COMMUNITY SOLUTIONS

COMMUNITY SOLUTIONS INTERNATIONAL, INC.
AND SUBSIDIARIES
D/B/A COMMUNITY SOLUTIONS, INC.

Consolidated Financial Statements
and Supplementary Information
(Together with Independent Auditors' Report)

December 31, 2022 and 2021

COMMUNITY SOLUTIONS INTERNATIONAL, INC. AND SUBSIDIARIES
D/B/A COMMUNITY SOLUTIONS, INC.

CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION (Together with Independent Auditors' Report)

DECEMBER 31, 2022 AND 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Community Solutions International, Inc. and Subsidiaries
d/b/a Community Solutions, Inc.

Opinion

We have audited the consolidated financial statements of Community Solutions International, Inc. and Subsidiaries d/b/a Community Solutions, Inc. (the "Organization"), which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, based on our audits and the reports of the other auditors, the accompanying consolidated financial statements referred to above present fairly, in all material respects, the financial position of Community Solutions International, Inc. and Subsidiaries d/b/a Community Solutions, Inc., as of December 31, 2022 and 2021 and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Swift Factory, LLC, Swift Factory Master Tenant LLC and CS Large Cities Housing Fund, L.P., which statements reflect total assets of $113,251,421 (44%) and $34,820,601 (17%) as of December 31, 2022 and 2021, and total revenues of $1,850,679 (5%) and $1,823,452 (6%) for the years then ended. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for Swift Factory, LLC, Swift Factory Master Tenant LLC and CS Large Cities Housing Fund, L.P., is based solely on the reports of the other auditors.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As discussed in Note 2P to the consolidated financial statements, the Organization changed its method of accounting for leases as a result of the adoption of Accounting Standards Codification Topic 842, *Lease*, effective January 1, 2022, under the modified retrospective transition method. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Consolidating Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary consolidating information (shown on pages 33 and 34) is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and changes in net assets of the individual entities and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the consolidating information, which insofar as it relates to Swift Factory, LLC, Swift Factory Master Tenant LLC and CS Large Cities Housing Fund, L.P., is based on the reports of other auditors, is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Mayer Hoffman McCann CPAs

New York, NY
November 17, 2023

COMMUNITY SOLUTIONS INTERNATIONAL, INC. AND SUBSIDIARIES
D/B/A COMMUNITY SOLUTIONS, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2022 AND 2021

	2022	2021
ASSETS		
Cash and cash equivalents (Notes 2C, 3 and 12)	$ 44,466,908	$ 28,959,754
Contributions receivable, net (Notes 2D, 3, 5 and 19)	80,784,079	96,526,228
Grants receivable (Note 2H)	-	344,930
Rent receivable	81,101	5,030
Other receivables, net of allowance for uncollectible receivables of $101,281 and $8,235 in 2022 and 2021, respectively (Note 3)	1,070,147	1,938,527
Loans receivable (Notes 2L and 7)	26,562,275	26,562,275
Restricted cash (Note 4)	656,983	747,506
Escrow reserves (Note 4)	331,708	467,900
Investments (Notes 2M, 2N and 8)	10,183,089	-
Investments in real estate properties (Note 9)	40,730,075	-
Prepaid expenses and other assets	647,640	97,085
Due from Northeast Neighborhood Partners, Inc. (Note 18A)	1,555,211	156,294
Due from North Capitol Commons GP LLC (Note 18B)	11,065	9,465
Due from Brownsville Partnership, Inc. (Note 18C)	1,618,524	685,131
Due from RxHome	-	66,634
Investment in Vesta CO LLC, at cost (Note 1)	379,000	379,000
Due from Housing Fund Properties (Note 18D)	387,957	-
Deferred rent receivable (Note 2G)	-	105,758
Deferred leasing costs, net (Note 17)	27,987	28,955
Right-of-use asset, net of accumulated amortization (Notes 2P and 6)	4,933,721	-
Property and equipment, net (Notes 2E, 2F, 6 and 12)	45,281,057	50,273,711
TOTAL ASSETS	$ 259,708,527	$ 207,354,183
LIABILITIES AND NET ASSETS/MEMBERS' EQUITY		
LIABILITIES		
Accounts payable and accrued expenses	$ 2,818,779	$ 2,370,247
Security deposits payable	227,809	217,228
Due to Brownsville Partnership, Inc. (Note 18C)	431,212	-
Deferred revenue (Notes 2G and 2J)	17,143	-
Notes payable (Note 11)	48,229,776	-
Loans payable, net (Note 12)	53,780,691	47,459,382
TOTAL LIABILITIES	105,505,410	50,046,857
COMMITMENTS AND CONTINGENCIES (Note 16)		
NET ASSETS/MEMBERS' EQUITY (Note 2B)		
Without donor restrictions	50,740,771	43,872,347
Non-controlling members' interests in consolidated subsidiaries	1,724,321	2,531,357
Total without donor restrictions	52,465,092	46,403,704
With donor restrictions (Note 13)	101,738,025	110,903,622
TOTAL NET ASSETS/MEMBERS' EQUITY	154,203,117	157,307,326
TOTAL LIABILITIES AND NET ASSETS/MEMBERS' EQUITY	$ 259,708,527	$ 207,354,183

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

COMMUNITY SOLUTIONS INTERNATIONAL, INC. AND SUBSIDIARIES
D/B/A COMMUNITY SOLUTIONS, INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	For the Year Ended December 31, 2022			For the Year Ended December 31, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS AND OTHER SUPPORT						
Contributions (Note 2D and 19)	$ 1,632,742	$ 23,489,209	$ 25,121,951	$ 1,418,194	$ 116,455,004	$ 117,873,198
Noncash contributions (Notes 2I and 20)	61,792	-	61,792	646,731		646,731
Consulting income	221,258	-	221,258	796,729	-	796,729
Development and management fees	843,814	-	843,814	423,738	-	423,738
Rental income (Notes 2G and 17)	2,890,498	-	2,890,498	2,283,243	-	2,283,243
Other income and gains (Note 11)	627,591	-	627,591	1,091,024	-	1,091,024
Interest income (Notes 2L, 7 and 8)	508,446	-	508,446	287,545	-	287,545
Net assets released from donor restrictions (Note 13)	32,654,806	(32,654,806)	-	18,563,188	(18,563,188)	-
TOTAL REVENUES, GAINS AND OTHER SUPPORT	39,440,947	(9,165,597)	30,275,350	25,510,392	97,891,816	123,402,208
EXPENSES (Note 2K)						
Program services:						
Built For Zero	16,506,042	-	16,506,042	9,569,757	-	9,569,757
Inspiring Places	-	-	-	2,235,608	-	2,235,608
Real estate projects	11,968,778	-	11,968,778	4,905,029	-	4,905,029
Fiscal sponsorships	-	-	-	885,795	-	885,795
Other programs	885,322	-	885,322	1,929,750	-	1,929,750
Total program services	29,360,142	-	29,360,142	19,525,939	-	19,525,939
Supporting services:						
Management and general	3,368,462	-	3,368,462	2,047,788	-	2,047,788
Fundraising	516,717	-	516,717	608,135	-	608,135
Total supporting services	3,885,179	-	3,885,179	2,655,923	-	2,655,923
TOTAL EXPENSES	33,245,321	-	33,245,321	22,181,862	-	22,181,862
CHANGE IN NET ASSETS	6,195,626	(9,165,597)	(2,969,971)	3,328,530	97,891,816	101,220,346
Non-controlling members' interests in consolidated subsidiaries - beginning of year	2,531,357	-	2,531,357	1,826,891	-	1,826,891
Non-controlling members' interests in net loss of consolidated subsidiaries (Note 2B)	(672,798)	-	(672,798)	(573,205)	-	(573,205)
Non-controlling members' capital (distributions) contributions (Note 14)	(134,238)	-	(134,238)	1,277,671	-	1,277,671
Non-controlling members' interests in consolidated subsidiaries - end of year	1,724,321	-	1,724,321	2,531,357	-	2,531,357
Net assets/members' equity - beginning of year	46,403,704	110,903,622	157,307,326	41,797,503	13,011,806	54,809,309
Net assets/members' equity - end of year	$ 52,465,092	$ 101,738,025	$ 154,203,117	$ 46,403,704	$ 110,903,622	$ 157,307,326

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

COMMUNITY SOLUTIONS INTERNATIONAL, INC. AND SUBSIDIARIES
D/B/A COMMUNITY SOLUTIONS, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

	Program Services						Supporting Services				
	Built For Zero	Inspiring Places	Real Estate Projects	Fiscal Sponsorships	Other Programs	Total Program Services	Management and General	Fundraising	Total Supporting Services	2022 Total Expenses	2021 Total Expenses
Salaries	$ 6,635,757	$ -	$ 94,147	$ -	$ 328,387	$ 7,058,291	$ 1,266,430	$ 309,937	$ 1,576,367	$ 8,634,658	$ 6,989,517
Payroll taxes and employee benefits (Note 15)	1,535,568	-	25,348	-	77,238	1,638,154	288,255	71,722	359,977	1,998,131	1,639,516
						-					
Salaries and Related Costs	8,171,325	-	119,495	-	405,625	8,696,445	1,554,685	381,659	1,936,344	10,632,789	8,629,033
Professional services (Note 2I)	2,794,319	-	5,232,716	-	122,564	8,149,599	943,889	92,974	1,036,863	9,186,462	5,827,038
Occupancy (Note 16A)	327,321	-	793,132	-	18,653	1,139,106	108,543	12,913	121,456	1,260,562	966,700
Travel and conference	532,937	-	15,551	-	27,595	576,083	191,292	7,687	198,979	775,062	118,088
Program expenses and supplies	1,107,645	-	36,876	-	27,431	1,171,952	-	-	-	1,171,952	899,885
Building management	-	-	13,316	-	-	13,316	-	-	-	13,316	14,524
Communication	136,458	-	56,676	-	7,720	200,854	30,882	6,046	36,928	237,782	211,610
Insurance	44,089	-	204,868	-	2,655	251,612	15,449	1,838	17,287	268,899	229,793
Office supplies and expenses	31,747	-	207,795	-	1,529	241,071	8,900	1,205	10,105	251,176	201,072
Printing and postage	4,654	-	433	-	192	5,279	1,113	282	1,395	6,674	5,914
Equipment purchases and rental	66,431	-	8,616	-	4,000	79,047	23,278	2,769	26,047	105,094	99,037
Real estate tax	-	-	234,859	-	-	234,859	-	-	-	234,859	93,461
Staff training and development	111,868	-	710	-	5,512	118,090	32,073	3,830	35,903	153,993	140,462
Advertising and marketing	11,609	-	32,686	-	1,011	45,306	4,069	484	4,553	49,859	205,108
Depreciation and amortization (Note 6)	-	-	1,618,591	-	-	1,618,591	-	-	-	1,618,591	1,441,665
Interest (Notes 10 and 12)	-	-	3,219,807	-	-	3,219,807	-	-	-	3,219,807	957,905
Subcontract expenses	3,139,176	-	-	-	194,199	3,333,375	-	-	-	3,333,375	1,837,758
Bad debts expense (Note 5)	2,450	-	21,714	-	-	24,164	436,610	-	436,610	460,774	150,205
Miscellaneous expenses	24,013	-	150,937	-	66,636	241,586	17,679	5,030	22,709	264,295	152,604
Total expenses - 2022	$ 16,506,042	$ -	$ 11,968,778	$ -	$ 885,322	$ 29,360,142	$ 3,368,462	$ 516,717	$ 3,885,179	$ 33,245,321	
Total expenses - 2021	$ 9,569,757	$ 2,235,608	$ 4,905,029	$ 885,795	$ 1,929,750	$ 19,525,939	$ 2,047,788	$ 608,135	$ 2,655,923		$ 22,181,862

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

COMMUNITY SOLUTIONS INTERNATIONAL, INC. AND SUBSIDIARIES
D/B/A COMMUNITY SOLUTIONS, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Program Services						Supporting Services			
	Built For Zero	**Inspiring Places**	**Real Estate Projects**	**Fiscal Sponsorships**	**Other Programs**	**Total Program Services**	**Management and General**	**Fundraising**	**Total Supporting Services**	**2021 Total Expenses**
Salaries	$ 5,277,169	$ 700,974	$ 124,394	$ -	$ -	$ 6,102,537	$ 478,772	$ 408,208	$ 886,980	$ 6,989,517
Payroll taxes and employee benefits (Note 15)	1,237,855	164,426	29,179	-	-	1,431,460	112,304	95,752	208,056	1,639,516
Salaries and Related Costs	6,515,024	865,400	153,573	-	-	7,533,997	591,076	503,960	1,095,036	8,629,033
Professional services (Note 2I)	1,655,882	1,223,016	837,147	820,597	91,992	4,628,634	1,129,953	68,451	1,198,404	5,827,038
Occupancy (Note 16A)	56,119	1,224	900,215	6,800	-	964,358	1,853	489	2,342	966,700
Travel and conference	22,238	6,395	4,111	20,800	-	53,544	63,963	581	64,544	118,088
Program expenses	792,827	58,604	10,856	37,598	-	899,885	-	-	-	899,885
Building management	-	-	14,524	-	-	14,524	-	-	-	14,524
Communication	94,006	20,424	68,510	-	-	182,940	20,561	8,109	28,670	211,610
Insurance	42,135	10,177	158,004	-	-	210,316	15,408	4,069	19,477	229,793
Office supplies and expenses	18,000	3,924	172,135	-	-	194,059	5,528	1,485	7,013	201,072
Printing and postage	3,000	696	460	-	-	4,156	1,053	705	1,758	5,914
Equipment purchases and rental	44,779	11,701	24,735	-	-	81,215	13,940	3,882	17,822	99,037
Real estate tax	-	-	93,461	-	-	93,461	-	-	-	93,461
Staff training and development	123,033	7,698	540	-	-	131,271	7,271	1,920	9,191	140,462
Advertising and marketing	113,803	25,718	17,803	-	-	157,324	37,800	9,984	47,784	205,108
Depreciation and amortization (Note 6)	-	-	1,441,665	-	-	1,441,665	-	-	-	1,441,665
Interest (Notes 10 and 12)	-	-	957,905	-	-	957,905	-	-	-	957,905
Subcontract expenses	-	-	-	-	1,837,758	1,837,758	-	-	-	1,837,758
Bad debts expense (Note 5)	-	-	-	-	-	-	150,205	-	150,205	150,205
Miscellaneous expenses	88,911	631	49,385	-	-	138,927	9,177	4,500	13,677	152,604
Total expenses	$ 9,569,757	$ 2,235,608	$ 4,905,029	$ 885,795	$ 1,929,750	$ 19,525,939	$ 2,047,788	$ 608,135	$ 2,655,923	$ 22,181,862

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

COMMUNITY SOLUTIONS INTERNATIONAL, INC. AND SUBSIDIARIES
D/B/A COMMUNITY SOLUTIONS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (2,969,971)	$ 101,220,346
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,484,214	1,367,835
Amortization - right-of-use asset	133,409	-
Amortization of lease acquisition costs	968	969
Unrealized loss on investments	(63,880)	-
Realized gain on investments	14	-
Forgiveness of note payable	-	(918,532)
Increase (decrease) in discount to net present value on contributions receivable	(516,427)	2,393,564
Bad debts expense	460,774	150,205
Amortization of loan closing costs	101,892	86,629
Changes in operating assets and liabilities:		
Contributions receivable	15,797,802	(92,420,731)
Grants receivable	344,930	627,144
Rent receivable	(76,071)	(5,030)
Other receivables	868,380	(1,110,826)
Prepaid expenses and other assets	(550,555)	158,075
Due to/from Northeast Neighborhood Partners, Inc.	(1,398,917)	(33,152)
Due to/from North Capitol Commons GP LLC	(1,600)	(1,350)
Due from Housing Fund Properties	(387,957)	-
Due to/from Brownsville Partnership, Inc.	(502,181)	(950,490)
Due from RxHome	66,634	(66,634)
Deferred rent receivable	105,758	(62,724)
Accounts payable and accrued expenses	448,532	(109,913)
Security deposits payable	10,581	212,532
Deferred revenue	17,143	49,860
Net Cash Provided by Operating Activities	13,373,472	10,587,777
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(1,558,690)	(12,430,355)
Purchases of Investments	(10,119,223)	-
Purchases of Investments - real estate properties	(40,730,075)	-
Net Cash Used in Investing Activities	(52,407,988)	(12,430,355)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from note payable	48,229,776	-
Proceeds from loans payable	10,534,614	10,995,254
Repayments on loans payable	(4,211,001)	(1,883,470)
Payments of loan issuance costs	(104,196)	(220,926)
Capital (distributions to) contributions from non-controlling members	(134,238)	1,277,671
Net Cash Provided by Financing Activities	54,314,955	10,168,529
NET INCREASE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	15,280,439	8,325,951
Cash and cash equivalents and restricted cash - beginning of year	30,175,160	21,849,209
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH - END OF YEAR	$ 45,455,599	$ 30,175,160
Reconciliation to Consolidated Statements of Financial Position:		
Cash and cash equivalents	$ 44,466,908	$ 29,259,746
Restricted cash and escrow reserves	988,691	915,414
	$ 45,455,599	$ 30,175,160
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year for interest, including capitalized interest	$ 2,946,657	$ 999,567
Noncash investing and financing transactions:		
Forgiveness of note payable	$ -	$ 918,532
Right-of-use assets, net	$ (4,933,721)	$ -

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

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

Community Solutions International, Inc. d/b/a Community Solutions, Inc. ("CSI") is a not-for-profit organization formed in 2011 with the primary mission to strengthen communities to end homelessness by building partnerships, sharing innovations and connecting vulnerable people to homes and support. CSI is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code ("IRC").

The accompanying consolidated financial statements include the accounts of CSI itself and its consolidated subsidiaries (collectively, the "Organization") and related parties as listed below:

- Community Solutions 519 Rockaway Ave, Inc. ("CS Rockaway"), a wholly-owned subsidiary of CSI formed in 2014, consists of a 14,000 square-foot building and lot and is a rental facility of space to tenants. CS Rockaway is exempt from income tax under Section 501(c)(2) of the IRC.

- CS Swift, LLC ("CS Swift"), a Connecticut limited liability company, was formed on October 17, 2014 and organized with CSI as its sole member. CS Swift holds a controlling, 90% interest in Swift Factory, LLC ("Swift Factory") and a controlling, 1% interest in Swift Factory Master Tenant LLC ("Master Tenant"), which holds a 10% interest in Swift Factory. There were no significant financial transactions of CS Swift prior to the year ended December 31, 2018.

- Swift Factory, LLC a Connecticut limited liability company, was formed on October 17, 2014 for the purpose of rehabilitating, maintaining, leasing, and selling or otherwise disposing of its leasehold interest in four historic buildings located at 10 & 60 Love Lane, Hartford, Connecticut, commonly known as the Swift Factory (the "Property"). The Property is being renovated as a historic rehabilitation project to generate federal historic tax credits ("HTCs") and State of Connecticut historic tax credits ("State HTCs," and collectively with the HTCs, the "Tax Credits") in accordance with Sections 47 and 50 of the IRC and Section 10-416c of the Connecticut General Statutes, respectively. Swift Factory is further intended to qualify as a qualified active low-income community business pursuant to the New Markets Tax Credit ("NMTC") Program under Section 45D of the IRC.

  On May 4, 2018, Swift Factory, LLC as the lessor, and Master Tenant, as the lessee, executed an Amended and Restated Master Lease Agreement (the "Master Lease"), pursuant to which Swift Factory elected under Section 50 of the IRC to pass-through to Master Tenant the HTCs to which Swift Factory is otherwise entitled because of the rehabilitation of the Property.

  The Property was formerly held by a related party, Northeast Neighborhood Partners, Inc. ("NNPI"). During 2015, the properties were transferred to Swift Factory by NNPI (see Note 16A), and the rehabilitation of the Property commenced in 2018. There were no significant financial transactions of Swift Factory prior to the year ended December 31, 2018.

- Master Tenant, a Connecticut limited liability company, was formed on December 22, 2017. The primary purpose of Master Tenant is to lease the Property, and to maintain, operate and sell or otherwise dispose of its leasehold interest in the Property in accordance with Sections 47 and 50 of the IRC and Section 10-416c of the Connecticut General Statutes, respectively.

- CS North Capitol Commons LLC ("CSNCC") with CSI as the sole member holds a non-controlling, 51% interest in North Capitol Commons GP, LLC ("NCC GP"), which holds a .009% interest in North Capitol Commons LP (the "North Capitol Project"). CSNCC is a disregarded entity of CSI for federal and state income tax purposes, therefore the activities of CSNCC are included in the CSI column in the accompanying supplementary consolidating information. The consolidated financial statements reflect the activity of CSNCC; however, the North Capitol Project does not meet the requirements for consolidation. CSNCC's interest in NCC GP is not material to the consolidated financial statements. See Note 18B for further discussion regarding the North Capitol Project.

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES (Continued)

- CS Abrigo Management LLC ("CS Abrigo") was incorporated as a wholly owned subsidiary of CSI. As of March 21, 2018, CSI became an ordinary member and owns 10% of Vesta CO LLC d/b/a Abrigo Apartments ("Vesta").

  Pursuant to a paid-in capital agreement dated December 31, 2019, CSI contributed $379,000 to Vesta as paid-in capital which is reflected as investment in Vesta, CO LLC at cost in the accompanying consolidated statements of financial position. The capital contribution consisted of grant funds and gift cards totaling $379,000 received by CSI to support the Abrigo Apartments project.

- Vincent's Legacy, LLC ("Vincent's Legacy"), a New Mexico limited liability company, was formed on December 1, 2020 and organized with CSI as its sole member, to own, develop, lease, sell, finance, manage and operate the real property it owns, located on South St. Francis Drive, Santa Fe, New Mexico. Vincent's Legacy is a disregarded entity of CSI for federal and state income tax purposes, therefore the activities of Vincent's Legacy are included in the CSI column in the accompanying supplementary consolidating information.

- Vesta Atlanta LLC ("Vesta Atlanta"), a Georgia limited liability company, was formed on December 22, 2020 with CSI as its sole member, to acquire certain real property located in Fulton County, Georgia. The property, consisting of land and all improvements and related amenities known as "Centra Villa Apartments", was purchased in February 2021, for a purchase price of $10,560,000. Vesta Atlanta is a disregarded entity of CSI for federal and state income tax purposes, therefore the activities of Vesta Atlanta are included in the CSI column in the accompanying supplementary consolidated information.

- Swift Incubator LLC ("Swift Incubator"), a New York limited liability company, was formed on November 16, 2021 with CSI as its sole member. The Swift Food Business Incubator is a 4,500 square foot facility that consists of ten health department certified food production spaces available for rent. The Swift Share Office Space has 10,000 square feet that offers affordable shared office and community space for local entrepreneurs and like-minded organizations. Swift Incubator LLC is a disregarded entity of CSI for federal and state income tax purposes, therefore the activities of Vesta Atlanta are included in the CSI column in the accompanying supplementary consolidated information

- CS Large Cities Housing Fund, L.P. ("CSLCHF") (the "Partnership") was formed as a Delaware Limited Partnership on December 14, 2021 and began operations on March 2, 2022. The stated investment objective of the Partnership is to acquire individual Class B/C multi-family real estate assets and hotels for the purpose of conversion into multi-family housing within designated large cities.

- CS Veterans Housing GP, LLC is the general partner (the "General Partner") of the Partnership. The General Partner was incorporated in Delaware in December 2021 and is a wholly-owned subsidiary of CSI (the "Sponsor"), a non-profit organization working to end homelessness.

- Brownville Partnership, Inc. (BP"), a not-for-profit organization, was incorporated in December 2018 for the charitable purposes of increasing access to permanent and affordable housing in the Brownsville community located in Kings County, New York. BP is exempt from income tax under Section 501(c)(3) of the IRC. The change in BP's status during 2020 resulted in a change in reporting entity thus, the accounts of BP were no longer consolidated with CSI.

In the preparation of the accompanying consolidated financial statements, all material intercompany accounts and transactions have been eliminated.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *Basis of Accounting and Use of Estimates*

The Organization's consolidated financial statements have been prepared on the accrual basis of accounting. The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

B. *Basis of Presentation*

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- Net Assets Without Donor Restrictions – represents resources available for support of the Organization's operations over which the Board of Directors (the "Board") has discretionary control and not subject to donor (or certain grantor) restrictions.

  Non-controlling members' interests in consolidated subsidiaries are shown as a component of net assets without donor restrictions and members' equity in the consolidated statements of financial position. The share of the income or loss of the consolidated subsidiaries attributed to the non-controlling members' interest is shown as a component of the change in net assets without donor restrictions in the consolidated statements of activities.

- Net Assets With Donor Restrictions – represents net assets subject to donor-imposed restrictions. Some donor-restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donors stipulate that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. As of December 31, 2022 and 2021, the Organization's net assets with donor restrictions did not include any amounts that must remain intact in perpetuity.

C. *Cash Equivalents*

The Organization considers all highly liquid investments with maturities of three months or less to be cash equivalents, except for cash and cash equivalents held as part of the Organization's investment portfolio. The Organization maintains its cash and cash equivalents in bank deposit accounts that, at times, may exceed federally insured limits (see Note 19).

D. *Contributions*

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Conditional contributions and promises to give, those with a measurable performance or other barrier and a right of return, are not recognized as support until the conditions on which they depend are substantially met.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. *Property and Equipment*

Property and equipment are recorded at cost. Major renewals and improvements in excess of $5,000 are capitalized, while replacements, maintenance and repairs that do not extend the lives of the assets are charged directly to expense as incurred. Upon disposition or retirement of property and equipment, the cost and related accumulated depreciation are eliminated from the respective accounts and the resulting gains and losses are included in the consolidated statements of activities.

Depreciation is provided for using the straight-line method based on the estimated useful lives of the assets.

F. *Impairment of Long-Lived Assets*

The Organization reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the asset to the future net undiscounted cash flow expected to be generated and any estimated proceeds from the eventual disposition. If the long-lived assets are considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the asset exceeds the fair value as determined from an appraisal, discounted cash flows analysis, or other valuation technique. There were no impairment losses recognized during the years ended December 31, 2022 and 2021.

G. *Rental Income*

Rental income is recognized on a straight-line basis over the terms of the leases. The difference between the straight-line rent and accrual-based rent is recorded as deferred rent. Advance receipts of rental income are deferred and classified as liabilities until earned.

H. *Government Grants and Contracts*

Government grants and contracts are not recognized as support until the conditions on which they depend, a measurable performance barrier and right of return, are substantially met. Grant and contract receipts in excess of revenue recognized are presented as refundable advances.

I. *Donated Services*

The Organization recognizes donated services at their estimated fair value if they create or enhance nonfinancial assets or require specialized skills and would typically be purchased if not provided by donation. General volunteer services do not meet these criteria for recognition. Donated professional services, such as legal or other consultative services, totaling $61,792 and $646,731 for the years ended December 31, 2022 and 2021, respectively, have been recognized as contributions without donor restrictions in the accompanying consolidated statements of activities and professional services expense in the accompanying consolidated statements of functional expenses.

J. *Consulting Income and Management Fees*

Consulting income and management fees are recognized as the related performance obligations are satisfied, typically over-time. Performance obligations related to consulting income are considered one distinct obligation within the context of the contract. Management fees are recognized as the service is performed ratably over the life of the contract. The transaction price is the amount agreed upon in the related contracts. The terms of payments are specific to each contract.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. ***Functional Allocation of Expenses***

The costs of providing the various programs and supporting services have been summarized on a functional basis in the accompanying consolidated statements of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited.

The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include personnel services, occupancy, office supplies and expenses, printing and postage, equipment purchases and rental, communication, insurance and staff training and development. Such expenses are allocated on the basis of estimates of time and effort.

L. ***Loans Receivable and Allowance for Loan Losses***

Loans receivable are stated at unpaid principal balances, less an allowance for loan losses and net of deferred loan origination fees and unearned discounts, as applicable.

Loan origination and commitment fees, as well as certain direct origination costs, are deferred and recognized into income ratably over the term of the loan. Amortization of deferred loan fees is discontinued when a loan is placed on nonaccrual status.

The allowance is increased by a provision for loan losses, which is charged to expense, and reduced by charge-offs, net of recoveries. Management's periodic evaluation of the adequacy of the allowance is based on the Organization's past loan loss experience, known and other risks inherent in the portfolio, specific impaired loans, and adverse situations. Although management uses available information to recognize losses on loans, because of uncertainties associated with local economic conditions, collateral values, and future cash flows on impaired loans, it is reasonably possible that a material change could occur in the allowance for loan losses in the near term. However, the amount of the change that is reasonably possible cannot be estimated.

The Organization considers a loan impaired when based on current information or factors, it is probable that the Organization will not collect the principal and interest payments according to the loan agreement. Management considers many factors in determining whether a loan is impaired, such as payment history and value of collateral. Loans that are contractually delinquent less than 90 days are generally not considered impaired, unless the borrower has claimed bankruptcy, or the Organization has received specific information concerning the loan impairment. The Organization reviews delinquent loans to determine impaired accounts. The Organization measures impairment on a loan-by-loan basis by either using the fair value of collateral or the present value of expected cash flows.

The Organization's key credit quality indicator is a loan's performance status, defined as accruing or non-accruing. Performing loans are considered to have a lower risk of loss, while nonaccrual loans are those which the Organization believes have a higher risk of loss. Loans that are 90 days or more past due, based on the contractual terms of the loan, are classified on nonaccrual status. Loans may also be placed on nonaccrual status when management believes, after considering economic conditions, business conditions, and collection efforts, that the loans are impaired, or collection of interest is doubtful. Uncollectible interest previously accrued is charged off, or an allowance is established by a charge to interest income. Interest income on nonaccrual loans is recognized only to the extent cash payments are received and the principal balance is believed to be collectible. There were no loans on nonaccrual status at December 31, 2022 and 2021.

A loan previously classified on nonaccrual status will resume accruing interest based on the contractual terms of the loan when payments on the loan become current. Loans may also resume accruing interest if management no longer believes a loan is impaired or the collection of principal and interest is no longer in doubt. As of December 31, 2022 and 2021, management believes that the Organization's loans receivable are fully collectible and as such, the allowance for loan loss is zero.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. ***Investments*** - Investments are carried at fair value. Changes in the fair value of investments are recorded as unrealized gains or losses and are reflected in the consolidated statements of activities.

N. ***Fair Value Measurements*** - Fair value measurements are based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels, as reported in Note 9.

O. ***Loan Closing Costs***

Loan closing costs are legal fees and other costs incurred in obtaining financing that are amortized on a straight-line basis over the term of the related debt. Loan closing costs are presented as a direct deduction of the carrying amount of the debt. Loan closing costs are being amortized to interest expense over the terms of the loans, except for the amortization of Swift Factory's loan costs, which are capitalized into property and equipment.

P. ***Recent Accounting Pronouncements***

In February 2016, the Financial Accounting Standards Board ("FASB") issued guidance in FASB Accounting Standards Codification ("ASC") 842, *Leases* ("FASB ASC 842"), to increase transparency and comparability among organizations by requiring the recognition of lease assets and lease liabilities on the balance sheet by lessees and the disclosure of key information about leasing arrangement.

FASB ASC 842 was adopted January 1, 2022, and any necessary adjustments were recognized through a cumulative effect adjustment, with certain practical expedients available. Lease disclosures for the year ended December 31, 2021 are made under prior lease guidance in FASB ASC 840. The adoption of the standard did not have a material impact on the Organization's results of operations or cash flows.

As a result of the adoption of FASB ASC 842, on January 1, 2022, a right-of-use asset in the amount of $5,202,947 was reclassified from fixed assets (See Note 6).

FASB Accounting Standards Update ("ASU") 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958) was adopted by the Organization for the year ended December 31, 2022. The core guidance is to increase the transparency of contributed nonfinancial assets received by not-for-profit ("NFP") organizations, including the transparency on how those assets are used and how they are valued. ASU 2020-07 improves financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets for NFPs. The amendments did not change existing recognition and measurement requirements for those assets. The adoption of ASU 2020-07 did not result in changes to the Organization's consolidated financial statements except for updated disclosures.

Q. ***Reclassification***

Certain items in the December 31, 2021 consolidated financial statements have been reclassified to conform to the December 31, 2022 presentation. These changes had no impact on the change in net assets for the year ended December 31, 2021.

NOTE 3 – LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statement of financial position date, comprised the following as of December 31:

	2022	2021
Cash and cash equivalents	$ 44,466,908	$ 28,959,754
Contributions receivable, net	80,784,079	96,526,228
Grants receivable	-	344,930
Rent receivable	81,101	5,030
Other receivables, net	1,070,147	1,938,527
Investments	10,183,089	-
Less: donor-restricted net assets not available for general expenditure	(101,738,025)	(110,903,622)
Total financial assets	$ 34,847,299	$ 16,870,847

The Organization regularly monitors liquidity required to meet its operating needs and other obligations as they become due, while also striving to maximize the investment of its available funds. In the event of an unanticipated liquidity need, the Organization also could draw upon its $350,000 line of credit, as further discussed in Note 10.

NOTE 4 – RESTRICTED CASH AND ESCROW RESERVES

The Organization is required to maintain certain accounts which are restricted as to their use by certain loan agreements. A description of restricted cash and escrow reserves is shown below.

Disbursement Account:

Pursuant to the QLICI Loan Agreement (see Note 12), certain proceeds of the QLICI loans were required to be deposited into a disbursement account ("Disbursement Account") upon closing of the loans. Withdrawals from the Disbursement Account are subject to a disbursement agreement and are used to pay construction and other costs related to the rehabilitation of the Property. Such withdrawals are subject to the approval of the lenders. The balance in the Disbursement Account was $8,444 and $8,427 as of December 31 2022, and 2021, respectively.

Fee Reserves:

Pursuant to the QLICI Loan Agreement, Swift Factory was required to establish and fund a fee reserve account in the amount of $482,500, pledged to MHIC NE CDE II Subsidiary 47 LLC ("MHIC") (the "MHIC Fee Reserve Account"). Withdrawals from the MHIC Fee Reserve Account are permitted to be made to pay asset management fees and operating expense reimbursements to MHIC. The balance in the MHIC Fee Reserve Account was $208,679 and $265,665 as of December 31 2022, and 2021, respectively.

Pursuant to the QLICI Loan Agreement, Swift Factory was required to establish and fund a fee reserve account in the amount of $210,000, pledged to NTCIC-Swift, LLC ("NTCIC") (the "NTCIC Fee Reserve Account"). Withdrawals from the NTCIC Fee Reserve Account are permitted to be made to pay asset management fees, loan servicing fees and operating expense reimbursements to NTCIC. The balance in the NTCIC Fee Reserve Account was $126,400 and $160,000 as of December 31 2022, and 2021, respectively.

Escrow Reserves:

The Organization entered into a loan agreement in February 2021 (further described in Note 12), which requires monthly deposits for taxes and insurance, and monthly deposits to a replacement reserve account. The deposits are placed in an escrow account and are restricted for use by the lender. The balance in the escrow reserve account was $331,708 and $467,900 as of December 31, 2022 and 2021, respectively.

NOTE 4 – RESTRICTED CASH AND ESCROW RESERVES

Operating reserve account:

Pursuant to the Operating Agreement, Swift Factory Master was required to fund $300,000 to an operating reserve from (the "Operating Reserve") from proceeds of the Investor Member contributions. The Operating Reserve is restricted to fund Operating Expenses to the extend of an Operating Deficit and Permitted Project Tenant Expenses, as defined in the Account Pledge and Control Agreement dated May 4, 2018. The balance of the Operating Reserve account as of December 31, 2022 and 2021 was $300,047 and $0, respectively.

Replacement reserve account:

Pursuant to the Operating Agreement, Swift Factory Master is required to fund a replacement reserve beginning upon placement in service of the Property in the amount of 7% of gross revenue of the Property (the "Replacement Reserve"). The Replacement Reserve shall be used exclusively for replacement expenditures for the Property approved by the Investor Member. The balance of the Replacement Reserve account as of December 31, 2022 and 2021 was $13,413 and $13,422, respectively.

NOTE 5 – CONTRIBUTIONS RECEIVABLE, NET

Contributions receivable, net, consisted of the following as of December 31:

	2022	2021
Less than one year	$ 30,662,401	$ 31,378,162
One to five years	52,000,000	67,542,815
	82,662,401	98,920,977
Less: Discount to net present value	(1,878,322)	(2,394,749)
Total	$ 80,784,079	$ 96,526,228

Contributions receivable to be collected in more than one year were discounted using risk-adjusted discount rates ranging from 0.17% to 1.37% and from 0.17% to 0.89% as of December 31, 2022 and 2021, respectively. Amortization of the discount is included in contribution revenue in the accompanying consolidated statements of activities. Management has determined that an allowance for uncollectible accounts for contributions receivable was not necessary as of December 31, 2022 and 2021. Such estimate is based on management's assessments of the creditworthiness of its donors, the aged basis of its receivables, as well as current economic conditions and historical information.

During 2022 and 2021, the Organization wrote off contributions and other receivables of $460,777 and $150,205, respectively, reported within bad debts expense in the consolidated statements of functional expenses.

NOTE 6 – PROPERTY AND EQUIPMENT, NET

Property and equipment, net, consisted of the following at December 31:

	2022	2021	Estimated Useful Lives
Land	$ 2,127,800	$ 2,127,800	
Building and improvement	43,386,651	48,222,478	33.5–39 Years
Sitework	2,051,747	2,051,747	15 Years
Computer and equipment	168,341	125,328	3–5 Years
Construction in progress	1,936,505	787,948	
	49,671,044	53,315,301	
Less: accumulated depreciation	(4,389,987)	(3,041,590)	
Property and equipment, net	$ 45,281,057	$ 50,273,711	

In December 2020, the Organization purchased property in Santa Fe, NM. A portion of the funding for this purchase requires that 40 units on the property be restricted for use to provide supportive housing for individuals or families experiencing homelessness. The Santa Fe property restriction expires on December 30, 2030.

The Organization entered into an agreement with Partners for HOME (a nonprofit Organization) that provided $2.6 million in grant funding to renovate 66 units for specific use in their Atlanta project. The grant funds required the Organization to record a restrictive covenant that requires the 66 units to be used primarily for tenants, identified by the Atlanta Homeless Continuum of Care, experiencing, or potentially experiencing homelessness. The restrictive covenant remains in effect until 2051, or 30 years.

Depreciation expense was $1,484,214 and $1,367,835 for the years ended December 31, 2022 and 2021, respectively.

As of December 31, 2022, the total costs of $1,936,505 in construction in progress are related to the portion of the overall construction work for Livonia 4 Site C2 Project that will not be placed in service until 2024.

On December 27, 2017 and as amended on May 4, 2018, Swift Factory entered into a Ground Lease of the Property with NNPI for the purpose of leasing, renovating, and holding, maintaining, operating and assigning or subleasing its leasehold interest in the Property ("Gound Lease"). The term of the Ground Lease is 98 years and Swift Factory is required to pay $98 as base rent and $5,202,947 as additional base rent for the entire lease term. Swift Factory shall pay the additional base rent in installments as NNPI's portion of the renovation work progresses. Swift Factory considers the land and improvements as a single unit and the lease is considered a capital lease under FASB ASC 840. As of December 31, 2022 and 2021, the additional base rent has been paid in full and capitalized to the Property and right-of-use asset. There are no additional rent due from Ground Lease. Pursuant to FASB ASC 842, the additional base rent is classified as right-of-use asset on the consolidated statements of financial position. As of December 31, 2022, the accumulated amortization of the right-of-use asset was $269,226. Amortization expense recognized on the right-of-use asset was $133,409 for the year ended December 31, 2022 and was included in amortization expense on the consolidated statements of activities.

NOTE 7 – LOANS RECEIVABLE

Loans receivable consisted of the following as of December 31:

	2022	2021
In August 2014, CSI entered into a loan agreement with North Capitol Commons LP, a related party, as a lender of $9,120,000 (2nd sponsor loan as discussed in Note 18B). The loan became receivable once the North Capitol Project was completed in 2017. The loan bears interest at 0.50% annually and matures on August 28, 2059. Currently, only interest payments are being received.	$ 9,120,000	$ 9,120,000
In October 2014, CSI entered into a loan agreement with North Capitol Commons LP, a related party, as the lender of $500,000. These funds were remitted from the Federal Home Loan Bank of Pittsburgh's Community Investment Department to CSI, who remitted the funds to the project. The loan became receivable once the North Capitol Project was completed in 2017. As of December 31, 2022 and 2021, there was no formal repayment plan.	500,000	500,000
In August 2014, CSI entered into a loan agreement with North Capitol Commons LP, a related party, as a lender of $150,000 (1st sponsor loan as discussed in Note 18B). The loan became receivable once the North Capitol Project was completed in 2017. The loan bears interest at the greater of the long-term Applicable Federal Rate, or 3.09% annually, and matures on August 28, 2064. Currently, only interest payments are being received.	150,000	150,000
In May 2018, CSI executed a fund loan agreement with Twain Investment Fund 298 LLC, as a lender of $16,792,275. The principal balance of the loan shall accrue interest of 1.3962% per annum. Commencing June 15, 2018, quarterly installments of interest are due through June 15, 2028. Commencing June 15, 2028, quarterly installments of principal and interest equal to $199,221 shall be due to fully amortize the loan through maturity on May 4, 2053. Currently, only interest payments are being received.	16,792,275	16,792,275
Total Loans Receivable	$ 26,562,275	$ 26,562,275

Interest income recognized on the loans receivable totaled $284,689 for each of the years ended December 31, 2022 and 2021.

NOTE 8 – INVESTMENTS

Investments consist of the following as of December 31, 2022:

Cash	$ 383
Money market funds	7,263
Equities	1,778
Mutual funds	10,173,665
	$ 10,183,089

Investments are subject to market volatility that could substantially change their fair values in the near term.

Investment income (loss) is included in the consolidated statements of activities and consists of the following for the year ended December 31, 2022:

Dividends and interest	$ 239,059
Realized gain	14
Unrealized loss	(63,880)
Less: investment fees	(3,087)
	$ 172,106

U.S. GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. U.S. GAAP establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). In determining fair value, CSI utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible in its assessment of fair value. These inputs also form the basis of the fair value hierarchy which is used to categorize a fair value measurement into one of three levels as follows:

- Level 1 - Valuations based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

- Level 2 - Valuations based on observable inputs other than level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets for identical assets or liabilities; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

- Level 3 - Valuations based on unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to level 3 inputs.

Investments in money market, equities and mutual funds are valued using market prices in active markets (Level 1). Level 1 instrument valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets.

NOTE 8 – INVESTMENTS (Continued)

Financial assets carried at fair value at December 31, 2022 are classified as follows:

	Level 1	Total
Investments, at Fair Value		
Money market funds	$ 7,263	$ 7,263
Equities	1,778	1,778
Mutual funds	10,173,665	10,173,665
Investments, at Fair Value	$ 10,182,706	$ 10,182,706

NOTE 9 – INVESTMENTS IN REAL ESTATE PROPERTIES

CSLCHF complies with the authoritative guidance, of ASC 820 – *Fair Value Measurement*, which defines fair value, establishes a framework for measuring fair value, and requires enhanced disclosures about fair value measurement. Fair value is the amount that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date (i.e., the exit price).

This guidance establishes a fair value hierarchy which prioritizes and ranks the level of market price observability used in measuring investments at fair value. Market price observability is impacted by a number of factors, including the type of investment, the characteristics specific to the investment, and the state of the marketplace (including the existence and transparency of transactions between market participants). Investments with readily-available actively quoted prices or for which fair value can be measured from actively-quoted price in an orderly market will generally have a higher degree of market price observability and a lesser degree of judgement used in measuring fair value.

CSLCHF is exposed to the effects of market fluctuations in the price of real estate properties, particularly multi-family real estate assets. Market prices are primarily determined by supply and demand in the market place and can fluctuate considerably. The value of the interest held by CSLCHF may also decline in response to certain events, including conditions affecting the general economy, overall market changes, local, regional, or global political, social, or economic instability, and currency and interest rate price fluctuations.

Summarized information reflecting CSLCHF's investments as of December 31, 2022, is detailed below.

	Level 1	Level 2	Level 3	Total
Investment in Real Estate Properties	$ -	$ -	$ 40,730,075	$ 40,730,075

NOTE 9 – INVESTMENTS IN REAL ESTATE PROPERTIES (Continued)

During the year ended December 31, 2022, CSLCHF did not have any transfers into or out of Level 3 of the fair value hierarchy. CSLCHF had purchases of real estate investments totaling $43,828,907 for the year ended December 31, 2022. This includes $3,098,832 developer's fee to CS Veterans Housing GP, LLC, which is eliminated on the consolidated financial statements and the net investment in real estate properties is $40,730,075 as of December 31, 2022. The following table summarizes the valuation techniques and significant unobservable inputs used for CSLCHF investments that are categorized in Level 3 of the fair value hierarchy as of December 31, 2022.

	Fair Value	Valuation Technique	Unobservable Inputs	Range of Inputs
Investment in Real Estate Properties	$ 43,828,907	Market Approach – Cost	Recent Acquisition	100% of Cost

NOTE 10 – LINE OF CREDIT

On May 4, 2018, CSI entered into a revolving line of credit agreement with Boston Community Loan Fund ("BCLF") for up to $350,000. The line of credit bears interest at 5% and has a maturity date of May 4, 2026. Borrowings are secured by CSI's rights to the loan receivable from Twain Investment Fund 298 LLC (see Note 7). There were no borrowings outstanding as of December 31, 2022 and 2021.

NOTE 11 – NOTES PAYABLE

On March 27, 2020, in response to COVID-19, the federal government passed the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). Among many other provisions, to help businesses retain employees, the CARES Act provides relief to qualifying businesses through a program called the Paycheck Protection Program ("PPP"). Participating in the PPP enables the business to obtain a loan from the Small Business Administration ("SBA") sector of the government. The maximum loan amount is equal to the lesser of (a) 2.5 times the entity's average monthly payroll costs, as defined and incurred during the one-year period before the date on which the loan is made; or (b) $10 million. The term of the loan is two years and bears interest at a fixed rate of 1% per annum. If the proceeds from the loan are used for specified purposes, some or all of the loan can be forgiven, based on how much is spent in the twenty-four-week period immediately following funding of the loan times a forgiveness factor that is based on employee headcount and amounts paid to the Organization's employees.

CSI applied for this loan through an SBA authorized lender and received $918,532 on April 9, 2020. The loan had an interest rate of 1% after the deferment period of six months after the date of the note and matures twenty-four months from the date of the note. Management of the Organization has opted to account for the proceeds of the loan under FASB ASC 470, "*Debt*", until the loan is, in part or wholly forgiven, and CSI has been legally released. Accordingly, the loan was recorded as a note payable as of December 31, 2020. On June 22, 2021, the loan was fully forgiven, and CSI was legally released from its obligations. As a result, CSI recorded the forgiveness of the loan amounting to $918,532 in other income and gains in the December 31, 2021 consolidated statement of activities.

In March 2022, CSLCHF entered into a revolving secured convertible promissory note with total available borrowings up to $50 million, bearing interest from the date of a borrowing at a rate of 7% per annum. The note had a maturity date of June 30, 2022, but was extended through June 30, 2023. The amount is secured by the underlying assets acquired using the proceeds from such note. The note holder has the right, but not the obligation, to convert all or a portion of the then outstanding obligations into an equity interest in CSLCHF. As of December 31, 2022, there was $48,229,776 outstanding under this credit facility, which is presented as "Notes Payable" on the consolidated statements of financial position. Interest expense for the year ended December 31, 2022 totaled $2,029,776. The secured convertible note includes affirmative covenants, and CSLCHF was in compliance with all state covenants as of December 31, 2022. The note was paid in full in May 2023.

NOTE 12 – LOANS PAYABLE, NET

Loans payable consisted of the following as of December 31:

	2022	2021
On May 4, 2018, CSI entered into a loan agreement with BCLF. The loan bears interest at 5.00%, and the maturity date of the loan is May 4, 2026. Commencing on July 1, 2018, and thereafter on the 1st day of each third succeeding calendar month up to April 1, 2019, interest on the unpaid principal then outstanding shall be paid in arrears; commencing on July 1, 2019, and thereafter on the 1st day of each third succeeding calendar month up to the maturity date, interest on the unpaid principal then outstanding and principal shall be paid upon a 20-year amortization schedule; and the entire balance of principal and all accrued interest thereon, and all other fees, costs and charges, if any, shall be due and payable on or before the maturity date.	$ 3,224,686	$ 3,346,507
On May 4, 2018, CS Swift entered into a loan agreement with Capital Region Development Authority. CS Swift may draw down funds on this loan up to $4,300,000. The loan bears interest at 1.00% during the construction phase (2 years) and interest at 3.00% during the permanent phase (20 years). Conditions to conversion to Permanent Phase include completion of construction and issuance of certificates of occupancy and issuance of lien waivers. Payment of principal and interest will be annual and paid within 120 days of the calendar year following construction completion and will equal 70% of net cash flows. In the event of insufficient cash flows to pay all or any part of required interest payments, such amount will accrue and be due and payable, to the extent of available net cash flows on the next scheduled annual payment. All outstanding principal and interest will be due in full 20 years from the date of the conversion of the loan to the Permanent Phase.	4,300,000	4,300,000

NOTE 12 – LOANS PAYABLE, NET (Continued)

	2022	2021
On May 4, 2018, CS Swift entered into a loan agreement with NNPI. The loan bears interest at 1.48%, and the maturity date of the loan is March 28, 2053. Commencing on the first day of the thirty-seventh (37th) month following the Advancement Date, and continuing on the first day of each month thereafter, principal and interest shall be payable in equal, consecutive monthly installments in an amount determined by the lender to be sufficient to fully amortize the outstanding principal balance of this note plus all accrued and unpaid interest thereon at the interest rate then in effect over the then remaining term of this note. Unless sooner paid, the outstanding principal balance of this note, together with all accrued shall be due and payable in full on maturity date without notice or demand.	$ 3,000,000	$ 3,000,000

On May 4, 2018, Swift Factory entered into a loan agreement with (the "QLCI Loan Agreement") with NTCIC, BCC NMTC CDE XXX LLC ("BCC") and MHIC, (collectively, the "Lenders") for six loans totaling $24,005,000 (collectively, the "QLICI Loans").

Pursuant to the respective promissory notes, interst-only payments are due on the 1st day of each March 1, 2028. A one-time principal payment of $30,000 shall bue due and payable to MHIC on Note B-3 on May 4, 2025. Commencing on April 1, 2028 and through the maturity date, principal, and interest payments are due on the 1st date of each March, June, September and December in amounts sufficient to fully amortize the outstanding balance over the remaining term, with the first paymetn due on June 1, 2028. Pursuant to the QLICI Loan Agreement, the QLICI Loans are secured by the leasehold mortgage on the Property.

The QLICI loans consisted of the following:

	2022	2021
NTCIC A-1	7,214,704	7,214,704
NTCIC B-1	2,785,296	2,785,296
BCC A-2	1,999,411	1,999,411
BCC B-2	850,589	850,589
MHIC A-3	7,578,160	7,578,160
MHIC B-3	3,576,840	3,576,840
Total QLICI loans	24,005,000	24,005,000

NOTE 12 – LOANS PAYABLE, NET (Continued)

	2022	2021
On June 10, 2020, CSI entered into a loan agreement with the Corporation for Supportive Housing (CSH) to finance predevelopment expenses related to the new construction of a eighty one (81) unit supportive housing project, designed to meet the housing and human needs associated with homeless young adults between 18 and 25 years old. CSI may draw down funds on this loan up to $1,000,000. The loan bears interest at 6.00%, and the maturity date of the loan is the earlier of closing of construction financing or June 1, 2023. The balance was paid in full in April 2023.	$ 200,000	$ 200,000
On December 28, 2020, Vincent's Legacy entered into a loan agreement with Enchantment Provisions, LLC for the acquisition of the Santa Fe Suites Hotel building. The loan bears interest at 3.00%, and the maturity date of the loan is December 28, 2030. Commencing on April 1, 2021, Interest on the unpaid principal balance of this loan shall be paid in quarterly installments until the maturity date from Free Cash Flow. To the extent Free Cash Flow is insufficient, such unpaid interest shall be added to the principal balance of this loan. Beginning on December 1, 2027, a principal payment shall be paid in annual installments until the maturity date.	300,000	300,000
On December 28, 2020, Vincent's Legacy entered into a loan agreement with Jessica's Love Foundation for the acquisition of the Santa Fe Suites Hotel building. The loan bears interest at 3.00%, and the maturity date of the loan is December 28, 2030. Commencing on April 1, 2021, Interest on the unpaid principal balance of this loan shall be paid in quarterly installments until the maturity date from Free Cash Flow. To the extent Free Cash Flow is insufficient, such unpaid interest shall be added to the principal balance of this loan. Beginning on December 1, 2027, a principal payment shall be paid in annual installments until the maturity date.	200,000	200,000
On December 28, 2020, Vincent's Legacy entered into a loan agreement with Jessica's Love Foundation for the acquisition of the Santa Fe Suites Hotel building. The loan bears interest at 3.00%, and the maturity date of the loan is December 28, 2030. Commencing on April 1, 2021, Interest on the unpaid principal balance of this loan shall be paid in quarterly installments until the maturity date from Free Cash Flow. To the extent Free Cash Flow is insufficient, such unpaid interest shall be added to the principal balance of this loan. Beginning on December 1, 2027, a principal payment shall be paid in annual installments until the maturity date.	100,000	100,000
On December 29, 2020, Vincent's Legacy entered into a loan agreement with S.F. Holdings, LLC for the acquisition of the Santa Fe Suites Hotel building. The maturity date of the loan was December 29, 2022. Prior to the maturity date, interest shall accrue on the principal balance at a fixed rate of interest 5.00% consisting of 4.00% interest payable monthly and 1.00% interest payable on the maturity date. The outstanding principal and any unpaid accrued interest shall be due and payable in full on maturity date. The loan was repaid in full as of December 29, 2022.	-	3,900,000

NOTE 12 – LOANS PAYABLE, NET (Continued)

	2022	2021
On February 24, 2021, Vesta Atlanta entered into a loan agreement with Atlanta Affordable Housing Fund, LP amounting to $1,766,862 to finance the acquisition and construction of Central Villa Apartments located in Atlanta, Georgia. The maturity date of the loan is August 24, 2028 and has an annual interest of 5.00%	$ 1,718,055	$ 1,745,230
On February 24, 2021, Vesta Atlanta entered into a loan agreement with Bellwether Enterprise Mortgage Investments, LLC amounting to $7,624,000 to finance the acquisition and construction of Central Villa Apartments located in Atlanta, Georgia. The matrutity date of 84 months and a fixed interest rate of 2.925%	7,331,741	7,493,746
On September 20, 2022, Vincent's Legacy entered into a loan agreement with Enterprise Community Loan Fund, Inc. The maturity date of the loan is September 20, 2024. Prior to the maturity date, interest shall accrue on the principal balance at a fixed rate of interest 6.00% payable monthly. The outstanding principal and any unpaid accrued interest shall be due and payable in full on the maturity date.	4,134,614	-
On January 20, 2022, CSI entered into a loan agreement with Trinity Health Corporation. The principal balance of the loan shall accrue interest of 2.00% per annum. Interest shall be payable in arrears on the last day of the calendar quarter beginning on January 1, 2022 and continuing on the last day of each calendar quarter through maturity on December 31, 2031.	1,400,000	-
On November 22, 2022, CSI entered into a bond purchase agreement with The Northern Trust Company, authorizing the issuance of the First Bond with principal amount of $5,000,000. The bond shall bear simple interest from the date of issuance, on the unpaid pricipal amount, at a rate of 2.00% per annum. Interest accruing on the outstanding principal amount shall be due and payable semi-annually, commencing on the last day of June or December following the Issuance Date in each year until all accrued interest have been paid in full. The outstanding principal amount of this Bond shall be due and payable on November 22, 2034.	5,000,000	-
Total loans payable	54,914,096	48,590,483
Less: unamortized loan costs	(1,133,405)	(1,131,101)
Loans payable, net	$ 53,780,691	$ 47,459,382

NOTE 12 – LOANS PAYABLE, NET (Continued)

Principal payments due on loans payable of the Organization in each of the five subsequent years ending December 31 and thereafter are as follows:

2023	$	705,815
2024		4,579,428
2025		583,845
2026		3,342,384
2027		706,616
Thereafter		44,996,008
	$	54,914,096

Loan closing costs were as follows as of and for the years ended December 31:

		2022		2021
Loan closing costs, beginning of year	$	1,131,101	$	996,804
Additional costs incurred		104,196		220,926
Costs amortized into expense		(101,892)		(86,629)
Loan closing costs, end of year	$	1,133,405	$	1,131,101

Pursuant to the QLICI Loan Agreement, Swift Factory is required to pay NTCIC an asset management fee and a loan servicing fee in an annual amount of $10,000 for each fee per each calendar year, commencing in 2018 and continuing through 2025. Swift Factory is required to reimburse NTCIC's operating and accounting expenses incurred in connection with the QLICI Loans, in the expected amount of $10,000 annually (collectively, the "NTCIC Fees"), commencing in 2018 and continuing through 2025. For the years ended December 31, 2022 and 2021, NTCIC Fees in the amounts of $33,600 and $20,000, respectively, were incurred, paid, and capitalized to property and equipment in the accompanying consolidated statements of financial position.

Pursuant to the QLICI Loan Agreement, Swift Factory is required to pay BCC an asset management fee of $30,000 per calendar year, commencing in 2018 and continuing through 2025, after which it shall be reduced to an amount equal to $30,000 multiplied by the Reimbursement Percentage (as defined in the QLICI Loan Agreement), and an audit and tax preparation fee (collectively, the "BCC Fees") of $10,000 per calendar year, commencing in 2019 and continuing through 2024. Swift Factory is required to pay an audit and tax preparation fee of $20,000 in 2025. For each of the years ended December 31, 2022 and 2021, BCC Fees in the amounts of $40,000 were incurred, paid, and capitalized to property and equipment in the accompanying consolidated statements of financial position.

Pursuant to the QLICI Loan Agreement, Swift Factory is required to pay MHIC an asset management fee in an annual amount of $57,500 prorated for partial years, commencing in 2018 and continuing through 2025, and reimburse MHIC's operating and accounting expenses incurred in connection with the QLICI Loans (collectively, the "MHIC Fees"), commencing in 2019 and continuing through 2025. For each of the years ended December 31, 2022 and 2021, MHIC Fees in the amount of $57,000, were incurred, paid, and capitalized to property and equipment in the accompanying consolidated statements of financial position.

Pursuant to the QLICI Loan Agreement, Swift Factory is also required to pay MHIC an exit fee in the amount of $30,000 on May 4, 2025.

NOTE 13 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following as of December 31:

	2022	2021
Purpose restrictions:		
Built for Zero	$ 36,658,383	$ 42,056,828
Inspiring Places	-	2,935,891
Real estate projects	3,145,295	3,876,198
Community Investment	31,896,710	-
Time restrictions	30,037,637	62,034,705
Total net assets with donor restrictions	$ 101,738,025	$ 110,903,622

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors during the years ended December 31 as follows:

	2022	2021
Purpose restrictions:		
Built for Zero	$ 11,357,385	$ 12,245,668
Inspiring Places	-	2,140,542
Real estate projects	2,159,249	105,000
Fiscal sponsorships	-	819,161
Community Investment	11,479,870	-
Time restrictions	7,658,302	3,252,817
Total net assets released from donor restrictions	$ 32,654,806	$ 18,563,188

NOTE 14 – MEMBERS' CAPITAL AND DISTRIBUTIONS

Pursuant to the Master Tenant's Amended and Restated Operating Agreement dated May 4, 2018 (the "Operating Agreement") and the First Amendment to the Operating Agreement dated September 5, 2018 (the "Amendment"), the investor member was required to make capital contributions totaling $4,152,677, subject to adjustments, as described in the Operating Agreement. As of both December 31, 2022 and 2021, the investor member had made capital contributions totaling $3,961,227.

Pursuant to the Operating Agreement, the investor member is entitled to receive annual distributions equal to their tax liability generated from taxable income passed through from Master Tenant ("Special Tax Distributions") to the investor member. For the years ended December 31, 2022 and 2021, no Special Tax Distributions were made or owed to the investor member.

Pursuant to the Operating Agreement, the investor member shall receive a cumulative, annual distribution of net cash flows, as defined in the Operating Agreement, in an amount equal to 2% of its paid-in capital contributions, as defined in the Operating Agreement ("Priority Return"), payable in arrears on or before each January 31 for the previous year. For the years ended December 31, 2022 and 2021, the Priority Return paid to the Investor Member was $134,328 and $0, respectively. As of December 31, 2022 and 2021, the Priority Return Payable amounted to $79,225 and $134,238, respectively.

NOTE 15 – EMPLOYEE BENEFIT PLAN

The Organization maintains a defined contribution retirement plan that is available to all full-time employees who have attained age 21. The plan provides for voluntary employee contributions, and the Organization may elect to match 100% of employee contributions up to 5% of their gross salary after a minimum of one year of service. The Organization's contributions to the plan totaled $384,559 and $229,509 for the years ended December 31, 2022 and 2021, respectively.

NOTE 16 – COMMITMENTS AND CONTINGENCIES

A. ***Lease Commitments***

The Organization leased equipment and office spaces under multiple operating leases that ran through January 2021. Starting September 1, 2020 through October 2021, the Organization paid Bond Collective a month-to-month membership fee of $100 for a virtual office.

Starting October 15, 2021, the Organization entered into a new lease agreement with Bond Collective for the lease of office space. The lease ended on October 31, 2022.

Starting December 1, 2022, the Organization entered into a new lease agreement with Bond Collective for the lease of the office space. The total remaining lease payments through November 30, 2023 are $48,556.

Rent expense for these leases amounted to $54,241 and $8,575 for the years ended December 31, 2022 and 2021, respectively.

NOTE 16 – COMMITMENTS AND CONTINGENCIES (Continued)

B. ***Uncertainty in Income Taxes***

The Organization believes it had no uncertain income tax positions as of December 31, 2022 and 2021, in accordance with FASB ASC Topic 740 "Income Taxes", which provides standards for establishing and classifying any tax provisions for uncertain tax positions.

C. ***Rehabilitation Tax Credits***

Swift Factory is expected to generate HTCs under IRC Section 47. Pursuant to the Master Lease, Master Tenant is eligible to claim HTCs generated from the Property. HTCs are available for use ratably over five years from the date the rehabilitation is placed in service and are equal to 20% of the qualified rehabilitation expenditures with respect to any certified historic structure. In order to qualify for HTCs, Swift Factory must comply with various federal requirements. The requirements include, but are not limited to, the Property being listed as a certified historic structure in the National Register of Historic Places or located in a registered historic district and certified by the Secretary of the Interior as being of historic significance to the district, and the rehabilitation being performed in a manner consistent with standards established by the Secretary of the Interior. Because HTCs are subject to complying with certain requirements, there can be no assurance that the aggregate amount of rehabilitation credits will be realized and failure to meet all such requirements may result in generating a lesser amount of HTCs than the expected amount. During the years ended December 31, 2022 and 2021, upon portions of the Property being placed in service, Swift Factory generated $4,597,825 of HTCs, respectively, which have been passed through to the Master Tenant pursuant to the Master Lease.

Swift Factory also participated in the State of Connecticut historic rehabilitation tax credit program under Section 10-416c of the Connecticut General Statutes and is expected to generate State HTCs. State HTCs are available at the date the rehabilitation is placed in service and are generally equal to the lesser of 25% of the qualified rehabilitation expenditures with respect to any certified historic structure or $4,500,000. In order to qualify for State HTCs, Swift Factory must comply with various State of Connecticut requirements. State HTCs shall be allocated 100% to CS Swift as the Managing Member. Because State HTCs are subject to complying with certain requirements, there can be no assurance that the aggregate amount of State HTCs will be realized and failure to meet all such requirements may result in generating a lesser amount of State HTCs than the expected amount. As of December 31, 2020, the State HTCs passed through to the Managing Member totaled $4,500,000.

NOTE 17 – LEASE INCOME

The Organization entered into an agreement as the lessor with a nonprofit organization ("Tenant 1") to lease space at their 519 Rockaway Avenue location for a term expired in December 2021. The lease requires a monthly payment of $8,079 over the term of the lease. Rental income recognized on a straight-line basis over the respective lease term of the underlying agreement amounted to $96,950 for the year ended December 31, 2021.

NOTE 17 – LEASE INCOME (Continued)

The Organization entered into an agreement as the lessor with a nonprofit organization ("Tenant 3") to lease space at their 519 Rockaway Avenue location for a term expiring in September 2025. The lease requires escalating monthly payments ranging from $6,419 to $6,612 over the term of the lease. Rental income recognized on a straight-line basis over the respective lease term of the underlying agreement amounted to $77,226 and $68,558 for the years ended December 31, 2022 and 2021, respectively.

The Organization entered into an agreement as the lessor with a nonprofit organization ("Tenant 4") to lease space at their 519 Rockaway Avenue location for a term expiring in June 2026. The lease requires escalating monthly payments ranging from $8,783 to $9,047 over the term of the lease. Rental income recognized on a straight-line basis over the respective lease term of the underlying agreement amounted to $106,981 and $52,700 for the years ended December 31, 2022 and 2021, respectively.

On May 4, 2018, Master Tenant entered into a commercial lease agreement with Crop One Holdings, Inc. ("Crop One") for a space at the building in 10 and 60 Love Lane, Hartford, Connecticut for a period of 124 months. During 2020, Crop One decided to terminate the lease. To avoid costs associated with the anticipated litigation over their respective rights and obligations under the lease, on December 18, 2020, Master Tenant and Crop One entered into a Settlement Agreement. In accordance with the Settlement Agreement, Master Tenant and Crop One have agreed to compromise and arrange for the release of claims in exchange for a specified consideration. CSI is willing to take over the lease on the condition that it receives the settlement payment from Crop One amounting to $825,000. Pursuant to the Settlement Agreement, effective upon the receipt of the full settlement amount by CSI, the lease is terminated. On December 28, 2020, CSI received the settlement amount of $825,000, which is included in other income in the 2020 consolidated statement of activities. On December 31, 2020, CSI entered into a lease agreement with Master Tenant for a term expiring on December 31, 2030.

Future annual lease income of the Organization in each of the subsequent years ending December 31 was as follows:

2023	$ 312,308
2024	200,343
2025	156,878
2026	31,177
Total	$ 700,706

During the year ended December 31, 2019, the Organization incurred lease acquisition costs totaling $31,000, which are being amortized over the life of the lease. For the years ended December 31, 2022 and 2021, amortization expense was $968 and $969, respectively.

NOTE 18 – RELATED-PARTY TRANSACTIONS

A. ***Northeast Neighborhood Partners, Inc.***

During the years ended December 31, 2022 and 2021, CSI paid expenses for NNPI. Amounts due to CSI from NNPI related to these transactions were $80,735 and $156,294 as of December 31, 2022 and 2021 respectively.

NNPI entered into a management agreement with CSI on January 1, 2022, CSI to provide administrative services which include, but not limited to, accounting and financial operations, administrative and program support, oversee capital improvement and grant administration, and general management. For the year ended December 31, 2022, NNPI incurred management fee expenses amounting to $24,476. The total amounts outstanding from NNPI as of December 31, 2022 was $24,476.

In addition, the President of the Organization was the Secretary of the Board of Directors of NNPI as of December 31, 2022 and 2021.

On December 9, 2022, Swift Factory Master Tenant, Inc. (“Master Tenant”) transferred $50,000 to NNPI for funds required to pay NNPI’s expenses. The $50,000 was repaid from NNPI to Master Tenant on March 3, 2023.

As explained in Note 12, in January 2022, Trinity Health Corporation and CSI entered into a loan agreement which provided for a $1,400,000 loan to CSI. The purpose of the loan was for CSI to pass through the loan to the North Hartford Community Land Trust, Inc. (“NHCLT”, NHCLT is the sole member of NHHT), a 100-unit scattered site affordable housing development in North Hartford Promise Zone. The loan proceeds shall only be used for supporting the creating of the NHCLT. The amount due from NHCLT from this pass through loan was $1,400,000 as of December 31, 2022. The full principal balance is due on maturity date of December 31, 2031.

B. ***North Capitol Project***

The North Capitol Project (the “Project”) is a Washington, D.C., residential project consisting of a building with a total of 124 low-income housing tax unit apartments for use by veterans of the military. The Project, with a total cost of approximately $32,650,000, was funded by the issuance of short-term tax-exempt bonds, equity investments, other federal and local government funding, and two sponsor loans from CSI in the aggregate amount of $9,270,000. The Project was completed and placed in service during the year ended December 31, 2017.

On August 28, 2014, CSI entered into two loan agreements in the amounts of $150,000 (1st Sponsor loan) and $9,120,000 (2nd Sponsor loan) to provide permanent loan proceeds of $9,270,000 to assist in funding the Project. All loan proceeds were drawn down by the Project and were recorded on the consolidated statements of financial position as loans receivable (see Note 7) as of December 31, 2022 and 2021.

In October 2014, CSI entered into a loan agreement in the amount of $500,000 to provide additional loan proceeds to assist in funding the Project. CSI received and remitted the $500,000 from Federal Home Loan Bank of Pittsburgh’s Community Investment Department to the Project during the year ended December 31, 2017. This balance is recorded in the consolidated statements of financial position as loans receivable (see Note 7) as of December 31, 2022 and 2021.

NOTE 18 – RELATED-PARTY TRANSACTIONS (Continued)

As of December 31, 2022 and 2021, CSI had transferred funding in the amount of $9,770,000 to the Project in accordance with the private and public donor stipulations. Contributions with donor restrictions received for the Project were released upon the Project being placed in service.

CSI, along with an unrelated entity, are co-developers of the Project. As such, CSI is entitled to a developer fee of $1,290,000, payable in four installments as follows: $276,235 was paid at initial closing, $300,000 was paid upon receipt of a grant from the Federal Home Loan Bank of Pittsburgh under the Affordable Housing Program, $386,234 will be paid upon satisfaction of the conditions to the payment of the Limited Partner of its Third Capital Contribution, $15,361 will be paid upon satisfaction of the conditions to the payment of the Limited Partner of its Fourth Capital Contribution, and the last payment of $312,170 will be paid upon satisfaction of the conditions to the payment of the Limited Partner of its Fifth Capital Contribution, of which $237,531 is anticipated to be deferred and payable out of net cash flow pursuant to the partnership agreement. During the years ended December 31, 2022 and 2021, no balance of such developer fees were recognized. Since the inception of the Project, CSI has recognized $984,293 of developer fees under this agreement.

On August 28, 2014, CSI entered into a Purchase Option and Right of First Refusal Agreement with North Capitol Commons LP and other unrelated parties.

Grant of Option

North Capitol Commons LP granted to CSI an option to purchase the real estate, fixtures and personal property comprising the Project or associated with the physical operations thereof, owned by North Capitol Commons LP at the time of purchase, after the close of the 15-year compliance period for the low-income housing tax credit for the Project (the “Compliance Period”), on the terms and conditions set forth in the agreement.

Right of First Refusal

In the event that North Capitol Commons LP receives a bona fide offer to purchase the Project, CSI shall have a right of first refusal to purchase the Property (the “Refusal Right”) after the close of the Compliance Period, on the terms and conditions set forth in the agreement.

On August 28, 2014, CSI entered into a Leasehold Deed of Trust, Security Agreement and Assignment of Leases and Rents with North Capitol Commons LP. Under the terms of said agreement, North Capitol Commons LP (the “Borrower”) irrevocably conveyed its right, title and interest in the leases of said property to CSI as collateral for the guaranteed performance by North Capitol Commons LP.

C. ***Brownsville Partnership, Inc.***

As of December 31, 2022 and 2021, BP owed CSI $1,187,312 and $685,131 respectively, representing net payments made directly by CSI to BP’s vendors, with the expectation to collect developer fees for projects managed by BP that began in fiscal year 2020 or earlier which are more than sufficient to fully extinguish the receivables. CSI indicates that the payable will be fully forgiven if these developer fees are not collected.

D. ***CS Large Cities Housing Fund, L.P. and Housing Fund Properties***

CS Veterans Housing GP, LLC (the “General Partner”) receives quarterly management fees in an amount equal to 1.0% of the aggregate gross asset value of an investment. These asset management fees are handled at the property level, with the individual properties incurring and paying these expenses and not CS Large Cities Housing Fund, L.P. During the year ended December 31, 2022, the incurred and unpaid management fees balance was $387,957.

NOTE 19 – CONCENTRATIONS

Cash and cash equivalents that potentially subject the Organization to a concentration of credit risk include cash accounts with banks that exceed the Federal Deposit Insurance Corporation ("FDIC") insurance limits. Cash accounts are insured up to $250,000 per depositor, per insured financial institution. As of December 31, 2022, there was approximately $31.9 million of cash held by three banks that exceeded FDIC limits. As of December 31, 2021, there was approximately $27.3 million of cash held by four banks that exceeded FDIC limits.

The Organization's contributions receivable consists of one contributor who comprises approximately 82% and 93% of the balance as of December 31, 2022 and 2021. For the years ended December 31, 2022 and 2021, approximately 82% and 84% of contributions revenue is comprised of one donor, respectively.

NOTE 20 – CONTRIBUTED NONFINANCIAL ASSETS

Contributed nonfinancial assets consisted of the following for the year ended December 31, 2022:

Nonfinancial Asset	2022	Used in Programs/Activities	Donor-imposed Restriction	Fair Value Technique
Donated professional services – legal and consultative services	$ 61,792	Management and General	No donor restrictions	Based on estimated hourly rates of services provided

Contributed nonfinancial assets consisted of the following for the year ended December 31, 2021:

Nonfinancial Asset	2021	Used in Programs/Activities	Donor-imposed Restriction	Fair Value Technique
Donated professional services – legal and consultative services	$ 646,731	Management and General	No donor restrictions	Based on estimated hourly rates of services provided

NOTE 21 – SUBSEQUENT EVENTS

Management has evaluated, for potential recognition and disclosure, events subsequent to the date of the consolidated statement of financial position through November 17, 2023, the date the consolidated financial statements were available to be issued.

On July 27, 2023, 12170 East 30th Avenue LLC, a wholly owned entity of CSI that was formed on June 12, 2023, executed an unsecured promissory note with CSLCHF for a maximum amount of $11,000,000, bearing interest at a rate of 9% per annum, compounded annually. The note is set to mature on July 27, 2025. The proceeds of the note were used to purchase the Abrigo Apartments, in Colorado for $7,313,185 and to fund working capital and capital expenses for the property in the amount of $393,500.

COMMUNITY SOLUTIONS INTERNATIONAL, INC. AND SUBSIDIARIES
D/B/A COMMUNITY SOLUTIONS, INC.
SUPPLEMENTARY INFORMATION
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
AS OF DECEMBER 31, 2022

	Community Solutions International, Inc.	Community Solutions 519 Rockaway Avenue, Inc.	CS Swift, LLC	Swift Factory, LLC	Swift Factory Master Tenant LLC	CS Veterans Housing GP, LLC	CS Large Cities Housing Fund LP	Eliminations	Consolidated Totals
ASSETS									
Cash and cash equivalents	$ 32,534,266	$ 42,991	$ 10,537	$ 220,483	$ 343,938	$ -	$ 11,314,693	$ -	$ 44,466,908
Contributions receivable, net	80,784,079	-	-	-	-	-	-	-	80,784,079
Rent receivable	61,307	17,653	-	-	2,141	-	-	-	81,101
Other receivables, net	1,437,745	1,017,681	183,922	-	-	-	-	(1,569,201)	1,070,147
Loans receivable	26,562,275	-	5,053,960	-	3,418,125	-	-	(8,472,085)	26,562,275
Restricted cash	-	-	-	343,523	313,460	-	-	-	656,983
Escrow reserves	331,708	-	-	-	-	-	-	-	331,708
Investments	10,183,089	-	-	-	-	-	-	-	10,183,089
Investment in real estate properties	-	-	-	-	-	-	43,828,907	(3,098,832)	40,730,075
Prepaid expenses and other assets	223,735	-	-	-	197,433	300,000	79,917	(153,445)	647,640
Due from Northeast Neighborhood Partners, Inc.	1,505,211	-	-	-	50,000	-	-	-	1,555,211
Due from North Capitol Commons GP LLC	11,065	-	-	-	-	-	-	-	11,065
Due from Community Solutions International, Inc.	-	-	2,966	-	-	-	-	(2,966)	-
Due from Community Solutions 519 Rockaway Avenue, Inc.	2,645,158	-	-	-	-	-	-	(2,645,158)	-
Due from Brownsville Partnership, Inc.	1,618,524	-	-	-	-	-	-	-	1,618,524
Due from Swift Incubator	-	-	-	-	47,133	-	-	(47,133)	-
Due from Swift Factory, LLC	15,599	-	-	-	-	-	-	(15,599)	-
Due from Swift Factory Master Tenant LLC	236,709	-	-	-	-	-	-	(236,709)	-
Due from CS Veterans Housing GP LLC	17,185	-	-	-	-	-	801,168	(818,353)	-
Due from Housing Fund Properties	-	-	-	-	-	387,957	-	-	387,957
Investment in Swift Factory, LLC	-	-	3,153,242	-	221,391	-	-	(3,374,633)	-
Investment in Swift Factory Master Tenant LLC	-	-	20,614	-	-	-	-	(20,614)	-
Investment in Vesta CO LLC, at cost	379,000	-	-	-	-	-	-	-	379,000
Investment in CS Large Cities Housing Fund LP	10,000,000	-	-	-	-	-	-	(10,000,000)	-
Deferred rent receivable	-	-	-	2,519,430	-	-	-	(2,519,430)	-
Deferred leasing costs, net	-	-	-	27,987	-	-	-	-	27,987
Operating lease right-of-use asset	-	-	-	4,933,721	22,321,523	-	-	(22,321,523)	4,933,721
Property and equipment, net	20,051,361	5,420,121	-	22,266,448	-	-	-	(2,456,873)	45,281,057
TOTAL ASSETS	$ 188,598,016	$ 6,498,446	$ 8,425,241	$ 30,311,592	$ 26,915,144	$ 687,957	$ 56,024,685	$ (57,752,554)	$ 259,708,527
LIABILITIES AND NET ASSETS/MEMBERS' EQUITY									
LIABILITIES									
Accounts payable and accrued expenses	$ 3,143,258	$ 93,976	$ 279,239	$ 127,535	$ 39,217	$ -	$ 99,781	$ (964,227)	$ 2,818,779
Operating lease liability	-	-	-	-	24,840,953	-	-	(24,840,953)	-
Security deposits payable	169,050	52,563	-	-	6,196	-	-	-	227,809
Due to Brownsville Partnership, Inc.	-	431,212	-	-	-	-	-		431,212
Due to Community Solutions International, Inc.	-	2,645,158	-	15,599	283,842	17,185	-	(2,961,784)	-
Due to CS Swift, LLC	2,966	-	-	-	-	-	-	(2,966)	-
Due to CS Large Cities Housing Fund LP	-	-	-	-	-	801,168	-	(801,168)	-
Deferred revenue	775,562	-	-	-	-	-	-	(758,419)	17,143
Developer fee payable	-	-	-	758,419	-	-	-	(758,419)	-
Notes payable	-	-	-	-	-	-	48,229,776	-	48,229,776
Loans payable, net	28,917,371	-	7,300,000	26,035,405	-	-	-	(8,472,085)	53,780,691
TOTAL LIABILITIES	33,008,207	3,222,909	7,579,239	26,936,958	25,170,208	818,353	48,329,557	(39,560,021)	105,505,410
NET ASSETS/MEMBERS' EQUITY (DEFICIT)									
Without donor restrictions	53,851,784	3,275,537	846,002	3,374,634	20,615	(130,396)	7,695,128	(18,192,533)	50,740,771
Non-controlling members' interests in consolidated subsidiaries	-	-	-	-	1,724,321	-	-	-	1,724,321
Total without donor restrictions	53,851,784	3,275,537	846,002	3,374,634	1,744,936	(130,396)	7,695,128	(18,192,533)	52,465,092
With donor restrictions	101,738,025	-	-	-	-	-	-	-	101,738,025
TOTAL NET ASSETS/MEMBERS' EQUITY (DEFICIT)	155,589,809	3,275,537	846,002	3,374,634	1,744,936	(130,396)	7,695,128	(18,192,533)	154,203,117
TOTAL LIABILITIES AND NET ASSETS/MEMBERS' EQUITY (DEFICIT)	$ 188,598,016	$ 6,498,446	$ 8,425,241	$ 30,311,592	$ 26,915,144	$ 687,957	$ 56,024,685	$ (57,752,554)	$ 259,708,527

See independent auditors' report.

COMMUNITY SOLUTIONS INTERNATIONAL, INC. AND SUBSIDIARIES
D/B/A COMMUNITY SOLUTIONS, INC.
SUPPLEMENTARY INFORMATION
CONSOLIDATING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022
(With Comparative Totals for 2021)

	Community Solutions International, Inc.	Community Solutions 519 Rockaway Avenue, Inc.	CS Swift, LLC	Swift Factory, LLC	Swift Factory Master Tenant LLC	CS Veterans Housing GP, LLC	CS Large Cities Housing Fund LP	Eliminations	Consolidated Totals 2022	Consolidated Totals 2021
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS:										
REVENUES, GAINS, AND OTHER SUPPORT										
Contributions	$ 1,632,742	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,632,742	$ 1,418,194
Noncash contributions	61,792	-	-	-	-	-	-	-	61,792	646,731
Consulting income	221,258	-	-	-	-	-	-	-	221,258	796,729
Development and management fees	655,310	-	-	-	-	3,486,789	-	(3,298,285)	843,814	423,738
Rental income	2,542,675	280,797	-	1,096,064	673,779	-	-	(1,702,817)	2,890,498	2,283,243
Other income and gains	607,744	15,964	-	-	(22,640)	-	-	26,523	627,591	1,091,024
Interest income	507,856	-	46,342	530	102,946	-	-	(149,228)	508,446	287,545
Equity in net income (loss) from Swift Factory, LLC	-	-	(200,411)	-	-	-	-	200,411	-	-
Equity in net income (loss) from Swift Factory Master Tenant LLC	-	-	(6,796)	-	-	-	-	6,796	-	-
Net assets released from donor restrictions	32,654,806	-	-	-	-	-	-	-	32,654,806	18,563,188
TOTAL REVENUES, GAINS AND OTHER SUPPORT - WITHOUT DONOR RESTRICTIONS	38,884,183	296,761	(160,865)	1,096,594	754,085	3,486,789	-	(4,916,600)	39,440,947	25,510,392
EXPENSES										
Program services										
Built for Zero	16,506,042	-	-	-	-	-	-	-	16,506,042	9,569,757
Inspiring Places	-	-	-	-	-	-	-	-	-	2,235,608
Real estate projects	4,574,714	472,161	94,686	1,323,526	1,433,679	3,617,185	2,304,872	(1,852,045)	11,968,778	4,905,029
Fiscal sponsorship	-	-	-	-	-	-	-	-	-	885,795
Policy and Public Affairs	-	-	-	-	-	-	-	-	-	-
Other programs	885,322	-	-	-	-	-	-	-	885,322	1,929,750
Total program services	21,966,078	472,161	94,686	1,323,526	1,433,679	3,617,185	2,304,872	(1,852,045)	29,360,142	19,525,939
Supporting services										
Management and general	3,018,181	350,281	-	-	-	-	-	-	3,368,462	2,047,788
Fundraising	516,717	-	-	-	-	-	-	-	516,717	608,135
Total supporting services	3,534,898	350,281	-	-	-	-	-	-	3,885,179	2,655,923
TOTAL EXPENSES	25,500,976	822,442	94,686	1,323,526	1,433,679	3,617,185	2,304,872	(1,852,045)	33,245,321	22,181,862
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	13,383,207	(525,681)	(255,551)	(226,932)	(679,594)	(130,396)	(2,304,872)	(3,064,555)	6,195,626	3,328,530
Non-controlling members' interests in net income of consolidated subsidiaries	-	-	-	-	672,798	-	-	-	672,798	573,205
Capital contributions/distributions	-	-	-	-	(92)	-	10,000,000	(9,999,908)	-	-
Net assets without donor restrictions, beginning of year	40,468,577	3,801,218	1,101,553	3,601,566	27,503	-	-	(5,128,070)	43,872,347	39,970,612
Net assets without donor restrictions, end of year	53,851,784	3,275,537	846,002	3,374,634	20,615	(130,396)	7,695,128	(18,192,533)	50,740,771	43,872,347
CHANGE IN NON-CONTROLLING MEMBERS' INTERESTS IN CONSOLIDATED SUBSIDIARIES										
Non-controlling members' interests in consolidated subsidiaries - beginning of year	-	-	-	-	2,531,357	-	-	-	2,531,357	1,826,891
Non-controlling members' interests in net loss of consolidated subsidiaries	-	-	-	-	(672,798)	-	-	-	(672,798)	(573,205)
Non-controlling members' capital contributions/distributions	-	-	-	-	(134,238)	-	-	-	(134,238)	1,277,671
Non-controlling members' interests in consolidated subsidiaries - end of year	-	-	-	-	1,724,321	-	-	-	1,724,321	2,531,357
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS:										
REVENUES, GAINS, AND OTHER SUPPORT										
Contributions	23,489,209	-	-	-	-	-	-	-	23,489,209	116,455,004
Net assets released from donor restrictions	(32,654,806)	-	-	-	-	-	-	-	(32,654,806)	(18,563,188)
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	(9,165,597)	-	-	-	-	-	-	-	(9,165,597)	97,891,816
Net assets with donor restrictions, beginning of year	110,903,622	-	-	-	-	-	-	-	110,903,622	13,011,806
Net assets with donor restrictions, end of year	101,738,025	-	-	-	-	-	-	-	101,738,025	110,903,622
Net assets/members' equity, beginning of year	151,372,199	3,801,218	1,101,553	3,601,566	2,558,860	-	-	(5,128,070)	157,307,326	54,809,309
CHANGE IN NET ASSETS/MEMBERS' EQUITY	4,217,610	(525,681)	(255,551)	(226,932)	(813,924)	(130,396)	7,695,128	(13,064,463)	(3,104,209)	102,498,017
Net assets/members' equity (deficit), end of year	$ 155,589,809	$ 3,275,537	$ 846,002	$ 3,374,634	$ 1,744,936	$ (130,396)	$ 7,695,128	$ (18,192,533)	$ 154,203,117	$ 157,307,326

See independent auditors' report.