significant accounting policies are set forth in the financial statements and the following notes.

4. Affiliated Organizations

The following describes the organization's principal relationships with affiliated organizations:

Direct ownership:

Cottonwood I Renewal, LLC – NHA is a general partner in Cottonwood I Renewal, LLC, a limited liability company and an LIHTC project. The organization's ownership interest is 0.01%, and it will share in residual profits and losses to that extent. Prior to July 10, 2009, NHA was the sole owner of this entity.

Cottonwood II Renewal, LLC – NHA is a general partner in Cottonwood II Renewal, LLC, a limited liability company and an LIHTC project. The organization's ownership interest is 0.01%, and it will share in residual profits and losses to that extent. Prior to July 10, 2009, NHA was the sole owner of this entity.

King-Bell Associates, LP – NHA is a limited partner in King-Bell Associates, LP. The organization's ownership interest is 1.0%.

Roselyn Renewal, LLC – NHA is a general partner in Roselyn Renewal, LLC, a limited liability company and an LIHTC project. The organization's ownership interest is 0.01%, and it will share in residual profits and losses to that extent. Prior to July 10, 2009, NHA was the sole owner of this entity.

Trenton Terrace, LP – NHA is a general partner in Trenton Terrace, LP, a limited partnership and an LIHTC project. The organization's ownership interest is 0.01%, and it will share in residual profits and losses to that extent.

Victorian Inn, LP – NHA is a general partner in Victorian Inn, LP, a limited partnership and an LIHTC project. The organization's ownership interest is 1.0%, and it will share in residual profits and losses to that extent. In addition, the organization will share in profits from the sale or refinancing of the properties owned by the limited partnership to the extent of 50%.

Indirect ownership:

Autumn Park Renewal, LP – NHA is a general partner (through Autumn Park GP, LLC) in Autumn Park Renewal, LP, a limited partnership and an LIHTC project. The organization's ownership interest is 0.01%, and will share in residual profits and losses to that extent. In addition, the organization will share in profits from the sale or refinancing of the properties owned by the limited partnership to the extent of 50%.

Continued

Charleston, LP – NHA is the general partner (through Charleston GP, LLC) in Charleston, LP. The organization’s ownership interest is 0.01%, and it will share in residual profits and losses to that extent.

Creekside Woods, LP – NHA is a general partner (through Creekside GP, LLC) in Creekside Woods, LP. The organization’s ownership is 0.01%, and it will share in residual profits and losses to that extent. The project began construction in September of 2009.

Foster Townhomes, LP – NHA is a general partner (through Foster GP, LLC) in Foster Townhomes, LP. The organization’s ownership is 0.01%, and it will share in residual profits and losses to that extent.

Oak Associates, LP – NHA is a general partner (through 333 Associates, LLC) in Oak Associates, LP. The organization’s ownership interest is 0.01%, and it will share in residual profits and losses to that extent.

Rosemont Senior Housing Associates, LP – NHA is a general partner (through Villa St. Rose Management, LLC) in Rosemont Senior Housing Associates, LP. The organization’s ownership is 0.01%, and it will share in residual profits and losses to that extent.

Rosemont Town Homes Associates, LP – NHA is a general partner (through Villa St. Rose Management, LLC) in Rosemont Town Homes Associates, LP. The organization’s ownership is 0.01%, and it will share in residual profits and losses to that extent.

Village at the Headwaters, LP – NHA is a general partner (through The Headwaters GP, LLC) in Village at the Headwaters, LP, a limited partnership and an LIHTC project. The organization’s ownership interest is 0.01%, and it will share in residual profits and losses to that extent.

Weidler Renewal, LP – NHA is a general partner (through Weidler Renewal GP, LLC) in Weidler Renewal, LP, a limited partnership and an LIHTC project. The organization’s ownership interest is 0.01%, and it will share in residual profits and losses to that extent. In addition, the organization will share in profits from the sale or refinancing of the properties owned by the limited partnership to the extent of 50%.

Sponsored projects and other interests:

Clackamas Community Land Trust – Founded in 1999, the Clackamas Community Land Trust (CCLT) is a nonprofit organization that provides affordable home ownership opportunities to low- and moderate-income families by obtaining land and holding it in perpetuity. Through October of 2005, NHA provided staffing and support services to CCLT. NHA’s control of CCLT through Board appointments ended in 2002. As a result, the assets, liabilities, net assets, revenues, expenses, and other transactions of CCLT are not included in the accompanying financial statements.

River Glen Associates, Inc. – NHA is the sponsor and management agent of River Glen Associates, Inc., a LIHPRHA project operated under the control of a separate Board of Directors and not included in the accompanying financial statements.

Other Projects – NHA is also the sponsor of the Fisher Ridge and Meadowlark projects.

In formation:

Oakridge Park, LP – NHA is currently the sole member of Oakridge Park, LP (through Oakridge GP, LLC). The project is currently in the pre-development stage.

At December 31, 2009, NHA reported various advances and notes receivable from the above entities as disclosed in notes 6 and 7.

Summarized revenues, net of allowances and discounts, resulting from the relationships and transactions described above for the year ended December 31, 2009 are summarized as follows:

Revenues:

Development fees	\$ 1,490,633
Asset management fees	170,562
Resident service fees	65,690
Interest income	90,497
	\$ 1,817,382

Related party interest income is generated by notes receivable and development fee receivable due from affiliated organizations (see notes 6 and 7).

5. Investments

Investments held by NHA at December 31, 2009 consisted of the following, at fair value:

Certificates of deposit	\$ 403,422
Common stock	4,162
	\$ 407,584

6. Receivables from Affiliated Organizations

At December 31, 2009, amounts due from affiliates, net of \$420,770 in allowances for non-collection and discounts, consist of the following:

Current:

Charleston, LP [A]	\$ 643,444
Roselyn Renewal, LLC [C]	233,000
Cottonwood I Renewal, LLC [D]	164,118
Creekside Woods, LP [F]	135,678
Cottonwood II Renewal, LLC [E]	99,000
Village at the Headwaters, LP [H]	53,945
Trenton Terrace, LP	26,733
Victorian Inn, LP	15,413
Other	17,391
	1,388,722

Long-term:

Autumn Park Renewal, LP [B]	650,193
Charleston, LP [A]	129,445
Cottonwood I Renewal, LLC [D]	99,743
Oak Associates, LP [G]	87,455
Roselyn Renewal, LLC [D]	66,548
Cottonwood II Renewal, LLC [E]	63,068
Foster Townhomes, LP	51,068
Other	12,045
	1,159,565

Total \$ 2,548,287

[A] In 2008, NHA (through Charleston GP, LLC) entered into a development services agreement with Charleston, LP. In consideration of the services provided pursuant to this agreement, NHA is entitled to \$1,116,060 in development fees generated by the project to be recognized based on the percentage completed each year. At December 31, 2009, the project was 100% complete with NHA earning the remaining \$438,143 in 2009. At December 31, 2009, Charleston, LP owed \$772,889 to NHA related to development fees earned during the year.

[B] In 2005, NHA (through Autumn Park GP, LLC) entered into a development services agreement with Autumn Park Renewal, LP. In consideration of the services provided pursuant to this agreement, NHA earned \$850,000 in development fees generated by the project. Interest on the outstanding balance is calculated at 5.5% according to the development services agreement. Total unpaid developer fees, including accrued interest, at December 31, 2009 is \$620,598 and is subject to the availability of cash and subordinate to cash that may be required for the underwriting of operating deficits and other costs.

Continued

At December 31, 2009, Autumn Park Renewal, LP also owed \$195,284 to NHA for partnership management fees accrued of which \$165,689 has been reserved.

[C] In 2009, NHA entered into a development services agreement with Roselyn Renewal, LLC. In consideration of the services provided pursuant to this agreement, NHA is entitled to \$383,000 in development fees generated by the project to be recognized based on the percentage completed each year. At December 31, 2009, the project was 82.23% complete with NHA earning \$323,826 in 2009. At December 31, 2009, Roselyn Renewal LLC owed \$323,826 to NHA and this balance is reported in the accompanying financial statements at \$299,548, which is the present value of the expected future cash flows using a discount factor of 5.0%.

[D] In 2009, NHA entered into a development services agreement with Cottonwood I Renewal, LLC. In consideration of the services provided pursuant to this agreement, NHA is entitled to \$342,000 in development fees generated by the project to be recognized based on the percentage completed each year. At December 31, 2009, the project was 95.23% complete with NHA earning \$328,072 in 2009. At December 31, 2009, Cottonwood I Renewal, LLC owed \$300,190 to NHA and this balance is reported in the accompanying financial statements at \$263,861, which is the present value of the expected future cash flows using a discount factor of 5.0%.

[E] In 2009, NHA entered into a development services agreement with Cottonwood II Renewal, LLC. In consideration of the services provided pursuant to this agreement, NHA is entitled to \$215,000 in development fees generated by the project to be recognized based on the percentage completed each year. At December 31, 2009, the project was 94.25% complete with NHA earning \$205,513 in 2009. At December 31, 2009, Cottonwood II Renewal, LLC owed \$189,512 to NHA and this balance is reported in the accompanying financial statements at \$162,068, which is the present value of the expected future cash flows using a discount factor of 5.0%.

[F] In 2009, NHA entered into a development services agreement with Creekside Woods, LP. In consideration of the services provided pursuant to this agreement, NHA is entitled to \$1,123,390 in development fees generated by the project to be recognized based on the percentage completed each year. At December 31, 2009, the project was 20% complete with NHA earning \$224,678 in 2009. At December 31, 2009, Creekside Woods, LP owed \$135,678 to NHA.

[G] In 1999, NHA (through 333 Associates, LLC) entered into a development services agreement with Oak Associates, LP to develop the Oaks Apartments. In consideration of the services provided pursuant to this agreement, NHA earned 30% of the \$733,632 in development fees generated by the project, or \$220,090. As of December 31, 2009, \$92,480 has been collected. The long-term balance of \$127,610 is subject to the availability of cash, and is subordinate to cash that may be required for the underwriting of operating deficits and other costs. At December 31, 2009, the long-term balance is reported in the accompanying financial statements at \$87,455, which is the present value of the expected future cash flows using a discount factor of 6.5%.

[H] In 2005, NHA entered into a development services agreement with Village at the Headwaters, LP. In consideration of the services provided pursuant to this agreement, NHA earned \$100,000 in 2005 and \$500,000 in 2006 for a total of \$600,000 in development fees generated by the project. As of December 31, 2009, \$564,204 has been collected. The organization expects to collect the remainder \$35,796 in 2010, though repayment is subject to the availability of cash, and is subordinate to cash that may be required for the underwriting of operating deficits and other costs.

At December 31, 2009, Village at the Headwaters, LP also owed \$30,909 to NHA for partnership management fees accrued of which \$12,760 has been reserved.

7. Notes Receivable from Affiliated Organizations

Notes receivable from affiliates at December 31, 2009 consist of the following:

Trenton Terrace, LP [A]	\$ 5,679,623
Cottonwood II Renewal, LLC [B]	515,060
Creekside Woods, LP [C]	414,910
Autumn Park Renewal, LP [D]	293,917
Cottonwood I Renewal, LLC [E]	244,584
Charleston, LP [F]	223,282
Village at the Headwaters, LP [G]	171,265
Clackamas Community Land Trust [H]	79,932
Weidler Renewal, LP [I]	76,907
Roselyn Renewal, LLC [J]	53,192
	<hr/> 7,752,672
Less allowance for doubtful collection	(7,613,359)
	<hr/> \$ 139,313

[A] In 2006, NHA obtained financing from the U.S. Department of Housing and Urban Development under the Section 202 capital advance program for the development of the Trenton Terrace Project in an amount not to exceed \$5,645,200. In 2006, NHA entered into a loan agreement with Trenton Terrace, LP to advance the project HUD funds for the construction of housing for the elderly. NHA made advances totaling \$5,645,200 from 2006 to 2008. The note bears simple interest at 0.25% with payment of principal and interest due monthly beginning in March of 2008 through May 1, 2047, provided that there are sufficient net cash flows available. The note is immediately payable in full in the event of default. Given that the conditions precedent to repayment of the loan are unlikely to occur, NHA's management has elected to fully reserve all amounts advanced and accrued interest totaling \$5,679,623 as of December 31, 2009.

[B] NHA issued a secured note to Cottonwood II Renewal, LLC for \$614,110. The note bears simple interest at 1.0% annually. Unpaid principal and interest are due on December 31, 2049. At December 31, 2009, principal and accrued interest outstanding totaled \$506,836, and this amount has been fully reserved.

NHA also made predevelopment loan advances to Cottonwood II Renewal, LLC and the balance outstanding was \$8,224 at December 31, 2009.

[C] In 2009, NHA (through Creekside GP, LLC) obtained financing from the U.S. Department of Housing and Urban Development under the Section 202 capital advance program for the development of the Creekside Woods Apartments (the "Project") in an amount not to exceed \$5,535,700. In 2009, NHA entered into a loan agreement with Creekside Woods, LP to advance the project HUD funds for the construction of the Project. NHA made advances totaling \$330,000 during 2009. The note bears no interest with payment of principal due in full by February 1, 2051, provided that there are sufficient net cash flows available. The note is immediately payable in full in the event of default. Given that the conditions precedent to repayment of the loan are unlikely to occur, NHA's management has elected to fully reserve all amounts advanced and accrued interest totaling \$330,000 as of December 31, 2009.

NHA also made predevelopment loan advances to Creekside Woods, LP and the balance outstanding was \$84,910 at December 31, 2009.

[D] NHA (through Autumn Park GP, LLC) issued a note to Autumn Park Renewal, LP for up to \$280,000. As of December 31, 2007, the full \$280,000 had been drawn on this note. The note bears simple interest at 1.0% annually. The entire unpaid balance of principal and interest are due on or before the earliest of (a) December 31, 2044; (b) the date that is 15 years after the close of the compliance period; (c) the date the property is no longer a qualified low-income property; or (d) the date the property is sold. At December 31, 2009, principal and accrued interest outstanding totaled \$293,917, and this amount has been fully reserved.

[E] NHA issued a secured note to Cottonwood I Renewal, LLC for \$262,180. The note bears simple interest at 1.0% annually. Unpaid principal and interest are due on December 31, 2049. At December 31, 2009, principal and accrued interest outstanding totaled \$241,424, and this amount has been fully reserved.

NHA also made predevelopment loan advances to Cottonwood I Renewal, LLC and the balance outstanding was \$3,160 at December 31, 2009.

[F] NHA issued two secured notes to Charleston, LP totaling \$212,500 at an interest rate of 2.75% annually. Unpaid principal and interest are due on July 1, 2048. At December 31, 2009, principal and accrued interest outstanding totaled \$221,568, and this amount has been fully reserved.

NHA also made predevelopment loan advances to Charleston, LP and the balance outstanding was \$1,714 at December 31, 2009.

[G] NHA issued a secured note to the Village at the Headwaters, LP for up to \$150,000. As of December 31, 2006, the full \$150,000 had been drawn on this note. The note bears interest at 1.5%, compounded annually. The entire unpaid balance of principal and interest are due on the earliest of December 31, 2048, the sale, or transfer of the property. At December 31, 2009, principal and accrued interest outstanding totaled \$171,265, and \$170,515 of this amount has been fully reserved.

[H] At December 31, 2009, NHA held a note receivable in the original amount of \$95,000 at an interest rate of 3.0% annually. Unpaid principal and interest are due on December 31, 2022. At December 31, 2009, the outstanding balance on the note is \$79,932, and \$50,000 of this amount has been reserved.

[I] In 2006, NHA issued a secured pre-development loan to Wiedler Renewal, LP for up to \$65,000 of which \$65,000 had been drawn as of December 31, 2006. The note bears interest at 5.35% and the entire unpaid balance of principal and interest are due on December 31, 2047. At December 31, 2009, principal and accrued interest outstanding totaled \$76,907, and \$69,426 of this amount has been fully reserved.

[J] NHA issued a secured note to Roselyn Renewal, LLC for \$50,000. The note bears simple interest at 1.0% annually. Unpaid principal and interest are due on December 31, 2049. At December 31, 2009, principal and accrued interest outstanding totaled \$50,049, and this amount has been fully reserved.

NHA also made predevelopment loan advances to Roselyn Renewal, LLC and the balance outstanding was \$3,143 at December 31, 2009.

Provision for the non-collection of loans receivable during 2009:

During the year ended December 31, 2009, NHA's management elected to record a provision for the non-collection of loans made to affiliated organizations totaling \$1,127,212 as follows:

Cottonwood II Renewal, LLC	\$	506,250
Creekside Woods, LP		330,000
Cottonwood I Renewal, LLC		240,962
Roselyn Renewal, LLC		50,000
		<hr/>
	\$	1,127,212

8. Investments in Affiliated Organizations

Generally, NHA is the sponsor and general partner (either directly or indirectly through wholly owned nonprofit subsidiaries), of the following limited partnerships and limited liability corporations:

	Ownership interest	Invest-ment	Current year equity in earnings (losses) of affiliates
Autumn Park Renewal, LP (through Autumn Park GP, LLC)	.01%	\$ -	-
Charleston, LP (through Charleston GP, LLC)	.01%	282	(18)
Cottonwood I Renewal, LLC	.01%	19,035	4
Cottonwood II Renewal, LLC	.01%	21,443	4
Creeside Woods, LP (through Creekside GP, LLC)	.01%	500	-
Foster Townhomes, LP (through Foster GP, LLC)	.01%	-	-
King-Bell Associates, LP [A]	1%	-	-
Mayfield Court, Inc.	100.0%	-	(2,600)
Oak Associates, LP (through 333 Associates, LLC)	.01%	(89)	(18)
Oakridge Park, LP (through Oakridge GP, LLC; in formation)	100.0%	200	-
Roselyn Renewal, LLC	.01%	22,709	8
Rosemont Senior Housing Associates, LP (through Villa St. Rose Management, LLC)	.01%	649,588	(35)
Rosemont Town Homes Associates, LP (through Villa St. Rose Management, LLC)	.01%	192,437	(6)
Trenton Terrace, LP	.01%	61,762	(19)
Victorian Inn, LP	1%	395,348	(1,036)
Village at The Headwaters, LP (through The Headwaters GP, LLC)	.01%	122,515	76
Weidler Renewal, LP (through Weidler Renewal GP, LLC)	.01%	102	(1)
		\$ 1,485,832	(3,641)

[A] NHA is a limited partner in King-Bell Associates, LP.

Each of the entities listed above was formed under the laws of the State of Oregon for the purpose of rehabilitating, constructing, operating and/or investing in LIHTC projects.

Summarized financial information for the limited partnerships and limited liability corporations at December 31, 2009 was as follows:

Current assets	\$ 1,703,447
Restricted reserves	3,738,743
Land, building and equipment	61,659,509
Other assets	749,119
Total assets	\$ 67,850,818
Current liabilities	2,309,432
Due to developers and partners	12,420,733
Long-term debt	37,073,480
Total liabilities	51,803,645
Net assets	16,047,173
Total liabilities and net assets	\$ 67,850,818
Net decrease in net assets	\$ (1,477,224)

9. Restricted Deposits and Funded Reserves

In accordance with regulations promulgated by the U.S. Department of Housing and Urban Development (HUD) and the State of Oregon Housing and Community Services Department (OHCS), NHA maintains certain restricted cash reserves for the renewal and replacement of property, capital improvements, necessary insurance reserves, etc. totaling \$1,543,333. These reserves may be used only upon the authorization of HUD or OHCS.

10. Land, Building and Equipment

A summary of land, building and equipment at December 31, 2009 is as follows:

Buildings and improvements	\$ 31,436,958
Land and improvements	5,740,211
Furnishings and equipment	269,992
Automobiles	10,938
Construction in-progress	885,004
	38,343,103
Less accumulated depreciation	(10,500,017)
	\$ 27,843,086

Land Held for Development

At December 31, 2009, NHA held land totaling \$1,195,752 for development of the Oakridge Park project.

In the above categories of land and buildings, several housing projects funded by restricted grants and contracts are represented. In accordance with contract stipulations, these properties must remain available to eligible low-income households in accordance with the Low Income Housing Preservation and Resident Homeownership Act. Failure to retain this housing exclusively for eligible low-income families and individuals could result in revocation of the grants and the return of all funds received plus interest since the date of the first advance.

As of December 31, 2009, the organization has complied with all asset restrictions referred to above, and also has the intention and ability to continue to comply with those restrictions. Accordingly, no liability has been recorded in the accompanying financial statements.

NHA periodically reviews the carrying amount of capital assets whenever events or circumstances provide evidence that suggests that the carrying amount may not be recoverable. NHA assesses the recoverability of the capital assets by comparing the estimated undiscounted cash flows associated with the related assets against their respective carrying amounts. If such assets are considered to be impaired in value, that is, when the carrying amount exceeds the fair value of those assets, the impairment is recognized as a charge in the consolidated statement of activities. During the year ended December 31, 2009, NHA recorded no impairment charges.

11. Long-Term Debt

The acquisition and rehabilitation of the organization's properties include costs financed through loans received from various parties. The following obligations, all secured by property (except as noted), were outstanding at December 31, 2009:

Adult Foster Care Projects:

Trust deed notes payable to the Oregon Housing and Community Services Department, at 7.4%, due in monthly payments of \$2,354 through 2026. \$ 269,422

Our Apartment Project:

Trust deed note payable to the Oregon Housing and Community Services Department, at 7.25%, due in monthly payments of \$733 through 2012. 20,048

Continued

**Pre-Development Loan
for Various Affiliates:**

Two loans payable to Wells Fargo Community Development Corporation, at 2.0% for the first five years and thereafter at the greater of 2.0% or the Treasury Rate minus 3.0%, interest due quarterly, unpaid principal and interest due in August of 2010 for the first note and May of 2014 for the second note with options to extend. A request has been submitted to extend the first note for an additional five years. 500,000

Oakridge Park:

Two promissory notes payable to the Network for Oregon Affordable Housing (“NOAH”), \$400,000 at 4.0% and \$1,128,975 at 4.5%, with unpaid principal and interest due in July of 2010. An extension of this loan until December of 2010 is in process. 1,528,975

Bridges to Housing (B2H):

Loan payable to Clackamas County HOME Program, at 0%, due in January of 2059 or earlier if the property is transferred or sold or the loan is in default. 250,000

Mollala:

Mortgage payable to commercial banks, at 7.875% due in monthly payments of \$842 through 2029. 96,779

Loan payable to Clackamas County, with payments deferred until 2013 at 0% interest. The loan is repayable only if the property is sold or transferred, is changed from affordable housing status, or in the event of default. 67,090

DD Group Homes:

First mortgages payable to the Oregon Housing and Community Services Department, at rates varying between 0.25% to 8.8%, due in monthly aggregate payments of \$19,987 through 2030. 2,327,199

Non-interest bearing liens payable to the Mental Health and Developmental Disability Services Division of the State of Oregon, reduced monthly in the aggregate amount of \$8,918 as long as the properties continue to house qualifying tenants, through 2030. 1,675,964

Hearthstone:

Promissory note payable to the Office of Mental Health and Addiction Services of the State of Oregon, at 5.0%, with unpaid principal and interest due in May of 2056. On the maturity date, the terms of the note may be extended or forgiven if the property has continuously been used in accordance with the note agreement. \$ 260,333

Non-interest bearing liens payable to the Mental Health and Addiction Services Division of the State of Oregon, reduced annually in the amount of \$3,453 as long as the properties continue to house qualifying tenants, through 2036. 93,893

Fieldstone:

Promissory note payable to the Office of Mental Health and Addiction Services of the State of Oregon, at 5.0%, with unpaid principal and interest due in December of 2058. On the maturity date, the terms of the note may be extended or forgiven if the property has continuously been used in accordance with the note agreement. 230,759

Mayfield Court, Inc.:

Mortgage note payable to Union Bank of California, at 6.0% (10.0% should Mayfield Court Associates, LP lose its qualification for "Oregon Lenders Tax Credits,") due in monthly payments of \$4,239 through 2024. 482,792

Seneca Terrace, LLC:

Mortgage note payable to Network for Oregon Affordable Housing (NOAH), at 5.0%, interest only payments of \$8,795 beginning in 2009. A balloon payment is due in May of 2010. (Paid in full in May of 2010. See note 13.) 1,919,000

Loan payable to Community Development Block Grant program and HOME of up to \$200,000 each, at 2.75%, interest only payments, due in 2048. (Transferred to a new limited partnership in May of 2010. See note 13.) 400,000

Note payable to the National Housing Trust Community Development Fund, at 6.25%, quarterly interest payments beginning in March of 2010, due on earlier of closing on permanent financing or April of 2011. (Paid in full in May of 2010. See note 13.) 125,000

Quimby Renewal, LLC:

Mortgage note payable to Network for Oregon Affordable Housing (NOAH), at 5.5%, with unpaid principal and interest due in full on or before October 20, 2010 unless extended. (Paid in full in May of 2010. See note 13.) 2,498,000

Spring Renewal, LLC:

Mortgage note payable to Network for Oregon Affordable Housing (NOAH), at 5.5%, with unpaid principal and interest due in full on or before February 1, 2012 unless extended. 2,318,000

Unsecured note payable to Spring Street Apartments, LLC, at 7.5%, with unpaid principal and interest due on January of 2012. 170,000

Upshur Renewal, LLC:

Mortgage note payable to Network for Oregon Affordable Housing (NOAH), at 5.5%, with unpaid principal and interest due in full on or before July of 2010 unless extended. (Paid in full in May of 2010. See note 13.) \$ 2,075,000

Unsecured note payable to Upshur House, LLC, at 7.5%, with unpaid principal and interest due on January of 2012. (Paid in full in May of 2010. See note 13.) 200,000

Conditional grant from the Oregon Housing and Community Services Department for acquire project. If tax-exempt bond financing is not secured within two years, the grant will convert to a note with interest accruing at 4.15%. (Paid in full in May of 2010. See note 13.) 890,776

Other LIHPRHA Projects:

Mortgage payable to Berkadia Commercial Mortgage, at 7.0%, due in monthly payments of \$13,430 through 2013. 506,888

\$ 18,905,918

Unsecured borrowing in the above table totals \$370,000.

Continued

Aggregate maturities of the long-term debt for the five years subsequent to December 31, 2009 and thereafter are as follows:

<i>Years ending December 31,</i>	
2010	\$ 8,702,033
2011	1,426,652
2012	3,084,950
2013	369,851
2014	559,001
Thereafter	4,763,431
	<hr/>
	\$ 18,905,918

12. Line of Credit, Government Liens and Contingent Liabilities

At December 31, 2009, the organization has available an unsecured line of credit in the amount of \$96,500. Interest is prime rate plus 1.75%. At December 31, 2009, there was no balance outstanding under this agreement.

At December 31, 2009, the organization holds certain properties acquired from Multnomah County, each having been acquired by the County through tax foreclosure. Following the rehabilitation of the properties, each is to be used for a period no less than thirty years for low-income rental housing. Liens on these properties totaled \$7,679 at December 31, 2009, representing the canceled property taxes and other costs incurred by the County in acquiring these properties. At the end of the thirty-year period, the County will cancel this obligation. As of December 31, 2009, the organization has complied with all asset restrictions referred to above, and also has the intention and ability to continue to comply with those restrictions. Accordingly, no liability for these liens is included in the accompanying financial statements.

NHA has also entered into an “equity gap” financing agreement with the Portland Development Commission (PDC) for the financing of certain property, whereby if the properties are sold, transferred, refinanced or changed as to use, the outstanding balance of the financing must be reported immediately to PDC. In addition, if the operation of this property demonstrates surplus revenue in excess of 1.15 times annual debt service in any single year of its operation, the excess must be shared equally with PDC. At December 31, 2009, there was no liability under these agreements.

In addition, NHA has also received grants from HUD, State of Oregon and other government agencies, for the financing of certain property, whereby if the properties are sold, transferred, refinanced or changed as to use, the grants become immediately payable. At December 31, 2009, there were no liabilities under these agreements.

13. Subsequent Events

On March 10, 2010, three limited liability companies (Quimby Renewal, LLC, Seneca Terrace, LLC, and Upshur Renewal, LLC) entered into the rehabilitation phase and were reorganized into limited partnerships as LIHTC projects under Section 42 of the Internal Revenue Code. Prior to March 10, 2010, NHA was the sole owner of these entities. After the reorganization, NHA, through newly formed wholly owned limited liability companies, became the general partner of these partnerships with a 0.01% ownership interest.

As a result of the reorganization, in May of 2010, several loans of these entities were paid in full or assumed by the new limited partnership as follows:

	Current portion of long-term debt	Long-term debt	Total
Total debt outstanding at December 31, 2009 <i>(note 11)</i>	\$ 8,702,033	10,203,885	18,905,918
Debt retirement in May of 2010:			
Seneca Terrace, LLC:			
NOAH note	(1,919,000)	–	(1,919,000)
CDBG (assumed by a new limited partnership)	–	(400,000)	(400,000)
National Housing Trust Community			
Development Fund	–	(125,000)	(125,000)
Quimby Renewal, LLC:			
NOAH note	(2,498,000)	–	(2,498,000)
Upshur Renewal, LLC:			
NOAH note	(2,075,000)	–	(2,075,000)
Upshur House, LLC		(200,000)	(200,000)
Oregon Housing and Community Services Department	–	(890,776)	(890,776)
Total debt retirement	(6,492,000)	(1,615,776)	(8,107,776)
Total debt outstanding at May 25, 2010	\$ 2,210,033	8,588,109	10,798,142

14. Restrictions and Limitations on Net Asset Balances

Board-Designated Net Assets

NHA's Board of Directors designated \$449,509 of the organization's unrestricted net assets for long-term investment at December 31, 2009.

Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following at December 31, 2009:

Contributions, grants, and other unexpended revenues and gains available for:

HomeBase program	\$	26,699
Resident services		20,000
Shelter services		15,000
Green building		9,000
Other program services		4,878
	\$	75,577

Net Assets Released from Restrictions

During the year ended December 31, 2009, \$252,869 was released from temporary restrictions by incurring expenses in satisfaction of the restricted purposes specified by the organization's donors, or by the occurrence of other events specified by donors.

15. Expenses

The costs of providing the various programs and activities of the organization have been summarized on a functional basis in the consolidated statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Expenses by natural classification are presented in the consolidated statement of revenues and expenses by function.

16. Retirement Plan

NHA offers voluntary retirement plans as described under Section 403(b) of the Internal Revenue Code, and makes them available to substantially all full-time and certain part-time employees. All employees may make voluntary contributions to the appropriate plan on a pre-tax basis, up to the limits allowed by law, from their first day of employment. Employees select among several investment options. The organization contributes a discretionary matching percentage of eligible employees' salary reduction amount. During the year ended December 31, 2009, the organization matched 4.0% of the eligible employees' salary reduction amount for the year. Matching contributions made by the organization during the year ended December 31, 2009 totaled \$34,911.

17. Trust Deed Note Installments Forgiven

At December 31, 2009, mortgages and liens payable in the amount of \$1,675,964 were owed to the Mental Health Development Disability Services Division of the State of Oregon, under programs where the liens are reduced ratably each month that the encumbered properties are used exclusively and continuously to house qualifying tenants. Principal and interest payments related to the second mortgages are made on behalf of NHA by the Mental Health and Developmental Disability Services Division of Oregon to the Oregon Housing and Community Services Department. Should the organization use the properties for any other purpose or attempt to sell the properties, the outstanding balances become due and payable within 15 days. Principal and interest forgiven and/or paid on behalf of NHA during the year ended December 31, 2009 totaled \$110,473.

18. Conditional Grants

In 2009, NHA obtained financing from U.S. Department of Housing and Urban Development (HUD) under the Section 202 capital advance program, in an amount not to exceed \$5,535,700, for the construction of Creekside Woods. As of December 31, 2009, NHA had drawn down \$330,000. The capital advances do not bear interest and need not be paid as long as the housing remains available to elderly persons for at least 40 years. Failure to maintain the housing for elderly persons will result in HUD's seeking a return of their funds plus interest since the date of the first advance. A liability for the capital advance is not reflected in the accompanying financial statements, because repayment is contingent upon future events.

During 2008, NHA received a \$300,000 grant from Meyer Memorial Trust to be used to create a revolving strategic growth fund that would be used to pay development expenses on projects in rural areas of Oregon. The first \$150,000 was received in 2008 and the remaining \$150,000 is to be paid in 2013 on the condition that NHA replenish the original \$150,000 in the revolving strategic growth fund by August 1, 2013. The second installment of the grant will not be recorded by NHA until all conditions have been met. As of December 31, 2009, the associated conditions have not been met, although all of the initial \$150,000 has been used for the predevelopment costs of properties in rural Oregon.

19. Contingencies

Amounts received and expended by the organization under contracts with various federal and state governmental agencies are subject to audit and adjustment by those agencies. Any expenditures or claims disallowed as a result of such audits would become a liability of the organization's general operating funds. In the opinion of the organization's management, any adjustment that might result from such audits would not be material to the organization's overall financial statements.

20. Contingent Liabilities

FASB ASC No. 460, *Guarantees*, requires a guarantor to recognize, at the inception of a guarantee, a liability for the fair value of the obligation undertaken by issuing the guarantee.

Operating Deficit Guarantees

At December 31, 2009, NHA has provided various guarantees to certain affiliated organizations for the funding of operating deficits. These guarantees were undertaken to ensure the development of these properties and the availability of housing to the constituents served by the organization. NHA management believes that its estimated exposure on these agreements is currently minimal. Accordingly, NHA has no liabilities recorded for these guarantees at December 31, 2009.

Loan Guarantees

At December 31, 2009, NHA has also guaranteed the repayment of certain construction loans on behalf of several affiliates with properties under construction or rehabilitation. The guaranteed loan amounts and outstanding balances on these construction loans at December 31, 2009 are as follows:

	Loan amount	Loan balance
Charleston, LP ¹	\$ 7,080,000	5,249,577
Cottonwood I Renewal, LLC	1,750,000	1,395,400
Cottonwood II Renewal, LLC	1,400,000	1,115,370
Creekside Woods, LP	5,370,000	-
Roselyn Renewal, LLC	2,450,000	2,103,079
	<hr/>	
	\$ 18,050,000	9,863,426

¹ Subsequent to December 31, 2009, NHA retired the loan guaranty associated with Charleston, LP.

NHA management believes that its estimated exposure on these agreements is currently minimal. Accordingly, NHA has no liabilities recorded for these guarantees at December 31, 2009.

As described in note 13, subsequent to December 31, 2009, Quimby Renewal, LLC; Seneca Terrace, LLC; and Upshur Renewal, LLC began the rehabilitation phase of development and were reorganized into limited partnerships. In May of 2010, the limited partnerships obtained construction loan financing as follows, with NHA guaranteeing the repayment of these loans:

Seneca Terrace Renewal, LP	\$ 3,000,000
Quimby Housing, LP	3,650,000
Upshur Renewal Housing, LP	3,400,000
	<hr/>
Total loan guarantees entered into subsequent to December 31, 2009	\$ 10,050,000

Continued

In connection with the construction loans and loan guarantees referred to above, NHA also entered into Completion Guaranty agreements with the construction lenders on behalf of Charleston, LP; Cottonwood I Renewal, LLC; Cottonwood II Renewal, LLC; Creekside Woods, LP; Roselyn Renewal, LLC; Seneca Terrace Renewal, LP; Quimby Housing, LP; and Upshur Renewal Housing, LP. NHA guarantees the performance of all the terms and provisions of the loan agreements pertaining to the borrower's obligations with respect to the construction of the improvements. Specifically, NHA guarantees that the construction will commence and be completed within the time limits set forth in the loan agreements, improvements will be constructed and completed in accordance with the plans and specifications of the loan documents, improvements will be completed free of any construction liens, all costs of construction will be paid when due, and the loan proceeds will remain available for disbursement free and clear of any limitations.

If improvements are not commenced and completed in the manner and within the time required by the loan agreements, NHA is required to pay the lender the amount of any loss or damage incurred by the lender as a result of any delay in the completion of the project, which amount shall include (1) interest on the principal amount outstanding for any period of such delay and (2) the loss on rental income during the period of the delay in completion. Based on current construction progress and past performance by NHA and its contractors, NHA management believes that its estimated exposure on these agreements is currently minimal. Accordingly, NHA has no liabilities recorded for these guarantees at December 31, 2009.

21. Fair Value Measurements

Included in the accompanying financial statements are certain financial instruments carried at fair value. The fair value of an asset or a liability is the amount that would be received to sell an asset or paid to transfer a liability in a current transaction between willing parties, that is, other than in a forced or liquidation sale. Fair values are based on quoted market prices when available. When market prices are not available, fair value is generally estimated using discounted cash flow analyses, incorporating current market inputs for similar financial instruments with comparable terms and credit quality.

All financial assets and liabilities carried at fair value have been classified, for disclosure purposes, based on a hierarchy defined by FASB ASC No. 820, *Fair Value Measurements and Disclosures*. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities and the lowest ranking to fair values determined using methodologies and models with unobservable inputs, as follows:

- *Level 1* – Values are unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date.
- *Level 2* – Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument.
- *Level 3* – Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the organization's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

At December 31, 2009, the following financial assets are measured at fair value on a recurring basis:

		Level 1	Level 2	Total
Certificates of deposit	\$	–	403,422	403,422
Common stock		4,162	–	4,162
Investments	\$	4,162	403,422	407,584

22. Statement of Cash Flow Reconciliation

The following presents a reconciliation of the increase in net assets (as reported on the consolidated statement of activities) to net cash provided by operating activities (as reported on the consolidated statement of cash flows):

Increase in net assets \$ 1,427,125

Adjustments to reconcile increase in net assets to net cash provided by operating activities:

Depreciation	1,018,065
Trust deed note installments forgiven	(110,473)
Accrued interest added to debt principal	49,825
Accrued interest added to receivables from affiliated organizations	(34,153)
Accrued interest added to notes receivable from affiliated organizations	(48,522)
Equity in losses of affiliated organizations (note 8)	3,641
Operational results of equity affiliates during period when NHA owned the entire interest	(62,871)
Loss on the disposal of capital assets	19,692
Proceeds from capital advances restricted for property acquisition	(1,645,995)

Provision for uncollectible notes receivable from affiliates	1,156,308
Provision for uncollectible receivables from affiliates	14,785
Provision for uncollectible tenant and other receivables	12,196
<i>Net changes in:</i>	
Tenant and other receivables	(44,202)
Grant and contract payments receivable	82,583
Prepaid expenses and deferred charges	(217,616)
Receivables from affiliated organizations	(1,051,366)
Accounts payable and accrued expenses	68,848
Accrued payroll and related expenses	25,005
Deferred revenue	12,933
Funds held on behalf of others	39,409

Total adjustments (711,908)

Net cash provided by operating activities \$ 715,217

23. Reclassification of 2008 Comparative Totals

Certain 2008 amounts presented herein have been reclassified to conform to the 2009 presentation.

Supplementary Financial Information

NORTHWEST HOUSING ALTERNATIVES, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2009

	Northwest Housing Alternatives [1]	Oakhill Associates	Ridgeway Village Associates	Saginaw Village Associates	College Manor Associates	Sunnyslope Manor Associates	Cottonwood I Renewal
Assets:							
Cash and cash equivalents	\$ 1,102,030	6,894	17,909	1,646	2,147	1,637	—
Tenant and other receivables	2,880	2,564	1,208	671	920	7,214	—
Investments	407,584	—	—	—	—	—	—
Grant and contract payments receivable	178,566	—	—	—	—	—	—
Prepaid expenses and deferred charges	29,374	7,001	6,830	6,636	3,584	6,295	—
Current receivables from affiliated organizations	1,389,655	—	—	—	—	—	—
Investments in affiliated organizations	1,760,047	—	—	—	—	—	—
Land held for development	1,195,752	—	—	—	—	—	—
Restricted deposits and funded reserves	109,885	284,172	201,050	149,570	303,391	204,299	—
Long-term receivables from affiliated organizations	1,159,565	—	—	—	—	—	—
Notes receivable from affiliated organizations	1,264,847	—	—	—	—	—	—
Land, building and equipment	13,634,082	470,054	485,751	271,966	301,929	1,048,155	—
Total assets	\$ 22,234,267	770,685	712,748	430,489	611,971	1,267,600	—
Liabilities:							
Accounts payable and accrued expenses	40,870	14,591	36,062	8,691	6,496	13,094	—
Construction payable	36,160	—	—	—	—	—	—
Accrued payroll and related expenses	65,612	—	—	—	—	—	—
Payable to affiliated organizations	—	—	—	783	—	—	—
Deferred revenue	33,602	375	47	—	68	1,449	—
Funds held on behalf of others	13,056	17,208	6,639	6,257	5,883	18,364	—
Long-term debt	7,445,462	95,655	143,789	106,917	—	160,527	—
Total liabilities	7,634,762	127,829	186,537	122,648	12,447	193,434	—
Net assets:							
Unrestricted	14,523,928	642,856	526,211	307,841	599,524	1,074,166	—
Temporarily restricted	75,577	—	—	—	—	—	—
Total net assets	14,599,505	642,856	526,211	307,841	599,524	1,074,166	—
Total liabilities and net assets	\$ 22,234,267	770,685	712,748	430,489	611,971	1,267,600	—

[1] The NHA Parent Entity's statement of financial position includes an equity investment totaling \$274,215 in Mayfield Court, Inc., which is eliminated in consolidation.

Cottonwood II Renewal	Roselyn Renewal	Quimby Renewal	Seneca Terrace	Spring Renewal	Upshur Renewal	Creekside GP, LLC	Mayfield Court, Inc.	Oakridge Park, LP	Consolidating elimination entries	Total
–	–	68,519	15,742	58,389	18,399	–	57,914	–	–	1,351,226
–	–	27,965	2,660	213	2,384	–	2,112	–	–	50,791
–	–	–	–	–	–	–	–	–	–	407,584
–	–	–	–	–	–	–	–	–	–	178,566
–	–	43,191	76,036	50,524	51,013	–	15,542	–	–	296,026
–	–	–	–	–	–	–	–	–	(933)	1,388,722
–	–	–	–	–	–	–	–	–	(274,215)	1,485,832
–	–	–	–	–	–	–	–	–	–	1,195,752
–	–	27,809	71,011	50,864	11,973	–	129,309	–	–	1,543,333
–	–	–	–	–	–	–	–	–	–	1,159,565
–	–	–	–	–	–	–	–	–	(1,125,534)	139,313
–	–	2,423,241	2,353,441	2,443,262	3,162,866	–	568,540	679,799	–	27,843,086
–	–	2,590,725	2,518,890	2,603,252	3,246,635	–	773,417	679,799	(1,400,682)	37,039,796
–	–	20,088	40,151	37,290	34,276	–	7,718	–	(20,342)	238,985
–	–	–	–	–	–	–	–	–	–	36,160
–	–	–	–	–	–	–	–	–	–	65,612
–	–	50	–	50	50	–	–	–	(933)	–
–	–	13	464	163	53	–	–	–	–	36,234
–	–	14,429	5,861	13,751	8,579	–	8,695	–	–	118,722
–	–	2,538,492	2,522,353	2,556,664	3,278,660	–	482,792	679,799	(1,105,192)	18,905,918
–	–	2,573,072	2,568,829	2,607,918	3,321,618	–	499,205	679,799	(1,126,467)	19,401,631
–	–	17,653	(49,939)	(4,666)	(74,983)	–	274,212	–	(274,215)	17,562,588
–	–	–	–	–	–	–	–	–	–	75,577
–	–	17,653	(49,939)	(4,666)	(74,983)	–	274,212	–	(274,215)	17,638,165
–	–	2,590,725	2,518,890	2,603,252	3,246,635	–	773,417	679,799	(1,400,682)	37,039,796

CONSOLIDATING STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2009

	Northwest Housing Alternatives	Oakhill Associates	Ridgeway Village Associates	Saginaw Village Associates	College Manor Associates	Sunnyslope Manor Associates	Cottonwood I Renewal
Operating revenues, gains and other support:							
Government grants and contracts	\$ 791,746	25,967	24,294	—	—	33,369	—
Private grants and contributions	154,875	—	—	—	—	—	—
Special events, net direct costs	45,204	—	—	—	—	—	—
In-kind contributions	34,579	—	—	—	—	—	—
Trust deed note installments forgiven	110,473	—	—	—	—	—	—
Rental income	835,135	235,584	220,603	164,376	113,350	325,823	62,928
Development fees	1,490,633	—	—	—	—	—	—
Consulting and asset management fees	208,124	—	—	—	—	—	—
Resident service fees	71,090	—	—	—	—	—	—
Interest income	122,784	1,820	1,106	945	2,125	1,796	2
Equity in earnings (losses) of affiliated organizations	270,574	—	—	—	—	—	—
Other	15,334	6,260	3,640	4,589	10,990	9,684	1,868
Total revenues, gains and other support	4,150,551	269,631	249,643	169,910	126,465	370,672	64,798
Expenses	2,796,764	321,438	248,831	187,927	157,347	378,369	45,867
Increase (decrease) in net assets before non-operating activities	1,353,787	(51,807)	812	(18,017)	(30,882)	(7,697)	18,931
Non-operating activities:							
Capital grants received for the acquisition of property	1,315,995	—	—	—	—	—	—
Provision for the non-collection of loans to affiliated organizations	(797,212)	—	—	—	—	—	—
Transfer	62,871	—	—	—	—	—	(18,931)
Total non-operating activities	581,654	—	—	—	—	—	(18,931)
Increase (decrease) in net assets	1,935,441	(51,807)	812	(18,017)	(30,882)	(7,697)	—
Net assets at beginning of year	12,664,064	694,663	525,399	325,858	630,406	1,081,863	—
Net assets at end of year	\$ 14,599,505	642,856	526,211	307,841	599,524	1,074,166	—

Cottonwood II Renewal	Roselyn Renewal	Quimby Renewal	Seneca Terrace	Spring Renewal	Upshur Renewal	Creekside GP, LLC	Mayfield Court, Inc.	Oakridge Park, LP	Consolidating elimination entries	Total
—	—	—	—	—	—	—	—	—	—	875,376
—	—	—	—	—	—	—	—	—	—	154,875
—	—	—	—	—	—	—	—	—	—	45,204
—	—	—	—	—	—	—	—	—	—	34,579
—	—	—	—	—	—	—	—	—	—	110,473
78,650	112,802	352,402	254,490	399,918	245,802	—	169,226	—	—	3,571,089
—	—	—	—	—	—	—	—	—	—	1,490,633
—	—	—	—	—	—	—	—	—	(37,562)	170,562
—	—	—	—	—	—	—	—	—	(5,400)	65,690
3	4	—	163	86	7	—	323	—	(16,406)	114,758
—	—	—	—	—	—	—	—	—	(274,215)	(3,641)
783	575	3,268	5,458	4,548	2,524	—	4,285	—	—	73,806
79,436	113,381	355,670	260,111	404,552	248,333	—	173,834	—	(333,583)	6,703,404
58,097	90,780	338,017	320,973	409,218	323,316	—	177,486	—	(59,368)	5,795,062
21,339	22,601	17,653	(60,862)	(4,666)	(74,983)	—	(3,652)	—	(274,215)	908,342
—	—	—	—	—	—	330,000	—	—	—	1,645,995
—	—	—	—	—	—	(330,000)	—	—	—	(1,127,212)
(21,339)	(22,601)	—	—	—	—	—	—	—	—	—
(21,339)	(22,601)	—	—	—	—	—	—	—	—	518,783
—	—	17,653	(60,862)	(4,666)	(74,983)	—	(3,652)	—	(274,215)	1,427,125
—	—	—	10,923	—	—	—	277,864	—	—	16,211,040
—	—	17,653	(49,939)	(4,666)	(74,983)	—	274,212	—	(274,215)	17,638,165

NORTHWEST HOUSING ALTERNATIVES AND SUBSIDIARIES

**STAND-ALONE STATEMENT OF FINANCIAL POSITION
OF THE NHA PARENT ENTITY ¹**

DECEMBER 31, 2009

(WITH COMPARATIVE AMOUNTS FOR 2008)

	2009	2008
Assets:		
Cash and cash equivalents	\$ 1,102,030	544,846
Tenant and other receivables	2,880	2,189
Investments	407,584	604,344
Grant and contract payments receivable	178,566	260,636
Prepaid expenses and deferred charges	29,374	32,818
Current receivables from affiliated organizations	1,389,655	269,171
Investments in affiliated organizations	1,485,832	1,426,152
Land held for development	1,195,752	1,195,752
Restricted deposits and funded reserves	109,885	85,058
Long-term receivables from affiliated organizations	1,159,565	1,391,804
Notes receivable from affiliated organizations	1,264,847	1,022,708
Land, buildings and equipment	13,634,082	13,166,168
Total assets	\$ 21,960,052	20,001,646
Liabilities:		
Accounts payable and accrued expenses	40,870	93,485
Construction payable	36,160	150,219
Accrued payroll and related expenses	65,612	40,607
Current portion of long-term debt	2,057,734	245,721
Deferred revenue	33,602	18,715
Funds held on behalf of others	13,056	11,106
Long-term debt, less current portion	5,387,728	6,777,729
Total liabilities	7,634,762	7,337,582
Net assets:		
Unrestricted:		
Available for general operations and programs	4,820,115	3,062,359
Designated by Board	449,509	449,509
Restricted deposits and funded reserves	109,885	85,058
Net investment in capital assets and affiliated organizations	8,870,204	8,815,690
Total unrestricted	14,249,713	12,412,616
Temporarily restricted	75,577	251,448
Total net assets	14,325,290	12,664,064
Total liabilities and net assets	\$ 21,960,052	20,001,646

¹ This schedule excludes all NHA Parent Entity investments in wholly-owned subsidiaries.

NHA PARENT ENTITY

**STAND-ALONE STATEMENT OF ACTIVITIES
OF THE NHA PARENT ENTITY ²**YEAR ENDED DECEMBER 31, 2009
(WITH COMPARATIVE TOTALS FOR 2008)

	2009	2008
Operating revenues, gains and other support:		
Government grants and contracts	\$ 791,746	715,758
Private grants and contributions	154,875	208,115
Special events, net of direct costs	45,204	46,753
In-kind contributions	34,579	31,261
Trust deed note installments forgiven	110,473	113,259
Rental income	835,135	784,882
Development fees	1,490,633	735,939
Consulting and asset management fees	208,124	191,446
Resident service fees	71,090	-
Interest income	122,784	101,025
Equity in losses of affiliated organizations	(3,641)	(126)
Other	15,334	35,568
Total revenues, gains and other support	3,876,336	2,963,880
Expenses:		
Program services:		
Annie Ross programs	358,445	369,168
HomeBase	86,112	-
DD group homes	858,601	839,111
Property development and consulting	358,546	273,661
Rental and leasing	263,519	188,391
Management contracts	38,860	38,961
Large multi-unit housing	212,607	233,348
Resident services	158,370	59,662
Total program services	2,335,060	2,002,302
Supporting services:		
Management and general	294,522	316,372
Fundraising and public relations	167,182	142,677
Total supporting services	461,704	459,049
Total expenses	2,796,764	2,461,351
Increase in net assets before non-operating activities	\$ 1,079,572	502,529

Continued

² This schedule excludes all NHA Parent Entity investments in wholly-owned subsidiaries.

NHA PARENT ENTITY

**STAND-ALONE STATEMENT OF ACTIVITIES
OF THE NHA PARENT ENTITY (CONTINUED)**³YEAR ENDED DECEMBER 31, 2009
(WITH COMPARATIVE TOTALS FOR 2008)

	2009	2008
Non-operating activities:		
Capital grants received for the acquisition of property	\$ 1,315,995	3,474,251
Provision for the non-collection of loans to affiliated organizations	(797,212)	(3,466,751)
In-kind contributions of capital assets	-	112,500
Equity in earnings of certain affiliated organizations wholly-owned during the January 1 – July 9, 2009 period ⁴	62,871	-
Total non-operating activities	581,654	120,000
Increase in net assets	1,661,226	622,529
Net assets at beginning of year	12,664,064	12,041,535
Net assets at end of year	\$ 14,325,290	12,664,064

³ This schedule excludes all NHA Parent Entity investments in wholly-owned subsidiaries.

⁴ This figure represents the net operating results of Cottonwood I Renewal, LLC; Cottonwood II Renewal, LLC; and Roselyn Renewal, LLC, recorded on the books of the NHA parent entity during the January 1 – July 9, 2009 period, when each affiliate was wholly-owned by Northwest Housing Alternatives, Inc. Effective July 10, 2009, each was converted to equity affiliate status, with a concomitant increase recorded in the NHA parent entity's investment in affiliated organizations.

AFFILIATED ENTITIES

Low Income Housing Preservation and Resident Homeownership Act Projects:

College Manor Associates, Inc.
Oakhill Associates, Inc.
Ridgeway Village Associates, Inc.
Saginaw Village Associates, Inc.
Sunnyslope Manor Associates, Inc.

Preservation Projects:

Cottonwood I Renewal, LLC
Cottonwood II Renewal, LLC
Quimby Renewal, LLC
Roselyn Renewal, LLC
Seneca Terrace, LLC
Spring Renewal, LLC
Upshur Renewal, LLC

Low-Income Housing Tax Credit Projects:

333 Associates, LLC
Autumn Park GP, LLC
Charleston GP, LLC
Creekside GP, LLC
Foster GP, LLC
The Headwaters GP, LLC
Mayfield Court, Inc.
Oakridge GP, LLC
Villa St. Rose Management, LLC
Weidler Renewal GP, LLC

Equity Investments – Limited Partnerships:

Autumn Park Renewal, LP
Charleston, LP
Creekside Woods, LP
Foster Townhomes, LP
King-Bell Associates, LP
Oak Associates, LP
Oakridge Park, LP
Rosemont Senior Housing Associates, LP
Rosemont Town Homes Associates, LP
Trenton Terrace, LP
Victorian Inn, LP
Village at the Headwaters, LP
Weidler Renewal, LP

Other:

Pleasant Valley Homes, LLC

Sponsored Programs:

Fisher Ridge
Meadowlark
River Glen Associates, Inc.
Clackamas Community Land Trust

Northwest Housing Alternatives

Control/100% direct ownership Full consolidation accounting

Low Income Housing Preservation and Resident Homeownership Act Projects

Oakhill Associates, Inc.
Ridgeway Village Associates, Inc.
Saginaw Village Associates, Inc.
College Manor Associates, Inc.
Sunnyslope Manor Associates, Inc.

HUD Section 8 Preservation Properties

Quimby Renewal, LLC
Seneca Terrace, LLC
Spring Renewal, LLC
Upshur Renewal, LLC

Creekside GP, LLC

333 Associates, LLC

Villa St. Rose Management, LLC

Mayfield Court, Inc.

Foster GP, LLC

Autumn Park GP, LLC

The Headwaters GP, LLC

Weidler Renewal GP, LLC

Charleston GP, LLC

Oakridge GP, LLC

Initial GP, LLC
(not currently in use)

Pleasant Valley Homes, LLC
(Developer)

Equity method accounting

King-Bell Associates, LP (1.0%, LP, Direct)

Trenton Terrace, LP
(0.01%, GP, Direct)

Victorian Inn, LP (1.0%, GP, Direct)

LIHTC Preservation Properties

Cottonwood I Renewal, LLC (0.01% Direct)
Cottonwood II Renewal, LLC (0.01% Direct)
Roselyn Renewal, LLC (0.01% Direct)

Creekside Woods, LP (0.01%, GP, Indirect)

Oak Associates, LP (0.01%, GP, Indirect)

Rosemont Senior Housing Associates, LP
(0.01%, GP, Indirect)

Rosemont Town Homes Associates, LP
(0.01%, GP, Indirect)

Foster Townhomes, LP
(0.01%, GP, Indirect)

Autumn Park Renewal, LP
(0.01%, GP, Indirect)

Village at the Headwaters, LP
(0.01%, GP, Indirect)

Weidler Renewal, LP
(0.01%, GP, Indirect)

Charleston, LP
(0.01%, GP, Indirect)

Oakridge Park, LP (in formation)
(100%, GP, Indirect)

Disclosure only

River Glen Associates, Inc.
(a LIHPRHA project operated under the control of a separate Board)
NHA is the sponsor and management agent

Clackamas Community Land Trust
*Founded by NHA
Tax-exempt*

Meadowlark
Sponsored project

Fisher Ridge
Sponsored project

GP = general partner
LP = limited partner
Direct = NHA ownership is direct
Indirect = NHA ownership is through another entity

- Direct 100% ownership - operating entity
- Direct 100% ownership - holding company
- Direct, but non-controlling, interest
- Indirect ownership
- LIHTC Low-Income Housing Tax Credit Project

GOVERNING BOARD AND MANAGEMENT

Board of Directors

Mike Dykes
President

Ray Maier
Vice-President

Winston Kurth
Secretary

Katy Patricelli
Treasurer

Scott Bullard

Rebecca Childs

Marilyn Cohen

Andrea Cosby

Jacob Fox

Kate Fulton

Donna Kelley

Robert Waldt

Management

Martha McLennan
Executive Director

Tam Gardner
Finance and Administrative Director

INQUIRIES AND OTHER INFORMATION

Administrative Offices

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