Synchrous™
RISK MANAGEMENT

reflecting change

SYNCHROUS
PUBLIC ENTITY POOL
AFFORDABLE HOUSING
INSURANCE

2020
ANNUAL REPORT

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Report to our Pooling Participants

On behalf of the staff and board of directors, we welcome you to the 2020 Annual Report of Synchrous Risk Management, the new branded name consisting of the Housing Authorities Risk Retention Pool (HARRP), the Affordable Housing Risk Pool (AHRP) and the ORWACA Agency Insurance Services, LLC.

In November 2018, the Board of Directors and staff participated in a planning session designed to position the pools to adapt to the growing changes in the affordable housing environment. A major portion of that session was dedicated to shortfalls in communications between the pool participants and the pool. During 2019, strategies were developed and work began on many projects designed to improve the efficiencies of the pool, increase communications and to dramatically increase the use of technology to improve the identified weaknesses of the pool.

Then 2020 arrived. Like all businesses, the pool had to re-tool to adapt to the new realities of the workplace. Many of the projects were planned to be released during the second half of 2020, but due to the pandemic, delays were encountered with our vendors, not to mention delays resulting from reinsurance market challenges, the continual deterioration of claims experience and major adjustments of policy administration of the affordable housing pool. While delayed, we are in the process of releasing our completed projects on a staggered schedule, starting with the rebranding release and a new technology driven website.

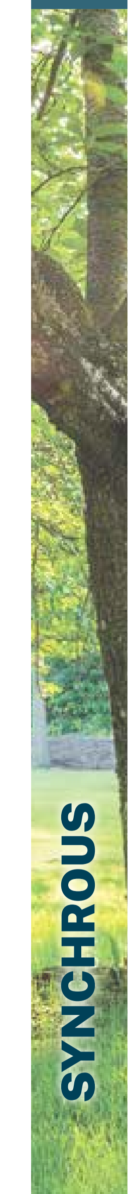
With all of the challenges of 2020, the largest challenge of the year is unarguably the reinsurance markets. 2019 ushered in a hardening insurance market. 2020 greatly exasperated the hard market. What is usually a three-month process for the renewal process took over six months. The appetite of reinsurers for property on the west coast was severely impacted by the global losses due to wildfires, not only in the US, but abroad. The losses due to wildfires has had a profound effect on the insurance markets making renewals extremely difficult. Due to the staggering loss costs, insurance companies have experienced substantial decreases in investment earnings. This is a classic hard market, and this hard market has and will continue into 2021 and 2022, hugely impacted by the pandemic, civil unrest, huge jury awards and the normal uncertainty of catastrophic natural events.

All this said, Synchrous is and will always be dedicated to providing industry specific coverage, exceptional claims administration, vast risk control services, low rates, and outstanding service. Your participation in the pools is greatly appreciated. We ask for your continued support and patience while we navigate the uncertainty of world events and the huge impact it is having on all forms of commercial insurance.

Renée Rooker

Renée Rooker
President
Synchrous Risk Management

William Gregory
Executive Director
Synchrous Risk Management



Overview
Synchrous Risk Management

Planned for release in late 2020, the Housing Authorities Risk Retention Pool (HARRP), the Affordable Housing Risk Pool (AHRP) and the ORWACA Agency Insurance Services LLC have combined our service offerings under a single name, Synchrous Risk Management. Operations of all three entities will continue their full-service offerings under the shared Synchrous name and a new visual identity. HARRP, AHRP and the ORWACA Insurance Agency will continue to operate as the legal entities, so all financial transactions will remain with the three entities. Synchrous was intentionally formed to provide a unified point for risk management and specific coverages for affordable housing providers, be it public, LIHTC and/or non-profit. We will operate publicly as Synchrous.

The Synchrous name exemplifies how we have worked together with you in providing better claims service and risk management solutions focused on serving affordable housing entities and owners. It represents a unified and professional banner under which we can all more easily engage and offer our unique diversity of services. Throughout our close collaboration during the process and following a unanimous vote of confidence from our Board of Directors, the Synchrous name now signifies everything we do. We hope you feel as strongly connected to it as we do.

Serving Oregon, Washington, California, and Nevada, Synchrous ensures rate stability through risk-sharing pools for public housing authorities and non-governmental owners of affordable housing properties. Pool participants have personal access to specialized expertise and care through counsel services and training, including an extensive resource library and Attorney Helpline. The combined service offering from Synchrous defines a sole focus on affordable housing, delivering greater value by providing higher limits and more coverage for less cost than traditional commercial insurers.

Investments

Both the public entity and affordable housing pool each maintain their own separate investment accounts. Administered by Morgan Stanley, the investment accounts maintain the surplus funds earning the maximum revenue from interest earnings. Income derived from these investments are used in determining future rates and acts as a "buffer" to absorb fluctuations in claims or insurance market conditions.

Investments are government backed securities as stipulated by the public entity investment laws of the States of Washington, Oregon, Nevada, and California. At the conclusion of 2020, the consolidated surplus was $25,662,934. The surplus represents a confidence level of just over 99%, which affirms that the pools are funded in excess of 99% of any foreseeable situation.

Coverages

Both the public entities pool (HARRP) and the affordable housing pool (AHRP) provide many types of coverage for its pool participants. Each line of coverage is a manuscript coverage agreement and is a contract between the pool and participating agency, which provides any dispute in coverage terms to be settled under contract law.

Each pool provides the basic lines of coverage: property and general liability. Operations of public housing authorities vary greatly from those of an affordable housing provider, in that public housing authorities have employees, vehicles and housing choice voucher exposures. As each pool was built

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to provide coverage for specific risks of the insured, only general liability and property were developed for the affordable housing pool.

General Liability
Both pools provide general liability coverage, which protects members from premises liability exposures and third-party claims that may result in tort liability. Currently, the limits are $2M per occurrence. Additional excess liability limits are optional and available for both pools.

Property
Both pools provide property replacement coverage. The program has a self-insured retention layer and reinsurance purchasing for a total of $47M limit of coverage per occurrence per participating pool member. The property coverage covers real and personal property of the pool participant, expediting expenses and business interruption coverage for losses sustained at administrative offices. Optional coverage is available for loss of rents, designed to continue cash flow in the event of loss of rents due to the repairs of damaged units. Contents coverage is also provided and is based on valuations provided by the pool participant. Also included in the property coverage is equipment breakdown coverage, which extends the coverage to critical electrical and mechanical systems. The property program has a base deductible of $2,500 per occurrence and the public entity pool, HARRP has options for higher deductibles which link to discounts.

Fidelity
Both pools are protected from losses they might suffer as a result of employee dishonesty or the loss of monies and/or securities. The basic program limits are $100,000 per occurrence for employee dishonesty and $10,000 per occurrence for loss of monies and/or securities. Higher limits are available in denominations of $100,000 per occurrence for an additional cost.

Public Officials Errors & Omissions Liability
Only available to the public entities pool, this coverage is intended to protect HARRP's member housing authorities, their employees, commissioners, and volunteers from liability arising from the official, non-arbitrary decisions they make on behalf of the authorities, subject to appropriate conditions. The coverage includes employment related exposures such as allegations of wrongful termination, whistleblowing, retaliation and discrimination. The limits for this coverage are included in the general liability limits of $2M per occurrence with $2M aggregate. Each member is responsible for the greater of 10% of each loss or a minimum deductible of $2,500.

Automobile Liability and Physical Damage
Only available to the public entities pool, this coverage protects the member housing authorities against risks associated with the ownership and use of automobiles. The limit is $2M per occurrence. Due to multi-state regulations, auto coverage options are tailored to comply with each state's specific requirement.

Section 8 Liability
Only available to the public entities pool, HARRP provides liability coverage for member housing authorities associated with Section 8 vouchers. The Section 8 line of protection provides coverage for liabilities encountered with the administration of vouchers.

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SYNCHROUS Continues...
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Reinsurance

Third party claims against pool participants and first party claims by pool participants for damages sustained at their properties comprise the largest expenditure for Synchrous' pools. In the past ten years, the cost to resolve claims against and by the pool participants have totaled approximately $81 million. Approximately $11 million of this amount was ceded to reinsurance companies on a total of 3 claims, 2 of which were caused from wildfires.

Reinsurance is a risk transfer relationship between a commercial insurance company or large group of self-insured entities and larger entities called reinsurance companies. Reinsurance companies can be considered insurers of insurers. This relationship lets the commercial insurance company, or self-insured pool, retain more predictable, frequent, and smaller claims while transferring the less predictable, infrequent and catastrophic claims to a reinsurance company for an agreed upon premium.

Both the public entity pool and affordable housing risk pools have always been focused on providing an alternative to the volatile commercial markets. Stability of rates has been the primary focus of the pools.

During the past two years, the reinsurance acquisition has been profoundly impacted by a series of conditions never before encountered. Highest on this list is the losses sustained from wildfires. In the past two years, three developments within the pools have been annihilated by wildfire. The threat of wildfires continues to be a driving factor in reinsurance procurement and will be for the foreseeable future. The renewal cycle for January 1, 2021 saw upwards of 265% increase in costs to the pools for acquiring the same limits of coverage as 2020. Reinsurance restructuring proved to be an absolute necessity to obtain coverage and with that, many new requirements were necessary to obtain the coverage, many of which substantially changed the way the risk sharing pools functioned. The future of reinsurance continues to be bleak. Industry experts are predicting this hard market will continue for at least two more years, perhaps longer if reinsurance companies cannot return to profitability. The staff and Board of Directors continue to investigate options to effectively manage the cost, availability and the new reality of reinsurers limiting coverages through exclusionary language.

Participants in both pools can assist in reducing claims and the cost of claims. In these unprecedented times, keeping the pools together is the most effective way of riding this storm out. Synchrous is here to assist your agency in any way we can.

Risk Control Services

Accidental losses happen. There is no way around it. However, proactive intervention rather than reactive treatment is paramount to any business operation.

Synchrous provides a vast array of services and resources to assist the pool's participants in controlling losses. Available to both the public entity pool and the affordable housing pool, these resources are continually evaluated and updated based on usage, relevancy, and effectiveness. Synchrous is continuously researching material that may assist our participants internal risk control activities.

Synchrous offers a variety of reviewing services for purposes of risk control.
These services include:

- Wording and review of insurance/indemnification portion of agreements/contracts
- Policy comparisons
- Finding creative solutions on how to effectively service vulnerable populations
- Underwriting
- Coverage or risk control-related questions
- Addressing and discussing management challenges
- In-person address of safety concerns and identifying safety hazards at properties
- Consultation regarding major changes at your agency and upcoming projects/programs

Synchrous also offers a variety of tools and resources for purposes of risk control, including:

- Attorney Helpline
- HSB Energy Calculator
- Relevant loss control/safety/HR articles and links
- Sample policies and indemnification language
- Contractual risk transfer consultation
- On-demand web-based and live and in-person training
- Claims prevention tools (Enquiron cyber assessment, HR builder, HSB comprehensive checklist, maintenance checklist, etc.)
- HSB water sensor program

Additionally, Synchrous provides live in-person or web-based training for topics like Claims 101, On-boarding, Contractual Risk Transfer, and more are available. Defensive driving classes are subsidized every 2-3 years for our pooling participants. Synchrous has produced Training Webinars that are available live or on-demand for topics ranging from Insurance 101, Accidents Happen, Now What? and Contractual Risk Transfer.

Our pooling participants can also arrange their own training sessions. Providing that the training is focused on reducing claims, Synchrous will assist in covering the costs. Synchrous provides grants to its pool participants on a first come, first served basis through its risk control grants.

STAFF

There are eight full time employees administering services and solutions for the public entities pool. The same staff is under contract to provide the same level of expertise and service for the affordable housing pool and the insurance agency. This team is deeply committed to supporting the mission of our members and policyholders. All staff members bring a high level of expertise and broad experiences with the issues typically faced by housing providers, risk pools and the commercial insurance industry.

As with most small offices, the staff relies heavily on cross training to ensure smooth transitions and uninterrupted service to its members and policyholders. Staff members have over 120 years of combined experience and take great pride in serving all of the pooling participants.

- **Robin Cox, Policy & Claims Administrator**
  New and existing claims, claim status and resolution issues. Administers the internal insurance agency operations.
- **Michelle Frye, Director of Finance**
  Accounts receivable, accounts payable, financial statements, human resources.
- **Torey Plummer, Policy Administrator**
  AHRP invoicing and data management, annual coverage renewal issues, requests for insurance certificates, adds and deletes.
- **Rick Gehlhaar, Director of Claims**
  New and existing claims, claim status and resolution issues, litigation issues, loss control issues.
- **William (Bill) Gregory, Executive Director**
  Overall management, regulatory compliance, risk control issues, compliments, complaints, suggestions, coverage issues, board relations, human resources.
- **Adiah Mattern, Risk Control and Underwriting Specialist**
  Risk control issues, contractual risk transfer issues, risk/loss analysis, training needs, insurance contract evaluation.
- **Rachel O'Neil, Public Entities Policy Administrator**
  HARRP policy management, renewals and certificates, office management and staff support services.
- **Rebecca Plummer, Policy and Agency Administrator**
  AHRP policy processing, billings, database management and AHRP quoting.

Mission Statement

The mission of the Housing Authorities Risk Retention Pool (HAARP) is to provide needed insurance benefits for its Public Housing Agency members on a consistent basis at stable, affordable rates.

HARRP WILL STRIVE TO:

- Provide Member Public Housing Agencies with the broadest form of insurance coverages possible while maintaining strong, sound financial business practices.
- Take a leadership role in meeting members' needs to control risk and provide high quality risk management services.
- Encourage member participation by keeping them informed of HARRP activities through regular newsletters and meetings and by soliciting feedback on HARRP operations.
- Provide prompt, courteous service to its members.
- Increase the membership of Public Housing Agencies seeking stable, affordable insurance coverage who are supportive of HARRP services and management and who meet HARRP underwriting criteria.

Overview
Public Entity Pool

The public entity risk pool, known and operating as the Housing Authorities Risk Retention Pool (HARRP) was formed in 1987 due to the commercial insurance market abandoning public sector entities. In response, HARRP was formed for the purpose of operating and maintaining, for participating Public Housing Authorities, a cooperative program of risk management and indemnification and financial protection against risks of loss.

Obligations for membership into the public entities pool provide stability to the program that serves all 83 members. Each participating agency agrees to remain in HARRP for a period of not less than three years beginning on the date upon which the Coverage Terms first become effective. A participating agency may terminate its participation in HARRP at any time after such three-year period has expired upon giving 90 days' prior written notice to termination of participation and providing the effective date of termination. Once participation in HARRP is terminated, the participating agency cannot re-apply for coverage for a period of three (3) years from the date of withdrawal and must conform to the under-writing criteria that is currently in place at the time of application. The participating agency may not be "double covered" with the coverage afforded by the pool and any other insurance. If double covered, HARRP will be the secondary payor to the other insurer. HARRP also requires each member to be dedicated to risk management principles, including risk control activities designed to minimize the impact to the pool.

There are numerous benefits for public housing authorities to become a member of HARRP. Below is a partial list.

- **Member Focused and Responsive:** The Board of Directors consists of PHA Executive Directors who understand how their decisions will affect members.

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Cost Effective: As a public entity, HARRP has no profit load, no taxes, no state insurance commissioner fees and pays no commissions. All this controls the costs of providing specific coverage for Members.

Tailored Coverage: HARRP utilizes a manuscripted coverage agreement, which simply means that the Board of Directors controls what is and what is not covered. This provides unparalleled flexibility to quickly adapt to changing conditions. Any coverage adjustments can be done internally and does not need to be validated by state insurance officials. The coverages are designed to encompass day to day operational risks encountered by Members, not an off the rack insurance product that covers exposures not present in PHA operations.

Long Term Rate Stability: Pooling spreads the cost of risk among the members, thus stabilizing costs. There is approximately $27M in retained surplus. These funds can be used to absorb fluctuations in market pressures or adverse claims experience.

Equity: Each member of the pool is an owner of the pool; therefore, each owner has equity. If HARRP were to shut down operations at the end of the year, each current member would be entitled to accrued equity, or approximately $27M. Withdrawing members lose all equity that they have accumulated. New Members start at zero equity and build as they participate. The retained surplus could also be returned to current members as a dividend, which has been done in the past, but it has always been the will of the Board of Directors to retain that equity for rate stability. Equity return would be based on the members' contributions to the pool versus the claims paid for the period in which a member was active and the date of dissolution of the pool.

HUD Waiver: HUD's regulation 24 CFR 965 governs public housing insurance requirements. Being a member of HARRP fulfills the requirements and eliminates the need for the PHA to go to competitive bidding.

Risk Control, Training, Claims Administration: HARRP offers a wide array of services and aggressive claims resolution. This includes online training, in person staff training, attorney helpline and HARRP provided speakers on specific subjects such as Fair Housing. The claims philosophy at HARRP is to pay claims that are justified and fight those claims that are not.

Non-Assessable: The pool cannot assess members, in the event of dissolution of the pool, for future liabilities. Many pools that experience bad claims experience assess their members for the shortfall of funds needed to pay the claims. These assessments can sometimes be decades after the claims have occurred and many times assessments are levied against former members that no longer participate in the pool.

Subsidiaries: The affordable housing risk pool, known and operating as the Affordable Housing Risk Pool, LLC (AHRP) with its subsidiary, the ORWACA Agency Insurance Services, LLC rounds out HARRP's mission of being a one stop shop for commercial insurance products for affordable housing providers. These subsidiaries are designed to bring all the needed insurance products under one roof, be it through self-insured pooling or on the open, traditional insurance marketplace.

Public Entity Pool Board of Directors

The public entity pool Board of Directors is comprised of nine members, three representing the Association of Washington Housing Authorities, three representing the Housing Authorities of Oregon, and three representing the California Association of Housing Authorities. The Directors are subdivided into three classes, each class with a staggered term of three years. Annually, one-third of the Board is elected at separate meetings of each Association. The Board of Directors meets quarterly and is responsible for establishing policy, rate setting, claims, risk management and other administrative functions. Ad hoc committees are formed by the Board when necessary to handle specific issues, projects or urgent concerns between regularly scheduled Board of Directors' Meetings.

The public entities pool Board of Directors are as follows:

WASHINGTON

Pam Parr:
Executive Director
Spokane Housing Authority
Spokane, WA
(Term ends 2021)

Renée Rooker:
Executive Director
Walla Walla Housing Authority
Walla Walla, WA
(Term ends 2022)

Duane Leonard:
Executive Director
Housing Authority of the County of Snohomish • Everett, WA
(Term Ends 2023)

OREGON

Marka Turner:
Executive Director
Coos Curry Housing Authority
North Bend, OR
(Term Ends 2021)

Joel Madsen:
Executive Director
Mid-Columbia Housing Authority • The Dalles, OR
(Term Ends 2022)

Jacob Fox: Executive Director
Housing and Community Services Agency of Lane County
Eugene, OR
(Term Ends 2023)

CALIFORNIA/NEVADA

Barbara Kauss: Executive Director, Housing Authority of the County of Stanislaus
Modesto, CA
(Term Ends 2021)

Bob Havlicek: Executive Director, Housing Authority of the County of Santa Barbara
Santa Barbara, CA
(Term Ends 2022)

Ken Kugler: Executive Director, Housing Authority of the County of Tulare
Visalia, CA
(Term Ends 2023)

Properties

California Housing Authorities
Housing Authority of the City of Alameda
Housing Authority of Alameda County
Housing Authority of the City of Benicia
Housing Authority of the County of Butte
Housing Authority of the City of Eureka
Housing Authorities of the City and County of Fresno
Housing Authority of the County of Humboldt
Housing Authority of the County of Kern
Housing Authority of Kings County
Housing Authority of the City of Madera
Community Development Commission of Mendocino County
Housing Authority of the County of Merced
Housing Authority of the County of Monterey
Housing Authority of the City of Needles
Plumas County Community Development Commission
Housing Authority of the City of Riverbank
Housing Authority of the County of San Bernardino
Housing Authority of the County of San Joaquin
Housing Authority of the City of San Luis Obispo
Housing Authority of the City of Santa Barbara
Housing Authority of the County of Santa Barbara
Housing Authority of the County of Santa Cruz
South San Francisco Housing Authority
Stanislaus Regional Housing Authority.
Regional Housing Authority of Sutter and Nevada Counties
Housing Authority of the County of Tulare
Housing Authority of the City of Vallejo
California Affordable Housing Agency

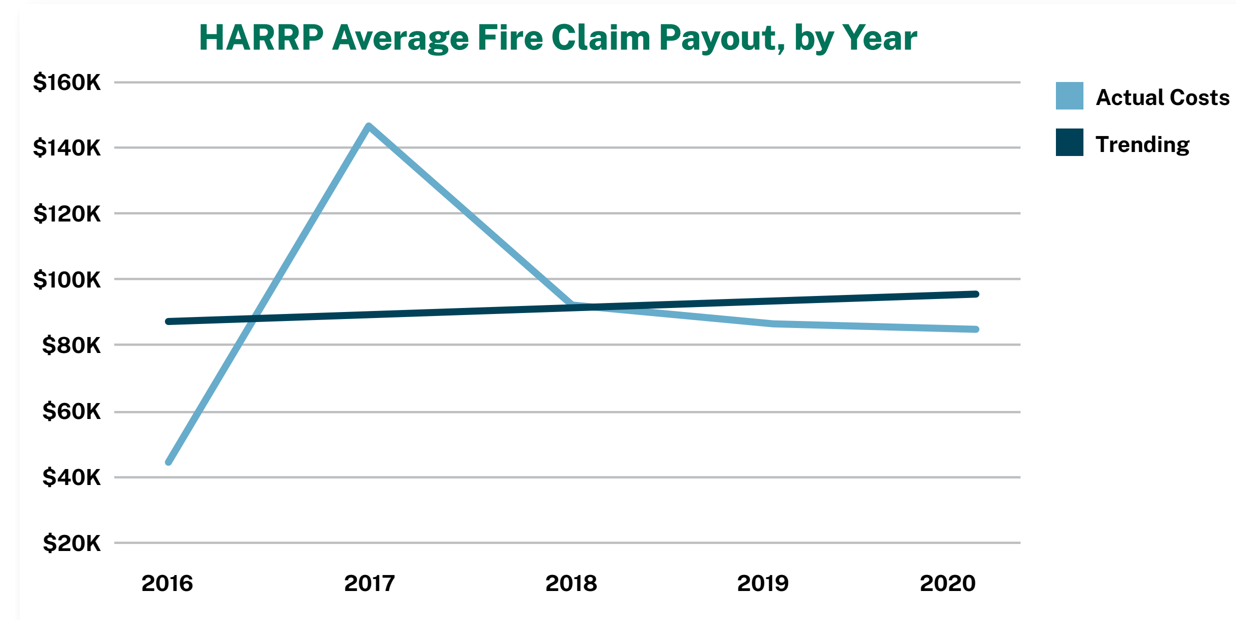
Oregon Housing Authorities
Housing Works–(aka Central Oregon Regional Housing Authority)
Housing Authority of Clackamas County
Coos-Curry Housing Authority
Housing Authority of Douglas County
Housing Authority of Jackson County
Josephine Housing & Community Development Council
Klamath Housing Authority
Homes for Good (aka the Housing Authority of Lane County)
Housing Authority of Lincoln County
Linn-Benton Housing Authority
Housing Authority of Malheur County
Marion County Housing Authority
Mid-Columbia Housing Authority
North Bend City Housing Authority
Northeast Oregon Housing Authority
Housing Authority of Salem
Housing Authority of the County of Umatilla
Washington County Department of Housing Services
West Valley Housing Authority
Housing Authority of Yamhill County

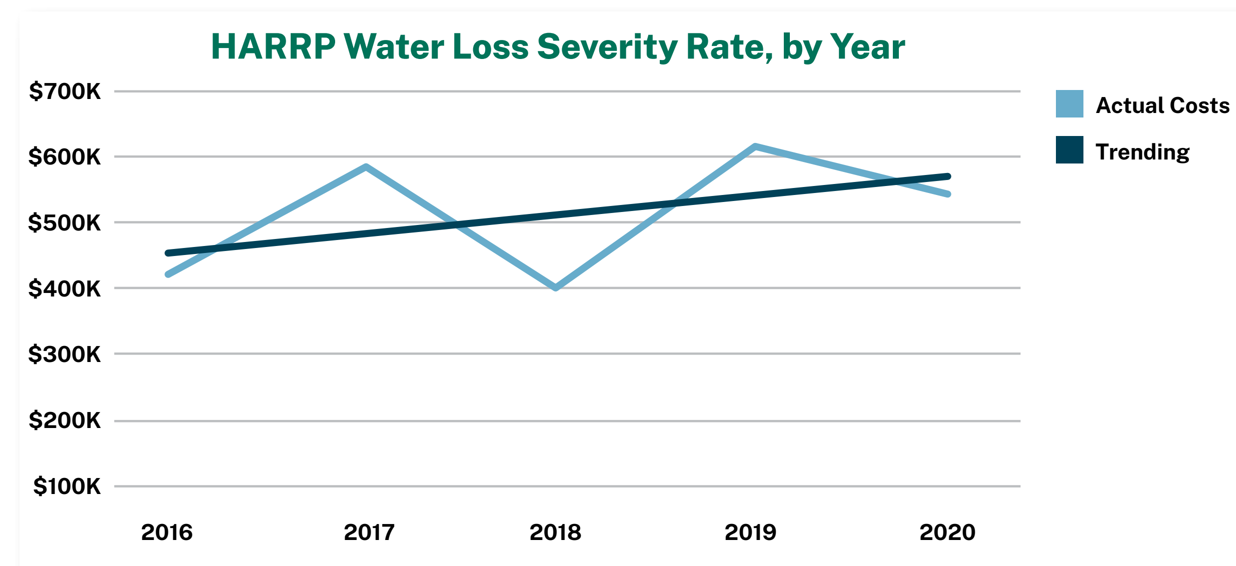
Washington Housing Authorities
Housing Authority of the City of Anacortes
Housing Authority of Asotin County
Bellingham/Whatcom County Housing Authorities
Housing Authority of the City of Bremerton
Housing Authority of Chelan Co. & the City of Wenatchee
Housing Authority of Clallam County/ Peninsula Housing Authority
Columbia Gorge Housing Authority
Everett Housing Authority
Housing Authority of Grant County
Housing Authority of Grays Harbor County
Housing Authority of Island County
Housing Authority of the City of Kelso
Housing Authority of the City of Kennewick
Kitsap County Consolidated Housing Authority
Housing Authority of Kittitas County
Housing Opportunities of Southwest Washington/ Longview Housing Authority
Housing Authority of Okanogan County
Oroville Housing Authority
Housing Authority of the City of Othello
Joint Pacific County Housing Authority
Housing Authorities of Pasco & Franklin County
Renton Housing Authority
Joint City of Republic-Ferry County Housing Authority
Housing Authority of Skagit County
Housing Authority of Snohomish County
Northeast WA Housing Solutions/ Spokane Housing Authority
Sunnyside Housing Authority
Housing Authority of Thurston County
Vancouver Housing Authority
Walla Walla Housing Authority
Yakima Housing Authority

Nevada Housing Authorities
Housing Authority of the City of Reno

Synchrous™
RISK MANAGEMENT

Public Pooling Trends





Mission Statement

The Affordable Housing Risk Pool (AHRP) mission is to provide insurance, risk management and exceptional service, specifically tailored for the affordable housing market and instrumentalities of public housing organizations.

Overview
Affordable Housing Pool

The affordable housing pool, known as and continuing to operate as the Affordable Housing Risk Pool (AHRP), is a manager managed limited liability company which filed Articles of Incorporation on December 21, 2010. AHRP is wholly owned by HARRP. AHRP was born from the need for an alternative to traditional insurance for affordable housing providers, specifically tax credit partnerships and non-profit housing. The intent was to replicate the affordable housing pool, as close as possible, to the successful formula of the public entities pool, the Housing Authorities Risk Retention Pool (HARRP). The affordable housing pool wrote its first policy on March 31, 2011.

AHRP is a taxable entity and requires reliance on insurance markets for its operations. The largest hurdle facing AHRP is the requirement of lenders' adherence to the AM Best rating. This requires AHRP to "front" the program. This means that AHRP is purchasing the AM Best rating to satisfy the lenders. The structure of AHRP is much more complicated than its parent HARRP, but in essence AHRP is an insured program with AHRP reinsuring the first $1M of all losses. All limits above $1M are purchased in a traditional method from commercial insurance markets.

AHRP's first year of policy issuance was for affiliated entities/instrumentalities of the HARRP members. In 2012, AHRP opened up to qualified affordable housing entities with no affiliation to public housing authorities. Many of these early policies were written as a group policy. Participants in AHRP have no ownership in the pool and are not classified as members. The AHRP clients are simply buying a policy. Like HARRP, AHRP new submissions are thoroughly underwritten to assure proper fit and adherence to HARRP and AHRP philosophies on risk management.

There are numerous benefits for participating in AHRP. Below is a partial list.

- **Focused and Responsive:** The Board of Directors consists of seven PHA Executive Directors and two Policyholder representatives that have no affiliation with public housing authorities. Each board member understands how their decisions will affect the pool and the policy purchasers.

- **Cost Effective:** AHRP is not required to file with any of the state insurance departments and pay filing fees. Additionally, the reinsurance purchasing is group based, which reduces the costs of coverage. Another benefit is the wide footprint of AHRP's risk, 432,000 square miles. AHRP has no profit load and no commissions paid. All this controls the costs of providing specific coverage for policy purchasers.

- **Tailored Coverage:** AHRP utilizes a manuscripted coverage agreement, which means that the Board of Directors controls what is and what is not covered. This provides unparalleled flexibility to quickly adapt to changing conditions. Any coverage adjustments can be done internally and does not need to be validated by state insurance officials. The coverages are designed to encompass day to day operational risks encountered by policyholders, not an off the rack insurance product that covers exposures not present in housing operations.

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Affordable Housing Board of Directors

The affordable housing risk pool incorporates a nine-member Board of Directors. Seven directors are designated as Member Affiliated Directors, and they are elected by the public entity pool Board of Directors. Two directors are designated as Policyholder Affiliated Directors, and they are appointed by the Member Affiliated Directors.

The directors are subdivided into three classes, each class with a staggered term of three years. One third of the Board is elected (or appointed) annually, usually in late March or early April. The Board of Directors meets quarterly and is responsible for establishing policy, rate setting, reinsurance and excess insurance treaties, actuarial analysis, risk management, and overseeing the activities of the contract administrative services.

The affordable housing risk pool directors are:

Renée Rooker:
Executive Director
Walla Walla Housing Authority
Walla Walla, WA
AHRP President
(Term ends 2022)

Ken Kugler: Executive Director, Housing Authority of the County of Tulare • Visalia, CA
AHRP Vice President
(Term Ends 2023)

Duane Leonard: Executive Director Housing Authority of the County of Snohomish • Everett, WA
AHRP Treasurer
(Term Ends 2023)

Jacob Fox: Executive Director Housing and Community Services Agency of Lane County
Eugene, OR
(Term Ends 2023)

Marka Turner:
Executive Director
Coos Curry Housing Authority
North Bend, OR
(Term Ends 2021)

Barbara Kauss: Executive Director, Housing Authority of the County of Stanislaus
Modesto, CA
(Term Ends 2021)

Joel Madsen:
Executive Director
Mid-Columbia Housing Authority • The Dalles, OR
(Term Ends 2022)

POLICYHOLDER AFFILIATED DIRECTORS

Jodi Erickson: Asset Manager
DevNW • Corvallis, OR
(Term Ends 2021)

Vacant Position

AFFORDABLE HOUSING Continues...
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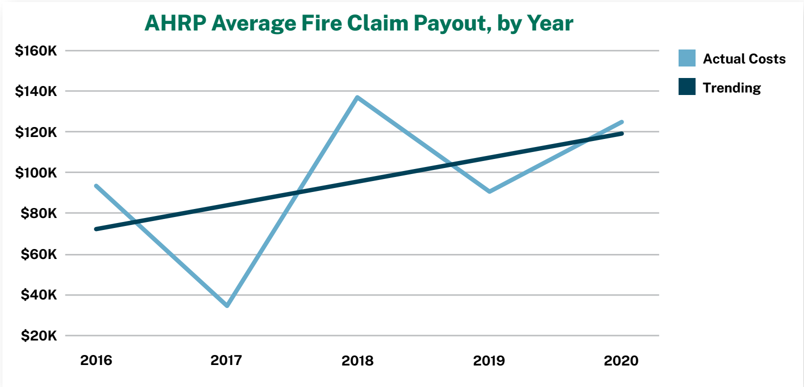
- **Risk Control, Training, Claims Administration:** AHRP offers a wide array of services and aggressive claims resolution. This includes online training, in person staff training, loss control grants, attorney helpline and AHRP provided speakers on specific subjects such as Fair Housing. The claims philosophy at AHRP is to pay claims that are justified and fight those claims that are not.

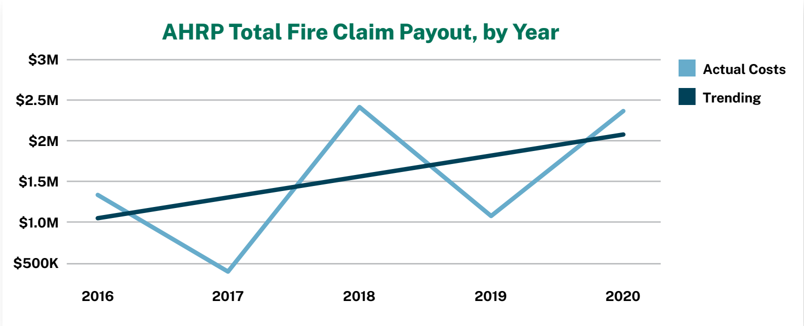
- **Non-Assessable:** The pool cannot assess members, in the event of dissolution of the pool, for future liabilities. Many pools that experience bad claims experience assess their members for the shortfall of funds needed to pay the claims. These assessments can sometimes be decades after the claims had occurred and many times assessments are levied against former members that no longer participate in the pool.

- **Subsidiaries:** The ORWACA Agency Insurance Services, LLC is a subsidiary of AHRP. ORWACA was converted from a corporation to an LLC under AHRP in 2013 in response to concerns voiced by the Washington State Auditor's Office. ORWACA is intended to give both HARRP members and AHRP policyholders a one stop shop for their insurance needs.

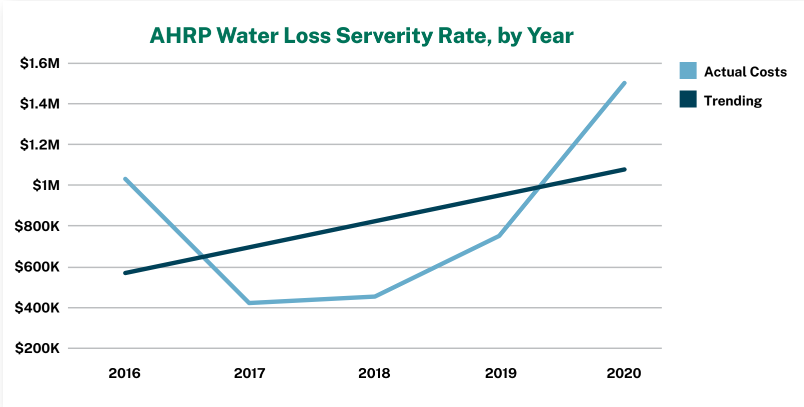
Affordable Housing Trends



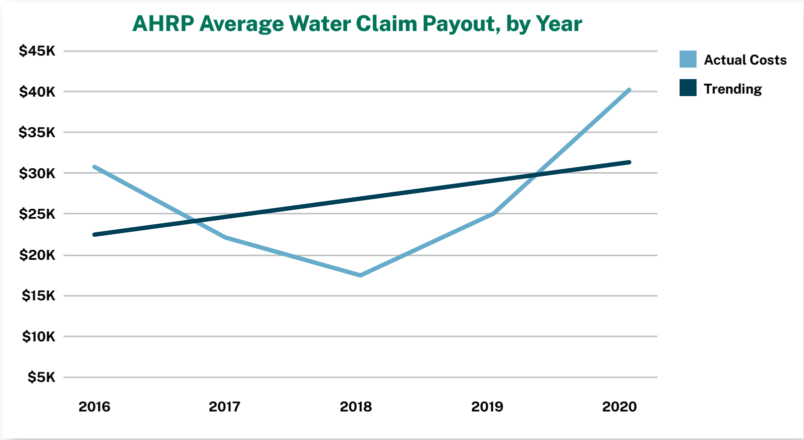
AHRP Average Fire Claim Payout, by Year



AHRP Total Fire Claim Payout, by Year



AHRP Water Loss Serverity Rate, by Year



AHRP Average Water Claim Payout, by Year

Insurance Agency Overview

The ORWACA Agency Insurance Services, LLC (agency) can assist with any insurance need that is outside the core scope of coverages provided by the public entity or affordable housing pool. The agency is a fully licensed commercial insurance agency, with the ability to access a multitude of commercial policies to achieve our clients' needs for professional executive risk insurance products and general property & casualty coverages. The agency also has access to bonding markets for unique situations when surety is required.

The following examples serve as a reference of the type of programs needing coverage and products frequently requested. Additional lines of coverage are normally accessible by the agency.

- **Homeless shelters & transitional housing programs**
- **Private non-profit operations & city/county funded operations**
- **Community mental health providers that include housing solutions**
- **Most service providers at your housing authority's properties**
- **Directors' and officers' insurance for independent non-profit boards related to housing**
- **Professional liability (E&O) and miscellaneous professions**
- **Flood and earthquake**
- **DIC – difference in conditions – broadens property forms**
- **Builder's risk – for property in the course of construction**
- **Policies for property and general liability for affiliates & partner non-profits**
- **Employment practices liability (monoline product policy)**
- **Bonding/surety, notary/bid & performance and miscellaneous bonds**
- **Fund raising or special event policies**
- **Lead based paint professional liability for housing inspectors**
- **Tenant discrimination**
- **Boiler & machinery/mechanical breakdown**
- **Underground storage tank liability & other pollution related coverage**

ORWACA AGENCY
INSURANCE SERVICES, LLC

Dedicated to offering insurance services to HARRP pool members, ORWACA is designed to service housing authorities and non-profit entities as a one stop shop. ORWACA can help when HARRP pool members are faced with coverage issues outside the scope of intergovernmental agreements.

Dedicated to offering insurance services to both the public entity and affordable housing sector, the agency is designed to complement the risk pools in achieving the goal of being a one stop shop for insurance coverage specific to housing risks.

Report of Independent Auditors

The Board of Directors
Housing Authorities Risk Retention Pool and its blended component units

Report on the Financial Statements
We have audited the accompanying financial statements of Housing Authorities Risk Retention Pool and its blended component units (the "Pool"), which comprise the statements of net position as of December 31, 2020 and 2019, and the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

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

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

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

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

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Housing Authorities Risk Retention Pool and its blended component units as of December 31, 2020 and 2019, and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters
Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 7, and the reconciliation of claims liabilities by type of coverage, the ten-year loss development information and pension plan information on pages 35 through 42 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information
Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Pool's basic financial statements. The combining statement of net position and combining statement of revenues, expenses, and changes in net position are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The additional supplementary information, on pages 43 to 45, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the additional supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards
In accordance with Government Auditing Standards, we have also issued our report dated March 26, 2021 on our consideration of the Pool's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Pool's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Pool's internal control over financial reporting and compliance.

Portland, Oregon
March 26, 2021

Management's Discussion and Analysis

The Housing Authorities Risk Retention Pool's ("HARRP") management is pleased to offer this narrative overview and analysis of the financial activities for the fiscal year ended December 31, 2020. This discussion and analysis include HARRP as well as HARRP's subsidiary entity, the Affordable Housing Risk Pool ("AHRP"), and AHRP's subsidiary entity, the ORWACA Agency Insurance Services, LLC ("ORWACA"). We encourage readers to consider the information presented here in conjunction with HARRP's financial statements and notes.

Financial highlights
Due to continuing high claims affecting AHRP and a full limits loss in Southern Oregon due to wildfires, HARRP and its subsidiaries had a net decrease in 2020 of $134,341, compared to a net increase of $2,581,026 in 2019. The claim expense for AHRP was far greater than anticipated in 2020, with a net decrease of $1,045,976, which was offset slightly by the increase in the net position of AHRP's subsidiary, ORWACA.

AHRP and ORWACA posted an aggregate net decrease of $874,520 in 2020 compared to an increase of $142,777 in 2019.

General program highlights
HARRP was formed in 1987 as a response to the rapidly escalating costs and availability of public entity insurance. HARRP was formed to pool risks associated with operations of public housing authority agencies. HARRP is governed by a nine-member Board of Directors, elected by and representing member housing authorities that participate in the HARRP program. The Board of Directors oversees operations, policy, claims, underwriting, risk management, and finances.

Claims administration, risk management, financial services, and underwriting are performed in-house. Claims adjusting, actuarial analysis, financial audits, and legal services are outsourced to firms specializing in pooling, habitational risks, employment law, and civil litigation.

HARRP has one subsidiary entity, AHRP. Launched in 2011, AHRP provides coverage for tax credit partnership and non-profits providing affordable housing. AHRP acquired ORWACA in 2013 at the same time the corporate structure was changed from a corporation to a limited liability company in Oregon. ORWACA is dedicated to procurement of commercial insurance products for HARRP and AHRP. With four licensed insurance agents, ORWACA specializes in acquiring specialty coverage.

Financial statement overview
HARRP and its subsidiaries report their financial activities as an enterprise fund, utilizing full accrual practices, meaning revenues are booked as earned and expenses are recognized as they are incurred. HARRP and subsidiaries establish a budget annually to monitor many aspects of the financial condition of the pool.

The annual financial report consists of Statements of Net Position, Statements of Revenues, Expenses and Changes in Net Position and Statements of Cash Flows. This report also contains supplementary information in addition to the basic financial statements.

• The Statements of Net Position present information on the pool's assets and liabilities, and net position. Increase or decrease in the net position from year to year is an indication of how effectively HARRP and AHRP are rating their programs to assure sufficient funding as well as the level of HARRP's internal administrative efficiency.

• The Statements of Revenues, Expenses and Changes in Net Position present information showing total revenues versus total expenses and how the pools' net position changed from year-end 2019 to year-end 2020. All revenues and expenses are reported on an accrual basis.

In the required supplementary information section of the audit report is the Reconciliation of Claims Liabilities by Type of Coverage, the Ten-Year Loss Development Information and the Pension Plan Information. The Ten-Year Loss Development Information schedule for the most recent 10 years shows loss development which demonstrates whether the originally funded rate was adequate or inadequate to cover the cost of losses as the loss matures. These reports are

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submitted pursuant to Governmental Accounting Standards Board ("GASB") Statement 10, as amended by Statement 30 and GASB Statement 68.

In the supplementary information section of the audit report, the Combining Statement of Net Position and the Combining Statement of Revenues, Expenses and Changes in Net Position, is presented by program. Hence, HARRP, AHRP and ORWACA are presented separately. This allows specific identification of performance by each program.

Analysis of the Statements of Net Position

	2020	2019	2018
ASSETS			
Current and other assets	$ 39,019,264	$ 37,463,730	$ 36,886,109
Capital assets	1,510,585	1,372,011	1,393,690
Total assets	40,529,849	38,835,741	38,279,799
LIABILITIES			
Current liabilities	13,154,694	11,897,283	12,874,838
Noncurrent liabilities	2,999,596	2,428,558	3,476,087
Total liabilities	16,154,290	14,325,841	16,350,925
NET POSITION			
Net investment in capital assets	1,510,585	1,372,011	1,393,690
Unrestricted	22,864,974	23,137,889	20,535,184
Total net position	$ 24,375,559	$ 24,509,900	$ 21,928,874

Referral to the accompanying financial statements and the related notes for the financial statements is encouraged.

Assets
Total assets increased by $1,694,108 in 2020 from the previous year. This followed an increase in assets of $555,942 in 2019.

On December 31, 2020, HARRP and its subsidiary, AHRP, invested approximately $23,503,821 and $4,384,640, respectively, in obligations of the U.S. Government, U.S. Government agencies, and U.S. Government sponsored agencies, as stipulated by applicable State investment statutes. Income derived from these investments is used to offset program costs and accordingly reduces both HARRP's and AHRP's rates.

Capital Assets
At December 31, 2020, HARRP had $1,510,585 in net investment in capital assets, net of accumulated depreciation. HARRP invested $184,837 in capital assets for the year ended December 31, 2020.

Liabilities
On December 31, 2020 and 2019, total liabilities increased $1,828,449 and deceased $2,025,084 respectively, over the previous period. HARRP and its subsidiaries' liabilities are generally unearned member contributions (deferred revenue), claim reserves payable at a future date, reserves for incurred but not reported (IBNR) claims, accounts payable, accrued expenses and pension liability.

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Analysis of the Statements of Revenues, Expenses, and Changes in Net Position

	2020	2019	2018
REVENUES			
Member contributions	$ 13,965,881	$ 11,893,952	$ 10,596,077
Investment income	869,130	983,043	232,741
Other income	287,700	231,222	170,099
Total revenue	15,122,711	13,108,217	10,998,917
EXPENSES			
Claims expense	9,988,219	5,998,866	9,092,978
Administration/other expense	5,268,833	4,528,325	3,844,895
Total expenses	15,257,052	10,527,191	12,937,873

Referral to the accompanying financial statements and the related notes for the financial statements is encouraged.

Revenues
Members contribute funds to the pool allowing HARRP to manage its objective of self-insurance. The predominant source of revenue is member contributions. Each year, HARRP conducts an actuarial analysis to determine contribution levels, which are based on loss trends, exposure units, and other trending factors. Rates are ultimately adopted by the Board of Directors.

HARRP's revenues (exclusive of investment income) increased in 2020 due to changes in exposure units covered. AHRP's revenues (exclusive of investment income and commissions) increased due to changes in exposure units covered as well as rate changes. AHRP began accepting new business from all low-income tax credit and nonprofit affordable housing providers on January 1, 2013. Previously, only those entities affiliated with a HARRP member were able to secure coverage through AHRP.

Expenses
HARRP and AHRP administration costs are comprised of administration and claim handling costs. In 2020, HARRP's and its subsidiary's administration expenses increased by $740,508, compared to the increase of $683,430 in 2019. This is due primarily to the increase in number of losses and the additional costs of adjusting those claims.

Claims expenses for HARRP and its subsidiary increased $3,989,353 in 2020, compared to a decrease of $3,094,112 in 2019. Claims expense has been detrimentally influenced by economic pressures, such as cost of materials, labor costs and the pandemic. These pressures coupled with high losses in AHRP and the limits loss in Southern Oregon due to wildfire, dramatically increased the pools' claim expenses in 2020.

Debt administration
Neither HARRP nor AHRP have any existing or pending long term debt. HARRP is positioned to finance bonds in the four states in which it operates to raise capital, if necessary. There are no plans to raise capital through capital contributions, bond financing or other means. In the 31 years since inception, HARRP has not had to rely on debt financing to fund any portion of its operations.

Forecast of facts or condition affecting results of operations
HARRP benefits from its long-term existence as a risk pool. HARRP's cumulative surplus assures HARRP's solvency. HARRP, like most public entity pools, has suffered due to stringent investment guidelines to which the pool must adhere that limit investments to short-term government securities. Much of HARRP's investment portfolio is maturing

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Statements of Net Position

ASSETS

	December 31, 2020	December 31, 2019
CURRENT ASSETS		
Cash and cash equivalents	$ 10,284,956	$ 8,085,081
Interest receivable	135,961	145,276
Investments	6,230,409	5,851,805
Restricted cash equivalents	734,150	471
Restricted investments	-	257,206
Accounts receivable, net	273,244	203,865
Prepaid expenses	1,284,028	675,087
Income tax receivable	-	34,313
Total current assets	18,942,748	15,253,104
DEFERRED INCOME TAX ASSET	233,711	233,711
NON-CURRENT INVESTMENTS	18,100,195	19,030,790
NON-CURRENT RESTRICTED INVESTMENTS	1,486,015	2,652,800
CAPITAL ASSETS, net	1,510,585	1,372,011
DEFERRED OUTFLOWS OF RESOURCES	256,595	293,325
Total assets and deferred outflows of resources	$ 40,529,849	$ 38,835,741

LIABILITIES AND NET POSITION

	December 31, 2020	December 31, 2019
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 343,736	$ 315,652
Unearned contributions	7,003,524	7,360,330
Income tax payable	1,800	1,301
Current portion of losses and loss adjustment expense reserves	5,805,634	4,220,000
Total current liabilities	13,154,694	11,897,283
NET PENSION LIABILITY	290,952	324,986
NON-CURRENT PORTION OF LOSSES AND LOSS ADJUSTMENT EXPENSE RESERVES	2,596,716	1,908,638
DEFERRED INFLOWS OF RESOURCES	111,928	194,934
Total liabilities and deferred inflows of resources	16,154,290	14,325,841
NET POSITION		
Net investment in capital assets	1,510,585	1,372,011
Unrestricted	22,864,974	23,137,889
Total net position	24,375,559	24,509,900
Total liabilities, deferred inflows of resources and net position	$ 40,529,849	$ 38,835,741

Statements of Revenues, Expenses, and Changes in Net Position

	Years Ended December 31, 2020	Years Ended December 31, 2019
OPERATING REVENUES		
Contributions earned	$ 13,965,881	$ 11,893,952
Commissions	269,806	204,022
Other income	17,894	27,200
Total operating revenues	14,253,581	12,125,174
OPERATING EXPENSES		
Change in losses and loss adjustment expenses incurred	9,988,219	5,998,866
Excess and reinsurance expense	3,406,030	2,555,005
Professional fees	206,044	219,031
Salaries and benefits	1,084,446	1,099,604
General and administrative expense	485,264	505,288
Depreciation expense	46,264	44,372
Total operating expenses	15,216,267	10,422,166
OPERATING INCOME (LOSS)	(962,686)	1,703,008
NON-OPERATING INCOME		
Investment income	869,130	983,043
INCREASE IN NET POSITION BEFORE INCOME TAX BENEFIT (EXPENSE)	(93,556)	2,686,051
INCOME TAX EXPENSE	(40,785)	(105,025)
INCREASE (DECREASE) IN NET POSITION	(134,341)	2,581,026
NET POSITION, beginning of year	24,509,900	21,928,874
NET POSITION, end of year	$ 24,375,559	$ 24,509,900

Statements of Cash Flows

	Years Ended December 31, 2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Contributions received	$ 13,539,696	$ 13,763,360
Commissions received	269,806	204,022
Other income received	17,894	27,200
Interest received	743,553	761,850
Taxes paid	(5,973)	200,429
Losses and loss adjustment expenses paid	(7,714,507)	(9,499,376)
Salaries and benefits paid	(1,164,756)	(1,126,008)
General and administrative expenses paid	(1,066,121)	(567,809)
Professional fees paid	(206,044)	(219,031)
Excess insurance expenses paid	(3,406,030)	(2,555,005)
Net cash provided by operating activities	1,007,518	989,632
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(13,963,880)	(11,146,047)
Proceeds from sales and maturities of investments	16,074,754	9,659,005
Purchase of fixed assets	(184,838)	(22,693)
Net cash provided by (used in) investing activities	1,926,036	(1,509,735)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH EQUIVALENTS	2,933,554	(520,103)
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH EQUIVALENTS, beginning of year	8,085,552	8,605,655
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH EQUIVALENTS, end of year	$ 11,019,106	$ 8,085,552

	Years Ended December 31, 2020	2019
RECONCILIATION OF INCREASE (DECREASE) IN NET POSITION TO CASH PROVIDED BY OPERATING ACTIVITIES		
Increase (decrease) in net position	$ (134,341)	$ 2,581,026
Adjustments to reconcile increase (decrease) in net position to net cash provided by operating activities		
Depreciation expense	46,264	44,372
Deferred income taxes	-	75,989
Pension liability	(80,310)	(26,404)
Loss on sale of investments	12,378	10,783
Change in fair value of investments	(147,270)	(244,051)
Changes in assets and liabilities		
Interest receivable	9,315	12,075
Accounts receivable, net	(69,379)	351,991
Prepaid expenses	(608,941)	(87,152)
Income tax receivable	34,313	228,665
Accounts payable and accrued expenses	28,084	24,631
Unearned contributions	(356,806)	1,517,417
Income tax payable	499	800
Losses and loss adjustment expense reserves	2,273,712	(3,500,510)
Net cash provided by operating activities	$ 1,007,518	$ 989,632

Discussion continues...
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and will be reinvested with very low returns. Historically, investment income supplements the revenue generated by pool contributions and is a crucial factor in rate setting at the end of the year.

The industry trending prediction has property and casualty markets beginning to harden, which means the capacity in the insurance markets is decreasing. Insurance companies typically increase rates when capacity is low.

In 2011, HARRP obtained board and member approval to launch AHRP. The growth of AHRP stalled in 2020, due primarily to the non-renewing of all policies by a large member/policyholder in Washington State.

Financial Contact
This financial report is designed to provide a general overview of the finances of HARRP and its subsidiaries. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director, Housing Authorities Risk Retention Pool, 7111 NE 179th Street, Vancouver, WA 98686-1888.

Notes to Financial Statements

Note 1 – Significant Accounting Policies

Nature of operations
Housing Authorities Risk Retention Pool ("HARRP") was established to serve affordable housing providers pursuant to specific statutes in Oregon, Washington, California and Nevada for the purpose of operating property, general liability, automobile, fidelity, tenant discrimination and public officials' errors and omissions coverage to participants.

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America.

Reporting entity
The governmental reporting entity consists of HARRP, the primary government, and its blended component units.

Component units are legally separate organizations for which the Board of Directors is financially accountable or other organizations whose nature and significant relationship with HARRP are such that exclusion would cause HARRP's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and (i) either HARRP's ability to impose its will on the organization or (ii) there is potential for the organization to provide a financial benefit to or impose a financial burden on HARRP. The basic financial statements include blended component units. The blended component units are legally separate entities, and are considered, in substance, part of HARRP's operations, and so data from these units is combined with data of the primary government.

The Pool's operations include two blended component units, which are included in the basic financial statements and consists of two legally separate entities, Affordable Housing Risk Pool ("AHRP") and ORWACA Agency Insurance Services, LLC ("the Agency") (collectively, "the Pool"). The Agency is a member managed LLC owned by AHRP (100% ownership). AHRP began operations on March 31, 2011. AHRP is a 100% owned subsidiary of HARRP.

Governmental Accounting Standards Board ("GASB") requires that the financial statements of AHRP and the Agency be blended into HARRP's financial statements. Separately issued financial statements for AHRP and the Agency may be obtained by contacting the Executive Director, HARRP, 7111 NE 179th Street, Vancouver, Washington 98686.

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Basis of accounting
The Pool maintains its accounting records as a proprietary fund using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The Pool distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses are derived from providing services in connection with the Pool's ongoing operations. The primary operating revenue is contributions from member entities. Operating expenses include claims expenses and general and administrative expenses. All other revenue and expenses not meeting this definition are classified as non-operating revenues and expenses. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Pool has applied all applicable GASB pronouncements in the financial statements.

Use of restricted and unrestricted resources
When both restricted and unrestricted resources are available for use, it is the Pool's policy to use restricted resources first, then unrestricted resources as they are needed.

Membership
HARRP was comprised of 80-member public housing authorities at December 31, 2020. HARRP has 80 members who participate in Crime, 80 members who participate in General Liability, 14 members who participate in Excess Liability, 79 members who participate in Errors & Omissions, 1 member who participates in Stand Alone Employment Practices Liability, and 78 members who participate in Property.

AHRP's policyholders consist of non-profit and low-income tax credit affordable housing providers affiliated with HARRP. AHRP provides policyholders property, general liability and tenant discrimination insurance coverage. AHRP had 421 member policies issued and outstanding at December 31, 2020.

Under HARRP's Intergovernmental Cooperation Agreement, new members may be admitted by a majority vote of the Board of Directors.

Upon entry into HARRP, members may not voluntarily withdraw for a period of three years. Members must submit 30 days written notice prior to voluntary withdrawal. Members may be expelled by a majority vote of the HARRP Board of Directors. The effect of withdrawal does not terminate the responsibility of the member for any unpaid premiums.

Description of programs
The Pool's Self Insurance Programs (Auto Liability, General Liability, Errors & Omissions, Property and Employment Practices) were established for the purpose of operating and maintaining a self-insurance or group insurance program. Member contributions for coverage are to be used for the payment of, but not limited to, the following:

- Self-insured claim payments
- Reinsurance premiums
- Claims administration expenses
- Investigative costs
- Legal costs
- Internal administration service costs
- Audit costs
- Actuarial expenses
- Miscellaneous

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The Board of Directors determines contribution requirements annually for the self-insurance programs adequate to fund for internal administration, projected losses and excess insurance costs. Member deductibles, self-insured retention ("SIR"), reinsurance and excess insurance for each program under HARRP are as follows:

Errors & Omissions	
Member Deductible	$2,500 to 10% co-share of claim per occurrence
SIR	$2,000,000 per occurrence

Property	
Member Deductible	$2,500 to $25,000 per occurrence (varies)
SIR	$2,000,000 per occurrence
Excess Property	$2,000,001 to $45,000,000

Employment Practices	
Member Deductible	$2,500 to 10% co-share of claim per occurrence
SIR	$2,000,000 per occurrence

Policyholder deductibles, SIR, reinsurance and excess insurance for each program under AHRP are as follows:

General Liability	
Deductible	None
SIR	$1,000,000 per occurrence
Excess	$1,000,000 per occurrence

Property	
Deductible	$2,500 to $10,000 per occurrence (varies)
SIR	$1,000,000 per occurrence
Reinsurance	$1,000,000 per occurrence
Excess	$2,000,001 to $45,000,000

Advertising
Advertising costs are expensed as incurred. Advertising expense was $17,200 and $26,736 for the years ended December 31, 2020 and 2019, respectively.

Cash and cash equivalents
The Pool considers all highly liquid investments with an original maturity of three months or less and money market mutual funds to be cash equivalents. The amount of the Pool's cash is covered by federal depository insurance up to $250,000. Should the Pool's deposits exceed the insured limits, the balance is covered by collateral held by the bank in accordance with Washington law requiring the depository bank to hold collateral equal to 100% of the excess government funds on deposit.

ORWACA Insurance Agency, LLC cash is restricted for use by the State of Washington until the premiums are paid to the respective insurance companies. No cash was considered restricted as of December 31 2020 or 2019.

Restricted cash equivalents are designated for the benefit of PESLIC (see Notes 1 and 6).

Accounts receivable
Accounts receivable reflects uncollateralized amounts due from members for contributions billed and commissions due from insurance companies. The Pool grants credit to housing authorities, low income housing tax credit partnerships, and non-profit corporations in Oregon, Washington, California and Nevada. Contributions are due from housing authorities and policyholders generally prior to the start of the coverage period. Interest is not charged on delinquent balances. Management individually reviews all delinquent balances and works with the housing authority and policyholder to collect amounts owed. No receivable balances were delinquent more than 90 days as of December 31, 2020 and 2019. The Pool did not provide an allowance for doubtful accounts as all accounts are considered collectible.

Unearned contributions/prepaid expenses
Policy period-end varies by policyholder. As such, certain contributions are treated as deferred and certain expenses as prepaid. This is to reflect a proper matching of contributions and expenses for the fiscal year-end financial statements.

Investments
The Pool records its investments at fair value. Changes in fair value are reported as non-operating income in the statements of revenue, expense and changes in net position. Fair value of investments has been determined by the Pool based on quoted market prices. Realized losses on investments sold in 2020 totaled $12,378. Realized losses on investments sold in 2019 totaled $10,783.

Restricted cash equivalents and restricted investments
The Pool has money market mutual funds totaling $734,150 and $471 and federal agency and corporate bonds totaling $1,486,015 and $2,910,006 at December 31, 2020 and 2019, respectively as designated for the benefit of The Princeton Excess and Surplus Lines Insurance Company ("PESLIC") in accordance with a Regulation 114 Trust (see Note 6).

Capital assets and depreciation
Capital assets are carried at cost. Capital purchases exceeding $10,000 with a determined useful life over one year are capitalized. Depreciation is provided for over the estimated useful lives of the assets using the straight-line method. The useful lives of capital assets are estimated as follows:

Building and improvements	39 years
Furniture and equipment	3–5 years

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Losses and loss adjustment expense
Each pool establishes claims liabilities based on estimates of the ultimate cost of claims (including future allocated claim adjustment expense) that have been reported but not settled, and of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. Because actual claims costs depend on such complex factors as inflation, changes in doctrines of legal liability, and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount, particularly for coverages such as general liability.

Claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claims frequency, and other economic and social factors. A provision for inflation in the calculation of estimated future claims costs is implicit in the calculation because reliance is placed both on actual historical data that reflect past inflation and on other factors that are considered to be appropriate modifiers of past experience. Adjustments to claim liabilities are charged or credited to expense in the periods in which they are made.

Net position
Net position includes the various net earnings from operating income (loss) and non-operating revenues and expenses. Net position is classified in the following three components:
Net investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds. At December 31, 2020 and 2019, the Pool did not have any outstanding capital debt to apply against its net investment in capital assets.

Restricted – This component of net position consists of constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation reduced by liabilities relating to those restricted assets. At December 31, 2020 and 2019, the Pool did not have restricted net position.

Unrestricted – This component of net position consists of net position that does not meet the definition of "restricted" or "net investment in capital assets".

Revenue recognition
Revenues mainly consist of premium contributions from policyholders. Policyholders are typically those organizations in the affordable housing community, primarily tax credit partnerships, affiliated nonprofits and nonprofit affordable housing owners in Oregon, Washington, Nevada and California.

Revenue is matched to the period in which the policyholder has obtained coverage. Revenues are amortized over the coverage period.

Contribution development is performed by actuaries and the Board of Directors based on the particular characteristics of the policyholders. Contribution income consists of payments from policyholders that are expected to match the expense of insurance premiums for coverage in excess of self-insured amounts, estimated payments resulting from self-insurance programs and operating expenses. The contribution revenue is recognized as revenue in the period for which insurance protection is provided.

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Note 1 continues...
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Use of estimates
In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to 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.

Income tax status
HARRP is exempt from federal and state income taxes under Internal Revenue Code Section 115. AHRP has been formed as a Limited Liability Company and is taxed as an insurance corporation. The Agency is a Limited Liability Company and wholly owned by AHRP. For tax purposes, the Agency is considered a disregarded entity and its operations are combined with AHRP's on AHRP's income tax return.

AHRP's income tax provision is based on the asset and liability method. Deferred income tax assets and liabilities have been provided for temporary differences between the tax basis of assets and liabilities and their reported amounts in the financial statements.

Management believes the Pool has no material uncertain tax positions and, accordingly it has not recorded a liability for unrecognized tax expense. To the extent that the Pool was assessed interest or penalties associated with income tax positions, such expense would be recognized as an operating expense.

Pensions
For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the fiduciary net position of all state sponsored pension plans and additions to/deductions from those plans' fiduciary net position have been determined on the same basis as they are reported by the Washington State Department of Retirement Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 2 – Investments and Restricted Investments

The Pool had the following investments held in a managed portfolio as of December 31:

	2020	2019
Investment type		
Federal agencies	$ 20,691,172	$ 22,029,908
Certificates of deposit	3,433,314	4,218,177
Corporate bonds	1,692,133	1,544,516
Total	$ 25,816,619	$ 27,792,601

Interest rate risk – As a means of limiting its exposure to fair value losses arising from changes in interest rates, the Pool's investment policy limits the investment portfolio to maturities of not more than five years from the date of investment.

		Investment Maturities as of December 31, 2020		
Investment Type	Fair Value	<1 year	1–3 years	>3 years
Federal agencies	$ 20,691,172	$ 5,501,023	$ 9,698,924	$ 5,491,225
Certificates of deposit	3,433,314	729,372	1,303,268	1,400,674
Corporate bonds	1,692,133	-	1,305,596	386,537
Total investments at fair value	$ 25,816,619	$ 6,230,395	$ 12,307,788	$ 7,278,436

		Investment Maturities as of December 31, 2019		
Investment Type	Fair Value	<1 year	1–3 years	>3 years
Federal agencies	$ 22,029,908	$ 5,517,695	$ 9,517,448	$ 6,994,765
Certificates of deposit	4,218,177	591,303	1,104,449	2,522,425
Corporate bonds	1,544,516	-	858,164	686,352
Total investments at fair value	$ 27,792,601	$ 6,108,998	$ 11,480,061	$ 10,203,542

Credit risk – It is the Pool's general investment policy to apply the prudent person standard; investments shall be made with judgment and care under circumstances then prevailing which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. Securities eligible for investments are direct obligations of the U.S. Government (U.S. Treasury obligations), U.S. Government agency securities and Money Market bank accounts. U.S. Treasury obligations are backed by the full faith and credit of the U.S. Government. Government agency securities are rated "AA+" by Standards and Poor's. Certificates of Deposit are covered by federal depository insurance.

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Note 2 continues...
from page 31

Concentration of risk – The Pool's investment policy allows for purchase of unlimited quantities of U.S. Treasury obligations, U.S. Government agency securities, certificates of deposit or corporate bonds. At December 31, the investments concentrated 5% or more as a percentage of the total investment portfolio were as follows:

	% of Portfolio 2020	2019
Federal Home Loan Banks	39.96%	40.66%
Federal National Mortgage Association	25.70%	18.90%
Federal Farm Credit Banks	14.49%	19.70%
Certificates of deposit	13.30%	15.18%
Corporate bonds	6.55%	5.56%

Fair value measurement
Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that GASB statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value.

Level 1 – Inputs are quoted prices in active markets for identical assets.

Level 2 – Inputs are significant other observable inputs.

Level 3 – Inputs are significant unobservable inputs.

Fair values of assets measured on a recurring basis at December 31, 2020, are as follows:

	Level 1	Level 2	Level 3	Total
Federal agencies	$ -	$ 20,691,172	$ -	$ 20,691,172
Certificates of deposit	-	3,433,314	-	3,433,314
Corporate bonds	-	1,692,133	-	1,692,133
	$ -	$ 25,816,619	$ -	$ 25,816,619

Fair values of assets measured on a recurring basis at December 31, 2019, are as follows:

	Level 1	Level 2	Level 3	Total
Federal agencies	$ -	$ 22,029,908	$ -	$ 22,029,908
Certificates of deposit	-	4,218,177	-	4,218,177
Corporate bonds	-	1,544,516	-	1,544,516
	$ -	$ 27,792,601	$ -	$ 27,792,601

Note 3 – Capital Assets

Capital assets are as follows for 2019 and 2020:

	Balance at December 31, 2019	Additions	Retirements	Balance at December 31, 2020
Land	$ 285,900	$ -	$ -	$ 285,900
Building and improvements	1,483,738	-	-	1,483,738
Furniture and equipment	33,734	184,838	-	218,572
Less depreciation	(431,361)	(46,264)	-	(477,625)
Net capital assets	$ 1,372,011	$ 138,574	$ -	$ 1,510,585

	Balance at December 31, 2018	Additions	Retirements	Balance at December 31, 2019
Land	$ 285,900	$ -	$ -	$ 285,900
Building and improvements	1,483,738	-	-	1,483,738
Furniture and equipment	11,041	22,693	-	33,734
Less depreciation	(386,989)	(44,372)	-	(431,361)
Net capital assets	$ 1,393,690	$ (21,679)	$ -	$ 1,372,011

Depreciation expense was $46,264 and $44,372 for the years ended December 31, 2020 and 2019, respectively.

Note 4 – Losses and Loss Adjustment Expenses

The Pool establishes a liability for both reported and unreported insured events at undiscounted amounts, which includes estimates of both future payments of losses and related claims adjustment expenses. The following represents changes in liabilities for the Pool during the years ended December 31:

	2020	2019
Losses and loss adjustment expense reserves, beginning of year	$ 6,128,638	$ 9,214,645
Incurred losses and loss adjustment expenses		
Provision for covered events of the current year	9,928,120	6,359,880
Increase (decrease) in provision for covered events of the prior year	60,099	(361,014)
Total incurred losses and loss adjustment expenses	9,988,219	5,998,866
Payments		
Losses and loss adjustment expenses attributable to covered events of the current year	3,768,617	2,456,210
Losses and loss adjustment expenses attributable to covered events of the prior year	3,945,890	6,628,663
Total payments	7,714,507	9,084,873
Loss and loss adjustment expense reserves, end of year	$ 8,402,350	$ 6,128,638
Detail of losses and loss adjustment expense reserves		
Current portion	$ 5,805,634	$ 4,220,000
Long-term portion	2,596,716	1,908,638
	$ 8,402,350	$ 6,128,638

Note 5 – Income Taxes

AHRP is taxed as a mutual property/casualty insurance company. Deferred income tax assets result principally from differences between unpaid losses and loss adjustments, unrealized gains and losses, and unearned contributions for financial reporting and tax purposes. Tax expense consists of the following for the years ended December 31:

	2020	2019
Deferred – Federal	$ -	$ (45,305)
Deferred – State	-	(30,685)
	-	(75,990)
Current – State	(40,785)	(29,035)
	$ (40,785)	$ (105,025)

The effective tax rate differs from the rate applied to the Pool's increase in net position before income taxes principally due to only AHRP being taxed as a mutual property/casualty insurance corporation.

The components of the deferred income tax asset are as follows as of December 31:

	2020	2019
Unearned contributions	$ 132,110	$ 128,759
Unrealized gains and losses	(23,932)	3,186
Loss reserve discount	37,796	21,113
Federal net operating loss	261,153	53,500
State net operating loss	73,466	18,928
Capital loss disallowed	9,382	8,225
Deferred income tax asset, net	489,975	233,711
Less: valuation allowance	(256,264)	-
Net deferred tax asset	$ 233,711	$ 233,711

As of December 31, 2020, AHRP has available federal and state net operating loss carry forwards of approximately $989,000 federal, $576,000 from California, and $241,000 from Oregon, respectively, which may provide future tax benefits. The carry forwards begin to expire in 2035.

Note 6 – Excess and Reinsurance

The Pool purchases excess insurance and reinsurance to reduce its financial exposure to loss. The Pool does not report any liabilities that are the responsibility of the reinsurance or the excess insurance carrier.

All property and casualty lines for HARRP are self-insured at a level of $2,000,000 per occurrence. HARRP secured $45,000,000 of coverage in excess of the underlying $2,000,000 for property losses through an additional excess insurance policy. HARRP provides coverage for the members' stated total insured value up to the excess coverage limit.

AHRP provides only general liability, property and tenant discrimination coverage. The general liability coverage for AHRP is self-insured at a level of $1,000,000 per occurrence. $1,000,000 of reinsurance has been secured to provide higher limit coverage on both the property and general liability lines. Additionally, AHRP secured $45,000,000 in excess of the underlying $2,000,000 for property losses through an additional excess insurance policy.

During December 2017, HARRP and AHRP entered into a Regulation 114 Trust to provide collateral for PESLIC in exchange for fronting the credit risk related to AHRP's reinsurance. The collateral is included in restricted cash equivalents and restricted investments consisting of money market mutual funds totaling $734,150 and $471 and federal agency and corporate bonds totaling $1,486,015 and $2,910,006 at December 31, 2020 and 2019. AHRP is a grantor on the Regulation 114 Trust.

Note 7 – Retirement & Note 8 – Pensions *(Left out intentionally)*

Note 9 – COVID-19

On March 11, 2020, the World Health Organization (WHO) announced a global health emergency stemming from a new strain of coronavirus that was spreading globally (the COVID-19 outbreak). The COVID-19 outbreak was classified as a pandemic, triggering volatility in financial markets and a significant negative impact on the global economy. The situation will continue to be monitored closely, but management does not expect any adverse impact on its operations at this time.

Note 10 – Subsequent Events

We have evaluated subsequent events through December 31, 2020, the date that these financial statements were available to be issued.

Reconciliation of Claims Liabilities by Type of Coverage (Unaudited)

Years Ended December 31, 2020 and 2019

	Property		General and Public Officials' Liability		Automobile Liability		Totals	
	2020	2019	2020	2019	2020	2019	2020	2019
Losses and loss adjustment expense reserves, beginning of year	$ 3,477,576	$ 6,650,798	$ 2,525,371	$ 2,453,855	$ 125,691	$ 109,992	$ 6,128,638	$ 9,214,645
Incurred losses and loss adjustment expenses								
Provision for covered events of the current year	7,895,692	4,352,900	1,929,909	1,924,199	102,519	82,781	9,928,120	6,359,880
Increase (decrease) in provision for covered events of the prior year	178,256	16,124	(122,804)	(488,076)	4,647	110,938	60,099	(361,014)
Total incurred losses and loss adjustment expenses	8,073,948	4,369,024	1,807,105	1,436,123	107,166	193,719	9,988,219	5,998,866
Payments								
Losses and loss adjustment expenses attributable to covered events of the current year	3,427,104	2,118,697	255,253	276,768	86,260	60,745	3,768,617	2,456,210
Losses and loss adjustment expenses attributable to covered events of the prior years	3,100,705	5,423,549	849,225	1,087,839	(4,040)	117,275	3,945,890	6,628,663
Total payments	6,527,809	7,542,246	1,104,478	1,364,607	82,220	178,020	7,714,507	9,084,873
Losses and loss adjustment expense reserves, end of year	$ 5,023,715	$ 3,477,576	$ 3,227,998	$ 2,525,371	$ 150,637	$ 125,691	$ 8,402,350	$ 6,128,638

Ten-Year Loss Development Information (Unaudited)

December 31, 2020

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Total required contribution and investment revenue	$ 6,326,859	$ 7,235,117	$ 7,798,335	$ 8,891,787	$ 10,534,442	$ 11,544,920	$ 11,572,307	$ 10,828,818	$ 12,876,995	$ 14,835,011
Ceded	(1,358,325)	(1,853,409)	(2,183,899)	(2,163,149)	(2,020,868)	(2,150,085)	(2,117,250)	(2,149,530)	(2,462,005)	(3,313,030)
(1) Net earned required contribution and investment revenues	4,968,534	5,381,708	5,614,436	6,728,638	8,513,574	9,394,835	9,455,057	8,679,288	10,414,990	11,521,981
(2) Unallocated expenses	2,271,352	2,626,774	3,151,736	2,858,580	3,174,990	3,289,255	3,645,850	3,533,058	2,473,595	2,627,791
(3) Estimated incurred claims and expense, end of year	3,580,591	5,386,896	7,376,830	4,952,784	4,459,786	5,123,800	8,781,786	8,922,332	6,359,880	9,928,120
Ceded	-	-	(17,566)	-	-	-	-	-	-	
Net incurred	3,580,591	5,386,896	7,359,264	4,952,784	4,459,786	5,123,800	8,781,786	8,922,332	6,359,880	9,928,120
(4) Paid (cumulative), end of year										
End of period	1,148,261	1,380,908	3,759,633	2,412,627	2,274,907	2,138,464	3,267,898	2,238,337	2,456,210	3,768,617
One year later	3,362,975	4,324,991	6,874,409	4,262,602	3,710,043	4,214,949	7,114,889	7,288,074	4,867,368	
Two years later	4,549,837	5,222,568	7,077,792	4,773,135	3,831,664	4,558,733	8,086,266	8,590,297	-	
Three years later	4,719,791	5,415,621	7,239,255	5,313,719	3,904,022	4,924,719	8,254,797	-	-	
Four years later	4,791,404	551,531	7,392,651	5,438,366	4,148,449	4,965,685	-	-	-	
Five years later	4,820,185	5,679,378	7,392,721	5,438,366	4,173,925	-	-	-	-	
Six years later	4,902,599	5,679,378	7,392,721	5,438,366	-	-	-	-	-	
Seven years later	4,902,384	5,679,158	7,392,721	-	-	-	-	-	-	
Eight years later	4,902,069	5,679,008	-	-	-	-	-	-	-	
Nine years later	4,902,069	-	-	-	-	-	-	-	-	
(5) Reestimated ceded claims and expenses	-	-	17,566	-	-	-	-	-	-	
(6) Reestimated incurred claims and expenses, end of year										
End of period	3,580,591	5,386,896	7,359,264	4,952,784	4,459,786	5,123,800	8,781,786	8,922,332	6,359,880	9,928,120
One year later	4,151,858	5,468,660	7,327,249	5,046,706	4,288,752	4,827,010	8,794,661	8,674,428	6,152,245	
Two years later	4,733,470	5,684,561	7,351,649	5,219,916	4,053,164	5,006,482	8,539,238	8,725,162	-	
Three years later	4,793,051	5,585,451	7,502,537	5,400,161	3,955,957	5,050,796	8,726,160	-	-	
Four years later	4,893,930	5,686,001	7,395,966	5,438,366	4,166,929	5,031,656	-	-	-	
Five years later	4,909,436	5,679,378	7,392,721	5,438,366	4,175,472	-	-	-	-	
Six years later	4,902,599	5,679,378	7,392,721	5,438,366	-	-	-	-	-	
Seven years later	4,902,384	5,679,158	7,392,721	-	-	-	-	-	-	
Eight years later	4,902,069	5,679,008	-	-	-	-	-	-	-	
Nine years later	4,902,069	-	-	-	-	-	-	-	-	
(7) Increase (decrease) in estimated incurred claims expense from end of policy year	$ 1,321,478	$ 292,112	$ 33,457	$ 485,582	$ (284,314)	$ (92,144)	$ (55,626)	$ (197,170)	$ (207,635)	$ -

Ten-Year Loss Development Information (Unaudited)

December 31, 2020

CLAIMS DEVELOPMENT INFORMATION

The schedule illustrates the Pool's earned revenues (net of reinsurance) and investment income compared to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the Pool as of the end of the year.

The rows of the table are defined as follows:

1. This line shows the total of each year's earned contribution revenues and investment revenues.
2. This line shows each year's other operating costs of the Pool including overhead and claims expense not allocable to individual claims. All unallocable administration expenses are charged to the current year.
3. This line shows the Pool's incurred claims and allocated claim adjustment expense (both paid and accrued) as originally reported at the end of the year.
4. This section shows the cumulative amounts paid as of the end of the year.
5. This line shows the latest reestimated amount of claims assumed by reinsurers as of the end of the current year for each insured year.
6. This annual reestimation results from new information received on known claims, as well as emergence of new claims not previously known.
7. This line compares the latest reestimated incurred claim amount to the amount originally established (line 3) and shows whether this later estimate of claims cost is greater or less than originally estimated.

As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years.

Other Supplementary Information

Combining Statement of Net Position

December 31, 2020

	Affordable Housing Risk Pool	ORWACA Agency	Combining Eliminating Entries	Affordable Housing Risk Pool and ORWACA Combined	Housing Authorities Risk Retention Pool	Combining Eliminating Entries	Combined
ASSETS							
CURRENT ASSETS							
Cash and cash equivalents	$ 4,330,754	$ 735,062	$ -	$ 5,065,816	$ 5,219,140		$ 10,284,956
Interest receivable	21,727	-	-	21,727	114,234		135,961
Investments	729,372	-	-	729,372	5,501,037		6,230,409
Restricted cash equivalents	-	-	-	-	734,150		734,150
Restricted investments	-	-	-	-	-		-
Accounts receivable, net	163,747	21,442	-	185,189	88,055		273,244
Prepaid expenses	1,248,953	3,426	-	1,252,379	31,649		1,284,028
Income tax receivable	-	-	-	-	-		-
Total current assets	6,494,553	759,930	-	7,254,483	11,688,265	-	18,942,748
DEFERRED INCOME TAX ASSET	233,711	-	-	233,711			233,711
NON-CURRENT INVESTMENTS	3,431,207	-	-	3,431,207	14,668,988		18,100,195
RESTRICTED INVESTMENTS	-	-	-	-	1,486,015		1,486,015
INVESTMENT IN SUBSIDIARY	22,000	-	(22,000)	-	6,000,000	(6,000,000)	-
CAPITAL ASSETS, net	-	-	-	-	1,510,585		1,510,585
DEFERRED OUTFLOWS OF RESOURCES	-	-	-	-	256,595		256,595
	$ 10,181,471	$ 759,930	$ (22,000)	$ 10,919,401	$ 35,610,448	$ (6,000,000)	$ 40,529,849

Combining Statement of Net Position

December 31, 2020

	Affordable Housing Risk Pool	ORWACA Agency	Combining Eliminating Entries	Affordable Housing Risk Pool and ORWACA Combined	Housing Authorities Risk Retention Pool	Combining Eliminating Entries	Combined
LIABILITIES AND NET POSITION							
CURRENT LIABILITIES							
Accounts payable and accrued expenses	$ 57,966	$ 151,486	$ -	$ 209,452	$ 134,284	$ -	$ 343,736
Unearned contributions	3,668,312	-	-	3,668,312	3,335,212		7,003,524
Income tax payable	1,000	800	-	1,800	-		1,800
Current portion of losses and loss adjustment expense reserves	2,042,148	-	-	2,042,148	3,763,486		5,805,634
Total current liabilities	5,769,426	152,286	-	5,921,712	7,232,982	-	13,154,694
NET PENSION LIABILITY				-	290,952		290,952
NON-CURRENT PORTION OF LOSSES AND LOSS ADJUSTMENT EXPENSE RESERVES	983,947	-	-	983,947	1,612,769		2,596,716
DEFERRED INFLOWS OF RESOURCES	-	-	-	-	111,928		111,928
Total liabilities	6,753,373	152,286	-	6,905,659	9,248,631	-	16,154,290
NET POSITION							
Net investment in capital assets				-	1,510,585		1,510,585
Unrestricted	3,428,098	607,644	(22,000)	4,013,742	24,851,232	(6,000,000)	22,864,974
Total net position	3,428,098	607,644	(22,000)	4,013,742	26,361,817	(6,000,000)	24,375,559
Total liabilities and net position	$ 10,181,471	$ 759,930	$ (22,000)	$ 10,919,401	$ 35,610,448	$ (6,000,000)	$ 40,529,849

Combining Statement of Revenues, Expenses, and Changes in Net Position

Year Ended December 31, 2020

	Affordable Housing Risk Pool	ORWACA Agency	Combining Eliminating Entries	Affordable Housing Risk Pool and ORWACA Combined	Housing Authorities Risk Retention Pool	Combining Eliminating Entries	Combined
OPERATING REVENUES							
Contributions earned	$ 6,491,769	$ -	$ -	$ 6,491,769	$ 7,474,112	$ -	$ 13,965,881
Commissions	-	269,806	-	269,806	-	-	269,806
Other income	-	-	-	-	586,559	(568,665)	17,894
Total operating revenues	6,491,769	269,806	-	6,761,575	8,060,671	(568,665)	14,253,581
OPERATING EXPENSES							
Changes in losses and loss adjustment expenses incurred	4,722,340	-	-	4,722,340	5,265,879	-	9,988,219
Excess insurance expense	2,417,291	-	-	2,417,291	988,739	-	3,406,030
Professional fees	29,186	563	-	29,749	176,295	-	206,044
Salaries and benefits	-	-	-	-	1,084,446	-	1,084,446
General and administrative expense	542,654	96,987	-	639,641	414,288	(568,665)	485,264
Depreciation expense	-	-	-	-	46,264	-	46,264
Total operating expenses	7,711,471	97,550	-	7,809,021	7,975,911	(568,665)	15,216,267
OPERATING INCOME (LOSS)	(1,219,702)	172,256	-	(1,047,446)	84,760	-	(962,686)
NON-OPERATING INCOME							
Investment income	213,711	-	-	213,711	655,419	-	869,130
INCREASE (DECREASE) IN NET POSITION BEFORE INCOME TAX EXPENSE	(1,005,991)	172,256	-	(833,735)	740,179	-	(93,556)
INCOME TAX EXPENSE	(39,985)	(800)	-	(40,785)	-	-	(40,785)
INCREASE (DECREASE) IN NET POSITION	(1,045,976)	171,456	-	(874,520)	740,179	-	(134,341)
NET POSITION, beginning of year	3,474,074	436,188	(22,000)	3,888,262	25,621,638	(5,000,000)	24,509,900
Capital contributions	1,000,000	-	-	1,000,000	-	(1,000,000)	-
NET POSITION, end of year	$ 3,428,098	$ 607,644	$ (22,000)	$ 4,013,742	$ 26,361,817	$ (6,000,000)	$ 24,375,559

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Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

The Board of Directors
Housing Authorities Risk Retention Pool and its blended component units

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Housing Authorities Risk Retention Pool and its blended component units (the "Pool") as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Pool's basic financial statements, and have issued our report thereon dated March 26, 2021.

Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered the Pool's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Pool's internal control. Accordingly, we do not express an opinion on the effectiveness of the Pool's internal control.

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

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

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

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

Moss Adams LLP

Portland, Oregon
March 26, 2021

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