

Coalition for a Better Acre, Inc. and Affiliates

Consolidated Financial Statements and Supplementary Information
December 31, 2021 and 2020

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1-2
Consolidated Financial Statements	
Consolidated statements of financial position	3-6
Consolidated statements of activities and changes in net assets	7-8
Consolidated statements of functional expenses	9-10
Consolidated statements of cash flows	11
Notes to consolidated financial statements	12-58
Supplementary Information	
Consolidating statement of financial position	60-61
Consolidating statement of activities and changes in net assets	62
Statements of cash flows	63

Report of Independent Auditors

To the Board of Directors of Coalition for a Better Acre, Inc. and Affiliates:

Opinion

We have audited the accompanying consolidated financial statements of Coalition for a Better Acre, Inc. (a Massachusetts nonprofit corporation) and Affiliates, which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the years then ended and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Coalition for a Better Acre, Inc. and Affiliates as of December 31, 2021 and 2020, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Coalition for a Better Acre, Inc. and Affiliates 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.

Responsibilities of Management for the Consolidated Financial Statements

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

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

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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 Coalition for a Better Acre, Inc. and Affiliates' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Coalition for a Better Acre, Inc. and Affiliates' ability to continue as a going concern for a reasonable period of time.

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

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position, activities, and cash flows for Coalition for a Better Acre, Inc. and its wholly owned subsidiaries are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Novogradac & Company LLP

Boston, Massachusetts
June 29, 2022

COALITION FOR A BETTER ACRE, INC.
Consolidated Statement of Financial Position
December 31, 2021

ASSETS	CBA & Affiliates	Real Estate Entities	General Partners & Managing Members	Subtotal	Eliminations	2021 Total
Current assets						
Cash and cash equivalents						
Operating	\$ 583,128	\$ 2,909,786	\$ -	\$ 3,492,914	\$ -	\$ 3,492,914
Accounts receivable	104,168	150,366	-	254,534	(114,213)	140,321
Tenant security deposits	38,867	210,014	-	248,881	-	248,881
Prepaid expenses	36,630	172,813	-	209,443	-	209,443
Mortgagee escrow deposits	52,732	633,656	-	686,388	-	686,388
Reserves for replacement	475,396	1,531,196	-	2,006,592	-	2,006,592
Operating reserves	1,121,665	2,319,069	-	3,440,734	-	3,440,734
Predevelopment costs	1,353,937	-	-	1,353,937	-	1,353,937
Total current assets	<u>3,766,523</u>	<u>7,926,900</u>	<u>-</u>	<u>11,693,423</u>	<u>(114,213)</u>	<u>11,579,210</u>
Property and equipment, at cost						
Land and land improvements	2,222,593	4,705,865	-	6,928,458	-	6,928,458
Buildings	11,360,066	89,111,328	-	100,471,394	(12,360,750)	88,110,644
Developments in process	3,452,522	-	-	3,452,522	(139,265)	3,313,257
Furniture and fixtures	489,554	2,957,381	-	3,446,935	-	3,446,935
Total	<u>17,524,735</u>	<u>96,774,574</u>	<u>-</u>	<u>114,299,309</u>	<u>(12,500,015)</u>	<u>101,799,294</u>
Less: accumulated depreciation	<u>(5,494,742)</u>	<u>(26,177,693)</u>	<u>-</u>	<u>(31,672,435)</u>	<u>3,403,182</u>	<u>(28,269,253)</u>
Net property and equipment	<u>12,029,993</u>	<u>70,596,881</u>	<u>-</u>	<u>82,626,874</u>	<u>(9,096,833)</u>	<u>73,530,041</u>
Other assets						
Endowment fund - GLCF	204,314	-	-	204,314	-	204,314
Investment in corporations	2,477,857	-	1,969,607	4,447,464	(3,473,172)	974,292
Loans and notes receivable	19,539,210	-	-	19,539,210	(19,489,210)	50,000
Due from related parties	2,653,441	-	733,013	3,386,454	(3,372,960)	13,494
Deferred charges, net of accumulated amortization	-	45,337	-	45,337	-	45,337
Total other assets	<u>24,874,822</u>	<u>45,337</u>	<u>2,702,620</u>	<u>27,622,779</u>	<u>(26,335,342)</u>	<u>1,287,437</u>
TOTAL ASSETS	<u>\$ 40,671,338</u>	<u>\$ 78,569,118</u>	<u>\$ 2,702,620</u>	<u>\$ 121,943,076</u>	<u>\$ (35,546,388)</u>	<u>\$ 86,396,688</u>

See accompanying notes to consolidated financial statements

COALITION FOR A BETTER ACRE, INC.
Consolidated Statement of Financial Position (continued)
December 31, 2021

LIABILITIES AND NET ASSETS	CBA & Affiliates	Real Estate Entities	General Partners & Managing Members	Subtotal	Eliminations	2021 Total
Current liabilities						
Accounts payable						
Trade	\$ 409,338	\$ 322,009	\$ -	\$ 731,347	\$ -	\$ 731,347
Development	9,996	23,576	-	33,572	-	33,572
Accrued expenses	173,077	598,120	-	771,197	-	771,197
Prepaid rent	3,866	60,948	-	64,814	-	64,814
Security deposits	38,840	207,166	-	246,006	-	246,006
Accrued mortgage interest	3,996	82,399	-	86,395	-	86,395
Current portion of mortgages payable	76,010	621,547	-	697,557	-	697,557
Total current liabilities	<u>715,123</u>	<u>1,915,765</u>	<u>-</u>	<u>2,630,888</u>	<u>-</u>	<u>2,630,888</u>
Long-term liabilities						
Mortgages payable, net of current portion and unamortized debt issuance costs	1,409,176	16,947,246	-	18,356,422	-	18,356,422
Notes payable and accrued interest	11,009,962	39,606,097	-	50,616,059	(16,713,135)	33,902,924
Total long-term liabilities	<u>12,419,138</u>	<u>56,553,343</u>	<u>-</u>	<u>68,972,481</u>	<u>(16,713,135)</u>	<u>52,259,346</u>
Other liabilities						
Development fees payable and accrued interest	261,734	1,292,546	-	1,554,280	(1,378,690)	175,590
Accrued fees	-	1,947,169	-	1,947,169	(1,782,171)	164,998
Due to related parties	519,280	371,337	2,656,943	3,547,560	(3,246,172)	301,388
Interest rate swap contract	-	1,570,593	-	1,570,593	-	1,570,593
Total other liabilities	<u>781,014</u>	<u>5,181,645</u>	<u>2,656,943</u>	<u>8,619,602</u>	<u>(6,407,033)</u>	<u>2,212,569</u>
Total liabilities	<u>13,915,275</u>	<u>63,650,753</u>	<u>2,656,943</u>	<u>80,222,971</u>	<u>(23,120,168)</u>	<u>57,102,803</u>
Net Assets						
Without donor restrictions	26,756,063	(3,021,343)	45,677	23,780,397	(12,426,220)	11,354,177
Noncontrolling interest in consolidated subsidiaries	-	17,939,708	-	17,939,708	-	17,939,708
Total net assets	<u>26,756,063</u>	<u>14,918,365</u>	<u>45,677</u>	<u>41,720,105</u>	<u>(12,426,220)</u>	<u>29,293,885</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 40,671,338</u>	<u>\$ 78,569,118</u>	<u>\$ 2,702,620</u>	<u>\$ 121,943,076</u>	<u>\$ (35,546,388)</u>	<u>\$ 86,396,688</u>

See accompanying notes to consolidated financial statements

COALITION FOR A BETTER ACRE, INC.
Consolidated Statement of Financial Position
December 31, 2020

ASSETS	CBA & Affiliates	Real Estate Entities	General Partners & Managing Members	Subtotal	Eliminations	2020 Total
Current assets						
Cash and cash equivalents						
Operating	\$ 763,569	\$ 2,449,854	\$ -	\$ 3,213,423	\$ -	\$ 3,213,423
Accounts receivable	114,065	172,649	-	286,714	(3,718)	282,996
Tenant security deposits	37,027	182,651	-	219,678	-	219,678
Prepaid expenses	30,783	116,525	-	147,308	-	147,308
Mortgagee escrow deposits	45,389	235,610	-	280,999	-	280,999
Reserves for replacement	399,536	1,419,767	-	1,819,303	-	1,819,303
Operating reserves	1,016,137	1,993,580	-	3,009,717	-	3,009,717
Predevelopment costs	1,341,549	-	-	1,341,549	-	1,341,549
Total current assets	<u>3,748,055</u>	<u>6,570,636</u>	<u>-</u>	<u>10,318,691</u>	<u>(3,718)</u>	<u>10,314,973</u>
Property and equipment, at cost						
Land and land improvements	2,222,593	4,535,695	-	6,758,288	-	6,758,288
Buildings	11,360,066	88,976,986	-	100,337,052	(12,496,120)	87,840,932
Developments in process	977,537	-	-	977,537	-	977,537
Furniture and fixtures	594,223	2,807,506	-	3,401,729	-	3,401,729
Total	<u>15,154,419</u>	<u>96,320,187</u>	<u>-</u>	<u>111,474,606</u>	<u>(12,496,120)</u>	<u>98,978,486</u>
Less: accumulated depreciation	<u>(5,267,080)</u>	<u>(23,603,126)</u>	<u>-</u>	<u>(28,870,206)</u>	<u>3,160,873</u>	<u>(25,709,333)</u>
Net property and equipment	<u>9,887,339</u>	<u>72,717,061</u>	<u>-</u>	<u>82,604,400</u>	<u>(9,335,247)</u>	<u>73,269,153</u>
Other assets						
Endowment fund - GLCF	189,699	-	-	189,699	-	189,699
Investment in corporations	2,158,023	-	1,969,607	4,127,630	(3,473,277)	654,353
Loans and notes receivable	18,600,107	-	-	18,600,107	(18,550,107)	50,000
Due from related parties	2,714,565	-	733,013	3,447,578	(3,447,469)	109
Deferred charges, net of accumulated amortization	-	52,626	-	52,626	-	52,626
Total other assets	<u>23,662,394</u>	<u>52,626</u>	<u>2,702,620</u>	<u>26,417,640</u>	<u>(25,470,853)</u>	<u>946,787</u>
TOTAL ASSETS	<u>\$ 37,297,788</u>	<u>\$ 79,340,323</u>	<u>\$ 2,702,620</u>	<u>\$ 119,340,731</u>	<u>\$ (34,809,818)</u>	<u>\$ 84,530,913</u>

See accompanying notes to consolidated financial statements

COALITION FOR A BETTER ACRE, INC.
Consolidated Statement of Financial Position (continued)
December 31, 2020

LIABILITIES AND NET ASSETS	CBA & Affiliates	Real Estate Entities	General Partners & Managing Members	Subtotal	Eliminations	2020 Total
Current liabilities						
Accounts payable						
Trade	\$ 79,882	\$ 1,177,682	\$ -	\$ 1,257,564	\$ -	\$ 1,257,564
Development	9,996	23,576	-	33,572	-	33,572
Accrued expenses	241,095	216,601	-	457,696	-	457,696
Prepaid rent	1,771	37,044	-	38,815	-	38,815
Security deposits	37,005	178,264	-	215,269	-	215,269
Accrued mortgage interest	4,239	72,968	-	77,207	-	77,207
Current portion of mortgages payable	72,247	11,291,973	-	11,364,220	-	11,364,220
Total current liabilities	<u>446,235</u>	<u>12,998,108</u>	<u>-</u>	<u>13,444,343</u>	<u>-</u>	<u>13,444,343</u>
Long-term liabilities						
Mortgages payable, net of current portion and unamortized debt issuance costs	1,491,662	14,943,280	-	16,434,942	-	16,434,942
Notes payable and accrued interest	8,933,033	35,783,154	-	44,716,187	(15,730,717)	28,985,470
Total long-term liabilities	<u>10,424,695</u>	<u>50,726,434</u>	<u>-</u>	<u>61,151,129</u>	<u>(15,730,717)</u>	<u>45,420,412</u>
Other liabilities						
Development fees payable and accrued interest	261,734	1,564,335	-	1,826,069	(1,659,357)	166,712
Accrued fees	-	1,810,477	-	1,810,477	(1,645,479)	164,998
Due to related parties	355,485	351,852	2,656,943	3,364,280	(3,181,616)	182,664
Interest rate swap contract	-	2,315,142	-	2,315,142	-	2,315,142
Total other liabilities	<u>617,219</u>	<u>6,041,806</u>	<u>2,656,943</u>	<u>9,315,968</u>	<u>(6,486,452)</u>	<u>2,829,516</u>
Total liabilities	<u>11,488,149</u>	<u>69,766,348</u>	<u>2,656,943</u>	<u>83,911,440</u>	<u>(22,217,169)</u>	<u>61,694,271</u>
Net Assets						
Without donor restrictions	25,466,639	(2,641,857)	45,677	22,870,459	(12,592,649)	10,277,810
With donor restrictions	343,000	-	-	343,000	-	343,000
Noncontrolling interest in consolidated subsidiaries	-	12,215,832	-	12,215,832	-	12,215,832
Total net assets	<u>25,809,639</u>	<u>9,573,975</u>	<u>45,677</u>	<u>35,429,291</u>	<u>(12,592,649)</u>	<u>22,836,642</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 37,297,788</u>	<u>\$ 79,340,323</u>	<u>\$ 2,702,620</u>	<u>\$ 119,340,731</u>	<u>\$ (34,809,818)</u>	<u>\$ 84,530,913</u>

See accompanying notes to consolidated financial statements

COALITION FOR A BETTER ACRE, INC.
Consolidated Statement of Activities and Changes in Net Assets
For the year ended December 31, 2021

	<u>CBA & Affiliates</u>	<u>Real Estate Entities</u>	<u>Noncontrolling Interest in Real Estate Entities</u>	<u>General Partners & Managing Members</u>	<u>Subtotal</u>	<u>Eliminations</u>	<u>2021 Total</u>
Revenue and support							
Grants and contributions	\$ 983,206	\$ -	\$ -	\$ -	\$ 983,206	\$ -	\$ 983,206
Developer overhead	139,265	-	-	-	139,265	(139,265)	-
Partnership management and investor service fees	28,000	-	-	-	28,000	(28,000)	-
Rental income, net of vacancies and concessions	1,185,768	8,033,677	-	-	9,219,445	(52,941)	9,166,504
Ground lease income	223,200	-	-	-	223,200	-	223,200
Interest income	862,946	2,977	-	-	865,923	(861,367)	4,556
Income (loss) from endowment funds	150,127	-	-	-	150,127	-	150,127
Income from investment in corporation	342,619	-	-	-	342,619	-	342,619
Miscellaneous revenue	281,297	139,571	-	-	420,868	-	420,868
Debt forgiveness	526,938	-	-	-	526,938	(246,409)	280,529
Total revenue and support	<u>4,723,366</u>	<u>8,176,225</u>	<u>-</u>	<u>-</u>	<u>12,899,591</u>	<u>(1,327,982)</u>	<u>11,571,609</u>
Expenditures							
Organizing	535,704	-	-	-	535,704	-	535,704
Real estate-development	376,249	-	-	-	376,249	-	376,249
Real estate-homeowner	3,001	-	-	-	3,001	-	3,001
General and administrative	975,950	-	-	-	975,950	(214,780)	761,170
Rentals and property management	1,881,483	10,735,744	-	-	12,617,227	(1,279,631)	11,337,596
Total expenditures	<u>3,772,387</u>	<u>10,735,744</u>	<u>-</u>	<u>-</u>	<u>14,508,131</u>	<u>(1,494,411)</u>	<u>13,013,720</u>
Increase (decrease) in net assets before interest rate swap contract	<u>950,979</u>	<u>(2,559,519)</u>	<u>-</u>	<u>-</u>	<u>(1,608,540)</u>	<u>166,429</u>	<u>(1,442,111)</u>
Change in value of interest rate swap	<u>-</u>	<u>744,549</u>	<u>-</u>	<u>-</u>	<u>744,549</u>	<u>-</u>	<u>744,549</u>
Increase (decrease) in net assets before taxes	<u>950,979</u>	<u>(1,814,970)</u>	<u>-</u>	<u>-</u>	<u>(863,991)</u>	<u>166,429</u>	<u>(697,562)</u>
Unrelated business tax	<u>4,555</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,555</u>	<u>-</u>	<u>4,555</u>
Increase (decrease) in net assets before noncontrolling interest in losses of consolidated subsidiaries	<u>946,424</u>	<u>(1,814,970)</u>	<u>-</u>	<u>-</u>	<u>(868,546)</u>	<u>166,429</u>	<u>(702,117)</u>
Noncontrolling interest in losses of consolidated subsidiaries	<u>-</u>	<u>1,435,484</u>	<u>(1,435,484)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Transfer of interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets, beginning of year	<u>25,809,639</u>	<u>(2,641,857)</u>	<u>12,215,832</u>	<u>45,677</u>	<u>35,429,291</u>	<u>(12,592,649)</u>	<u>22,836,642</u>
Current year capital contributions	<u>-</u>	<u>-</u>	<u>7,159,360</u>	<u>-</u>	<u>7,159,360</u>	<u>-</u>	<u>7,159,360</u>
Net assets, end of year	<u>\$ 26,756,063</u>	<u>\$ (3,021,343)</u>	<u>\$ 17,939,708</u>	<u>\$ 45,677</u>	<u>\$ 41,720,105</u>	<u>\$ (12,426,220)</u>	<u>\$ 29,293,885</u>

See accompanying notes to consolidated financial statements

COALITION FOR A BETTER ACRE, INC.
Consolidated Statement of Activities and Changes in Net Assets
For the year ended December 31, 2020

	CBA & Affiliates	Real Estate Entities	Noncontrolling Interest in Real Estate Entities	General Partners & Managing Members	Subtotal	Eliminations	2020 Total
Revenue and support							
Grants and contributions	\$ 1,197,487	\$ -	\$ -	\$ -	\$ 1,197,487	\$ -	\$ 1,197,487
Development fees	1,393,493	-	-	-	1,393,493	(1,393,493)	-
Partnership management and investor service fees	28,000	-	-	-	28,000	(28,000)	-
Rental income, net of vacancies and concessions	1,140,090	7,202,268	-	-	8,342,358	(52,941)	8,289,417
Ground lease income	219,700	-	-	-	219,700	-	219,700
Interest income	603,780	13,784	-	-	617,564	(602,199)	15,365
Income (loss) from endowment funds	143,711	-	-	-	143,711	-	143,711
Income from investment in corporation	39,082	-	-	-	39,082	-	39,082
Sale of state tax credits	254,427	-	-	-	254,427	-	254,427
Miscellaneous revenue	51,657	205,503	-	-	257,160	-	257,160
Debt forgiveness	500,616	-	-	-	500,616	(225,592)	275,024
Total revenue and support	<u>5,572,043</u>	<u>7,421,555</u>	<u>-</u>	<u>-</u>	<u>12,993,598</u>	<u>(2,302,225)</u>	<u>10,691,373</u>
Expenditures							
Organizing	500,635	-	-	-	500,635	-	500,635
Real estate-development	319,622	-	-	-	319,622	-	319,622
Real estate-homeowner	15,507	-	-	-	15,507	-	15,507
General and administrative	856,033	-	-	-	856,033	(137,699)	718,334
Rentals and property management	1,759,429	10,225,613	-	-	11,985,042	(1,168,463)	10,816,579
Total expenditures	<u>3,451,226</u>	<u>10,225,613</u>	<u>-</u>	<u>-</u>	<u>13,676,839</u>	<u>(1,306,162)</u>	<u>12,370,677</u>
Increase (decrease) in net assets before interest rate swap contract	<u>2,120,817</u>	<u>(2,804,058)</u>	<u>-</u>	<u>-</u>	<u>(683,241)</u>	<u>(996,063)</u>	<u>(1,679,304)</u>
Change in value of interest rate swap	<u>-</u>	<u>(211,225)</u>	<u>-</u>	<u>-</u>	<u>(211,225)</u>	<u>-</u>	<u>(211,225)</u>
Increase (decrease) in net assets before taxes	<u>2,120,817</u>	<u>(3,015,283)</u>	<u>-</u>	<u>-</u>	<u>(894,466)</u>	<u>(996,063)</u>	<u>(1,890,529)</u>
Unrelated business tax	<u>4,554</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,554</u>	<u>-</u>	<u>4,554</u>
Increase (decrease) in net assets before noncontrolling interest in losses of consolidated subsidiaries	<u>2,116,263</u>	<u>(3,015,283)</u>	<u>-</u>	<u>-</u>	<u>(899,020)</u>	<u>(996,063)</u>	<u>(1,895,083)</u>
Noncontrolling interest in losses of consolidated subsidiaries	<u>-</u>	<u>2,550,344</u>	<u>(2,550,344)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets, beginning of year	<u>23,693,376</u>	<u>(2,176,918)</u>	<u>14,766,176</u>	<u>45,677</u>	<u>36,328,311</u>	<u>(11,596,586)</u>	<u>24,731,725</u>
Net assets, end of year	<u>\$ 25,809,639</u>	<u>\$ (2,641,857)</u>	<u>\$ 12,215,832</u>	<u>\$ 45,677</u>	<u>\$ 35,429,291</u>	<u>\$ (12,592,649)</u>	<u>\$ 22,836,642</u>

See accompanying notes to consolidated financial statements

COALITION FOR A BETTER ACRE, INC.
Consolidated Statement of Functional Expenses
For the year ended December 31, 2021

	Programming	Real Estate Development	Home Preservation	General and Administrative	Rentals and Property Management	2021 Total
Salaries	\$ 349,709	\$ 255,897	\$ -	\$ 409,380	\$ 1,479,522	\$ 2,494,508
Payroll taxes and benefits	41,930	71,978	-	173,376	337,994	625,278
Management fees	-	-	-	-	406,470	406,470
Professional fees	-	-	-	75,000	211,694	286,694
Contracted services	40,680	(1,580)	-	48,770	501,268	589,138
Operating and maintenance	-	-	-	-	639,913	639,913
Utilities	-	-	1,348	8,397	1,328,897	1,338,642
Office supplies and expense	831	522	-	55,911	174,520	231,784
Advertising and renting	-	-	-	-	32,371	32,371
Program supplies and expense	100,742	47,457	333	39,574	52	188,158
Telephone	932	-	-	13,224	25,051	39,207
Meetings and travel	-	422	1,250	843	-	2,515
Staff training	880	1,553	-	3,475	1,103	7,011
Real estate taxes	-	-	-	-	606,851	606,851
Insurance	-	-	-	10,533	403,392	413,925
Interest	-	-	-	16,148	1,852,267	1,868,415
Depreciation	-	-	-	-	2,677,821	2,677,821
Amortization	-	-	-	-	4,148	4,148
Collection allowance	-	-	-	-	81,524	81,524
Ground lease	-	-	-	-	281,412	281,412
Miscellaneous	-	-	70	(93,461)	291,326	197,935
	<u>\$ 535,704</u>	<u>\$ 376,249</u>	<u>\$ 3,001</u>	<u>\$ 761,170</u>	<u>\$ 11,337,596</u>	<u>\$ 13,013,720</u>

See accompanying notes to consolidated financial statements

COALITION FOR A BETTER ACRE, INC.
Consolidated Statement of Functional Expenses
For the year ended December 31, 2020

	Programming	Real Estate Development	Home Preservation	General and Administrative	Rentals and Property Management	2020 Total
Salaries	\$ 417,385	\$ 206,317	\$ -	\$ 321,891	\$ 1,403,801	\$ 2,349,394
Payroll taxes and benefits	35,895	49,503	15,507	170,623	377,165	648,693
Management fees	-	-	-	-	366,975	366,975
Professional fees	-	-	-	70,050	222,810	292,860
Contracted services	9,140	14,207	-	37,803	560,044	621,194
Operating and maintenance	-	-	-	-	493,679	493,679
Utilities	-	-	-	9,540	1,156,643	1,166,183
Office supplies and expense	833	-	-	97,284	129,874	227,991
Advertising and renting	-	-	-	-	68,238	68,238
Program supplies and expense	37,347	46,059	-	31,484	-	114,890
Telephone	-	-	-	12,450	23,725	36,175
Meetings and travel	-	1,536	-	2,701	-	4,237
Staff training	35	2,000	-	120	1,391	3,546
Real estate taxes	-	-	-	-	872,293	872,293
Insurance	-	-	-	9,367	306,422	315,789
Interest	-	-	-	15,270	1,818,084	1,833,354
Depreciation	-	-	-	-	2,281,003	2,281,003
Amortization	-	-	-	-	4,146	4,146
Collection allowance	-	-	-	-	2,724	2,724
Ground lease	-	-	-	-	275,908	275,908
Miscellaneous	-	-	-	(60,249)	451,654	391,405
	<u>\$ 500,635</u>	<u>\$ 319,622</u>	<u>\$ 15,507</u>	<u>\$ 718,334</u>	<u>\$ 10,816,579</u>	<u>\$ 12,370,677</u>

See accompanying notes to consolidated financial statements

COALITION FOR A BETTER ACRE, INC.
Consolidated Statements of Cash Flows
For the years ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (702,117)	\$ (1,895,083)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Debt issuance cost amortization	120,157	114,932
Depreciation and amortization	2,681,969	2,285,149
Income from investment in corporation	(342,619)	(39,082)
Change in value of interest rate swap	(744,549)	211,225
Accrued interest not currently payable	15,848	15,270
Deferred revenue	-	(254,427)
Deconsolidation of Gerson Building LLC	-	(1,713,248)
Changes in:		
Accounts receivable	142,675	(156,632)
Prepaid expenses	(405,389)	(1,414)
Accounts payable - trade	(526,217)	1,026,697
Accrued expenses	313,501	(1,274)
Accrued mortgage interest	9,188	(3,754)
Prepaid rent	25,999	(6,244)
Tenant security deposits, liability	30,737	7,718
Accrued fees	-	(1)
Net cash provided by (used in) operating activities	<u>619,183</u>	<u>(410,168)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid for fixed assets	(1,427,315)	(8,424,148)
Funding of endowment fund	(14,615)	(31,436)
Investment in corporation	22,680	19,790
Predevelopment costs	(12,388)	(192,424)
Net cash used in investing activities	<u>(1,431,638)</u>	<u>(8,628,218)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Mortgage principal advances, net	(8,865,340)	7,012,369
Proceeds from notes payable and accrued interest	3,736,607	2,197,654
Repayment from related parties, net	105,339	47,555
Development fee and accrued interest, net	8,878	65,918
Non-controlling interest capital contributions	7,159,360	-
Net cash provided by financing activities	<u>2,144,844</u>	<u>9,323,496</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,332,389	285,110
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF YEAR	<u>8,543,120</u>	<u>8,258,010</u>
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, END OF YEAR	<u>\$ 9,875,509</u>	<u>\$ 8,543,120</u>
Cash and cash equivalents - operating	\$ 3,492,914	\$ 3,213,423
Tenant security deposits	248,881	219,678
Mortgagee escrow deposits	686,388	280,999
Reserve for replacement	2,006,592	1,819,303
Operating reserve	3,440,734	3,009,717
Total cash, cash equivalents and restricted cash	<u>\$ 9,875,509</u>	<u>\$ 8,543,120</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest, net of capitalized portion of \$221,053 and \$68,543, respectively	<u>\$ 1,081,109</u>	<u>\$ 1,152,156</u>
Cash paid for taxes	<u>\$ -</u>	<u>\$ 7,928</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Fixed asset additions	\$ 2,820,808	\$ 7,683,334
Add: proceeds from gerson development fee	(1,393,493)	-
Less: accounts payable - development	-	740,814
Cash paid for fixed assets	<u>\$ 1,427,315</u>	<u>\$ 8,424,148</u>

See accompanying notes to consolidated financial statements

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021 and 2020

1. Organization

The Coalition for a Better Acre, Inc. (CBA) (the "Corporation") was established in 1982 and is a membership based community development corporation dedicated to resident empowerment and sustainable community revitalization for current and future residents of Lowell, Massachusetts and the Merrimack Valley. CBA promotes healthy, vibrant neighborhoods by developing resident leaders, affordable housing and economic opportunities, and by responding to community needs through collective action.

CBA is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501 (c)(3) of the Internal Revenue Code. Contributions made to CBA are deductible by donors within the requirements of the Internal Revenue Code.

The consolidated financial statements include the accounts of CBA and all the controlled affiliates ("Corporation and Affiliates") as detailed below which are wholly owned subsidiaries, majority-owned subsidiaries or minority-owned subsidiaries.

Acre Triangle Community Development Corporation (ATCDC) (a Massachusetts corporation, not-for-profit) is related to CBA by common Board membership. ATCDC develops affordable housing in the Acre neighborhood of Lowell, Massachusetts. Due to the common Board membership, this entity is included in the accompanying consolidated financial statements.

North Canal Housing Trust, Inc. (NCHT) (a Massachusetts for-profit corporation, 60% owned by ATCDC) is the former general partner (1% ownership interest) of Lowell North Canal Limited Partnership (LNCLP). The general partnership interest was transferred in December 2005 and the Partnership sold its building (excluding its underlying land), reserve for replacements and other operating assets in 2005.

Acre Merrimack, Inc. (ACRE) (a Massachusetts for-profit corporation, 77% owned by ATCDC) is the former general partner (1% ownership interest) of Merrimack Street Housing Limited Partnership (MSHLP). The general partnership interest was transferred January 1, 2006 and MSHLP sold its building (excluding its underlying land), reserve for replacements and other operating assets on August 26, 2006.

Triangle Rental, Inc. (TRI) (a Massachusetts for-profit corporation, 70% owned by CBA) is the general partner (0.01% ownership interest) of Triangle Rental Limited Partnership (TRLP).

Triangle Rental Limited Partnership (TRLP) (a Massachusetts limited partnership, .01% owned by TRI) was formed in November 1996. TRLP operates twenty-six units of low-income housing and three commercial units in four buildings located in Lowell, Massachusetts, known as Triangle Rental Properties (the Project). Phase I consists of three buildings (twenty units) and Phase II consists of one building (six units). The investor limited partner had contributed \$2,448,435 for a 99.99% interest in the income, losses, distributions and tax credits. Effective January 1, 2013, the original limited partner assigned its 99.99% interest, right, and title to CBA.

CBA Affordable Housing, LLC (CBAAH) (a Massachusetts limited liability company, 100% owned by CBA) organized to acquire the Lowell North Canal Housing project. The property was held for the period January 1, 2006 to June 30, 2006 and then sold to New North Canal LLC (NNCLLC) (excluding its underlying land). CBAAH maintains the land related to the project and holds a ground lease.

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021 and 2020

1. Organization (continued)

Moody Street Center, Inc. (MSCI) (a Massachusetts for-profit corporation, 79% owned by CBA) is the general partner (0.01 % ownership interest) of Moody Street Center Limited Partnership.

Moody Street Center Limited Partnership (MSCLP) (a Massachusetts limited partnership, .01% owned by MSCI) was formed on September 20, 2000. The Partnership owned and operated a building consisting of four commercial units located in Lowell, Massachusetts. The investor limited partner had contributed \$581,218 for a 99.99% interest in the income, losses, distributions and tax credits. On September 30, 2009 the original investor limited partner assigned its 99.99% interest, right and title in the partnership to CBA.

Liberty Square Housing, Inc. (LSHI) (a Massachusetts for-profit corporation, 50% owned by CBA) is the general partner (0.01% ownership interest) of Liberty Square Housing Limited Partnership (LSHLP).

Liberty Square Housing Limited Partnership (LSHLP) (a Massachusetts limited partnership, .01% owned by LSHI) which was organized to acquire, develop, rehabilitate, and operate four rental buildings of which one building has been designated as a historic building. The project consists of 33 units and five commercial spaces located in Lowell, Massachusetts. Rehabilitation work was completed on one building in June 2004 and on the remaining three buildings in December 2004. The investor limited partner has contributed \$4,098,067 for a 99.99% interest in the income, losses, distributions and tax credits. The special limited partner has agreed to contribute \$10.

New North Canal Housing Trust, Inc. (NNCHT) (a Massachusetts for-profit corporation, 60% owned by CBA) is the managing member (.01% ownership interest) of New North Canal LLC (NNCLLC).

New North Canal LLC (NNCLLC) (a Massachusetts limited liability company, .01% owned by NNCHT) was formed on March 23, 2006 to own and operate the North Canal Apartments, consisting of 267 low and moderate income: apartments in Lowell, Massachusetts. The project is regulated by Department of Housing and Urban Development (HUD) as to rent charges and operating methods. The Company receives significant rent subsidies from HUD. Annual distributions are subject to HUD regulations and are limited to \$164,837 per annum, subject to availability of sufficient surplus cash at year-end. The investor member agreed to contribute \$13,211,000 for a 99.99% interest in the income, losses and tax credits. As of December 31, 2021 and 2020, the investor member has contributed \$13,370,691. There was an upwards adjuster of \$159,691. Distributions shall be allocated in accordance with the operating agreement.

New Acre Merrimack, Inc. (NACRE) (a Massachusetts for-profit corporation, 79% owned by CBA) is the managing member (.01% ownership interest) of New Merrimack Street Housing LLC (NMSHLLC) and general partner (1% ownership interest) of Merrimack Street Housing Limited Partnership (MSHLP).

New Merrimack Street Housing LLC (NMSHLLC) (a Massachusetts limited liability company, .01% owned by NACRE) was formed on May 8, 2006 to own and operate twelve low to moderate income housing units and 6,048 square feet of commercial space located on Merrimack Street in Lowell, Massachusetts. NMSHLLC purchased the building (excluding its underlying land), reserve for replacements and other operating assets on August 26, 2006. Rehabilitation of the building was completed in January 2007. The investor member had agreed to contribute \$979,000 for a 99.99% interest in the income, losses, and tax credits. During 2008 the investor member required contribution, which was paid in full, was reduced by \$11,990 due to a downward adjuster. Distributions shall be allocated in accordance with the operating agreement.

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021 and 2020

1. Organization (continued)

Merrimack Street Housing Limited Partnership (MSHLP) (a Massachusetts limited partnership, 99% owned by CBA) operated a rental property consisting of twelve low to moderate income housing units and 6,048 square feet of commercial space (the development). As described above, MSHLP sold its building (excluding its underlying land), reserve for replacements and other operating assets on August 26, 2006, at which point CBA purchased the 99% limited partner interest. MSHLP maintains the land related to the project and holds a ground lease.

Call PP Limited Liability Company (Call) (a Massachusetts limited liability company) is the general partner (.01% ownership interest) of Middlesex Street Limited Partnership (MSLP). On September 28, 2006, CBA was admitted as the .01% member of Call. CBA has control over Call and therefore, this entity is included in the accompanying consolidated financial statements.

Middlesex Street Housing Limited Partnership (MSLP) (a Massachusetts limited partnership, .01% owned by Call) was formed on September 28, 2000, for the purpose of constructing and operating two residential apartment buildings containing 24 residential units and approximately 7,000 square feet of commercial space, located in Lowell, Massachusetts. The limited partner had contributed \$3,126,894 for a 99.99% interest in the income, losses and tax credits. Distributions shall be allocated in accordance with the partnership agreement. Effective December 31, 2016, the original investor limited partner assigned its 99.99% interest, right and title in the partnership to CBA.

St. Joseph's MM LLC (SJMMLLC) (a Massachusetts limited liability company, 79% owned by CBA) is the managing member of St. Joseph's Apartments LLC (SJLLC).

St. Joseph's Apartments LLC (SJLLC) (a Massachusetts limited liability company, .01% owned by SJMMLLC) was formed on April 2, 2007, for the purpose of rehabilitating and operating one residential apartment building containing 15 residential units located in Lowell, Massachusetts. The investor member has agreed to contribute \$2,934,000 for a 99.99% interest in the income, losses, and tax credits. The investor member contributed an upward equity adjuster in the amount of \$33,878. As of December 31, 2021 and 2020, the investor member has contributed \$2,967,878. The special member has agreed to contribute \$10. Distributions shall be allocated in accordance with the operating agreement.

Acre High School MM Two LLC (AHSMM2LLC) (a Massachusetts limited liability company, 79% owned by CBA) is the managing member of Acre High School LLC (AHSLLC).

Acre High School LLC (AHSLLC) (a Massachusetts limited liability company, .01% owned by AHSMM2LLC) was formed on June 23, 2008, for the purpose of rehabilitating and operating one residential apartment building containing 22 residential units located in Lowell, Massachusetts. The investor member has agreed to contribute \$4,009,624 for a 99.99% interest in the income, losses, and tax credits. The investor member contributed an upward equity adjuster in the amount of \$490. As of December 31, 2021 and 2020, the investor member has contributed \$4,010,114. Distributions shall be allocated in accordance with the operating agreement.

Unity Place MM LLC (UPMMLLC) (a Massachusetts limited liability company, 79% owned by CBA) is the managing member of Unity Place LLC (UPLLC).

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021 and 2020

1. Organization (continued)

Unity Place LLC (UPLLC) (a Massachusetts limited liability company, .01% owned by UPMMLLC) was formed on April 10, 2009, for the purpose of rehabilitating and operating one residential apartment building containing 23 residential units located in Lowell, Massachusetts. The investor member has agreed to contribute \$3,517,609 for a 99.99% interest in the income, losses, and tax credits. As of December 31, 2021 and 2020, the investor member has contributed \$3,517,599. Distributions shall be allocated in accordance with the operating agreement.

Gorham Street MM LLC (GSMMLLC) (a Massachusetts limited liability company, 79% owned by CBA) is the managing member of Gorham Street LLC (GSLLC).

Gorham Street LLC (GSLLC) (a Massachusetts limited liability company, .01% owned by GSMMLLC) was formed on May 2, 2013, for the purpose of rehabilitating and operating one residential apartment building containing 24 residential units located in Lowell, Massachusetts. The investor member has agreed to contribute \$4,045,000 for a 99.99% interest in the income, losses, and tax credits. The investor member contributed an upward equity adjuster in the amount of \$92,341. As of December 31, 2021 and 2020, the investor member has contributed \$4,137,341. Distributions shall be allocated in accordance with the operating agreement.

Welcome Home Housing MM LLC (WHHMLLC) (a Massachusetts limited liability company, 79% owned by CBA) is the managing member of Welcome Home Housing LLC (WHHLLC).

Welcome Home Housing LLC (WHHLLC) (a Massachusetts limited liability company, .01% owned by WHHMLLC) was formed on May 1, 2014, for the purpose of rehabilitating and operating three residential apartment building containing 27 residential units located in Haverhill, Massachusetts. The investor member has agreed to contribute \$2,494,551 for a 99.99% interest in the income, losses, and tax credits. The investor member contributed an upward equity adjuster in the amount of \$8,400. As of December 31, 2021 and 2020, the investor member has contributed \$2,502,951. Distributions shall be allocated in accordance with the operating agreement.

138 Cross Street LLC (CSLLC) (a Massachusetts limited liability company, 51% owned by CBA) was formed on September 25, 2017, for the purpose of owning and developing a residential apartment complex located in Lowell, Massachusetts. The apartment complex is undergoing rehabilitation. CBA, the managing member, has agreed to contribute \$51 for a 51% interest in the income and losses. The Megan House Foundation, Inc. has agreed to contribute \$49 for a 49% interest in the income and losses. Distributions shall be allocated in accordance with the operating agreement.

Gerson Building LLC (GSBLLC) (a Massachusetts limited liability company, .01% owned by GBMMLLC) was formed on February 6, 2016, for the purpose of rehabilitating and operating one multifamily apartment complex containing 44 residential units located in Haverhill, Massachusetts. The investor member has agreed to contribute \$8,730,927 for a 99.98% interest in the income, losses, and tax credits. As of December 31, 2021 and 2020, the investor member had contributed \$8,468,999 and \$1,309,639, respectively. Distributions shall be allocated in accordance with the operating agreement.

Gerson Building MM LLC (GBMMLLC) (a Massachusetts limited liability company, 21% owned by CBA) is the managing member of Gerson Building LLC (GSBLLC).

11 Spring Park Avenue LLC (DRACUT) (a Massachusetts limited liability company, 100% owned by CBA) was formed on March 23, 2020, for the purpose of rehabilitating and operating 9 units of affordable housing located in Dracut, Massachusetts. The building is undergoing rehabilitation.

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021 and 2020

2. Summary of significant accounting policies and nature of operations

Principles of consolidation

The consolidated financial statements include the accounts of the Corporation and Affiliates, which have been consolidated under FASB ASC 810-10. All significant intercompany accounts and transactions are eliminated in consolidation. Non-controlling interest is recorded for the portion of net assets attributable to the ownership by unaffiliated entities.

Use of estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported consolidated amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents include all cash balances on deposit with financial institutions and highly liquid investments with a maturity of three months or less at the date of acquisition.

Restricted cash is not considered cash and cash equivalents, and includes cash held with financial institutions for refunds of tenant security deposits, funding of operating deficits, repairs or improvements to the buildings which extend their useful lives, and annual insurance and property tax payments.

Concentrations of credit risk

The Corporation and Affiliates place their temporary cash investments with high credit quality financial institutions. At times, the account balances may exceed the institutions' federally insured limits. The Corporation and Affiliates have not experienced any losses in such accounts.

Reclassifications

Certain reclassifications have been made to the prior year consolidated financial statements to conform to the current year presentation.

Basis of presentation

The accompanying financial statements are prepared using the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The Corporation and Affiliates are required to report information regarding their financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Corporation and Affiliates. These net assets may be used at the discretion of the Corporation and Affiliates' management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature, which will be met by actions of the Corporation and Affiliates or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021 and 2020

2. Summary of significant accounting policies and nature of operations (continued)

Derivative financial instruments

All derivative financial instruments are recognized as either assets or liabilities at their fair value in the statement of financial position with the changes in the fair value reported in current-period earnings. These instruments are classified on the consolidated statement of financial position as interest rate swap contract and the change in the fair value is recorded on the statement of activities as change in value of interest rate swap. For the years ended December 31, 2021 and 2020, a real estate affiliate, New North Canal LLC, recognized a gain of \$744,549 and a loss of \$211,225, respectively, on these instruments.

Fixed assets and depreciation

Purchased property and equipment are recorded at cost. Donated property and equipment are recorded at fair market value at the time of donation. Depreciation is provided using the straight-line method over the following estimated useful lives:

Land improvements	20 years
Buildings	40 years
Furniture and fixtures	5 -10 years
Vehicles	5 years
Computer equipment	5 years
Furniture and fixtures	5 -10 years

Expenditures for maintenance and repairs are charged to expense as incurred; expenditures for renewals and betterments, which add to the value of the related assets or materially extend the life of the assets are capitalized. When sold, retired, or otherwise disposed of, the costs of assets and related accumulated depreciation will be removed from the accounts and any gain or loss credited or charged to income.

Investments in corporations

The Corporation accounts for its investments in corporations using the equity method of accounting. Under the equity method, the investments are carried at cost, adjusted for the Corporation's share of income or losses of the corporations, additional investments and for cash distributions from the corporations. The Corporation's exposure to economic and financial statement loss is limited to its investments in the corporations.

The Corporation has no obligation to fund liabilities of the corporations beyond its investments, including committed investment amounts, and investments in corporations will not be carried below zero. To the extent that equity losses are incurred when the corporations' respective asset values have been reduced to a zero balance, the losses will be suspended to be used against future income.

Accounts receivable

Accounts receivable consists of balances due from tenants and others. The Corporation and Affiliates have elected to record bad debts using the direct write-off method. Generally accepted accounting principles require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

Loans and notes receivable

Loans and notes receivable, including accrued interest thereon, are carried at unpaid principal balances, less an allowance for loan losses. Management periodically evaluates the adequacy of the allowance. Loans and notes are allowed for if full principal or interest payments are not anticipated in accordance with the contractual terms. Interest on notes is recognized over the term of the note and is calculated using the simple-interest method on principal amounts outstanding. As of December 31, 2021 and 2020, there are no allowances for loan losses.

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021 and 2020

2. Summary of significant accounting policies and nature of operations (continued)

Property held for development

Property held for development is recorded at cost and consists of acquisition and pre-development costs related to projects currently under development. In October 2017, the Corporation purchased Lowell House property, which is being held for development.

Deferred charges

Deferred charges consist of tax credit fees. Tax credit fees are amortized using the straight-line method over the tax credit compliance period of 15 years.

Revenue recognition

Revenues from service contracts are recorded over the term of the contract as services are provided and costs are incurred. The Corporation reports gifts of cash and other assets with no donor restrictions as an increase in net assets without donor restrictions when received. Sale of state tax credits, development fees and partnership management fees are recorded as revenues when earned based on the terms of the various agreements.

In May 2014, the Financial Accounting Standards Board issued ASU 2014-09, Revenue from Contracts with Customers, which supersedes the current revenue recognition requirements. The ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The new guidance is effective for the year ending December 31, 2020. Management has determined this ASU does not have a significant impact on the financial statements.

The Corporation receives fees for the performance of property development and other services in connection with the real estate it develops pursuant to certain fee agreements. The fees are generally earned over the development period based on achievement of certain contractual performance obligations or other development milestones. These fees are recognized as income when earned from the Real Estate Entities. Fees and interest related to Real Estate Entities are eliminated in consolidation in accordance with GAAP, and are recognized ratably over the useful life of the underlying real estate as a reduction to depreciation expense.

Grants expected to be received within one year are recorded at their net realizable value. Grants and other contributions of cash and other assets are reported as with donor restrictions support if they are received with donor restrictions that limit the use of the donated support. Multi-year grants are recorded into income as the conditions for earning the grants are met. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as net assets without donor restrictions. The Corporation uses the allowance method to determine uncollectible grants receivable. The allowance is based on prior years' experience and management's analysis of specific grants made. Management has decided that an allowance was not necessary as of December 31, 2021 and 2020.

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021 and 2020

2. Summary of significant accounting policies and nature of operations (continued)

Revenue recognition (continued)

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. The Corporation uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. During the years ended December 31, 2021 and 2020, there was no unconditional promise to give recognized as revenue.

Rental revenue attributable to residential leases is recorded when due from residents, generally upon the first day of each month. Leases are for periods of up to one year, with rental payments due monthly. Other income includes fees for late payments, cleaning, damages, laundry facilities and other charges and is recorded when earned.

The Corporation conducts special events in which a portion of gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event. Unless a verifiable, objective means exists to demonstrate otherwise, the fair value of meals and entertainment provided at special events is measured at the actual cost to the Corporation. The direct costs of the special events, which ultimately benefit the donor rather than the Corporation are recorded as exchange transaction revenue and exchange transaction expense. All the proceeds received in excess of the direct costs are recorded as grants and contributions in the accompanying consolidated statement of activities. During the years ended December 31, 2021 and 2020, the Corporation reported net special events revenue of \$64,876 and \$0, respectively.

Compensated absences

Employees of CBA are entitled to paid vacation and paid sick leave, depending on job classification and length of service. The financial statements reflect a liability and expense for compensated vacation absences of the employees for vested time at their current pay rate.

Functional Expenses

Expenses related directly to a program or activities are allocated to that program or activity, while other expenses are allocated based upon management's estimate of the percentage attributable to each program or activity. The costs of providing program services and other activities have been summarized in the statements of activities. Accordingly, certain costs have been allocated among program services and administrative support. Such allocations are determined by management on an equitable basis.

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021 and 2020

2. Summary of significant accounting policies and nature of operations (continued)

Functional Expenses (continued)

The expenses that are allocated include the following:

Expense	Method of Allocation
Salaries	Direct allocation
Payroll taxes and benefits	Direct allocation
Management fees	Direct allocation
Professional fees	Direct allocation
Contracted services	Direct allocation
Operating and maintenance	Direct allocation
Utilities	Direct allocation
Office supplies and expenses	Direct allocation
Telephone	Direct allocation
Meetings and travel	Direct allocation
Staff training	Direct allocation
Real estate taxes	Direct allocation
Insurance	Direct allocation
Interest	Direct allocation
Depreciation	Direct allocation
Amortization	Direct allocation
Collection allowance	Direct allocation
Ground lease	Direct allocation
Miscellaneous	Direct allocation

Retirement plan

CBA provides a qualified retirement plan under Internal Revenue Code Section 401(k) covering all employees meeting certain eligibility requirements. The plan allows for employees to contribute pre-tax income, as defined and limited by the Internal Revenue Code. Discretionary contributions may be made as determined by CBA's Board of Directors. Discretionary contributions made during the years ended December 31, 2021 and 2020, were \$42,506 and \$29,788, respectively.

Low-income housing tax credits

Eleven of the entities consolidated (Triangle Rental Limited Partnership, Liberty Square Housing Limited Partnership, New Merrimack Street Housing LLC, New North Canal LLC, Middlesex Street Housing Limited Partnership, St. Joseph's Apartments LLC, Acre High School LLC, Unity Place LLC, Welcome Home Housing, LLC, Gorham Street LLC and Gerson Building, LLC, collectively the "LIHTC Properties") are or were eligible to receive federal low-income housing tax credits. The credits are calculated at varying rates (between 3.29% and 9%) of the acquisition and qualified construction and rehabilitation costs and may be claimed each year for ten years. The annual allocation for the entities is subject to adjustment. The tax credit periods began in years ranging between 1997 and 2020 and tax credits were prorated in the first year of occupancy. Additionally, the LIHTC Properties will have entered into various agreements requiring compliance with federal low-income housing regulations for a minimum of 30 years.

Historic tax credits

Three of the entities consolidated (Liberty Square Housing Limited Partnership, Moody Street Center Limited Partnership, and St. Joseph's Apartments LLC) qualified for the federal historic tax credits. The credit was calculated at 20% of qualified rehabilitation costs. Recapture of a portion of the credits would occur if the building is sold or taken out of service within five years of being placed in service. The entities are outside of their federal historic tax credit compliance period.

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021 and 2020

2. Summary of significant accounting policies and nature of operations (continued)

State tax credits

Two of the entities consolidated (St Joseph's Apartments LLC and Acre High School LLC) have received state historic tax credit awards, which were assigned to CBA and sold to private equity investors. Gorham Street LLC has received state low-income housing tax credits which were assigned to CBA and sold to private equity investors. During 2016, total state tax credits assigned to CBA and sold to private equity investors totaled \$1,272,135. State tax credits sales revenue recognized during 2021 and 2020 totaled \$0 and \$254,427, respectively.

Impairment of long-lived assets

The Corporation and Affiliates review their 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. For the years ended December 31, 2021, and 2020, no impairment losses were recognized.

Impairment of equity method investments

The Corporation has implemented policies and practices for assessing impairments in the value of its investments in corporations. Impairments occur when the book value of the investment exceeds the current estimated value of the investment. If impairment exists, a provision to reduce the asset to fair value, as calculated based primarily on remaining tax benefits, is recorded in the Corporation's financial statements. For the years ended December 31, 2021, and 2020, no impairment losses were recognized.

Endowment funds

In August 2008, Financial Accounting Standards Board ("FASB") provided guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA"). This guidance also improves disclosures about an organization's endowed funds (both donor restricted endowment funds and board designated endowment funds) whether or not the organization is subject to UPMIFA.

The Corporation is subject to the required disclosures in that the Corporation classifies its unrealized gains and losses on donor-restricted endowed funds as net assets with donor restrictions. As of December 31, 2021 and 2020, no fund balances were below the historical gift amount.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021 and 2020

2. Summary of significant accounting policies and nature of operations (continued)

Economic concentrations

The operating partnerships/companies own and operate property in Massachusetts, primary located in the city of Lowell and the Merrimack Valley. Future operations could be affected by changes in economic or other conditions in that geographical area or by changes in the federal low-income housing subsidies or the demand for such housing. In addition, the operating partnerships/companies operate in a heavily regulated environment. The operations of the operating partnerships/companies are subject to the administrative directives, rules and regulations of federal, state, and local regulatory agencies, including, but not limited to, HUD. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

Concentrations of credit risk

The Corporation and Affiliates place their temporary cash investments with high quality financial institutions. At times, the account balance may exceed the institutions' federally insured limits. The Corporation and Affiliates have not experienced any losses in such accounts.

Income taxes

No provision has been made for income taxes since the Corporation was formed as a tax-exempt organization and has been granted Section 501(c)(3) status by the Internal Revenue Service. The Internal Revenue Service has ruled that CBA and ATCDC, are tax-exempt organizations as defined under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Corporation's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies to receive charitable contributions and has been classified as an organization other than a private foundation.

ATCDC has a lease for an antenna on its roof which is subject to tax on unrelated business income. As of December 31, 2021, and 2020, ATCDC has recorded a tax liability of \$4,555 and \$4,554, respectively, on this unrelated business activity.

CBAAH and DRACUT are single member limited liability companies owned 100% by CBA. As such they are "disregarded entities" for tax purposes and their profit or losses are recorded by CBA.

NCHT, ACRE, TRI, MSCl, LSHI, NNCHT, NMTC, and NACRE are for-profit corporations and have not generated significant taxable income since inception. As such, no provision for federal income taxes has been recorded in the consolidated financial statements.

TRLP, MSCLP, LSHLP, MSHLP, and MSLP are organized as limited partnerships. NNCLLC, NMSHLLC, SJLLC, AHSLLC, UPLLC, GSLLC, WHHLLC, GSBLCC, CSLLC are limited liability companies that have elected to be taxed as partnerships. Partnership income is levied on the partners at the partner level. Accordingly, all profits and losses of the partnerships are recognized by each partner on its respective tax return.

Call, SJMMLLC, AHSMM2LLC, UPMMLLC, GSMMLLC, WHHMMLLC and GBMMLLC are for-profit limited liability companies and have not generated significant taxable income since inception. As such, no provision for federal income taxes has been recorded in the consolidated financial statements.

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021 and 2020

2. Summary of significant accounting policies and nature of operations (continued)

Income taxes (continued)

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Corporation and Affiliates to report information regarding its exposure to various tax positions taken by the Corporation and Affiliates. The Corporation and Affiliates have determined whether any tax positions have met the recognition threshold and have measured the Corporation and Affiliates' exposure to those tax positions. Management believes that the Corporation and Affiliates have adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Federal and state tax authorities generally have the right to examine and audit the previous three years of tax returns filed. Any interest or penalties assessed to the Corporation and Affiliates are recorded in operating expenses. No interest or penalties from federal or state tax authorities were recorded in the accompanying financial statements.

Fair value measurements

The Corporation and Affiliates apply the accounting provisions related to fair value measurements. These provisions define 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, establish a hierarchy that prioritizes the information used in developing fair value estimates and require disclosure of fair value measurements by level within the fair value hierarchy. The hierarchy gives the highest priority to quoted prices in active markets (Level 1 measurements) and the lowest priority to unobservable data (Level 3 measurements), such as the reporting entity's own data. These provisions also provide valuation techniques, such as the market approach (comparable market prices), the income approach (present value of future income or cash flows) and the cost approach (cost to replace the service capacity of an asset or replacement cost). A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The three levels of valuation hierarchy are defined as follows:

Level 1: Observable inputs such as quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2: Inputs other than quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3: Unobservable inputs that reflect the Corporation and Affiliates' own assumptions.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the valuation methods are determined to be appropriate and consistent within the industry, the use of different methodologies or assumptions to determine the fair value of certain assets and liabilities could result in a different estimate of fair value at the reporting date.

The table below presents amounts at December 31, 2021 and 2020 for significant items measured at fair value on a recurring basis. The fair value of our interest rate swap liability is based on notional amounts, interest rates, maturity date and other contract terms. The fair value of interest rate swap contract is valued using a third-party. The interest rate swap is classified as a Level 2 measurement.

	<u>Level 2</u>	
	<u>2021</u>	<u>2020</u>
Interest rate swap liability	<u>\$ 1,570,593</u>	<u>\$ 2,315,142</u>

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021 and 2020

3. Liquidity and availability of financial assets

The following represents the Corporation and Affiliates' financial assets at December 31, 2021 and 2020:

Financial assets at year end:	2021	2020
Cash and cash equivalents	\$ 3,492,914	\$ 3,213,423
Tenant security deposits, cash	248,881	219,678
Escrow deposits	686,388	280,999
Total financial assets	<u>4,428,183</u>	<u>3,714,100</u>
Less amounts not available to be used within one year:		
Tenant security deposits, liability	(246,006)	(215,269)
Escrow deposits	(686,388)	(280,999)
	<u>(932,394)</u>	<u>(496,268)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 3,495,789</u>	<u>\$ 3,217,832</u>

The Corporation strives to maintain 4 months of operating reserves on hand to meet current liquidity needs and address shortfalls in cash flow caused by seasonal revenue cycles. The operating reserves are maintained in investment accounts with asset allocations consistent with the investment policy. These operating reserves have been Board designated and are not accessible to management for operations without approval by the board.

4. Operating leases

CBA entered into a lease agreement to lease office space from MSCLP, which commenced in January 2009 for a term of three years through December 2011. The lease is extended through December 31, 2023, with the same terms as the original lease. Lease payments totaling \$52,941 for the years ended December 31, 2021 and 2020, each year have been eliminated in the consolidated financial statements.

5. Notes, predevelopment costs and development fees receivable and accrued interest

Notes and development fees receivable and accrued interest consists of the following from entities that are included in the consolidated financial statements and have therefore been eliminated in the accompanying statement of financial position:

	2021	2020
<u>Note receivable from TRLP</u>		
The note is to finance a portion of the acquisition of the property, due in full at the maturity date of February 2027, together with interest at 9% per annum, simple. On January 23, 2014, this note was refinanced with interest at 1.15% per annum, due in full at the maturity date of February 2037. The note principal of \$25,000 was forgiven in 2014 and recorded as a capital contribution and the note was reduced to \$155,000, \$238,535 of accrued interest additionally was forgiven in 2014 and recorded as a capital contribution. As of December 31, 2021 and 2020, the note balance of \$155,000 and accrued interest of \$47,154 and \$44,829, respectively, have been eliminated in the accompanying consolidated financial statements.	\$ 202,154	\$ 199,829

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021 and 2020

5. Notes, predevelopment costs and development fees receivable and accrued interest (continued)

	2021	2020
<u>Mortgage note receivable from NMSHLLC</u>		
The note is due in full upon the sale or refinancing of the property or at the maturity date of August 2036, together with interest at 5.36%, compounded annually. As of December 31, 2021 and 2020, the note balance of \$713,027 each year and accrued interest of \$874,616 and \$793,848, respectively, have been eliminated in the accompanying consolidated financial statements.	\$ 1,587,643	\$ 1,506,875
<u>Mortgage note receivable from NMSHLLC</u>		
The note is due in full upon the sale or refinancing of the property or at the maturity date of August 2036 and is non-interest bearing. The note is secured by the property. As of December 31, 2021 and 2020, the note balance of \$30,000 has been eliminated in the accompanying consolidated financial statements for both years.	30,000	30,000
<u>Note receivable from LSHLP</u>		
The note is due only to the extent of cash flow available in any year pursuant to the partnership agreement. Interest accrues at 5.7% per annum, compounded annually. The loan is secured by a second mortgage on the property. All accrued and unpaid interest and principal is due at maturity, September 2033. As of December 31, 2021 and 2020, the note balance of \$500,000 each year and accrued interest of \$788,693 and \$719,199, respectively, have been eliminated in the accompanying consolidated financial statements.	1,288,693	1,219,199
<u>Note receivable from LSHLP</u>		
The note is due only to the extent of cash flow available in any year pursuant to the partnership agreement. Interest accrues at 5% per annum, compounded annually. The loan is secured by a third mortgage on the property. All accrued and unpaid interest and principal is due at maturity, September 2033. This loan is reflected as permanently restricted due to NWA requirements. As of December 31, 2021 and 2020, the note balance of \$165,000 each year and accrued interest of \$226,555 and \$207,910, respectively, have been eliminated in the accompanying consolidated financial statements.	391,555	372,910
<u>Development note receivable from LSHLP</u>		
Interest on the note accrues at 5.77% per annum. This fee and accrued interest are payable only from the proceeds of sale or refinancing but not later than the tenth anniversary of the completion date. As of December 31, 2021 and 2020, the note balance of \$101,109 each year and accrued interest of \$48,021 and \$42,674, respectively, have been eliminated in the accompanying consolidated financial statements.	149,130	143,783

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021 and 2020

5. Notes, predevelopment costs and development fees receivable and accrued interest (continued)

	2021	2020
<u>Note receivable from NNCLLC</u>		
Note receivable in the amount of \$1,369,029 (amended during 2007 to \$1,437,480). The note was increased by \$477,500 in 2011. The note is due in full upon the sale or refinancing of the property or at the maturity of June 2036, together with interest at 5.32% per annum, compounded annually. As of December 31, 2021 and 2020, the note balance of \$1,914,980 each year and accrued interest of \$2,004,702 and \$1,806,708, respectively, have been eliminated in the accompanying consolidated financial statements.	\$ 3,919,682	\$ 3,721,688
<u>Development note receivable from MSLP</u>		
The loan is non-interest bearing and unsecured and is due on demand. As of December 31, 2021 and 2020, the note balance of \$261,734 each year has been eliminated in the accompanying consolidated financial statements.	261,734	261,734
<u>Note receivable from MSLP</u>		
NWA note receivable in the amount of \$210,600 as of December 31, 2021 and 2020, which has been eliminated in the accompanying consolidated financial statements. The loan is noninterest bearing and is payable from available cash flow or at maturity, April 24, 2031.	210,600	210,600
City of Lowell note receivable in the amount of \$67,193 as of December 31, 2021 and 2020, which has been eliminated in the accompanying consolidated financial statements. The loan is noninterest bearing and is payable from available cash flow or at maturity, April 24, 2031.	67,193	67,193
Ground lease (Note 7)	354,201	323,409
<u>Note receivable from SJALLC</u>		
City of Lowell Home Funds note receivable in the amount of \$165,000. The note is due in full at maturity, August 2037, together with interest at 6% per annum, compounded annually. As of December 31, 2021 and 2020, the note balance of \$165,000 each year and accrued interest of \$210,530 and \$189,275, respectively, have been eliminated in the accompanying consolidated financial statements.	375,530	354,275
<u>Note receivable from SJALLC</u>		
NWA note receivable in the amount of \$75,000. The note is due in full at maturity, August 2037, together with interest at 8% per annum, compounded annually. As of December 31, 2021 and 2020, the note balance of \$75,000 each year and accrued interest of \$153,106 and \$136,210, respectively, have been eliminated in the accompanying consolidated financial statements.	228,106	211,210

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021 and 2020

5. Notes, predevelopment costs and development fees receivable and accrued interest (continued)

	2021	2020
<u>Note receivable from SJALLC</u>		
City of Lowell Lead Funds note receivable in the amount of \$120,000. The note is due in full at maturity, August 2037, together with interest at 6% per annum, compounded annually. As of December 31, 2021 and 2020, the note balance of \$120,000 each year and accrued interest of \$142,350 and \$127,602, respectively, have been eliminated in the accompanying consolidated financial statements.	\$ 262,350	\$ 247,602
<u>Note receivable from SJALLC</u>		
HTC note receivable in the amount of \$259,500. The note, which is secured by the property, bears interest at 8% per annum, compounded annually, with principal and interest due at maturity, August 2037. As of December 31, 2021 and 2020, the note balance of \$259,500 each year and accrued interest of \$446,243 and \$393,965, respectively, have been eliminated in the accompanying consolidated financial statements.	705,743	653,465
CBA sold state tax credits generated from SJALLC for \$259,500 and loaned the proceeds of the sale to SJALLC.		
<u>Note receivable from AHSLLC</u>		
Note receivable in the amount of \$920,000. The note is due in full at maturity, December 2039, together with interest at 5% per annum, compounded annually. As of December 31, 2021 and 2020, the note balance of \$920,000 each year and accrued interest of \$627,582 and \$487,043, respectively, have been eliminated in the accompanying consolidated financial statements.	1,547,582	1,407,043
CBA sold state tax credits generated from AHSLLC for \$820,000 and loaned \$810,000 of the proceeds from the sale to AHSLLC. Additionally, NWA Funds of \$110,000 were combined with the \$810,000 in the form of a note totaling \$920,000.		
<u>Note receivable from AHSLLC</u>		
HOME Funds note receivable in the amount of \$165,000. The note is due in full at maturity, December 2039, together with interest at 1% per annum, compounded annually. As of December 31, 2021 and 2020, the note balance of \$165,000 each year and accrued interest of \$19,454 and \$17,628, respectively, have been eliminated in the accompanying consolidated financial statements.	184,454	182,628

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021 and 2020

5. Notes, predevelopment costs and development fees receivable and accrued interest (continued)

	2021	2020
<u>Note receivable from AHSLLC</u>		
CDBG Funds note receivable in the amount of \$33,325. The note is due in full at maturity, December 2039, together with interest at 1% per annum, compounded annually. As of December 31, 2021 and 2020, the note balance of \$33,325 each year and accrued interest of \$4,134 and \$3,763, respectively, have been eliminated in the accompanying consolidated financial statements.	\$ 37,459	\$ 37,088
<u>Note receivable from UPLLC</u>		
NWA Funds note receivable in the amount of \$184,000. The note is due in full at maturity, December 2040, is non-interest bearing. As of December 31, 2021 and 2020, the note balance of \$184,000 each year has been eliminated in the accompanying consolidated financial statements.	184,000	184,000
<u>Note receivable from UPLLC</u>		
Note receivable in the amount of \$50,000 funded from CDBG proceeds. The note is due in full at maturity, December 2040, is non-interest bearing. As of December 31, 2021 and 2020, the note balance of \$50,000 each year has been eliminated in the accompanying consolidated financial statements.	50,000	50,000
<u>Note receivable from GSLLC</u>		
NWA Funds note receivable in the amount of \$192,000. The note is due in full at maturity, July 2054 and bears interest at a rate of 3.14% per annum. During 2021, payments of \$72,877 and \$4,968 were made to principal and accrued interest, respectively, from available cash flow. During 2020, payments of \$35,809 and \$6,486 were made to principal and interest, respectively, from available cash flow. As of December 31, 2021 and 2020, the note balance of \$63,830 and \$136,707, respectively, and accrued interest of \$2,888 and \$4,968, respectively, have been eliminated in the accompanying consolidated financial statements.	66,718	141,675
Construction advances receivable, which shall be repaid only from capital contributions of the investor member and the proceeds of sale or refinancing and bear no interest. As of December 31, 2021 and 2020, the advances balance of \$304,675 and \$306,061, respectively, has been eliminated in the accompanying consolidated financial statements.	304,675	306,061

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021 and 2020

5. Notes, predevelopment costs and development fees receivable and accrued interest (continued)

	2021	2020
<u>Note receivable from GSLLC</u>		
Note receivable in the maximum amount of \$1,297,009. The note is due in full at maturity, July 3, 2054, bears interest at 3.14% per annum. As of December 31, 2021 and 2020, the note balance of \$1,272,135 each year and accrued interest of \$236,043 and \$190,128 respectively, have been eliminated in the accompanying consolidated financial statements. CBA sold state tax credits generated from GSLLC for \$1,272,135 and loaned the proceeds of the sale to GSLLC.	\$ 1,508,178	\$ 1,462,263
<u>Note receivable from WHLLC</u>		
Note receivable in the amount of \$50,000. The note is due in full at maturity, December 2064, bears interest at 1% per annum. As of December 31, 2021 and 2020, the note balance of \$50,000 each year and accrued interest of \$3,386 and \$2,857, respectively, have been eliminated in the accompanying consolidated financial statements.	53,386	52,857
<u>Note receivable from CBAAH</u>		
Note receivable from NNCLLC in the amount of \$1,284,393. The note is due in full upon the sale or refinancing of the property or at the maturity of June 2036, together with interest at 5.32% per annum compounded annually. As of December 31, 2021 and 2020, the note balance of \$1,584,815 and \$1,284,393, respectively, and accrued interest of \$1,284,393 and \$1,439,884, respectively, have been eliminated in the accompanying consolidated financial statements.	2,869,208	2,724,277
Ground lease (Note 7)	1,031,970	947,070
<u>Note receivable from GSBLLC</u>		
Note receivable from GSBLLC in the amount of \$100,000. The note is due in at the maturity date of October 2060 and bears no interest. As of December 31, 2021 and 2020, the note balance of \$100,000 for both years, have been eliminated in the accompanying consolidated financial statements.	100,000	100,000
<u>Developer fee receivable from GSBLLC</u>		
Developer fee receivable from GSBLLC in the amount of \$1,250,890. The note is due at the thirteenth anniversary of substantial completion. As of December 31, 2021 and 2020, the note balances of \$962,702 and \$1,250,890, respectively, have been eliminated in the accompanying consolidated financial statements.	962,702	1,250,890
<u>Note receivable from CSLLC</u>		
Note receivable from CSLLC in the amount of \$225,000. The note is due in at the maturity date of May 18, 2039, and bears no interest. As of December 31, 2021 and 2020, the note balance of \$225,000 for both years has been eliminated in the accompanying consolidated financial statements.	225,000	225,000

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021 and 2020

5. Notes, predevelopment costs and development fees receivable and accrued interest (continued)

	2021	2020
<u>Note receivable from DRACUT</u>		
Note receivable from DRACUT in the maximum amount of \$136,500, with \$116,145 funded to date. The note is due at the maturity date of April 14, 2051, and bears no interest. As of December 31, 2021, the note balance of \$116,145 has been eliminated in the accompanying consolidated financial statements.	\$ 116,145	\$ -
Note receivable from DRACUT in the maximum amount of \$200,000. The note is due in at the maturity date of April 14, 2051, and bears no interest. As of December 31, 2021, the note balance of \$200,000 has been eliminated in the accompanying consolidated financial statements	200,000	-
	13,419	
Construction advances receivable, which shall be repaid only from capital contributions of the investor member and the proceeds of sale or refinancing and bear no interest. As of December 31, 2021 and 2020, the advances balance of \$13,419 and \$0, respectively, has been eliminated in the accompanying consolidated financial statements.		
Notes receivable and accrued interest also consists of the following from unrelated entities that are included in the consolidated financial statements and have therefore not been eliminated in the accompanying statement of financial position.		
<u>Loan Receivable – LCLF</u>		
On October 9, 2009 CBA agreed to loan \$50,000 to Lowell Community Loan Fund Inc. The loan called for interest of the Applicable Federal Rate (AFR). Effective January 1, 2017, the loan was amended to carry a 0% interest rate. The principal is repayable on demand, and as of December 31, 2021 and 2020, \$50,000 has been drawn on this loan each year.	50,000	50,000
Subtotal CBA and affiliates	19,539,210	18,644,624
Less – amounts eliminated	(19,489,210)	(18,594,624)
Total notes predevelopment costs & development fees receivable & accrued interest	\$ 50,000	\$ 50,000

6. Due to/From Related Parties

The Corporation and Affiliates periodically advance funds to, or hold funds for, several related entities. At December 31, 2021 and 2020, aggregate amounts due from related parties after elimination of intercompany balances totaled \$13,494 and \$109, respectively. At December 31, 2021 and 2020, aggregate amounts due to related parties after elimination of intercompany balances totaled \$301,328 and \$182,604, respectively.

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021 and 2020

7. Ground leases

CBAAH entered into a ground lease agreement with NNCLLC. The land is subject to a 99-year lease dated June 28, 2006, which runs through December 31, 2105. The lease calls for annual base rent of \$191,800 for the first five years subject to increases every five years to reflect CPI increases through December 31, 2021. Payments are due only to the extent of available cash flow. Unpaid base rent shall accrue at 5.32% per annum, compounded annually. During 2021 and 2020, ground lease receipts of \$164,837 were paid from surplus cash for each year. During 2021 and 2020, ground lease rents of \$208,122 each year and interest of \$41,615 and \$37,326, respectively, were earned. At December 31, 2021 and 2020, ground lease rents of \$794,939 and \$751,654 and accrued interest of \$237,031 and \$195,416, respectively, were due and are included in the total of notes payable and accrued interest in the consolidated statements of financial position. These transactions have been eliminated in the accompanying consolidated financial statements.

MSHLP entered into a ground lease agreement with NMSHLLC. The land is subject to a 75-year lease dated August 25, 2006, which runs through December 31, 2081. The lease calls for annual base rent of \$15,750 for the first five years subject to increases every five years to reflect CPI increases. Payments are due only to the extent of available cash flow. Unpaid base rent shall accrue at 4.9% per annum, compounded annually. During 2021 and 2020, no payments were received. During 2021 and 2020, ground lease rents of \$17,500 for each year and interest of \$13,292 and \$12,076, respectively, were earned. At December 31, 2021 and 2020, ground lease rents of \$255,828 and \$238,328 and accrued interest of \$98,373 and \$85,081, respectively, were due and are included in the total of notes payable and accrued interest in the consolidated statements of financial position. These transactions have been eliminated in the accompanying consolidated financial statements.

8. Development and other fees

CBA provided development services to TRLP totaling \$422,624. During 2014, \$404,292 of the outstanding principal and \$249,212 of the outstanding accrued interest were forgiven and recorded as a capital contribution. These transactions have been eliminated in the accompanying consolidated financial statements.

CBA provided development services to MSCLP totaling \$523,198. During 2014, the outstanding principal of \$381,954 and accrued interest balance of \$303,919 were forgiven and recorded as a capital contribution.

CBA provided development services to LSHLP totaling \$294,788, which represents 40% of the total development fee and overhead reimbursement of \$736,970. Lowell Restoration Inc. (LRI) earned the remaining \$442,182. A portion of the fee totaling \$50,000 to CBA has been deferred and accrues interest at 5.77% per annum, compounded annually. The remaining portion of the CBA fee of \$94,109 is non-interest bearing. The fee and accrued interest are payable on or before the earlier to occur on the 10th anniversary of the completion date or the liquidation date (maturity date) of the partnership or from cash flow or from the proceeds of sale or refinancing. As of December 31, 2021 and 2020, the remaining balance of \$101,109 at both years, of development fee and accrued interest of \$48,021 and \$42,674, respectively, were due to CBA. These transactions have been eliminated in the accompanying consolidated financial statements. The remaining balance of \$175,590 and \$166,712 as of December 31, 2021 and 2020, respectively, of development fee and interest due LRI is presented as development fee payable in the accompanying consolidated financial statements.

CBA provided development services to MSLP totaling \$271,734. This fee is in the form of a note receivable and \$261,734 was due at December 31, 2021 and 2020 each year. These transactions have been eliminated in the accompanying consolidated financial statements.

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021 and 2020

8. Development and other fees (continued)

CBA provided development services to AHSLLC totaling \$375,752. As of December 31, 2021 and 2020, \$375,752 has been earned and paid on this fee. These transactions have been eliminated in the accompanying consolidated financial statements.

CBA provided development services to UPLLC totaling \$368,848. As of December 31, 2021 and 2020, \$368,848 has been earned and paid on this fee. These transactions have been eliminated in the accompanying consolidated financial statements.

CBA provided development services to GSLLC totaling \$883,000. As of December 31, 2021 and 2020, \$883,000 has been earned and paid on this fee. These transactions have been eliminated in the accompanying consolidated financial statements.

CBA provided development services to WHHLLC totaling \$440,000. During 2016, additional developer fee of \$99,680 was paid to CBA. As of December 31, 2021 and 2020, \$539,680 has been earned and paid. These transactions have been eliminated in the accompanying consolidated financial statements.

CBA provided development services to GSBLLC. As of December 31, 2021, \$1,750,000 of the developer fee had been earned, of which \$962,702 remains payable. As of December 31, 2020, \$1,393,493 of the developer fee had been earned, of which \$1,250,890 remained payable. These transactions have been eliminated in the accompanying consolidated financial statements.

CBA provided development services to DRACUT. As of December 31, 2021, \$139,265 of the developer fee had been earned, of which \$7,330 remains payable. As of December 31, 2020, \$0 of the developer fee had been earned. These transactions have been eliminated in the accompanying consolidated financial statements.

Development fees are summarized as follows:

	2021		
	Total Fee	Current Income	Current Receivable
TRLP	\$ 422,624	\$ -	\$ -
MSCLP	523,198	-	-
LSHLP (40 % CBA, 60% LRI)	736,970	-	101,109
MSLP	271,734	-	261,734
AHSLLC	375,752	-	-
UPLLC	368,848	-	-
GSLLC	883,000	-	-
WHHLLC	539,680	-	-
GSBLLC	1,750,000	-	962,702
DRACUT	139,265	139,265	7,330
	<u>\$ 6,011,071</u>	<u>139,265</u>	<u>1,332,875</u>
Less – amounts eliminated		(139,265)	(1,332,875)
		<u>\$ -</u>	<u>\$ -</u>

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021 and 2020

8. Development and other fees (continued)

	2020		
	Total Fee	Current Income	Current Receivable
TRLP	\$ 422,624	\$ -	\$ -
MSCLP	523,198	-	-
LSHLP (40 % CBA, 60% LRI)	736,970	-	101,109
MSLP	271,734	-	261,734
AHSLLC	375,752	-	-
UPLLC	368,848	-	-
GSLLC	883,000	-	-
WHHLLC	539,680	-	-
GSBLLC	1,750,000	1,393,493	1,250,890
	<u>\$ 5,871,806</u>	<u>1,393,493</u>	<u>1,613,733</u>
Less – amounts eliminated		<u>(1,393,493)</u>	<u>(1,613,733)</u>
		<u>\$ -</u>	<u>\$ -</u>

Other fees - LSHLP

In accordance with the Partnership Management and Investor Services Agreement between CBA and LSHLP, CBA earns an annual partnership management fee of 70% of \$10,000 payable from operations (or \$7,000 annually), an annual supplemental partnership management fee of 70% of \$25,000 payable from available cash flow (or \$17,500 annually) and an annual investor service fee of 70% of \$5,000 payable from available cash flow (or \$3,500). The remaining 30% of the annual partnership management fee, supplemental partnership management fee and annual investor service fee totaling \$12,000 annually is earned by LRI. The balance due to CBA as of December 31, 2021 and 2020 of \$396,000 and \$375,000, respectively, and fees earned during 2021 and 2020 of \$28,000 each year have been eliminated in the consolidated financial statements. The balance due LRI as of December 31, 2021 and 2020 of \$201,000 and \$189,000, respectively, of which \$12,000 was incurred and accrued in the current year, is presented as a component of accrued fees in the accompanying consolidated financial statements.

Other fees are summarized as follows:

	2021		
	Total Annual Fee	Current Income	Current Receivable
LSHLP:			
Partnership management fee	\$ 10,000	\$ 7,000	\$ 109,444
Supplemental partnership management fee	25,000	17,500	246,334
Investor service fee	5,000	3,500	40,222
	<u>40,000</u>	<u>28,000</u>	<u>396,000</u>
Less: amounts eliminated	<u>(28,000)</u>	<u>(28,000)</u>	<u>(396,000)</u>
	<u>\$ 12,000</u>	<u>\$ -</u>	<u>\$ -</u>

	2020		
	Total Annual Fee	Current Income	Current Receivable
LSHLP:			
Partnership management fee	\$ 10,000	\$ 7,000	\$ 95,444
Supplemental partnership management fee	25,000	17,500	239,334
Investor service fee	5,000	3,500	40,222
	<u>40,000</u>	<u>28,000</u>	<u>375,000</u>
Less: amounts eliminated	<u>(28,000)</u>	<u>(28,000)</u>	<u>(375,000)</u>
	<u>\$ 12,000</u>	<u>\$ -</u>	<u>\$ -</u>

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021 and 2020

9. Notes payable and development fee payable

The Corporation and Affiliates have notes payable and accrued interest to entities included in the consolidated financial statements and third parties. The notes payable and accrued interest relating to entities included in the consolidated financial statements have been eliminated in the accompanying statements of financial position.

Outstanding notes payable and accrued interest are as follows:

	2021	2020
<u>CBA</u>		
Note payable to City of Lowell in the amount of \$500,000 and bears simple interest at 3% per annum. The loan and accrued interest is due on maturity date, September 24, 2033. As of December 31, 2021 and 2020, the note balance was \$500,000 each year and accrued interest totaled \$261,000 and \$246,000, respectively. Interest incurred during 2021 and 2020 totaled \$15,848 and \$15,270, respectively.	\$ 761,000	\$ 746,000
Note payable to Life Initiative in the maximum amount of \$900,000 and bears interest at 5% for acquisition costs and 6% for predevelopment costs per annum. The loan and accrued interest is due on maturity date, which is the date any funds are first disbursed to or for the benefit of the development under any financing arrangement. The total loan amount is allocated between the Cross Street, Lowell House and Dracut House developments. As of December 31, 2021 and 2020, Cross Street note balance was \$79,656 and \$82,094, respectively. Interest incurred during 2021 and 2020 totaled \$5,964 and \$45,928, respectively, and accrued interest totaled \$5,964 and \$876, respectively. As of December 31, 2021 and 2020, the Lowell House note balance was \$128,037 and \$131,965, respectively. Interest incurred during 2021 and 2020 totaled \$9,586 and \$9,529, respectively, and accrued interest totaled \$9,586 and \$1,409, respectively. As of December 31, 2021 and 2020, the Dracut House note balance was \$0 and \$114,133, respectively. Interest incurred during 2021 and 2020 totaled \$0 and \$8,241, respectively, and accrued interest totaled \$0 and \$1,219, respectively.	223,243	331,696
Note payable to Ally Bank in the maximum amount of \$28,842 in connection with the vehicle purchased during 2018 and bears interest at 4.79% per annum. The loan matures in August 2024. As of December 31, 2021 and 2020, the note balance was \$13,872 and \$18,634, respectively, and interest incurred and paid during 2021 and 2020 totaled \$257 and \$1,036, respectively.	13,872	18,634
Note payable to City of Lowell in the amount of \$250,000 and bears no interest. The loan is due on maturity date, May 18, 2039. As of December 31, 2021 and 2020, the note balance was \$225,000, for both years.	225,000	225,000

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021 and 2020

9. Notes payable and development fee payable (continued)

	2021	2020
<u>CBA (continued)</u>		
Note payable to CEDAC in the maximum amount of \$756,000 and bears interest at a rate of 6% per annum. The loan was due and paid in full on the maturity date, February 3, 2022. As of December 31, 2021 and 2020, the note balance was \$768,193 and \$725,199, respectively. Interest incurred for the years ended December 31, 2021 and 2020 was \$0 and \$38,006, respectively.	\$ 768,193	\$ 725,199
During 2020, the Corporation opened a line of credit with Enterprise Bank in the maximum amount of \$600,000. The line of credit bears interest at a rate of 4.25% and is payable on demand. As of December 31, 2021 and 2020, total funds drawn and payable were \$103,401 and \$503,401, respectively.	103,401	503,401
Note payable to CEDAC in the maximum amount of \$800,000 and bears interest at a rate of 7% per annum. As of December 31, 2021, the note balance was \$143,059.	143,059	-
Subtotal CBA	2,237,768	2,549,930
<u>TRLP</u>		
Note payable to the City of Lowell under the HOME loan program in the amount of \$400,000. The note bore interest at 8.5% per annum, compounded annually, with principal and interest due February 27, 2017. The loan is secured by a second mortgage on the buildings. On January 23, 2014, the note was refinanced with interest at 1.15% per annum, due in full at the maturity date in February 2037. Accrued interest of \$964,486 was forgiven and recorded as debt forgiveness income during 2014. At December 31, 2021 and 2020, the adjusted note balance was \$333,300 each year and accrued interest totaled \$108,145 and \$104,312, respectively. Interest incurred during 2021 and 2020 totaled \$3,833 for both years.	441,445	437,612
Note payable to the DHCD under the HOME Investments Partnership Program (the HOME program) in the amount of \$440,000. The note bore interest at 8.5% per annum, compounded annually, with principal and interest due February 27, 2037. On January 23, 2014, the note was refinanced with interest at 1.15% per annum, due in full at the maturity date of February 2037. Accrued interest of \$1,102,086 was forgiven and recorded as debt forgiveness income during 2014. The loan is secured by a second mortgage on the buildings. At December 31, 2021 and 2020, the note balance was \$406,700 each year and accrued interest totaled \$122,641 and \$117,963, respectively. Interest incurred during 2021 and 2020 totaled \$4,677 each year.	529,341	524,663

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021 and 2020

9. Notes payable and development fee payable (continued)

	2021	2020
<u>TRLP (continued)</u>		
Note payable to CEDAC in the amount of \$108,000. Principal and interest are due annually if certain cash flow benchmarks, as defined in the agreement, are achieved. Interest accrues for only the first twenty years of the note term. No interest accrues after this period. All unpaid principal and interest is due in full in February 2027. CEDAC has the option to extend the maturity date for an additional period of up to ten years. The note bears interest at a simple rate of 5% per annum. The loan is secured by a third mortgage lien and security interest on the buildings and assignment of certain contractual rights. At December 31, 2021 and 2020, the note balance was \$108,000 each year and accrued interest totaled \$134,768 and \$129,368, respectively. Interest incurred during 2021 and 2020 totaled \$5,400 each year.	\$ 242,768	\$ 237,368
 Note Payable to CBA (Note 5)	 199,265	 197,483
Subtotal TRLP	1,412,819	1,397,126
 <u>NMSHLLC</u>		
Note payable to Lowell Development and Financial Corporation (LDFC) in the amount of \$172,000. The note is due in full upon the sale or refinancing of the property or at maturity, August 2036, together with interest at 5.36%, compounded annually. As of December 31, 2021 and 2020, the note balance was \$172,000 each year and accrued interest totaled \$211,250 and \$191,753, respectively. Interest incurred during 2021 and 2020 totaled \$19,497 and \$18,505, respectively.	383,250	363,753
 Mortgage note payable to CBA (Note 5)	 30,000	 30,000
Mortgage note payable to CBA (Note 5)	1,587,614	1,536,847
Subtotal NMSHLLC	2,000,864	1,930,600

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021 and 2020

9. Notes payable and development fee payable (continued)

	2021	2020
<u>LSHLP</u>		
Note payable to DHCD under the HOME program in the amount of \$500,000. The note requires interest at 5.7% per annum or the applicable federal rate (AFR) in effect on the date of each receipt, compounded annually. Interest only is payable annually within fifteen days of the anniversary of the final loan disbursement to the extent of cash flow up to a maximum of \$15,000 per year. All accrued and unpaid interest and principal is due at maturity, September 2034. The loan is secured by a co-second mortgage on the property. As of December 31, 2021 and 2020, the note balance was \$500,000 each year and accrued interest totaled \$808,970 and \$738,832, respectively. Interest incurred during 2021 and 2020 totaled \$70,588 and \$66,781, respectively.	\$ 1,308,970	\$ 1,294,020
 Note payable to the Affordable Housing Trust Fund (AHTF) through DHCD in the amount of \$700,000. The note bears interest at 5% per annum, compounded annually. All accrued and unpaid interest and principal is due at maturity, September 2034. The loan is secured by a co-second mortgage on the property. As of December 31, 2021 and 2020, the note balance was \$700,000 each year and accrued interest totaled \$1,004,690 and \$923,514, respectively. Interest incurred during 2021 and 2020 totaled \$81,176 and \$77,309, respectively.	1,704,690	1,623,514
 Note Payable to CBA (Note 5)	1,288,693	1,219,199
 Note Payable to CBA (Note 5)	391,555	372,910
 Development fee payable to CBA and LRI (Note 8)	300,792	295,445
Subtotal LSHLP	4,994,700	4,805,088
 <u>NNCLLC</u>		
 Note payable to CBA (Note 5)	3,919,682	3,721,688
 Note payable to CBAAH (Note 5)	2,869,208	2,724,277
Subtotal NNCLLC	6,788,890	6,445,965
 <u>MSLP</u>		
 Note payable to the City of Lowell under the HOME loan program in the amount of \$400,000. The note bears simple interest at 7.25% per annum, with principal and interest due at maturity, February 2030. The loan is secured by a second mortgage on the property. As of December 31, 2021 and 2020, the note balance was \$400,000 each year and accrued interest totaled \$634,266 and \$605,266, respectively. Interest incurred during 2021 and 2020 totaled \$29,000 each year.	1,034,266	1,005,266

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021 and 2020

9. Notes payable and development fee payable (continued)

	2021	2020
<u>MSLP (continued)</u>		
Note payable to DHCD under the HOME program in the amount of \$440,000. The note bears interest at 5.58% per annum, compounded annually, with principal and interest due at maturity, April 2031. The loan is secured by a third mortgage on the property. As of December 31, 2021 and 2020, the note balance was \$440,000 each year and accrued interest totaled \$881,120 and \$811,298, respectively. Interest incurred during 2021 and 2020 totaled \$69,822 and \$66,132, respectively.	\$ 1,321,120	\$ 1,251,298
 Note payable to the Cambodian American League of Lowell, Inc. (CALL Inc.) in the amount of \$180,000 for lead removal. The note carries a variable interest rate based on the AFR, with principal and interest due at maturity, December 2017. The loan is secured by a seventh mortgage on the property. As of December 31, 2021 and 2020, the note balance was \$180,000 each year and accrued interest totaled \$248,426 and \$233,738, respectively. Interest incurred during 2021 and 2020 totaled \$14,688 and \$14,184, respectively.	 428,426	 413,738
 Note payable to CALL Inc. in the amount of \$337,842. The note bears interest at 9% per annum, compounded annually, with principal and interest due at maturity, April 2031. During 2016, \$19,497 of principal on the loan was forgiven. The loan is secured by a seventh mortgage on the property. As of December 31, 2021 and 2020, the note balance was \$318,345, each year, and accrued interest totaled \$1,657,696 and \$1,494,537, respectively. Interest incurred during 2021 and 2020 totaled \$163,159 and \$149,688, respectively.	 1,976,041	 1,812,882
 Note payable to CBA – Neighborworks Loan (Note 5)	 210,600	 210,600
Note payable to CBA – City of Lowell (Note 5)	67,193	67,193
Development note payable to CBA (Note 5 and Note 8)	261,734	261,734
Subtotal MSLP	5,299,380	5,022,711
 <u>SJALLC</u>		
Note payable to the Massachusetts Housing Partnership Fund (MHP) under the Housing Stabilization Fund program in the amount of \$350,000. The note bears simple interest at 3% per annum, with principal and interest due at maturity, August 2056. The loan is secured by the property. As of December 31, 2021 and 2020, the note balance was \$350,000 each year and accrued interest totaled \$147,124 and \$136,624, respectively. Interest incurred during 2021 and 2020 totaled \$10,500, each year.	497,124	486,624

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021 and 2020

9. Notes payable and development fee payable (continued)

	2021	2020
<u>SJALLC (continued)</u>		
Note payable to DHCD under the AHTF program in the amount of \$250,000. The note bears simple interest at 3% per annum, with principal and interest due at maturity, August 2038. The loan is secured by the property. As of December 31, 2021 and 2020, the note balance was \$250,000 each year and accrued interest totaled \$106,872 and \$99,372, respectively. Interest incurred during 2021 and 2020 totaled \$7,500 each year.	\$ 356,872	\$ 349,372
 Note payable to CEDAC under the FCF program in the amount of \$230,000. The note bears simple interest at 3% per annum, with principal and interest due at maturity, August 2038. The loan is secured by the property. As of December 31, 2021 and 2020, the note balance was \$230,000 each year with accrued interest of \$95,407 and \$88,507, respectively. Interest incurred during 2021 and 2020 totaled \$6,900 each year.	 325,407	 318,507
 Note payable to CEDAC under the Community-Based Housing Fund program in the amount of \$150,000. The note bears simple interest at 3% per annum, with principal and interest due at maturity, August 2038. The loan is secured by the property. As of December 31, 2021 and 2020, the note balance was \$150,000 each year and accrued interest totaled \$63,796 and \$59,296, respectively. Interest incurred during 2021 and 2020 totaled \$4,500 each year.	 213,796	 209,296
 Note payable to CBA – HTC Funds (Note 5)	 705,743	 653,465
Note payable to CBA – City of Lowell Home Funds (Note 5)	375,530	354,275
Note payable to CBA – City of Lowell Lead Funds (Note 5)	262,350	247,602
Note payable to CBA – Neighborworks Loan (Note 5)	228,106	211,210
Subtotal SJALLC	2,964,928	2,830,351
 <u>AHSLLC</u>		
Note payable to the MassHousing under the Affordable Housing Trust Fund program in the amount of \$900,000. The note is non-interest bearing with principal due at maturity, February 2041. The loan is secured by the property. As of December 31, 2021 and 2020, the note balance was \$900,000 each year.	900,000	900,000

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021 and 2020

9. Notes payable and development fee payable (continued)

	2021	2020
<u>AHSLLC (continued)</u>		
Note payable to DHCD under the Housing Stabilization Fund program in the amount of \$750,000. The note is non-interest bearing with principal due at maturity, February 2061. The loan is secured by the property. As of December 31, 2021 and 2020, the note balance was \$750,000 each year.	\$ 750,000	\$ 750,000
 Note payable to CEDAC under the Facilities Consolidation Fund program in the amount of \$501,690. The note is non-interest bearing with principal due at maturity, February 2041. The loan is secured by the property. As of December 31, 2021 and 2020, the note balance was \$501,690 each year.	 501,690	 501,690
 Note payable to CBA – Neighborworks Loan (Note 5)	 1,547,582	 1,407,043
 Note payable to CBA – HOME Loan (Note 5)	 184,454	 182,628
 Note payable to CBA – CDBG Funds Loan (Note 5)	 37,459	 37,088
 Subtotal AHSLLC	 3,921,185	 3,778,449
 <u>UPLLC</u>		
Note payable to MassHousing under the Affordable Housing Trust Fund program in the amount of \$1,300,000. The note bears simple interest at 1% per annum, with principal and interest due at maturity, September 2041. The loan is secured by the property. As of December 31, 2021 and 2020, the note balance was \$1,264,797 each year and accrued interest totaled \$135,589 and \$122,941, respectively. Interest incurred during 2021 and 2020 totaled \$12,648 each year.	1,400,386	1,387,738
 Note payable to the City of Lowell under the Neighborhood Stabilization Program in the amount of \$300,000. The note bears simple interest at 4.25% per annum, with principal and interest due at maturity, April 2030. The loan is secured by the property. As of December 31, 2021 and 2020, the note balance was \$300,000 each year and accrued interest totaled \$140,731 and \$127,981, respectively. Interest incurred during 2021 and 2020 totaled \$12,750 each year.	 440,731	 427,981
 Note payable to CEDAC derived under the Housing Innovation Fund Program in the amount of \$450,000. The loan bears simple interest at 1% per annum and principal and interest are due on maturity, September 2041. As of December 31, 2021 and 2020, the note balance was \$438,093 each year and accrued interest totaled \$43,111 and \$38,730, respectively. Interest incurred during 2021 and 2020 totaled \$4,381 each year.	 481,204	 476,823

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021 and 2020

9. Notes payable and development fee payable (continued)

	2021	2020
<u>UPLLC (continued)</u>		
Note payable to DHCD under the HOME program in the amount of \$138,000. The note bears interest at 4.25% per annum, compounded annually, with principal and interest due at maturity, September 2041. The loan is secured by the property. As of December 31, 2021 and 2020, the note balance was \$133,341 each year and accrued interest totaled \$71,731 and \$63,371, respectively. Interest incurred during 2021 and 2020 totaled \$8,360 and \$8,019, respectively.	\$ 205,072	\$ 196,712
 Note payable to CBA – Neighborworks Loan (Note 5)	 184,000	 184,000
Note payable to CBA – CDBG Funds Loan (Note 5)	50,000	50,000
Subtotal UPLLC	2,761,393	2,723,254
 <u>GSLLC</u>		
Commonwealth of Massachusetts, acting by and through DHCD with the MassHousing as administrator, provided financing for the Property through a mortgage loan of \$1,000,000 through funds derived under the Affordable Housing Trust Fund Program (the “AHTF Loan”). The AHTF Loan bears interest at 1.40% per annum. Total principal is due and payable on maturity date of July 2045. The property is required to repay any excess principal advances for development in an amount equal to 50% of the excess of development sources over development uses. As of December 31, 2021 and 2020, the loan outstanding was \$1,000,000 each year and accrued interest was \$102,545 and \$87,322, respectively. Interest incurred during 2021 and 2020 was \$15,223 and \$15,012, respectively.	1,102,545	1,087,322
 Note payable to CEDAC derived under the Housing Innovation Fund Program in the amount of \$1,050,000. The loan bears interest at 1.4% per annum and principal and interest are due on maturity, July 2045. The property is required to repay any excess principal advances for development in an amount equal to 50% of the excess of development sources overdevelopment uses. As of December 31, 2021 and 2020, the loan outstanding was \$1,050,000 each year and accrued interest totaled \$111,279 and \$95,246, respectively. Interest incurred during 2021 and 2020 was \$16,033 and \$15,812, respectively.	 1,161,279	 1,145,246

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021 and 2020

9. Notes payable and development fee payable (continued)

	2021	2020
<u>GSLLC (continued)</u>		
Note payable to CEDAC derived under the Community Based Housing Program (the "CBH" loan) in the amount of \$185,000. The loan bears interest at 1.4% per annum and principal and interest are due on maturity, July 2045. The property is required to repay any excess principal advances for development in an amount equal to 50% of the excess of development sources overdevelopment uses. As of December 31, 2021 and 2020, the loan outstanding was \$185,000 each year and accrued interest totaled \$19,225 and \$16,405, respectively. Interest incurred during 2021 and 2020 was \$2,820 and \$2,781, respectively.	\$ 204,225	\$ 201,405
Commonwealth of Massachusetts, acting by and through DHCD with the MassHousing as administrator, provided financing for the Property through a mortgage loan of \$350,000 through funds derived under the Commercial Area Transit Node Housing Program (the "CATNHP Loan"). The CATNHP Loan bears interest at 1.40% per annum. Total principal is due and payable on the maturity date of July 2045. As of December 31, 2021 and 2020, the loan outstanding was \$350,000 each year and accrued interest was \$34,088 and \$28,785, respectively. Interest incurred during 2021 and 2020 was \$5,303 and \$5,230, respectively.	384,088	378,785
Note payable to CBA – Neighborworks Loan (Note 5)	66,718	141,675
Note payable to CBA –State Tax Credit (Note 5)	1,508,178	1,417,746
Construction advances payable to CBA – (Note 5)	304,675	306,061
Subtotal GSLLC	4,731,708	4,678,240
<u>WHLLC</u>		
Note payable to Veterans Northeast Outreach Center (the "VNOC Sponsor Note") in the amount of \$50,000. The loan bears simple interest at 2.74% per annum and principal and interest are due on maturity, December 2064. As of December 31, 2021 and 2020, total outstanding loan was \$50,000 each year and accrued interest totaled \$10,550 and \$8,935, respectively. Interest incurred during 2021 and 2020 was \$1,615 and \$1,572, respectively.	60,550	58,935

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021 and 2020

9. Notes payable and development fee payable (continued)

	2021	2020
<u>WHLLC (continued)</u>		
Note payable to CEDAC derived under the Housing Preservation and Stabilization Trust Fund Statute Program (the "HPSTFS" loan) in the amount of \$920,000. The loan bears interest at 1.0% per annum and principal and interest are due on maturity, December 2045. The property is required to repay any excess principal advances for development in an amount equal to 50% of the excess of development sources overdevelopment uses. As of December 31, 2021 and 2020, the outstanding loan was \$894,503, each year, and accrued interest totaled \$66,858 and \$56,735, respectively. Interest incurred during 2021 and 2020 was \$10,123 and \$9,914, respectively.	\$ 961,361	\$ 951,238
Note payable to CEDAC in the amount of \$1,299,875 (the "CEDAC" loan). The loan bears interest at 1.0% per annum and principal and interest are due at maturity, December 2045. The loan is secured by the property. As of December 31, 2021 and 2020, the outstanding loan was \$1,263,860, each year, and accrued interest totaled \$89,714 and \$76,312, respectively. Interest incurred during 2021 and 2020 was \$13,402 and \$13,269, respectively.	1,353,574	1,340,172
Commonwealth of Massachusetts, acting by and through DHCD with MassHousing as administrator, provided financing for the Property through a mortgage loan of \$1,127,772 through funds derived under the Housing Stabilization and Investment Trust Fund Statute, M.G.L. c. 121F (the "HSITF Loan"). The HSITF Loan bears interest at 1.0% per annum. Total principal is due and payable on the maturity date of December 2065. As of December 31, 2021 and 2020, the loan outstanding was \$1,096,534, each year, and accrued interest was \$72,012 and \$61,047, respectively. Interest incurred during 2021 and 2020 was \$10,965, for both years.	1,168,546	1,157,581
Financing was provided by The North Shore HOME Consortium, acting through The City of Haverhill, MA in the maximum amount of \$54,281 (the "City HOME Note"). The loan accrues interest at 1.0% per annum and all principal and accrued interest, if not paid sooner, is due and payable at maturity, December 2035. The loan is secured by the property. As of December 31, 2021 and 2020, the loan outstanding was \$54,281, each year, and accrued interest was \$3,443 and \$2,871, respectively. Interest incurred during 2021 and 2020 was \$572 and \$566, respectively.	57,724	57,152

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021 and 2020

9. Notes payable and development fee payable (continued)

	2021	2020
<u>WHHLLC (continued)</u>		
Financing was provided by The North Shore HOME Consortium in the maximum amount of \$250,000 (the "North Shore HOME Note"). The loan accrues interest at 1.0% per annum and all principal and accrued interest, if not paid sooner, is due and payable at maturity, December 2035. The loan is secured by the property. As of December 31, 2021 and 2020, the loan outstanding was \$243,073, each year and accrued interest was \$15,759 and \$13,196, respectively. Interest incurred during 2021 and 2020 was \$2,563 and \$2,537, respectively.	\$ 258,832	\$ 256,269
Note payable to CBA – (Note 5)	53,386	52,857
Subtotal WHHLLC	3,913,973	3,874,204
<u>GSBLLC</u>		
Commonwealth of Massachusetts, acting by and through DHCD with the MassHousing as administrator, provided financing for the Property through a mortgage loan of \$1,000,000 through funds derived under the Affordable Housing Trust Fund Program (the "AHTF Loan"). The AHTF bears no interest and total principal is due and payable on maturity date of September 2060. As of December 31, 2021 and 2020, the loan outstanding was \$1,000,000 for both years.	1,000,000	1,000,000
Note payable to CEDAC derived under the Community Based Housing Program (the "CBH" loan) in the maximum amount of \$416,895. The loan bears no interest and principal is due on maturity, January 2050. As of December 31, 2021 and 2020, the loan outstanding was \$416,895 and \$396,050, respectively.	416,895	396,050
Note payable to CEDAC derived under the DHCD HOME Loan Program (the "DHCD HOME" loan) in the maximum amount of \$816,000. The loan bears no interest and principal is due on maturity, September 30, 2060. As of December 31, 2021 and 2020, the loan outstanding was \$816,000 and \$734,400, respectively.	816,000	734,400
Note payable to the North Shore HOME Consortium (the "NSHC HOME" loan) in the maximum amount of \$400,000. During 2020, the maximum principal balance was increased to \$550,000. The loan bears no interest and principal is due on maturity, September 30, 2060. As of December 31, 2021 and 2020, the loan outstanding was \$550,000 and \$449,999, respectively.	550,000	449,999

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021 and 2020

9. Notes payable and development fee payable (continued)

	2021	2020
<u>GSBLLC (continued)</u>		
Note payable to the Massachusetts Housing Partnership Fund Board acting through CEDAC derived under the Housing Stabilization Fund Program (the "HSF" loan) in the maximum amount of \$1,000,000. During 2020, additional funding was received in the amount of \$600,000. The loan bears no interest and principal is due on maturity, January 18, 2070. As of December 31, 2021 and 2020, the loan outstanding was \$1,600,000 for both years.	\$ 1,600,000	\$ 1,600,000
 Note payable to the Massachusetts Housing Partnership Fund Board under the Commercial Area Transit Node Housing Program (the "CATNHP" loan) in the maximum amount of \$750,000. The loan bears no interest and principal is due on maturity, September 30, 2060. As of December 31, 2021 and 2020, the loan outstanding was \$750,000 for both years.	 750,000	 750,000
 Note payable to the Lowell Community Loan Fund (the "State LIHTC Loan") in the maximum amount of \$2,625,000. The loan bears no interest and principal is due on maturity, September 30, 2060. As of December 31, 2021 and 2020, the loan outstanding was \$2,625,000 and \$0, respectively.	 2,625,000	 -
 Note payable to CBA – (Note 5)	 962,702	 1,250,890
 Note payable to CBA – (Note 5)	 100,000	 100,000
 Subtotal GSBLLC	 8,820,597	 6,281,338
 <u>DRACUT</u>		
Note payable to the Massachusetts Housing Partnership Fund Board acting through DHCD derived under the Housing Stabilization Fund Program (the "HSF" loan) in the maximum amount of \$900,000. The loan bears no interest and principal is due on maturity, February 15, 2072. As of December 31, 2021, the loan outstanding was \$199,051.	199,051	-
 Note payable to the Massachusetts Housing Finance Agency acting through DHCD derived under the Community Scale Housing Initiative Program (the "CSHI" loan) in the maximum amount of \$900,000. The loan bears no interest and principal is due on maturity, February 15, 2072. As of December 31, 2021, the loan outstanding was \$900,000.	 900,000	 -
 Note payable to the Town of Dracut in the maximum amount of \$1,211,000. The loan bears no interest and principal is due on maturity, February 15, 2072. The loan is subdivided by the borrower into two accounts for two purposes: Historic and Affordable. As of December 31, 2021, the total loan outstanding was \$681,938, of which \$530,500 was designated for Historic and \$151,438 was designated for Affordable.	 681,938	 -

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021 and 2020

9. Notes payable and development fee payable (continued)

	2021	2020
<u>DRACUT (continued)</u>	\$ 116,145	\$ -
Note payable to CBA – (Note 5)		
Note payable to CBA – (Note 5)	200,000	-
	2,296,729	-
Subtotal DRACUT		
 <u>CSLLC</u>		
Note payable to CBA – (Note 5)	225,000	225,000
	225,000	225,000
Subtotal CSLLC		
	52,170,339	46,542,256
Subtotal		
Less: amounts eliminated in consolidation	(18,091,825)	(17,390,074)
Total notes payable, development fee and accrued interest	\$ 34,078,514	\$ 29,152,182

10. Mortgages payable

Mortgages payable consist of the following:

TRLP

Permanent financing is provided by Enterprise Bank in the form of a loan totaling \$360,000. The loan bears interest at 5.25% per annum and is secured by the property. The mortgage requires monthly principal and interest payments of \$2,005 until maturity, February 2044. As of December 31, 2021 and 2020, accrued interest totaled \$1,414 and \$1,446, respectively. Interest incurred during 2021 and 2020 was \$16,856 and \$17,245, respectively.

	\$ 312,754	\$ 319,953
--	------------	------------

NMSHLLC

Financing is provided by MHP from the proceeds of tax-exempt bonds totaling \$1,600,000 issued by the Massachusetts Development Finance Agency (MDFFA). The loan bears interest at 4.5% per annum and requires interest payments only until it is converted to permanent financing. During 2008, the loan principal balance was paid down to \$1,350,000 and requires monthly payments of \$6,840 for principal and interest. Unpaid principal and interest are due in full on March 27, 2026, the maturity date. As of December 31, 2021 and 2020, accrued interest totaled \$3,618 and \$3,759, respectively. Interest incurred during 2021 and 2020 was \$44,198 and \$45,862, respectively.

	964,735	1,002,479
--	---------	-----------

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021 and 2020

10. Mortgages payable (continued)

	2021	2020
<u>MSCLP</u>		
Permanent financing is provided by MHP in the form of a loan totaling \$1,072,000. The loan bears interest at an annual rate of 6.76% per annum and is secured by the property. The mortgage requires monthly principal and interest payments of \$6,960 for a period of 20 years, maturing in 2025. Additional monthly remittances of \$4,581 are required to fund the real estate tax, insurance and water and sewer escrow. Monthly remittances of \$1,320 are required to fund the replacement reserve. As of December 31, 2021 and 2020, accrued interest totaled \$4,174 and \$4,356, respectively. Interest incurred during 2021 and 2020 was \$51,102 and \$53,216, respectively.	\$ 740,999	\$ 773,236
Permanent financing is provided by MDFA in the form of a loan totaling \$500,000. The loan bore interest at 7% per annum. The mortgage required monthly principal and interest payments of \$3,565 based on a twenty-five year amortization with a balloon payment of \$435,436 due on January 1, 2009. On June 29, 2009, the mortgage note was refinanced with interest at 5.5% annum, due in equal monthly payments of \$3,163 of principal and interest. The monthly installments are based on an eighteen-year amortization. The loan was again refinanced on February 1, 2017. The refinanced loan bears interest at 4% per annum, requires monthly payment of principal and interest of \$3,020 amortized over 10 years. All principal and interest become due and payable on January 31, 2027, the maturity date. This note is secured by a first mortgage on the development and an assignment of all leases and rents. As of December 31, 2021 and 2020, accrued interest totaled \$565 and \$639, respectively. Interest incurred during 2021 and 2020 was \$7,362 and \$7,660, respectively.	167,088	195,887
<u>MSLP</u>		
Permanent financing is provided by Enterprise Bank in the form of a first mortgage totaling \$400,000. The loan bears interest at an annual rate of 8% per annum and is secured by the property. The mortgage requires monthly principal and interest payments of \$2,999 until maturity, May 2031. As of December 31, 2021 and 2020, accrued interest totaled \$1,256 and \$1,350, respectively. Interest incurred during 2021 and 2020 was \$16,067 and \$16,418, respectively.	224,198	240,995
Permanent financing is provided by LDFC in the form of a second mortgage totaling \$250,000. The loan bears interest at an annual rate of 6% per annum and is secured by the property. The mortgage requires monthly principal and interest payments of \$1,499 until maturity, July 2022, and is expected to be extended. As of December 31, 2021 and 2020, accrued interest totaled \$761 and \$804 respectively. Interest incurred during 2021 and 2020 was \$8,598 and \$9,867, respectively.	152,126	160,704

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021 and 2020

10. Mortgages payable (continued)

	2021	2020
<u>NNCLLC</u>		
Permanent financing is provided by MHP in the form of tax-exempt bonds totaling \$16,000,000 issued by MDFA. The loan bears interest at an adjustable rate equal to 69% of the LIBOR rate, plus 5.91% at December 31, 2010 and requires monthly principal payments and interest payments of \$96,570. Additionally, monthly remittances include \$36,475 to fund mortgage insurance, property insurance, and real estate tax escrows, and \$15,336 to fund the reserve for replacements. Unpaid principal and interest are due in full on March 31, 2026, the maturity date. As described above the bond bears interest at a variable rate. To minimize the effect of changes in the interest rate on the note, NNCLLC entered into an interest rate swap agreement with a private financial institution under which NNCLLC pays interest at a fixed rate of 5.91% and the financial institution pays the interest on the note at a variable rate. The result is that NNCLLC pays interest at a fixed effective rate. Valued separately, the interest rate swap agreement represents a liability in the amount of \$1,570,593 and \$2,315,142 as of December 31, 2021 and 2020, respectively. This value represents the fair value of the current difference in the interest paid and received under the swap agreement over the remaining term of the agreement. As of December 31, 2021 and 2020, accrued interest on this loan totaled \$58,373 and \$60,604, respectively. Interest incurred during 2021 and 2020 was \$699,415 and \$726,980, respectively.	\$ 11,470,048	\$ 11,908,528
<u>UPLLC</u>		
Permanent financing is provided by MHP in the form of a first mortgage totaling \$450,000. The loan bears interest of 6.19% per annum and is secured by the property. Payments for principal and interest are due monthly based on a thirty-year amortization until maturity, April 1, 2032. As of December 31, 2021 and 2020, accrued interest on this loan totaled \$1,973 and \$2,019, respectively. Interest incurred during 2021 and 2020 was \$23,932 and \$24,477, respectively.	382,422	391,482
MHP provided additional financing of \$300,000 derived under the Home Funders Program. The loan bears interest at 2% per annum and is secured by the property. Total principal and interest are due and payable on maturity, September 30, 2041. As of December 31, 2021 and 2020, there was no accrued interest payable on this loan. Interest incurred during 2021 and 2020 was \$6,000 for both years.	300,000	300,000

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021 and 2020

10. Mortgages payable (continued)

	2021	2020
<p><u>SJALLC</u> Financing was provided by Enterprise Bank in the form of a revolving loan up to \$613,000 to be converted to permanent financing upon completion of the project. The construction loan called for payments of interest only at 6.5% per annum and was secured by the property. During 2009, the Company converted the construction loan to permanent financing. The permanent loan of \$328,493 calls for monthly payments of principal and interest of \$2,497 with interest at 6.5% per annum. The loan is secured by the property and will be amortized over a thirty-year period until the maturity date, August 2028. As of December 31, 2021 and 2020, accrued interest on this loan totaled \$926 and \$1,029, respectively. Interest incurred during 2021 and 2020 was \$11,462 and \$12,669, respectively.</p>	\$ 164,489	\$ 182,892
<p><u>AHSLLC</u> Permanent financing is being provided by Enterprise Bank in the form of a first mortgage totaling \$250,000. The loan bears interest at an annual rate of 6.5% per annum and is secured by the property. The mortgage requires monthly principal and interest payments of \$1,596 until maturity, March 2030. As of December 31, 2021 and 2020, accrued interest on this loan totaled \$1,172 and \$1,201, respectively. Interest incurred during 2021 and 2020 was \$13,955 and \$14,323, respectively.</p>	209,301	214,471
<p><u>GSLLC</u> Permanent financing is being provided by Enterprise Bank and Trust Company in the maximum amount of \$1,000,000. The loan bears interest at 5.50% per annum and has a twenty year term with payments of \$5,738 due on the first day of each month. The loan is secured by the property and has a maturity date of December 2034. As of December 31, 2021 and 2020, the loan outstanding was \$919,487 and \$936,872, respectively. Interest incurred during 2021 and 2020 was \$49,447 and \$50,483, respectively. There was no accrued interest at December 31, 2021 and 2020.</p>	919,487	936,872
<p><u>WHLLC</u> Permanent financing is being provided by Pentucket Bank in the maximum amount of \$150,000. The loan bears interest at a rate of 4.85% per annum. Monthly principal and interest payments of \$982 are due on the first of each month, with outstanding principal and interest due on the maturity date, August 9, 2036. The loan is secured by the property. As of December 31, 2021 and 2020, there was no accrued interest payable on this loan. Interest incurred during 2021 and 2020 was \$6,194 and \$6,480, respectively.</p>	122,930	128,526

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021 and 2020

10. Mortgages payable (continued)

	2021	2020
<u>ATCDC</u>		
Permanent financing is being provided by Enterprise Bank and Trust Company in the maximum amount of \$300,000. The loan bears interest at a rate of 4.75% per annum. Monthly principal and interest payments of \$1,950 are due on the first of each month, with outstanding principal and interest due on the maturity date, March 2, 2028. The loan is secured by the property. As of December 31, 2021 and 2020, there was no accrued interest payable on this loan. Interest incurred during 2021 and 2020 was \$12,956 and \$13,483, respectively.	\$ 263,324	\$ 273,772
<u>GSBLLC</u>		
Construction financing was provided by CapitalOne in the maximum amount of \$11,886,859. The loan bore interest at the LIBOR rate plus 1.90% per annum. Monthly interest payments were due on the first of each month, with outstanding principal and interest due on the maturity date, September 30, 2020. The maturity date was extended to April 2, 2021, and the loan was paid off on that date in connection with the conversion to permanent financing. Interest incurred during 2021 and for the period Feb 1, 2016 (inception) through Dec 31, 2020, was \$51,130 and \$346,259, respectively.	-	10,708,942
Permanent financing is being provided by the Massachusetts Housing Partnership Fund in the maximum amount of \$2,858,000. Conversion to permanent financing occurred in April 2021. The loan bears interest at a rate of 5.13% per annum and matures on May 1, 2061. Monthly principal and interest payments of \$14,028 are due on the first of each month. The loan is secured by the property. As of December 31, 2021, accrued interest totaled \$12,163. Interest incurred during 2021 was \$109,335.	2,845,165	-
<u>CSLLC</u>		
Financing is provided by Massachusetts Development Finance Agency in the form of a mortgage totaling \$895,000. The loan bears interest of 4.0% per annum and is secured by the property. The loan matures on May 18, 2039. Beginning on June 1, 2018, interest only payments are due. Beginning on November 1, 2019, principal and interest payments are due monthly. Interest incurred during 2021 and 2020 was \$16,671 and \$13,157, respectively.	411,113	421,513
Total	\$ 19,650,179	\$ 28,169,420

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021 and 2020

10. Mortgages payable (continued)

Annual maturities of mortgages payable for the ensuing five years are summarized as follows:

2022	\$	697,557
2023		1,408,172
2024		712,632
2025		787,937
2026		10,445,137
Thereafter		5,598,744
		19,650,179
Net of unamortized debt issuance costs		(596,200)
Total outstanding, net	\$	19,053,979

11. Investment in Unwrapped

CBA purchased common stock of Unwrapped, Inc. for \$75,000, which represents a 21% equity interest in the corporation. During 2021 and 2020, CBA's share of income earned from the investment totaled \$342,619 and \$39,082, respectively. As of December 31, 2021 and 2020, the investment balance totaled \$974,351 and \$654,412, respectively, which is a component of investments in corporations on the accompanying consolidated statements of financial position, and distributions received totaled \$22,671 and \$19,782, respectively. The investment in common stock is recognized under the equity method and is presented as investment in corporation on the accompanying consolidated statements of financial position.

12. Predevelopment costs

All costs related to properties held for rehabilitation and resale have been capitalized. These costs include the acquisition price, real estate taxes, rehabilitation costs, architect fees and other costs incurred prior to the properties receiving occupancy certificates. As of December 31, 2021, Lowell House is being held for rehabilitation and is included on the Predevelopment costs line on the accompanying consolidated statements of financial position.

13. Commitments

Certain entities included in the accompanying consolidated financial statements may be required to advance funds to other entities to fund operating deficits and/or development cost overruns. These advances are based on the terms of respective partnership agreements and would be eliminated in the consolidated financial statements in the period when such advances are made.

TRLP has granted CBA continuing right of first refusal to purchase the property of TRLP in the event TRLP proposes to sell, transfer, assign or ground lease substantially all of its interest therein. The purchase price under this agreement shall be the lesser of: a) the price offered by a bona fide third party purchaser; or b) the greater of 1) the sum of principal indebtedness secured by the property (other than indebtedness incurred within the five year period ending on the date of any sale to the Sponsor) including all taxes on the sale or 2) the sum of the principal amount of indebtedness secured by the property. CBA's rights under this agreement are assignable and are subordinate to the rights of the lenders to the property.

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021 and 2020

14. Net assets with donor restrictions

Net assets with donor restrictions are available for the following purposes:

	2021	2020
Unity Place LLC	\$ -	\$ 61,900
New North Canal LLC Solar	-	70,500
Middlesex Street Housing LP	-	210,600
	\$ -	\$ 343,000

15. Net assets without donor restrictions

Certain net assets without donor restrictions are restricted by the Board and are available for the following purposes:

	2021	2020
Pre-development expenses related to either acquisition or development of affordable housing units	\$ 271,400	\$ 271,400
Neighborworks release from permanent restriction, restricted by board	890,053	890,053
	\$ 1,161,453	\$ 1,161,453

16. Commercial rental income

The following entities have rental income under commercial leases:

- **TRLP:** Three commercial units are being rented pursuant to lease agreements expiring in 2023.
- **NMSHLLC:** Six commercial units are being rented pursuant to lease agreements.
- **LSHLP:** Five commercial units are being rented pursuant to lease agreements.
- **MSCLP:** Two commercial units are being rented pursuant to two lease agreement expiring in 2023 and 2022. Two additional commercial units are being rented on month-to-month leases.
- **MSLP:** Two commercial units are being rented pursuant to lease agreements expiring in 2023 and 2024. One commercial unit is being rented on a month-to-month lease.
- **ATCDC:** Nine commercial units are being rented pursuant to a lease agreement expiring in 2026 and a rooftop space is being rented under lease agreement in effect commencing in February 2014 for initial period of five years, subject to four extensions of five years each unless terminated sooner.

Minimum future lease payments under non-cancelable operating leases are as follows:

2022	\$ 355,069
2023	288,982
2024	169,311
2025	166,469
2026	170,261
Total	\$ 1,050,092

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021 and 2020

17. Reserves

The Corporation and Affiliates are required to fund and maintain certain replacement and operating reserves as required in each entity's respective partnership or operating agreements.

A summary of balances in these reserves as of December 31, 2021 is as follows:

	<u>Reserve for Replacements</u>	<u>Operating Reserve</u>
TRLP	\$ 127,153	\$ 55,743
NMSHLLC	136,878	59,182
LSHLP	127,528	71,132
MSCLP	150,871	38,526
NNCLLC	771,582	1,299,706
MSLP	46,948	39,600
SJALLC	63,863	73,151
ATCDC	150,424	-
AHSHLLC	97,358	162,060
UPLLC	75,507	157,639
GSHLLC	37,039	165,651
WHHLLC	46,802	300,696
GSBLLC	54,779	193,749
CBA	-	987,796
	<u>\$ 1,886,732</u>	<u>\$ 3,604,631</u>

A summary of balances in these reserves as of December 31, 2020 is as follows:

	<u>Reserve for Replacements</u>	<u>Operating Reserve</u>
TRLP	\$ 88,792	\$ 55,737
NMSHLLC	129,684	59,176
LSHLP	106,539	71,124
MSCLP	140,477	38,522
NNCLLC	700,714	1,298,146
MSLP	41,352	39,595
SJALLC	39,532	73,142
ATCDC	128,915	-
AHSHLLC	98,682	131,826
UPLLC	68,565	144,381
GSHLLC	211,021	-
WHHLLC	53,370	215,785
GSBLLC	13,660	-
CBA	-	882,283
	<u>\$ 1,819,303</u>	<u>\$ 3,009,717</u>

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021 and 2020

18. Noncontrolling interest in consolidated subsidiaries

The following is the summary of the activity of the noncontrolling interest in consolidated subsidiaries at December 31, 2021 and 2020:

	2021	2020
Noncontrolling interest in consolidated subsidiaries at beginning of year	\$ 12,215,832	\$ 13,670,591
Noncontrolling interest in losses	(1,435,484)	(2,711,398)
Capital contributions, net of distributions	7,159,360	1,306,639
Syndication costs	-	(50,000)
Noncontrolling interest in consolidated subsidiaries at end of year	\$ 17,939,708	\$ 12,215,832

The noncontrolling interest in consolidated subsidiaries at December 31, 2021 and 2020 consists of the following:

	2021	2020
Liberty Square Housing, L.P.	\$ (1,444,302)	\$ (1,133,519)
New Merrimack Street Housing, LLC	(750,854)	(594,504)
New North Canal, LLC	3,846,912	3,600,420
St. Joseph's Apartments, LLC	381,968	625,626
Acre High School LLC	2,035,234	2,225,685
Unity Place LLC	2,010,587	2,164,592
Gorham Street LLC	2,531,345	2,761,094
Welcome Home Housing LLC	1,701,540	2,846,328
North Canal Housing Trust Inc.	(8,383)	1,695
Acre Merrimack Inc.	(5,526)	84
Triangle Rental Inc.	37,802	42,506
Moody Street Center Inc.	(13,956)	(13,956)
Liberty Square Housing Inc.	-	11,599
New North Canal Housing Inc.	40	9,144
New Acre Merrimack Inc.	4	4,767
Call PP LLC	21	14,856
St. Joseph's MM LLC	42	3,877
Unity Place MM LLC	24	2,497
Acre High School MM Two LLC	6,718	7,578
Gerson Building, LLC	7,610,451	(364,579)
Gorham Street MM LLC	21	21
Welcome Home MM LLC	21	21
	\$ 17,939,708	\$ 12,215,832

19. Guarantees

Tax Credit Guarantees

As the sponsor or the developer of certain properties financed in part by federal and/or state tax credit allocations, CBA has made certain guarantees to investors as to the tax credits and other benefits to be derived from the properties. These guarantees generally cover the tax compliance periods of fifteen years after initial lease-up. A payment under such a guarantee could result in a cash distribution from an affiliate's operating cash flow to the investor limited partner. In the opinion of management, compliance with tax regulations and careful monitoring of the properties should preclude these contingent liabilities from materializing. To date, CBA has not experienced any calls on these guarantees.

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021 and 2020

19. Guarantees (continued)

Construction Completion Guarantees

CBA and affiliates provide repayment guarantees to construction loan lenders for amounts borrowed to develop properties. CBA and affiliates also provide unlimited construction completion guarantees to fund the development and lease-up of a project, should the project not receive expected permanent financing, or should the cost of the development exceed available development sources. A payment under such a guarantee would result in the transfer of cash resources from the guarantor to a consolidated affiliate that is obligated to complete a development. There are no significant completion delays in CBA and affiliates' current developments. To date, CBA and affiliates have not experienced non-completion of a project, nor has it been called on for any loan repayment guarantee.

Other Guarantees

CBA and its affiliates have made the following note guarantees:

Liberty Square Housing Limited Partnership:

The general partner is required to fund operating deficits through the end of the compliance period as defined in the partnership agreement. Amounts furnished to fund operating deficits incurred prior to the development obligation date shall be deemed special capital contributions and amounts furnished to fund operating deficits incurred after the development obligation date shall constitute operating expense loans.

Middlesex Street Limited Partnership

Any operating deficits shall be first funded from the Operating Reserve account. Any amounts in excess of the balance of the operating reserve account are required to be funded by the General Partner in the form of Operating Deficit Capital Contributions. Notwithstanding the foregoing, the General Partner shall not be required to make operating deficit capital contributions to pay principal on the permanent loan, or interest in excess of 20% of the total interest accruing under the permanent loan.

New Merrimack Street Housing LLC

The managing member is required to provide operating expense loans if required. Amounts so furnished to fund operating expenses incurred prior to the development obligation date shall be deemed special capital contributions. Amounts furnished to fund operating expenses incurred on or after the development obligation date shall constitute non-interest bearing operating expense loans. As of December 31, 2021 and 2020, no loans are outstanding.

New North Canal LLC

The managing member is required to provide operating expense loans if required. Amounts so furnished to fund operating expenses incurred prior to the development obligation date shall be deemed special capital contributions. Amounts furnished to fund operating expenses incurred on or after the development obligation date shall constitute non-interest bearing operating expense loans.

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021 and 2020

19. Guarantees (continued)

Other Guarantees (continued)

St. Joseph's Apartments LLC

The managing member is required to provide operating expense loans if required. Amounts so furnished to fund operating expenses incurred prior to the development obligation date shall be deemed special capital contributions. Amounts furnished to fund operating expenses incurred on or after the development obligation date shall constitute non-interest bearing operating expense loans.

Triangle Rental Limited Partnership

CBA and ATCDC have agreed to advance funds as unsecured loans, to the General Partner for the purpose of making capital contributions to the Partnership to fund operating deficits to the extent that funds are not available in the operating reserve account. In no event shall obligations under this agreement exceed \$385,388.

Gorham Street Limited Liability Company

Any operating deficits shall be first funded from the Operating Reserve account. If the company experiences operating deficits in excess of funds in the Operating Reserve, the Managing Member shall make additional capital contributions ("Operating Deficit Capital Contributions") to the company to fund these operating deficits. The Managing Member shall not be required to make operating deficit capital contributions to pay principal on the permanent loan, or interest in excess of 20% of the total accrued interest balance.

Welcome Home Housing Limited Liability Company

Any operating deficits shall be first funded from the Operating Reserve account. If the company experiences operating deficits in excess of funds in the Operating Reserve, the Managing Member shall make additional capital contributions ("Operating Deficit Capital Contributions") to the company to fund these operating deficits. The Managing Member shall not be required to make operating deficit capital contributions to pay principal on the permanent loan, or interest in excess of 20% of the total accrued interest balance.

Gerson Building Limited Liability Company

The managing member is required to provide operating deficit loans if required. Amounts so furnished to fund operating expenses incurred prior to the development obligation date shall be deemed special capital contributions. Amounts furnished to fund operating expenses incurred on or after the development obligation date shall constitute non-interest bearing operating expense loans and shall not exceed \$436,929.

20. Investments

CBA determines the fair market values of its financial assets and liabilities, as well as non-financial assets and liabilities that are recognized or disclosed at fair value on a recurring basis, based on the fair value hierarchy established in accordance with Accounting Standards Codification 820, *Fair Value Measurements*.

Level 1: Quoted prices in active markets for identical assets or liabilities. The Corporation and Affiliates' Level 1 assets include short term and long term investments which are measured at fair value on a recurring basis.

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021 and 2020

20. Investments (continued)

Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. The Corporation and Affiliates' Level 2 asset includes the discount rate used to measure the present value of notes receivable. The Corporation and Affiliates currently have Level 2 assets or liabilities that are measured at fair value on a recurring basis.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include items where the determination of fair value requires significant management judgment or estimation. The Corporation and Affiliates currently have no Level 3 assets or liabilities that are measured at fair value on a recurring basis.

Investments are carried at market value measured at Level 1 and consist of the following at:

	December 31, 2021	
	Endowment Fund - GLCF	Enterprise- Operating Reserve
Beginning balance	\$ 189,699	\$ 882,283
Contributions	500	-
Interest and dividends	3,793	12,051
Unrealized gains (losses)	25,891	16,487
Realized gains (losses)	5,381	86,525
Transfers	(16,825)	-
Distributions	-	-
Account fees	(4,125)	(9,550)
Ending balance	<u>\$ 204,314</u>	<u>\$ 987,796</u>

These investments are comprised of the following:

	December 31, 2021	
	Endowment Fund - GLCF	Enterprise- Operating Reserve
Available for sale		
Cash and equivalent	\$ -	\$ 18,021
Equities	-	595,238
Held to maturity		
Alternatives	-	45,919
Fixed income	-	328,618
Pooled fund investments	204,314	-
Total fair value	<u>\$ 204,314</u>	<u>\$ 987,796</u>

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021 and 2020

20. Investments (continued)

Investments are carried at market value measured at Level 1 and consist of the following at:

	December 31, 2020	
	Endowment Fund - GLCF	Enterprise- Operating Reserve
Beginning balance	\$ 158,263	\$ 780,628
Contributions	-	-
Interest and dividends	3,880	11,373
Unrealized gains (losses)	25,707	84,524
Realized gains (losses)	4,376	13,850
Transfers	1,000	-
Distributions	-	-
Account fees	(3,527)	(8,092)
Ending balance	<u>\$ 189,699</u>	<u>\$ 882,283</u>

These investments are comprised of the following:

	December 31, 2020	
	Endowment Fund - GLCF	Enterprise- Operating Reserve
Available for sale		
Cash and equivalent	\$ -	\$ 28,834
Equities	-	578,855
Held to maturity		
Fixed income	-	274,594
Pooled fund investments	189,699	-
Total fair value	<u>\$ 189,699</u>	<u>\$ 882,283</u>

21. Payroll Protection Program

For the year ended December 31, 2021, the Corporation received a loan from the Payroll Protection Program (“PPP”) under the CARES Act in the amount of \$223,200. Pursuant to FASB ASC 958-605, the loan is expected to be forgiven and should be recognized as revenue. The PPP loan of \$223,200 received under the CARES Act is included in other income on the accompanying consolidated statements of activities and changes in net assets.

For the year ended December 31, 2020, the Corporation received a loan from the PPP in the amount of \$219,700. This loan was forgiven in August of 2021. The PPP of \$219,700 received under the CARES Act is included in other income on the accompanying consolidated statements of activities and changes in net assets.

22. Vulnerability – Impact of COVID-19

The severity of the impact of COVID-19 on the Corporation and Affiliates operations will depend on a number of factors, including, but not limited to, the duration and severity of the pandemic and the extent and severity of the impact on the Corporation and Affiliates’ tenants, borrowers, customers, and investees, all of which are uncertain and cannot be predicted. The Corporation and Affiliates’ future results could be adversely impacted by delays in rent and loan collections. Management is unable to predict with absolute certainty the impact of COVID-19 on its financial condition, results of operations or cash flows.

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021 and 2020

23. Subsequent events

Subsequent events have been evaluated through June 29, 2022, which is the date the financial statements were available to be issued. The following is a summary of significant events through June 29, 2022:

On May 15, 2022, the 555 Merrimack Street CEDAC Loan with a principal balance of \$756,000 was paid in full.

SUPPLEMENTARY INFORMATION

COALITION FOR A BETTER ACRE, INC.
Consolidating Statement of Financial Position
Coalition for a Better Acre and Wholly Owned Subsidiaries
December 31, 2021 and 2020

ASSETS	CBA	ATCDC	CBAAH	MSHLP	MSCLP	TR LP	MSLP	CSLLC	DRACUT	2021 Total	2020 Total
Current assets											
Cash and cash equivalents											
Operating	\$ 214,451	\$ 106,478	\$ -	\$ -	\$ 14,086	\$ 92,038	\$ 151,542	\$ -	\$ 4,533	\$ 583,128	\$ 763,569
Accounts receivable	86,247	154	-	-	194	7,121	10,452	-	-	104,168	114,065
Tenant security deposits	-	2,025	-	-	4,366	19,054	13,422	-	-	38,867	37,027
Mortgagee escrow deposits	-	30,374	-	-	-	22,358	-	-	-	52,732	45,389
Reserve for replacement	-	150,424	-	-	150,871	127,153	46,948	-	-	475,396	399,536
Operating reserve	987,796	-	-	-	38,526	55,743	39,600	-	-	1,121,665	1,016,137
Prepaid expenses	7,801	7,510	-	-	5,348	8,553	7,418	-	-	36,630	30,783
Predevelopment costs	1,353,937	-	-	-	-	-	-	-	-	1,353,937	1,341,549
Total current assets	<u>2,650,232</u>	<u>296,965</u>	<u>-</u>	<u>-</u>	<u>213,391</u>	<u>332,020</u>	<u>269,382</u>	<u>-</u>	<u>4,533</u>	<u>3,766,523</u>	<u>3,748,055</u>
Property and equipment, at cost											
Land and land improvements	-	76,886	1,725,415	148,997	49,674	105,970	115,651	-	-	2,222,593	2,222,593
Buildings	-	611,637	-	-	3,183,771	2,097,485	5,467,173	-	-	11,360,066	11,360,066
Furniture and fixtures	31,342	99,652	-	-	69,000	85,275	204,285	-	-	489,554	594,223
Developments in progress	-	-	-	-	-	-	-	1,016,760	2,435,762	3,452,522	977,537
Total	<u>31,342</u>	<u>788,175</u>	<u>1,725,415</u>	<u>148,997</u>	<u>3,302,445</u>	<u>2,288,730</u>	<u>5,787,109</u>	<u>1,016,760</u>	<u>2,435,762</u>	<u>17,524,735</u>	<u>15,154,419</u>
Less: accumulated depreciation	<u>(21,156)</u>	<u>(390,611)</u>	<u>-</u>	<u>-</u>	<u>(1,732,730)</u>	<u>(491,007)</u>	<u>(2,859,238)</u>	<u>-</u>	<u>-</u>	<u>(5,494,742)</u>	<u>(5,267,080)</u>
Net property and equipment	<u>10,186</u>	<u>397,564</u>	<u>1,725,415</u>	<u>148,997</u>	<u>1,569,715</u>	<u>1,797,723</u>	<u>2,927,871</u>	<u>1,016,760</u>	<u>2,435,762</u>	<u>12,029,993</u>	<u>9,887,339</u>
Other assets											
Endowment fund - GLCF	204,314	-	-	-	-	-	-	-	-	204,314	189,699
Investment in corporations	2,477,697	160	-	-	-	-	-	-	-	2,477,857	2,158,023
Loans and notes receivable	15,283,831	-	3,901,178	354,201	-	-	-	-	-	19,539,210	18,600,107
Due from related parties	1,276,831	1,376,610	-	-	-	-	-	-	-	2,653,441	2,714,565
Total other assets	<u>19,242,673</u>	<u>1,376,770</u>	<u>3,901,178</u>	<u>354,201</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,874,822</u>	<u>23,662,394</u>
TOTAL ASSETS	<u>\$ 21,903,091</u>	<u>\$ 2,071,299</u>	<u>\$ 5,626,593</u>	<u>\$ 503,198</u>	<u>\$ 1,783,106</u>	<u>\$ 2,129,743</u>	<u>\$ 3,197,253</u>	<u>\$ 1,016,760</u>	<u>\$ 2,440,295</u>	<u>\$ 40,671,338</u>	<u>\$ 37,297,788</u>

See independent auditors' report

COALITION FOR A BETTER ACRE, INC.
Consolidating Statement of Financial Position
Coalition for a Better Acre and Wholly Owned Subsidiaries
December 31, 2021 and 2020

LIABILITIES AND NET ASSETS	CBA	ATCDC	CBAAH	MSHLP	MSCLP	TR LP	MSLP	CROSS ST	DRACUT	2021 Total	2020 Total
Current liabilities											
Accounts payable											
Trade	\$ 23,420	\$ 17,071	\$ -	\$ -	\$ 7,485	\$ 13,632	\$ 9,236	\$ -	\$ 338,494	\$ 409,338	\$ 79,882
Development	-	-	-	-	9,996	-	-	-	-	9,996	9,996
Accrued expenses	95,180	21,562	-	-	1,270	30,762	24,303	-	-	173,077	241,095
Prepaid rent	-	1	-	-	-	2,130	1,735	-	-	3,866	1,771
Security deposits	-	2,021	-	-	4,361	19,043	13,415	-	-	38,840	37,005
Accrued mortgage interest	-	-	-	-	565	1,414	2,017	-	-	3,996	4,239
Current portion of mortgages payable	-	11,166	-	-	30,176	7,601	27,067	-	-	76,010	72,247
Total current liabilities	<u>118,600</u>	<u>51,821</u>	<u>-</u>	<u>-</u>	<u>53,853</u>	<u>74,582</u>	<u>77,773</u>	<u>-</u>	<u>338,494</u>	<u>715,123</u>	<u>446,235</u>
Long-term liabilities											
Mortgages payable, net of current portion and unamortized debt issuance costs	-	246,507	-	-	135,712	273,241	342,603	411,113	-	1,409,176	1,491,662
Notes payable and accrued interest	2,237,768	-	-	-	-	1,412,819	5,037,646	225,000	2,096,729	11,009,962	8,933,033
Total long-term liabilities	<u>2,237,768</u>	<u>246,507</u>	<u>-</u>	<u>-</u>	<u>135,712</u>	<u>1,686,060</u>	<u>5,380,249</u>	<u>636,113</u>	<u>2,096,729</u>	<u>12,419,138</u>	<u>10,424,695</u>
Other liabilities											
Development fee payable and accrued interest	-	-	-	-	-	-	261,734	-	-	261,734	261,734
Due to related parties	133,501	60	-	-	-	-	-	380,647	5,072	519,280	355,485
Total other liabilities	<u>133,501</u>	<u>60</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>261,734</u>	<u>380,647</u>	<u>5,072</u>	<u>781,014</u>	<u>617,219</u>
Total liabilities	<u>2,489,869</u>	<u>298,388</u>	<u>-</u>	<u>-</u>	<u>189,565</u>	<u>1,760,642</u>	<u>5,719,756</u>	<u>1,016,760</u>	<u>2,440,295</u>	<u>13,915,275</u>	<u>11,488,149</u>
Net Assets											
With donor restrictions	-	-	-	-	-	-	-	-	-	-	343,000
Without donor restrictions	19,413,222	1,772,911	5,626,593	503,198	1,593,541	369,101	(2,522,503)	-	-	26,756,063	25,466,639
Total net assets	<u>19,413,222</u>	<u>1,772,911</u>	<u>5,626,593</u>	<u>503,198</u>	<u>1,593,541</u>	<u>369,101</u>	<u>(2,522,503)</u>	<u>-</u>	<u>-</u>	<u>26,756,063</u>	<u>25,809,639</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 21,903,091</u>	<u>\$ 2,071,299</u>	<u>\$ 5,626,593</u>	<u>\$ 503,198</u>	<u>\$ 1,783,106</u>	<u>\$ 2,129,743</u>	<u>\$ 3,197,253</u>	<u>\$ 1,016,760</u>	<u>\$ 2,440,295</u>	<u>\$ 40,671,338</u>	<u>\$ 37,297,788</u>

See independent auditors' report

COALITION FOR A BETTER ACRE, INC.
Consolidating Statement of Activities
Coalition for a Better Acre and Wholly Owned Subsidiaries
For the years ended December 31, 2021 and 2020

	CBA			ATCDC	CBAAH	MSHLP	MSCLP	TRLP	MSLP	CSLLC	DRACUT	Total		2021	2020
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	Without donor restrictions	Without donor restrictions	Without donor restrictions	Without donor restrictions	Without donor restrictions	Without donor restrictions	Without donor restrictions	Without donor restrictions	With donor restrictions	TOTAL	TOTAL
Revenue and support															
Grants and contributions	\$ 983,206	\$ -	\$ 983,206	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 983,206	\$ -	\$ 983,206	\$ 1,197,487
Development fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,393,493
Developer overhead	139,265	-	139,265	-	-	-	-	-	-	-	-	139,265	-	139,265	-
Partnership management and investor service fees	28,000	-	28,000	-	-	-	-	-	-	-	-	28,000	-	28,000	28,000
Rental income, net of vacancies and concessions	-	-	-	248,762	-	-	159,080	412,039	365,887	-	-	1,185,768	-	1,185,768	1,140,090
Ground lease income	223,200	-	223,200	-	-	-	-	-	-	-	-	223,200	-	223,200	219,700
Interest income	717,782	-	717,782	86	144,931	-	77	54	16	-	-	862,946	-	862,946	603,780
Income (loss) from endowment funds	150,127	-	150,127	-	-	-	-	-	-	-	-	150,127	-	150,127	143,711
Income from investment in corporation	342,619	-	342,619	-	-	-	-	-	-	-	-	342,619	-	342,619	39,082
Sale of state tax credits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	254,427
Miscellaneous revenue	250,937	-	250,937	30,360	-	-	-	-	-	-	-	281,297	-	281,297	51,657
Debt from subsidiary	246,409	-	246,409	-	249,737	30,792	-	-	-	-	-	526,938	-	526,938	500,616
Net assets released from restrictions	343,000	(343,000)	-	-	-	-	-	-	-	-	-	343,000	(343,000)	-	-
Total revenue and support	3,424,545	(343,000)	3,081,545	279,208	394,668	30,792	159,157	412,093	365,903	-	-	5,066,366	(343,000)	4,723,366	5,572,043
Expenditures															
Salaries	1,014,986	-	1,014,986	25,490	-	-	18,890	81,857	35,125	-	-	1,176,348	-	1,176,348	1,104,007
Payroll taxes and benefits	287,284	-	287,284	6,188	-	-	4,450	25,057	10,318	-	-	333,297	-	333,297	314,195
Management fees	-	-	-	11,272	-	-	6,363	17,553	22,316	-	-	57,504	-	57,504	54,658
Professional fees	75,000	-	75,000	769	-	-	7,500	11,070	10,000	-	-	104,339	-	104,339	90,972
Contracted services	87,870	-	87,870	41,757	-	-	23,957	58,833	78,445	-	-	290,862	-	290,862	256,045
Operating and maintenance	-	-	-	5,348	-	-	-	-	-	-	-	5,348	-	5,348	3,969
Utilities	9,745	-	9,745	27,443	-	-	17,819	45,282	55,583	-	-	155,872	-	155,872	175,004
Office supplies and expense	57,264	-	57,264	3,303	-	-	2,111	5,835	5,183	-	-	73,696	-	73,696	115,130
Occupancy	52,941	-	52,941	-	-	-	-	-	5,566	-	-	58,507	-	58,507	58,674
Advertising and renting	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(476)
Program supplies and expense	188,106	-	188,106	-	-	-	52	-	-	-	-	188,158	-	188,158	114,890
Telephone	14,156	-	14,156	937	-	-	1,320	989	2,642	-	-	20,044	-	20,044	19,080
Meetings and travel	2,515	-	2,515	-	-	-	-	-	-	-	-	2,515	-	2,515	4,237
Staff training	5,908	-	5,908	143	-	-	142	299	519	-	-	7,011	-	7,011	3,546
Real estate taxes	-	-	-	42,019	-	-	22,611	40,621	30,195	-	-	135,446	-	135,446	134,068
Insurance	10,533	-	10,533	15,013	-	-	7,662	17,297	14,868	-	-	65,373	-	65,373	57,738
Interest	16,405	-	16,405	13,300	-	-	7,602	34,782	301,982	-	-	374,071	-	374,071	359,173
Depreciation	10,185	-	10,185	28,605	-	-	90,540	68,837	150,939	-	-	349,106	-	349,106	341,502
Collection allowance	59,467	-	59,467	-	-	-	-	-	5,655.00	-	-	65,122	-	65,122	2,600
Unrelated business tax	-	-	-	4,555	-	-	-	-	-	-	-	4,555	-	4,555	4,554
Miscellaneous	74,480	-	74,480	45,451	164,837	-	-	25,000	-	-	-	309,768	-	309,768	242,214
Total expenditures	1,966,845	-	1,966,845	271,593	164,837	-	211,019	433,312	729,336	-	-	3,776,942	-	3,776,942	3,455,780
Increase (decrease) in net assets	1,457,700	(343,000)	1,114,700	7,615	229,831	30,792	(51,862)	(21,219)	(363,433)	-	-	1,289,424	(343,000)	946,424	2,116,263
Net assets, beginning of year	17,955,522	343,000	18,298,522	1,765,296	5,396,762	472,406	1,645,403	390,320	(2,159,070)	-	-	25,466,639	343,000	25,809,639	23,693,376
Net assets, end of year	\$ 19,413,222	\$ -	\$ 19,413,222	\$ 1,772,911	\$ 5,626,593	\$ 503,198	\$ 1,593,541	\$ 369,101	\$ (2,522,503)	\$ -	\$ -	\$ 26,756,063	\$ -	\$ 26,756,063	\$ 25,809,639

See independent auditors' report

COALITION FOR A BETTER ACRE, INC.
 Statements of Cash Flows
 Coalition for a Better Acre and Wholly Owned Subsidiaries
 For the years ended December 31, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 946,424	\$ 2,116,263
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	349,106	341,502
Income from investment in corporations	(342,619)	(39,082)
Unrealized loss on investments	(42,378)	(110,231)
Accrued interest not currently payable	15,848	15,270
Interest not currently receivable	(520,351)	(645,214)
Deferred revenue	-	(254,427)
Deconsolidation of Gerson Building LLC	-	(1,309,639)
Changes in:		
Accounts receivable	9,897	(96,508)
Prepaid expenses	(5,847)	(3,870)
Accounts payable - trade	329,456	(31,809)
Accounts payable - development	-	(740,814)
Accrued expenses	(68,018)	57,503
Accrued mortgage interest	(243)	(1,035)
Prepaid rent	2,095	326
Tenant security deposits, liability	(1,835)	742
Net cash provided by (used in) operating activities	671,535	(701,023)
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid for fixed assets	(2,249,647)	8,278,920
Change in endowment fund, net	(14,615)	(31,436)
Distribution from investment in corporation	22,671	19,292
Change in due from related party	61,124	(273,314)
Predevelopment costs	(12,388)	(192,424)
Change in loans receivable	(939,103)	(1,917,245)
Net cash (used in) provided by investing activities	(3,131,958)	5,883,793
CASH FLOWS FROM FINANCING ACTIVITIES		
Changes in mortgage principal	(78,723)	(3,119,945)
Changes in note payable and accrued interest	2,386,129	(2,224,377)
Changes in due to related parties	163,795	5,736
Net cash provided by (used in) financing activities	2,471,201	(5,338,586)
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	10,778	(155,816)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF YEAR	2,261,010	2,416,826
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, END OF YEAR	\$ 2,271,788	\$ 2,261,010
Cash and cash equivalents - operating	\$ 583,128	\$ 763,569
Tenant security deposits	38,867	37,027
Mortgagee escrow deposits	52,732	45,389
Reserve for replacement	475,396	399,536
Operating reserve	1,121,665	1,016,137
Cash, cash equivalents and restricted cash	\$ 2,271,788	\$ 2,261,658
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	\$ 52,372	\$ 48,424

See independent auditors' report