

Coalition for a Better Acre, Inc. and Affiliates

Consolidated Financial Statements and Supplementary Information
with Report of Independent Auditors

December 31, 2022 and 2021

TABLE OF CONTENTS

	<u>Page</u>
Report of Independent Auditors	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	12-61
Supplementary Information	
Consolidating statement of financial position	62-63
Consolidating statement of activities and changes in net assets	64
Statements of cash flows	65

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, 2022 and 2021, 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, 2022 and 2021, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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 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.

Changes in Accounting Principles

As discussed in Note 2 to the consolidated financial statements, Coalition for a Better Acre, Inc. adopted accounting standards changes related to accounting and disclosure for leasing arrangements. Our opinion is not modified with respect to those matters.

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 and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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 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, MA
June 29, 2023

COALITION FOR A BETTER ACRE, INC.
Consolidated Statement of Financial Position
December 31, 2022

ASSETS	CBA & Affiliates	Real Estate Entities	General Partners & Managing Members	Subtotal	Eliminations	2022 Total
Current assets						
Cash and cash equivalents						
Operating	\$ 1,456,019	\$ 2,176,173	\$ -	\$ 3,632,192	\$ -	\$ 3,632,192
Development	198,392	287,044	-	485,436	-	485,436
Grants receivable	-	-	-	-	-	-
Accounts receivable, net	120,011	87,311	-	207,322	-	207,322
Tenant security deposits	138,572	118,916	-	257,488	-	257,488
Prepaid expenses	128,466	77,625	-	206,091	-	206,091
Mortgagee escrow deposits	416,334	121,142	-	537,476	-	537,476
Reserves for replacement	1,326,431	672,780	-	1,999,211	-	1,999,211
Operating reserves	1,648,999	1,181,773	-	2,830,772	-	2,830,772
Predevelopment costs	44,441	-	-	44,441	48,734	93,175
Total current assets	<u>5,477,665</u>	<u>4,722,764</u>	<u>-</u>	<u>10,200,429</u>	<u>48,734</u>	<u>10,249,163</u>
Property and equipment, at cost						
Land and land improvements	2,396,762	3,309,702	-	5,706,464	-	5,706,464
Buildings	47,258,021	58,998,750	-	106,256,771	(12,633,624)	93,623,147
Developments in process	6,259,794	-	-	6,259,794	(313,384)	5,946,410
Furniture and fixtures	2,448,266	1,280,653	-	3,728,919	-	3,728,919
Total	58,362,843	63,589,105	-	121,951,948	(12,947,008)	109,004,940
Less: accumulated depreciation	(20,143,763)	(14,530,134)	-	(34,673,897)	3,645,553	(31,028,344)
Net property and equipment	<u>38,219,080</u>	<u>49,058,971</u>	<u>-</u>	<u>87,278,051</u>	<u>(9,301,455)</u>	<u>77,976,596</u>
Other assets						
Endowment fund - GLCF	158,592	-	-	158,592	-	158,592
Investment in corporations	2,511,151	-	1,969,607	4,480,758	(3,473,172)	1,007,586
Loans and notes receivable	21,581,211	-	-	21,581,211	(21,531,211)	50,000
Due from related parties	2,961,957	-	733,013	3,694,970	(3,694,540)	430
Deferred charges, net of accumulated amortization	-	14,665	-	14,665	-	14,665
Total other assets	<u>27,212,911</u>	<u>14,665</u>	<u>2,702,620</u>	<u>29,930,196</u>	<u>(28,698,923)</u>	<u>1,231,273</u>
TOTAL ASSETS	<u>\$ 70,909,656</u>	<u>\$ 53,796,400</u>	<u>\$ 2,702,620</u>	<u>\$ 127,408,676</u>	<u>\$ (37,951,644)</u>	<u>\$ 89,457,032</u>

See accompanying notes to consolidated financial statements

COALITION FOR A BETTER ACRE, INC.
Consolidated Statement of Financial Position (continued)
December 31, 2022

LIABILITIES AND NET ASSETS	CBA & Affiliates	Real Estate Entities	General Partners & Managing Members	Subtotal	Eliminations	2022 Total
Current liabilities						
Accounts payable						
Trade	\$ 253,060	\$ 84,810	\$ -	\$ 337,870	\$ -	\$ 337,870
Development	907,169	15,949	-	923,118	-	923,118
Accrued expenses	551,397	473,503	-	1,024,900	-	1,024,900
Prepaid rent	29,010	35,339	-	64,349	-	64,349
Current portion of deferred revenue	-	-	-	-	-	-
Security deposits	128,985	115,740	-	244,725	-	244,725
Accrued mortgage interest	59,861	23,449	-	83,310	-	83,310
Line of credit	-	-	-	-	-	-
Current portion of mortgages payable	573,542	835,400	-	1,408,942	-	1,408,942
Total current liabilities	<u>2,503,024</u>	<u>1,584,190</u>	<u>-</u>	<u>4,087,214</u>	<u>-</u>	<u>4,087,214</u>
Long-term liabilities						
Mortgages payable, net of current portion and unamortized debt issuance costs	14,679,767	5,226,606	-	19,906,373	-	19,906,373
Notes payable and accrued interest	21,775,160	34,035,953	-	55,811,113	(20,186,388)	35,624,725
Total long-term liabilities	<u>36,454,927</u>	<u>39,262,559</u>	<u>-</u>	<u>75,717,486</u>	<u>(20,186,388)</u>	<u>55,531,098</u>
Other liabilities						
Development fees payable and accrued interest	471,815	702,662	-	1,174,477	(1,022,815)	151,662
Accrued fees	-	-	-	-	-	-
Due to related parties	1,040,610	987,586	2,656,943	4,685,139	(4,063,417)	621,722
Interest rate swap contract	469,791	-	-	469,791	-	469,791
Total other liabilities	<u>1,982,216</u>	<u>1,690,248</u>	<u>2,656,943</u>	<u>6,329,407</u>	<u>(5,086,232)</u>	<u>1,243,175</u>
Total liabilities	<u>40,940,167</u>	<u>42,536,997</u>	<u>2,656,943</u>	<u>86,134,107</u>	<u>(25,272,620)</u>	<u>60,861,487</u>
Net Assets						
Without donor restrictions	29,969,489	(1,203,743)	45,677	28,811,423	(12,679,024)	16,132,399
Noncontrolling interest in consolidated subsidiaries	-	12,463,146	-	12,463,146	-	12,463,146
Total net assets	<u>29,969,489</u>	<u>11,259,403</u>	<u>45,677</u>	<u>41,274,569</u>	<u>(12,679,024)</u>	<u>28,595,545</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 70,909,656</u>	<u>\$ 53,796,400</u>	<u>\$ 2,702,620</u>	<u>\$ 127,408,676</u>	<u>\$ (37,951,644)</u>	<u>\$ 89,457,032</u>

See accompanying notes to consolidated financial statements

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

				2021		
ASSETS	CBA & Affiliates	Real Estate Entities	General Partners & Managing Members	Subtotal	Eliminations	Total
Current assets						
Cash and cash equivalents						
Operating	\$ 583,128	\$ 2,909,786	\$ -	\$ 3,492,914	\$ -	\$ 3,492,914
Development	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-
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
Endowment fund - Enterprise Bank	-	-	-	-	-	-
Investment in corporations	2,477,857	-	1,969,607	4,447,464	(3,473,172)	974,292
Loans and notes receivable	19,540,935	-	-	19,540,935	(19,489,210)	51,725
Due from related parties	2,651,716	-	733,013	3,384,729	(3,372,960)	11,769
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
Current portion of deferred revenue	-	-	-	-	-	-
Security deposits	38,840	207,166	-	246,006	-	246,006
Accrued mortgage interest	3,996	82,399	-	86,395	-	86,395
Line of credit	-	-	-	-	-	-
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
With donor restrictions	-	-	-	-	-	-
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 Activities and Changes in Net Assets
For the year ended December 31, 2022

	CBA & Affiliates	Real Estate Entities	Noncontrolling Interest in Real Estate Entities	General Partners & Managing Members	Subtotal	Eliminations	2022 Total
Revenue and support							
Grants and contributions	\$ 1,544,176	\$ -	\$ -	\$ -	\$ 1,544,176	\$ -	\$ 1,544,176
Developer overhead	538,951	-	-	-	538,951	(521,867)	17,084
Partnership management and investor service fees	176,775	-	-	-	176,775	-	176,775
Rental income, net of vacancies and concessions	6,385,929	3,312,885	-	-	9,698,814	(57,352)	9,641,462
Ground lease income	-	-	-	-	-	-	-
Interest income	900,231	12,845	-	-	913,076	(724,180)	188,896
Income (loss) from endowment funds	(208,490)	-	-	-	(208,490)	-	(208,490)
Income from investment in corporation	47,294	-	-	-	47,294	-	47,294
Sale of state tax credits	664,300	-	-	-	664,300	-	664,300
Miscellaneous revenue	126,886	77,009	-	-	203,895	(60,000)	143,895
Debt from subsidiary	295,796	-	-	-	295,796	-	235,796
Total revenue and support	<u>10,471,848</u>	<u>3,325,730</u>	<u>-</u>	<u>-</u>	<u>12,710,596</u>	<u>(1,363,399)</u>	<u>11,407,197</u>
Expenditures							
Organizing	575,188	-	-	-	575,188	-	575,188
Real estate-development	440,601	-	-	-	440,601	-	440,601
Real estate-homeowner	66,729	-	-	-	66,729	-	66,729
General and administrative	1,023,341	111,312	-	-	1,134,653	(127,875)	1,006,778
Rentals and property management	7,798,331	5,864,715	-	-	13,663,046	(982,720)	12,680,326
Total expenditures	<u>9,904,190</u>	<u>5,976,027</u>	<u>-</u>	<u>-</u>	<u>15,880,217</u>	<u>(1,110,595)</u>	<u>14,769,622</u>
Increase (decrease) in net assets before interest rate swap contract	<u>567,658</u>	<u>(2,650,297)</u>	<u>-</u>	<u>-</u>	<u>(2,082,639)</u>	<u>(252,804)</u>	<u>(2,335,443)</u>
Change in value of interest rate swap	<u>1,100,802</u>	<u>(1,570,593)</u>	<u>-</u>	<u>-</u>	<u>(469,791)</u>	<u>-</u>	<u>(469,791)</u>
Increase (decrease) in net assets before taxes	<u>1,668,460</u>	<u>(4,220,890)</u>	<u>-</u>	<u>-</u>	<u>(2,552,430)</u>	<u>(252,804)</u>	<u>(2,805,234)</u>
Unrelated business tax	<u>4,667</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,667</u>	<u>-</u>	<u>4,667</u>
Increase (decrease) in net assets before noncontrolling interest in losses of consolidated subsidiaries	<u>1,663,793</u>	<u>(4,220,890)</u>	<u>-</u>	<u>-</u>	<u>(2,557,097)</u>	<u>(252,804)</u>	<u>(2,809,901)</u>
Noncontrolling interest in losses of consolidated subsidiaries	-	1,892,528	(1,892,528)	-	-	-	-
Transfer of non-controlling interest	3,845,962	-	(3,845,962)	-	-	-	-
Transfer of interest	1,549,633	300,000	-	-	1,849,633	-	1,849,633
Net assets, beginning 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>
Current year capital contributions	<u>-</u>	<u>-</u>	<u>261,928</u>	<u>-</u>	<u>261,928</u>	<u>-</u>	<u>261,928</u>
Net assets, end of year	<u>\$ 29,969,489</u>	<u>\$ (1,203,743)</u>	<u>\$ 12,463,146</u>	<u>\$ 45,677</u>	<u>\$ 41,274,569</u>	<u>\$ (12,679,024)</u>	<u>\$ 28,595,545</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

	CBA & Affiliates	Real Estate Entities	Noncontrolling Interest in Real Estate Entities	General Partners & Managing Members	Subtotal	Eliminations	2021 Total
Revenue and support							
Grants and contributions	\$ 983,063	\$ -	\$ -	\$ -	\$ 983,063	\$ -	\$ 983,063
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
Sale of state tax credits	-	-	-	-	-	-	-
In kind donation	-	-	-	-	-	-	-
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>4,723,223</u>	<u>8,176,225</u>	<u>-</u>	<u>-</u>	<u>12,899,448</u>	<u>(1,327,982)</u>	<u>11,571,466</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	975,807	-	-	-	975,807	(214,780)	761,027
Rentals and property management	1,881,483	10,735,744	-	-	12,617,227	(1,279,631)	11,337,596
Total expenditures	<u>3,772,244</u>	<u>10,735,744</u>	<u>-</u>	<u>-</u>	<u>14,507,988</u>	<u>(1,494,411)</u>	<u>13,013,577</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	-	744,549	-	-	744,549	-	744,549
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	4,555	-	-	-	4,555	-	4,555
Increase (decrease) in net assets before noncontrolling interest in losses of consolidated subsidiaries	946,424	(1,814,970)	-	-	(868,546)	166,429	(702,117)
Noncontrolling interest in losses of consolidated subsidiaries	-	1,435,484	(1,435,484)	-	-	-	-
Transfer of interest	-	-	-	-	-	-	-
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	-	-	7,159,360	-	7,159,360	-	7,159,360
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 Functional Expenses
For the year ended December 31, 2022

	<u>Programming</u>	<u>Real Estate Development</u>	<u>Home Preservation</u>	<u>General and Administrative</u>	<u>Rentals and Property Management</u>	<u>2022 Total</u>
Salaries	\$ 412,641	\$ 322,921	\$ 45,693	\$ 373,020	\$ 1,413,269	\$ 2,567,544
Payroll taxes and benefits	68,600	83,311	11,467	99,044	404,916	667,338
Management fees	-	-	-	-	477,437	477,437
Professional fees	-	-	-	218,019	56,631	274,650
Contracted services	15,339	838	-	22,469	1,675,300	1,713,946
Operating and maintenance	-	-	-	-	18,476	18,476
Utilities	-	-	3,981	8,602	1,454,388	1,466,971
Office supplies and expense	1,395	552	-	73,265	191,267	266,479
Occupancy	-	-	1,600	-	-	1,600
Advertising and renting	-	-	-	-	37,033	37,033
Program supplies and expense	61,108	26,615	3,928	96,486	163,393	351,530
Telephone	1,788	-	-	10,540	68,925	81,253
Meetings and travel	1,133	1,965	-	3,306	-	6,404
Staff training	13,184	4,399	-	3,022	14,255	34,860
Real estate taxes	-	-	-	-	714,104	714,104
Insurance	-	-	-	16,184	425,045	441,229
Interest	-	-	-	24,258	1,921,228	1,945,486
Depreciation	-	-	-	-	2,715,404	2,715,404
Amortization	-	-	-	-	61,235	61,235
Collection allowance	-	-	-	-	20,506	20,506
Grants contributed	-	-	-	-	-	-
Ground lease	-	-	-	-	296,683	296,683
Miscellaneous	-	-	60	58,563	550,831	609,454
	<u>\$ 575,188</u>	<u>\$ 440,601</u>	<u>\$ 66,729</u>	<u>\$ 1,006,778</u>	<u>\$ 12,680,326</u>	<u>\$ 14,769,622</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

	<u>Programming</u>	<u>Real Estate Development</u>	<u>Home Preservation</u>	<u>General and Administrative</u>	<u>Rentals and Property Management</u>	<u>2021 Total</u>
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	700	-	2,372
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
Grants contributed	-	-	-	-	-	-
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>\$ 761,027</u>	<u>\$ 11,337,596</u>	<u>\$ 13,013,577</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, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (2,809,901)	\$ (702,117)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Debt issuance cost amortization	56,796	120,157
Depreciation and amortization	2,776,639	2,681,969
Income from investment in corporation	(47,294)	(342,619)
Change in value of interest rate swap	(1,100,802)	(744,549)
Accrued interest not currently payable	31,493	15,848
Transfer of New North Canal LLC non-controlling interest, net	1,996,329	-
Changes in:		
Accounts receivable, net	(67,001)	142,675
Prepaid expenses	3,352	(405,389)
Accounts payable - trade	(393,477)	(526,217)
Accrued expenses	253,703	313,501
Accrued mortgage interest	(3,085)	9,188
Prepaid rent	(465)	25,999
Tenant security deposits, liability	(1,281)	30,737
Accrued fees	(164,998)	-
Net cash provided by operating activities	530,008	619,183
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid for fixed assets	(6,316,100)	(1,427,315)
Net change in endowment fund - GLCF	45,722	(14,615)
Investment in corporation	(27,435)	22,680
Predevelopment costs	1,260,762	(12,388)
Net cash used in investing activities	(5,037,051)	(1,431,638)
CASH FLOWS FROM FINANCING ACTIVITIES		
Mortgage principal advances, net	2,204,540	(8,865,340)
Proceeds from notes payable and accrued interest	1,599,896	3,736,607
Repayment from related parties, net	331,673	105,339
Development fees payable and accrued interest	(23,928)	8,878
Non-controlling interest capital contributions	261,928	7,159,360
Net cash provided by financing activities	4,374,109	2,144,844
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(132,934)	1,332,389
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF YEAR	9,875,509	8,543,120
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, END OF YEAR	\$ 9,742,575	\$ 9,875,509
Cash and cash equivalents - operating	\$ 3,632,192	\$ 3,492,914
Cash and cash equivalents - development	485,436	-
Tenant security deposits	257,488	248,881
Mortgagee escrow deposits	537,476	686,388
Reserve for replacement	1,999,211	2,006,592
Operating reserve	2,830,772	3,440,734
Total cash, cash equivalents and restricted cash	\$ 9,742,575	\$ 9,875,509
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest, net of capitalized portion of \$350,309 and \$221,053, respectively	\$ 1,155,917	\$ 1,097,965
Cash paid for taxes	\$ -	\$ 7,928
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Fixed asset additions	\$ 7,205,646	\$ 2,820,808
Less: proceeds from gerson development fee	-	(1,393,493)
Less: accounts payable - development	(889,546)	-
Cash paid for fixed assets	\$ 6,316,100	\$ 1,427,315

See accompanying notes to consolidated financial statements

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022 and 2021

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, 2022 and 2021

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, 2022 and 2021, 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. Effective October 10, 2022, the original investor member and special member assigned their 99.99% interest to CBA.

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, 2022 and 2021

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 (SJMMLL) (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 SJMMLL) 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, 2022 and 2021, 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, 2022 and 2021, the investor member has contributed \$4,010,114. Distributions shall be allocated in accordance with the operating agreement.

Unity Place MM LLC (UPMMLL) (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, 2022 and 2021

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, 2022 and 2021, 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, 2022 and 2021, the investor member has contributed \$4,137,341. Distributions shall be allocated in accordance with the operating agreement.

Welcome Home Housing MM LLC (WHHMMLLC) (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 WHHMMLLC) 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, 2022 and 2021, 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, 2022 and 2021, the investor member had contributed \$8,730,927 and \$8,468,999, 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. During 2022, construction was completed and the building was placed in service and operations began.

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022 and 2021

1. Organization (continued)

555 Merrimack Street LLC (555 MERRIMACK) (a Massachusetts limited liability company, 79% owned by CBA) was formed on November 22, 2017, for the purpose of rehabilitating and operating 27 units of affordable housing located in Lowell, Massachusetts. The building is undergoing rehabilitation.

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.

Change in accounting principle

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

FASB ASC 842 was adopted January 1, 2022, with certain practical expedients available. Lease disclosures for the year ended December 31, 2021, are made under prior lease guidance in FASB ASC 840.

With respect to tenant leases, FASB ASC 842 did not have a material impact on the financial statements.

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022 and 2021

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

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.

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, 2022 and 2021, a real estate affiliate, New North Canal LLC, recognized a gain of \$1,100,802 and \$744,549, 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.

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022 and 2021

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

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, 2022 and 2021, there are no allowances for loan losses.

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.

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.

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022 and 2021

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

Revenue recognition (continued)

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, 2022 and 2021.

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, 2022 and 2021, 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, 2022 and 2021, the Corporation reported net special events revenue of \$65,286 and \$64,876, 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.

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022 and 2021

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

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.

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, 2022 and 2021, were \$38,382 and \$42,506, 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.

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022 and 2021

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

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 were 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.

State tax credits

Four of the entities consolidated (St Joseph's Apartments LLC, Acre High School LLC, Gorham Street LLC and 11 Spring Park Avenue, LLC) have received state historic tax credit awards, which were assigned to CBA and sold to private equity investors. During 2022, 11 Spring Park Avenue, LLC has received a state historic tax credit award, which was assigned to CBA and sold to private equity investors in the amount of \$664,300. No state tax credits sales revenue was recognized during 2021.

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, 2022 and 2021, 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, 2022, and 2021, 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, 2022 and 2021, no fund balances were below the historical gift amount.

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022 and 2021

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

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.

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, 2022, and 2021, ATCDC has recorded a tax liability of \$4,667 and \$4,555, 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, MSCI, 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.

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022 and 2021

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

Income taxes (continued)

TRLP, MSCLP, LSHLP, MSHLP, and MSLP are organized as limited partnerships. NNCLLC, NMSHLLC, SJLLC, AHSLLC, UPLLC, GSLLC, WHHLLC, GSBLLC, CSLLC and 555 MERRIMACK 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.

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.

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022 and 2021

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

Fair value measurements (continued)

The table below presents amounts at December 31, 2022 and 2021 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>2022</u>	<u>2021</u>
Interest rate swap liability	<u>\$ 469,791</u>	<u>\$ 1,570,593</u>

Subsequent events

Subsequent events have been evaluated through June 29, 2023, which is the date the financial statements were available to be issued, and there are no subsequent events requiring disclosure.

3. Liquidity and availability of financial assets

The following represents the Corporation and Affiliates' liquid financial assets at December 31, 2022 and 2021:

Liquid financial assets at year end:	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 3,632,192	\$ 3,492,914
Tenant security deposits, cash	257,488	-
Escrow deposits	537,476	686,388
Total liquid financial assets	<u>4,427,156</u>	<u>4,179,302</u>
Less amounts not available to be used within one year:		
Tenant security deposits, liability	(244,725)	-
Escrow deposits	(537,476)	(686,388)
	<u>(782,201)</u>	<u>(686,388)</u>
Liquid financial assets available to meet general expenditures over the next twelve months	<u>\$ 3,644,955</u>	<u>\$ 3,492,914</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 \$57,352 and \$52,941 for the years ended December 31, 2022 and 2021, respectively, have been eliminated in the consolidated financial statements.

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022 and 2021

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

Notes and development fees receivable and accrued interest consist 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:

	2022	2021
<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, 2022 and 2021, the note balance of \$155,000 and accrued interest of \$49,479 and \$47,154, respectively, have been eliminated in the accompanying consolidated financial statements.	\$ 204,479	\$ 202,154
<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, 2022 and 2021, the note balance of \$713,027 each year and accrued interest of \$959,714 and \$874,616, respectively, have been eliminated in the accompanying consolidated financial statements.	1,672,741	1,587,643
<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, 2022 and 2021, 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, 2022 and 2021, the note balance of \$500,000 each year and accrued interest of \$862,149 and \$788,693, respectively, have been eliminated in the accompanying consolidated financial statements.	1,362,149	1,288,693

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022 and 2021

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

	2022	2021
<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, 2022 and 2021, the note balance of \$165,000 each year and accrued interest of \$246,133 and \$226,555, respectively, have been eliminated in the accompanying consolidated financial statements.	\$ 411,133	\$ 391,555
<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, 2022 and 2021, the note balance of \$101,109 each year and accrued interest of \$56,626 and \$48,021, respectively, have been eliminated in the accompanying consolidated financial statements.	157,735	149,130
<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, 2022 and 2021, the note balance of \$1,914,980 each year and accrued interest of \$2,213,229 and \$2,004,702, respectively, have been eliminated in the accompanying consolidated financial statements.	4,128,209	3,919,682
<u>Development note receivable from MSLP</u>		
The loan is non-interest bearing and unsecured and is due on demand. As of December 31, 2022 and 2021, 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, 2022 and 2021, 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, 2022 and 2021, 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)	386,974	354,201

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022 and 2021

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

	2022	2021
<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, 2022 and 2021, the note balance of \$165,000 each year and accrued interest of \$233,062 and \$210,530, respectively, have been eliminated in the accompanying consolidated financial statements.	\$ 398,062	\$ 375,530
<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, 2022 and 2021, the note balance of \$75,000 each year and accrued interest of \$171,354 and \$153,106, respectively, have been eliminated in the accompanying consolidated financial statements.	246,354	228,106
<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, 2022 and 2021, the note balance of \$120,000 each year and accrued interest of \$158,091 and \$142,350, respectively, have been eliminated in the accompanying consolidated financial statements.	278,091	262,350
<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, 2022 and 2021, the note balance of \$259,500 each year and accrued interest of \$502,702 and \$446,243, respectively, have been eliminated in the accompanying consolidated financial statements.	762,202	705,743
CBA sold state tax credits generated from SJALLC for \$259,500 and loaned the proceeds of the sale to SJALLC.		

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022 and 2021

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

	2022	2021
<u>Note receivable from AHSLLC</u>	\$ 1,624,961	\$ 1,547,582

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, 2022 and 2021, the note balance of \$920,000 each year and accrued interest of \$704,961 and \$627,582, respectively, have been eliminated in the accompanying consolidated financial statements.

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>	186,299	184,454
---	---------	---------

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, 2022 and 2021, the note balance of \$165,000 each year and accrued interest of \$21,299 and \$19,454, respectively, have been eliminated in the accompanying consolidated financial statements.

<u>Note receivable from AHSLLC</u>	\$ 37,834	\$ 37,459
---	-----------	-----------

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, 2022 and 2021, the note balance of \$33,325 each year and accrued interest of \$4,509 and \$4,134, respectively, have been eliminated in the accompanying consolidated financial statements.

<u>Note receivable from UPLLC</u>	184,000	184,000
--	---------	---------

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, 2022 and 2021, the note balance of \$184,000 each year has been eliminated in the accompanying consolidated financial statements.

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022 and 2021

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

	2022	2021
<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, 2022 and 2021, 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, 2022 and 2021, the note balance of \$63,830 for both years, and accrued interest of \$4,983 and \$2,888, respectively, have been eliminated in the accompanying consolidated financial statements.	68,813	66,718
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, 2022 and 2021, the advances balance of \$304,675 for both years, has been eliminated in the accompanying consolidated financial statements.	304,675	304,675

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022 and 2021

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

	2022	2021
<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, 2022 and 2021, the note balance of \$1,272,135 each year and accrued interest of \$283,400 and \$236,043 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.	\$ 1,555,535	\$ 1,508,178
<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, 2022 and 2021, the note balance of \$50,000 each year and accrued interest of \$3,920 and \$3,386, respectively, have been eliminated in the accompanying consolidated financial statements.	53,920	53,386
<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, 2022 and 2021, the note balance of \$1,737,457 and \$1,584,815, respectively, and accrued interest of \$1,284,393 for both years, have been eliminated in the accompanying consolidated financial statements.	3,021,850	2,869,208
Ground lease (Note 7)	1,294,993	1,031,970
<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, 2022 and 2021, 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, 2022 and 2021, the note balances of \$449,889 and \$962,702, respectively, have been eliminated in the accompanying consolidated financial statements.	449,889	962,702
<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, 2022 and 2021, 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, 2022 and 2021

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

	2022	2021
<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, 2022 and 2021, the note balance of \$145,000 and \$116,145, respectively has been eliminated in the accompanying consolidated financial statements.	\$ 145,000	\$ 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, 2022 and 2021, the note balance of \$200,000 for both years has been eliminated in the accompanying consolidated financial statements	200,000	201,725
Construction advances receivable, which shall be repaid only from the proceeds of sale or refinancing and bear no interest. As of December 31, 2022 and 2021, the advances balance of \$17,807 and \$13,419, respectively, has been eliminated in the accompanying consolidated financial statements.	17,807	13,419
Note receivable from DRACUT in the maximum amount of \$664,300, with \$664,300 funded to date. The note is due at the maturity date of April 14, 2051, and bears no interest. As of December 31, 2022 and 2021, the note balance of \$664,300 and \$0, respectively has been eliminated in the accompanying consolidated financial statements.	664,300	0
CBA sold historic state tax credits generated from DRACUT for \$664,300 and loaned the proceeds of the sale to DRACUT.		
Developer fee receivable from DRACUT in the amount of \$175,913. As of December 31, 2022 and 2021, the note balances of \$175,913 and \$0, respectively, have been eliminated in the accompanying consolidated financial statements.	175,913	0
<u>Note receivable from 555 MERRIMACK</u>		
Note receivable from 555 MERRIMACK in the maximum amount of \$578,531, with \$552,728 funded to date. The note is due at the maturity date of May 19, 2052, and bears interest at the rate of 2% per annum. As of December 31, 2022 and 2021, the note balance of \$552,728 and \$0, respectively, and accrued interest of \$5,870 and \$0, respectively, has been eliminated in the accompanying consolidated financial statements.	552,728	0
Developer fee receivable from 555 MERRIMACK in the amount of \$34,168. As of December 31, 2022 and 2021, the note balances of \$34,168 and \$0, respectively, have been eliminated in the accompanying consolidated financial statements.	34,168	0

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022 and 2021

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

	2022	2021
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, 2022 and 2021, \$50,000 has been drawn on this loan each year.	\$ 50,000	\$ 50,000
Subtotal CBA and affiliates	21,581,211	19,540,935
Less – amounts eliminated	(21,531,211)	(19,489,210)
Total notes predevelopment costs & development fees receivable & accrued interest	\$ 50,000	\$ 51,725

6. Due to/From Related Parties

The Corporation and Affiliates periodically advance funds to, or hold funds for, several related entities. At December 31, 2022 and 2021, aggregate amounts due from related parties after elimination of intercompany balances totaled \$430 and \$11,769 respectively. At December 31, 2022 and 2021, aggregate amounts due to related parties after elimination of intercompany balances totaled \$621,722 and \$301,388, respectively.

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 2022 and 2021, ground lease receipts of \$0 and \$164,837, respectively were paid from surplus cash for each year. During 2022 and 2021, ground lease rents of \$208,122 each year and interest of \$54,901 and \$41,615, respectively, were earned. At December 31, 2022 and 2021, ground lease rents of \$1,003,061 and \$794,939 and accrued interest of \$291,932 and \$237,031, 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 2022 and 2021, no payments were received. During 2022 and 2021, ground lease rents of \$20,643 and \$17,500, respectively and interest of \$12,130 and \$13,292, respectively, were earned. At December 31, 2022 and 2021, ground lease rents of \$276,471 and \$255,828 and accrued interest of \$110,503 and \$98,373, 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.

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022 and 2021

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, 2022 and 2021, the remaining balance of \$101,109 at both years, of development fee and accrued interest of \$56,626 and \$48,021, respectively, were due to CBA. These transactions have been eliminated in the accompanying consolidated financial statements. The remaining balance of \$151,662 and \$175,590 as of December 31, 2022 and 2021, 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, 2022 and 2021 each year. These transactions have been eliminated in the accompanying consolidated financial statements.

CBA provided development services to AHSLLC totaling \$375,752. As of December 31, 2022 and 2021, \$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, 2022 and 2021, \$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, 2022 and 2021, \$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, 2022 and 2021, \$539,680 has been earned and paid. These transactions have been eliminated in the accompanying consolidated financial statements.

CBA provided development services to GSLLC. As of December 31, 2022 and 2021, \$1,750,000 of the developer fee had been earned, of which \$449,889 and \$962,702 remained payable, respectively. These transactions have been eliminated in the accompanying consolidated financial statements.

CBA provided development services to DRACUT. As of December 31, 2022, \$351,826 of the developer fee had been earned, of which \$175,913 remains payable. As of December 31, 2021, \$139,265 of the developer fee had been earned. 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, 2022 and 2021

8. Development and other fees (continued)

CBA provided development services to 555 MERRIMACK. As of December 31, 2022, \$ 324,598 of the developer fee had been earned, of which \$34,168 remains payable. As of December 31, 2021, \$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:

	2022		
	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	-	449,889
DRACUT	351,826	214,353	175,913
555 MERRIMACK	1,053,848	324,598	34,168
	\$ 7,277,480	538,951	1,023,813
Less – amounts eliminated		(538,951)	(1,023,813)
		\$ -	\$ -

	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
	\$ 6,011,071	139,265	1,332,875
Less – amounts eliminated		(139,265)	(1,332,875)
		\$ -	\$ -

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022 and 2021

8. Development and other fees (continued)

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, 2022 and 2021 of \$424,000 and \$396,000, respectively, and fees earned during 2022 and 2021 of \$28,000 each year have been eliminated in the consolidated financial statements. The balance due LRI as of December 31, 2022 and 2021 of \$213,000 and \$201,000, 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:

	2022		
	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	274,334
Investor service fee	5,000	3,500	40,222
	40,000	28,000	424,000
Less: amounts eliminated	(28,000)	(28,000)	(424,000)
	\$ 12,000	\$ -	\$ -
	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
	40,000	28,000	396,000
Less: amounts eliminated	(28,000)	(28,000)	(396,000)
	\$ 12,000	\$ -	\$ -

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022 and 2021

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:

	2022	2021
<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, 2022 and 2021, the note balance was \$500,000 each year and accrued interest totaled \$276,000 and \$261,000, respectively. Interest incurred during 2022 and 2021 totaled \$15,000 and \$15,848, respectively.	\$ 776,000	\$ 761,000
 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. During 2022, the loan balances allocated to Lowell House and Cross Street were paid in full. During 2021, the loan balance allocated to Dracut was paid in full. As of December 31, 2022 and 2021, Cross Street note balance was \$0 and \$79,656, respectively. Interest incurred during 2022 and 2021 totaled \$0 and \$5,964, respectively, and accrued interest totaled \$0 and \$5,964, respectively. As of December 31, 2022 and 2021, the Lowell House note balance was \$0 and \$128,037, respectively. Interest incurred during 2022 and 2021 totaled \$0 and \$9,586, respectively, and accrued interest totaled \$0 and \$9,586, respectively.	0	223,243
 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, 2022 and 2021, the note balance was \$8,927 and \$13,872, respectively, and interest incurred and paid during 2022 and 2021 totaled \$607 and \$257, respectively.	8,927	13,872
 Note payable to the City of Lowell in the amount of \$250,000 and bears no interest. The loan is due on maturity date, May 18, 2039. The loan was paid in full during 2022. As of December 31, 2022 and 2021, the note balance was \$0 and \$225,000, respectively.	-	225,000

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022 and 2021

9. Notes payable and development fee payable (continued)

	2022	2021
<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, 2022 and 2021, the note balance was \$0 and \$768,193, respectively. Interest incurred for the years ended December 31, 2022 and 2021 was \$0 for both years.	\$ 0	\$ 768,193
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, 2022 and 2021, total funds drawn and payable were \$328,401 and \$103,401, respectively. Interest incurred for the years ended December 31, 2022 and 2021 was \$6,148 and \$0, respectively.	328,401	103,401
Note payable to CEDAC in the maximum amount of \$15,000 and bears interest at a rate of 7% per annum. The loan and accrued interest are 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. As of December 31, 2022 and 2021, the note balance was \$708 and \$0, respectively. Accrued interest as of December 31, 2022 and 2021 was \$708 and \$0, respectively.	10,834	0
Subtotal CBA	1,124,162	2,237,768
<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, 2022 and 2021, the adjusted note balance was \$333,300 each year and accrued interest totaled \$111,978 and \$108,145, respectively. Interest incurred during 2022 and 2021 totaled \$3,833 for both years.	445,278	441,445
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, 2022 and 2021, the note balance was \$406,700 each year and accrued interest totaled \$127,318 and \$122,641, respectively. Interest incurred during 2022 and 2021 totaled \$4,677 each year.	534,018	529,341

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022 and 2021

9. Notes payable and development fee payable (continued)

	2022	2021
<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, 2022 and 2021, the note balance was \$108,000 each year and accrued interest totaled \$140,168 and \$134,768, respectively. Interest incurred during 2022 and 2021 totaled \$5,400 each year.	\$ 248,168	\$ 242,768
Note Payable to CBA (Note 5)	201,048	199,265
Subtotal TRLP	1,428,512	1,412,819
<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, 2022 and 2021, the note balance was \$172,000 each year and accrued interest totaled \$231,792 and \$211,250, respectively. Interest incurred during 2022 and 2021 totaled \$20,542 and \$19,497, respectively.	403,792	383,250
Mortgage note payable to CBA (Note 5)	30,000	30,000
Ground lease payable to MSHLP (Note 7)	386,974	-
Mortgage note payable to CBA (Note 5)	1,672,710	1,587,614
Subtotal NMSHLLC	2,493,476	2,000,864

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022 and 2021

9. Notes payable and development fee payable (continued)

	2022	2021
<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, 2022 and 2021, the note balance was \$500,000 each year and accrued interest totaled \$883,581 and \$808,970, respectively. Interest incurred during 2022 and 2021 totaled \$74,611 and \$70,588, respectively.	\$ 1,383,581	\$ 1,308,970
 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, 2022 and 2021, the note balance was \$700,000 each year and accrued interest totaled \$1,089,924 and \$1,004,690, respectively. Interest incurred during 2022 and 2021 totaled \$85,234 and \$81,176, respectively.	1,789,924	1,704,690
 Note Payable to CBA (Note 5)	1,362,149	1,288,693
 Note Payable to CBA (Note 5)	411,133	391,555
 Development fee payable to CBA and LRI (Note 8)	306,447	300,792
Subtotal LSHLP	5,253,234	4,994,700
 <u>NNCLLC</u>		
Note payable to CBA (Note 5)	4,128,209	3,919,682
Ground lease payable to CBAAH (Note 7)	1,294,993	-
 Note payable to CBAAH (Note 5)	3,021,850	2,869,208
Subtotal NNCLLC	8,445,052	6,788,890
 <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, 2022 and 2021, the note balance was \$400,000 each year and accrued interest totaled \$663,266 and \$634,266, respectively. Interest incurred during 2022 and 2021 totaled \$29,000 each year.	1,063,266	1,034,266

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022 and 2021

9. Notes payable and development fee payable (continued)

	2022	2021
<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, 2022 and 2021, the note balance was \$440,000 each year and accrued interest totaled \$954,839 and \$881,120, respectively. Interest incurred during 2022 and 2021 totaled \$73,719 and \$69,822, respectively.	\$ 1,394,839	\$ 1,321,120
 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, 2022 and 2021, the note balance was \$180,000, each year and accrued interest totaled \$263,635 and \$248,426, respectively. Interest incurred during 2022 and 2021 totaled \$15,209 and \$14,688, respectively.	443,635	428,426
 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, 2022 and 2021, the note balance was \$318,345, each year, and accrued interest totaled \$1,835,540 and \$1,657,696, respectively. Interest incurred during 2022 and 2021 totaled \$177,844 and \$163,159, respectively.	2,153,885	1,976,041
 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	5,595,152	5,299,380
 <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, 2022 and 2021, the note balance was \$ 350,000 each year and accrued interest totaled \$157,624 and \$147,124, respectively. Interest incurred during 2022 and 2021 totaled \$10,500, each year.	507,624	497,124

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022 and 2021

9. Notes payable and development fee payable (continued)

	2022	2021
<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, 2022 and 2021, the note balance was \$250,000 each year and accrued interest totaled \$114,372 and \$106,872, respectively. Interest incurred during 2022 and 2021 totaled \$7,500 each year.	\$ 364,372	\$ 356,872
 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, 2022 and 2021, the note balance was \$230,000 each year with accrued interest of \$102,307 and \$95,407, respectively. Interest incurred during 2022 and 2021 totaled \$6,900 each year.	 332,307	 325,407
 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, 2022 and 2021, the note balance was \$150,000 each year and accrued interest totaled \$68,296 and \$63,796, respectively. Interest incurred during 2022 and 2021 totaled \$4,500 each year.	 218,296	 213,796
 Note payable to CBA – HTC Funds (Note 5)	 762,202	 705,743
Note payable to CBA – City of Lowell Home Funds (Note 5)	398,062	375,530
Note payable to CBA – City of Lowell Lead Funds (Note 5)	278,091	262,350
Note payable to CBA – Neighborworks Loan (Note 5)	246,354	228,106
Subtotal SJALLC	3,869,510	3,670,671
 <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, 2022 and 2021, 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, 2022 and 2021

9. Notes payable and development fee payable (continued)

	2022	2021
<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, 2022 and 2021, 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, 2022 and 2021, the note balance was \$501,690 each year.	 501,690	 501,690
 Note payable to CBA – Neighborworks Loan (Note 5)	 1,624,961	 1,547,582
 Note payable to CBA – HOME Loan (Note 5)	 186,299	 184,454
 Note payable to CBA – CDBG Funds Loan (Note 5)	 37,834	 37,459
 Subtotal AHSLLC	 4,000,784	 3,921,185
 <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, 2022 and 2021, the note balance was \$1,264,797 each year and accrued interest totaled \$148,237 and \$135,589, respectively. Interest incurred during 2022 and 2021 totaled \$12,648 each year.	1,413,034	1,400,386
 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, 2022 and 2021, the note balance was \$300,000 each year and accrued interest totaled \$153,481 and \$140,731, respectively. Interest incurred during 2022 and 2021 totaled \$12,750 each year.	 453,481	 440,731
 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, 2022 and 2021, the note balance was \$438,093 each year and accrued interest totaled \$47,492 and \$43,111, respectively. Interest incurred during 2022 and 2021 totaled \$4,381 each year.	 485,585	 481,204

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022 and 2021

9. Notes payable and development fee payable (continued)

	2022	2021
<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, 2022 and 2021, the note balance was \$133,341 each year and accrued interest totaled \$80,447 and \$71,731, respectively. Interest incurred during 2022 and 2021 totaled \$8,716 and \$8,360, respectively.	\$ 213,788	\$ 205,072
 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	2,799,888	2,761,393
 <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, 2022 and 2021, the loan outstanding was \$1,000,000 each year and accrued interest was \$117,981 and \$102,545, respectively. Interest incurred during 2022 and 2021 was \$15,436 and \$15,223, respectively.	1,117,981	1,102,545
 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, 2022 and 2021, the loan outstanding was \$1,050,000 each year and accrued interest totaled \$127,537 and \$111,279 , respectively. Interest incurred during 2022 and 2021 was \$16,258 and \$16,033, respectively.	 1,177,537	 1,161,279

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022 and 2021

9. Notes payable and development fee payable (continued)

	2022	2021
<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, 2022 and 2021, the loan outstanding was \$185,000 each year and accrued interest totaled \$22,084 and \$19,225, respectively. Interest incurred during 2022 and 2021 was \$2,859 and \$2,820, respectively.	\$ 207,084	\$ 204,225
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, 2022 and 2021, the loan outstanding was \$350,000 each year and accrued interest was \$39,465 and \$34,088, respectively. Interest incurred during 2022 and 2021 was \$5,377 and \$5,303, respectively.	389,465	384,088
Note payable to CBA – Neighborworks Loan (Note 5)	68,813	66,718
Note payable to CBA –State Tax Credit (Note 5)	1,555,535	1,508,178
Construction advances payable to CBA – (Note 5)	304,675	304,675
Subtotal GSLLC	4,821,090	4,731,708
<u>WHHLLC</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, 2022 and 2021, total outstanding loan was \$50,000 each year and accrued interest totaled \$12,209 and \$10,550, respectively. Interest incurred during 2022 and 2021 was \$1,659 and \$1,615, respectively.	62,209	60,550

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022 and 2021

9. Notes payable and development fee payable (continued)

	2022	2021
<u>WHLLC (continued)</u>		
<p>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, 2022 and 2021, the outstanding loan was \$894,503, each year, and accrued interest totaled \$77,192 and \$66,858, respectively. Interest incurred during 2022 and 2021 was \$10,334 and \$10,123, respectively.</p>	\$ 971,695	\$ 961,361
<p>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, 2022 and 2021, the outstanding loan was \$1,263,860, each year, and accrued interest totaled \$103,250 and \$89,714, respectively. Interest incurred during 2022 and 2021 was \$13,536 and \$13,402, respectively.</p>	1,367,110	1,353,574
<p>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, 2022 and 2021, the loan outstanding was \$1,096,534, each year, and accrued interest was \$82,977 and \$72,012, respectively. Interest incurred during 2022 and 2021 was \$10,965, for both years.</p>	1,179,511	1,168,546
<p>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, 2022 and 2021, the loan outstanding was \$54,281, each year, and accrued interest was \$4,020 and \$3,443, respectively. Interest incurred during 2022 and 2021 was \$577 and \$572, respectively.</p>	58,301	57,724

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022 and 2021

9. Notes payable and development fee payable (continued)

	2022	2021
<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, 2022 and 2021, the loan outstanding was \$243,073, each year and accrued interest was \$18,347 and \$15,759, respectively. Interest incurred during 2022 and 2021 was \$2,588 and \$2,563, respectively.	\$ 261,420	\$ 258,832
Note payable to CBA – (Note 5)	53,920	53,386
Subtotal WHHLLC	3,954,166	3,913,973
<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, 2022 and 2021, 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, 2022 and 2021, the loan outstanding was \$416,895 for both years.	416,895	416,895
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, 2022 and 2021, the loan outstanding was \$816,000 for both years	816,000	816,000
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, 2022 and 2021, the loan outstanding was \$550,000 for both years.	550,000	550,000

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022 and 2021

9. Notes payable and development fee payable (continued)

	2022	2021
<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, 2022 and 2021, 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, 2022 and 2021, the loan outstanding was \$749,999 for both years.	 749,999	 749,999
 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, 2022 and 2021, the loan outstanding was \$2,625,000 for both years.	 2,625,000	 2,625,000
 Note payable to CBA – (Note 5)	 449,891	 962,702
 Note payable to CBA – (Note 5)	 100,000	 100,000
Subtotal GSBLLC	8,307,785	8,250,597
 <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, 2022 and 2021, the loan outstanding was \$810,000.	810,000	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, 2022 and 2021, the loan outstanding was \$900,000.	 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, 2022 and 2021, the total loan outstanding was \$1,089,900, of which \$530,500 was designated for Historic and \$559,400 was designated for Affordable.	 1,089,900	 681,938

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022 and 2021

9. Notes payable and development fee payable (continued)

	2022	2021
<u>DRACUT (continued)</u>		
Note payable to CBA – (Note 5)	\$ 156,597	\$ 116,145
Note payable to CBA – (Note 5)	200,000	200,000
Note payable to CBA – (Note 5)	175,913	-
Note payable to CBA – (Note 5)	664,300	-
Subtotal DRACUT	3,984,708	2,296,729
<u>555 MERRIMACK</u>		
Note payable to CEDAC derived under the Housing Initiative Fund Program (the “HIF” loan) in the maximum amount of \$900,000. The loan bears interest at a rate of 2% per annum and principal is due on maturity, July 31, 2023. As of December 31, 2022 and 2021, the loan outstanding was \$736,243 and \$0, respectively, and accrued interest was \$9,816 and \$0, respectively. Interest incurred during 2022 and 2021 was \$9,816 and \$0, respectively.	746,059	0
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 interest at a rate of 2% per annum and principal is due on maturity, July 31, 2073. As of December 31, 2022 and 2021, the loan outstanding was \$98,887 and \$0, respectively, and accrued interest was \$133 and \$0, respectively. Interest incurred during 2022 and 2021 was \$133 and \$0, respectively.	99,020	0
Note payable to the Commonwealth of Massachusetts acting through DHCD derived under the HOME Program (the “HOME” loan) in the maximum amount of \$1,000,000. The loan bears interest at a rate of 3.40% per annum and principal is due on maturity, July 31, 2053. As of December 31, 2022 and 2021, the loan outstanding was \$420,194 and \$0, respectively, and accrued interest was \$6,020 and \$0, respectively. Interest incurred during 2022 and 2021 was \$6,020 and \$0, respectively.	426,214	0
Note payable to the City of Lowell acting through its Department of Planning and Development derived under the HOME Program (the “HOME” loan) in the maximum amount of \$175,000. The loan bears interest at a rate of 3.40% per annum and principal is due on maturity, July 31, 2043. As of December 31, 2022 and 2021, the loan outstanding was \$157,332 and \$0, respectively, and accrued interest was \$524 and \$0, respectively. Interest incurred during 2022 and 2021 was \$524 and \$0, respectively.	157,856	0
Developer fee payable to CBA – (Note 5)	34,168	0
Note payable to CBA – (Note 5)	558,598	0

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022 and 2021

9. Notes payable and development fee payable (continued)

	2022	2021
<u>555 MERRIMACK (continued)</u>		
Subtotal 555 MERRIMACK	\$ 2,021,915	\$ 0
 <u>CSLLC</u>		
Note payable to CBA – (Note 5)	225,000	225,000
Subtotal CSLLC	225,000	225,000
Subtotal	56,985,590	52,170,339
Less: amounts eliminated in consolidation	(21,209,203)	(18,091,825)
Total notes payable, development fee and accrued interest	\$ 35,776,387	\$ 34,078,514

Annual maturities of notes and development fees payable and not eliminated for the ensuing five years are summarized as follows:

2023	\$ 746,059	
2024	8,927	
2025	-	
2026	-	
2027	248,168	
Thereafter	34,773,233	
Total outstanding, net	\$ 35,776,387	

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, 2022 and 2021, accrued interest totaled \$1,380 and \$1,414, respectively. Interest incurred during 2022 and 2021 was \$16,429 and \$16,824, respectively.

	\$ 305,162	\$ 312,754
--	------------	------------

NMSHLLC

Financing is provided by MHP from the proceeds of tax-exempt bonds totaling \$1,600,000 issued by the Massachusetts Development Finance Agency (MDFA). 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, 2022 and 2021, accrued interest totaled \$3,470 and \$3,618, respectively. Interest incurred during 2022 and 2021 was \$42,457 and \$44,198, respectively.

	925,258	964,735
--	---------	---------

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022 and 2021

10. Mortgages payable (continued)

	2022	2021
<u>LSHLP</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 2023. 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. LSHLP has applied for a 12 month extension on the maturity of the mortgage and is in the beginning stages of refinancing the mortgage. As of December 31, 2022 and 2021, accrued interest totaled \$3,980 and \$4,174, respectively. Interest incurred during 2022 and 2021 was \$48,842 and \$51,102, respectively.	\$ 706,514	\$ 740,999
<u>MSCLP</u>		
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, 2022 and 2021, accrued interest totaled \$606 and \$565, respectively. Interest incurred during 2022 and 2021 was \$7,614 and \$7,362, respectively.	138,425	167,088
<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, 2022 and 2021, accrued interest totaled \$1,023 and \$1,256, respectively. Interest incurred during 2022 and 2021 was \$14,156 and \$16,067, respectively.	206,266	224,198
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, 2022 and 2021, accrued interest totaled \$848 and \$761 respectively. Interest incurred during 2022 and 2021 was \$8,834 and \$8,598, respectively.	143,019	152,126

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022 and 2021

10. Mortgages payable (continued)

NNCLLC

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 \$469,791 and \$1,570,593 as of December 31, 2022 and 2021, 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, 2022 and 2021, accrued interest on this loan totaled \$56,004 and \$58,373, respectively. Interest incurred during 2022 and 2021 was \$672,269 and \$699,415, respectively.

	2022	2021
\$	11,004,564	\$ 11,470,048

UPLLC

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, 2022 and 2021, accrued interest on this loan totaled \$1,923 and \$1,973, respectively. Interest incurred during 2022 and 2021 was \$23,352 and \$23,932, respectively.

	372,786	382,422
--	---------	---------

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, 2022 and 2021, there was no accrued interest payable on this loan. Interest incurred during 2022 and 2021 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, 2022 and 2021

10. Mortgages payable (continued)

	2022	2021
<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, 2022 and 2021, accrued interest on this loan totaled \$869 and \$926, respectively. Interest incurred during 2022 and 2021 was \$10,265 and \$11,462, respectively.</p>	<p style="margin-left: 20px;">\$ 144,844</p>	<p style="margin-left: 20px;">\$ 164,489</p>
<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, 2022 and 2021, accrued interest on this loan totaled \$1,142 and \$1,172, respectively. Interest incurred during 2022 and 2021 was \$13,603 and \$13,955, respectively.</p>	<p style="margin-left: 20px;">203,781</p>	<p style="margin-left: 20px;">209,301</p>
<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, 2022 and 2021, the loan outstanding was \$881,823 and \$901,155, respectively. Interest incurred during 2022 and 2021 was \$48,498 and \$49,447, respectively. There was no accrued interest at December 31, 2022 and 2021.</p>	<p style="margin-left: 20px;">901,155</p>	<p style="margin-left: 20px;">919,487</p>
<p><u>WHHLLC</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, 2022 and 2021, there was no accrued interest payable on this loan. Interest incurred during 2022 and 2021 was \$5,914 and \$6,194, respectively.</p>	<p style="margin-left: 20px;">117,054</p>	<p style="margin-left: 20px;">122,930</p>

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022 and 2021

10. Mortgages payable (continued)

	2022	2021
<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, 2022 and 2021, there was no accrued interest payable on this loan. Interest incurred during 2022 and 2021 was \$13,474 and \$12,956, respectively.	\$ 252,362	\$ 263,324
<u>GSBLLC</u>		
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, 2022 and 2021, accrued interest totaled \$12,065 and \$12,163, respectively. Interest incurred during 2022 and 2021 was \$145,325 and \$109,335, respectively.	2,822,250	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 2022 and 2021 was \$16,248 and \$16,671, respectively.	400,290	411,113
<u>DRACUT</u>		
Construction financing is being provided by Pentucket Bank in the maximum amount of \$633,000. The loan is expected to convert to permanent financing in 2023. The loan is secured by the property. As of December 31, 2022 and 2021, there was no accrued interest payable on this loan.	633,000	0
<u>555 MERRIMACK</u>		
Construction financing is being provided by Enterprise Bank in the maximum amount of \$8,750,000. The loan bears interest at a rate of 4.35% per annum. Monthly interest payments of are due on the first of each month. The loan will convert to permanent financing on the maturity date, May 19, 2024, with an option for a six month extension. The loan is secured by the property. Interest incurred during 2022 and 2021 was \$49,990 and \$16,671, respectively, and is included in developments in progress on the accompanying consolidated statement of financial position.	2,301,338	0
Total	\$ 21,878,068	\$ 19,650,179

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022 and 2021

10. Mortgages payable (continued)

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

2023	\$	1,408,942
2024		712,632
2025		787,937
2026		10,419,862
2027		171,283
Thereafter		<u>8,377,412</u>
		21,878,068
Net of unamortized debt issuance costs		<u>(562,753)</u>
Total outstanding, net		<u><u>\$ 21,315,315</u></u>

11. Investment in Unwrapped

CBA purchased common stock of Unwrapped, Inc. for \$75,000, which represents a 21% equity interest in the corporation. During 2022 and 2021, CBA's share of income earned from the investment totaled \$47,294 and \$342,619, respectively. As of December 31, 2022 and 2021, the investment balance totaled \$1,007,645 and \$974,351, respectively, which is a component of investments in corporations on the accompanying consolidated statements of financial position, and distributions received totaled \$13,435 and \$22,671, respectively. The investment in common stock is recognized under the equity method.

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.

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, 2022 and 2021

14. Net assets with donor restrictions

As of December 31, 2022 and 2021, there are no net assets with donor restrictions.

15. Net assets without donor restrictions

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

	2022	2021
Pre-development expenses related to either acquisition or development of affordable housing units	\$ -	\$ 271,400
Neighborworks release from permanent restriction, restricted by board	-	890,053
Total	\$ -	\$ 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:

2023	\$ 416,491
2024	313,941
2025	301,271
2026	170,261
Total	\$ 1,201,964

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022 and 2021

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, 2022 is as follows:

	<u>Reserve for Replacements</u>	<u>Operating Reserve</u>
TRLP	\$ 103,836	\$ 55,749
NMSHLLC	155,412	52,432
LSHLP	135,756	72,203
MSCLP	135,972	38,530
NNCLLC	856,013	662,551
MSLP	58,667	39,604
SJALLC	72,526	73,158
ATCDC	171,943	-
AHSHLLC	110,422	162,183
UPLLC	83,328	160,013
GSLLC	36,425	165,734
WHHLLC	48,657	301,823
GSBLLC	30,254	194,227
CBA	-	788,436
DRACUT	-	64,129
	<u>\$ 1,999,211</u>	<u>\$ 788,436</u>

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
GSLLC	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>

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022 and 2021

18. Noncontrolling interest in consolidated subsidiaries

The following is the summary of the activity of the noncontrolling interest in consolidated subsidiaries for the years ended December 31, 2022 and 2021:

	2022	2021
Noncontrolling interest in consolidated subsidiaries at beginning of year	\$ 17,939,708	\$ 12,215,832
Noncontrolling interest in losses	(1,892,528)	(1,435,484)
Transfer of interest	(3,845,962)	
Capital contributions, net of distributions	261,928	7,159,360
Noncontrolling interest in consolidated subsidiaries at end of year	\$ 12,463,146	\$ 17,939,708

The noncontrolling interest in consolidated subsidiaries at December 31, 2022 and 2021 consists of the following:

	2022	2021
Liberty Square Housing, L.P.	\$ (1,775,575)	\$ (1,444,302)
New Merrimack Street Housing, LLC	(918,346)	(750,854)
New North Canal, LLC	-	3,846,912
St. Joseph's Apartments, LLC	185,771	381,968
Acre High School LLC	1,830,774	2,035,234
Unity Place LLC	1,845,643	2,010,587
Gorham Street LLC	2,288,029	2,531,345
Welcome Home Housing LLC	1,558,099	1,701,540
North Canal Housing Trust Inc.	(8,383)	(8,383)
Acre Merrimack Inc.	(5,526)	(5,526)
Triangle Rental Inc.	37,802	37,802
Moody Street Center Inc.	(13,956)	(13,956)
New North Canal Housing Inc.	40	40
New Acre Merrimack Inc.	4	4
Call PP LLC	21	21
St. Joseph's MM LLC	42	42
Unity Place MM LLC	21	24
Acre High School MM Two LLC	6,718	6,718
Gerson Building, LLC	7,431,926	7,610,451
Gorham Street MM LLC	21	21
Welcome Home MM LLC	21	21
	\$ 12,463,146	\$ 17,939,708

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, 2022 and 2021

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, 2022 and 2021, 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, 2022 and 2021

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, 2022 and 2021

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, 2022	
	Endowment Fund - GLCF	Enterprise- Operating Reserve
Beginning balance	\$ 204,314	\$ 987,796
Contributions	-	10,749
Interest and dividends	3,804	16,603
Unrealized gains (losses)	(40,645)	(208,531)
Realized gains (losses)	3,783	(9,432)
Transfers	(9,203)	-
Distributions	-	-
Account fees	(3,461)	(8,749)
Ending balance	<u>\$ 158,592</u>	<u>\$ 788,436</u>

These investments are comprised of the following:

	December 31, 2022	
	Endowment Fund - GLCF	Enterprise- Operating Reserve
Available for sale		
Cash and equivalent	\$ -	\$ 20,484
Equities	-	644,282
Held to maturity		
Alternatives	-	-
Fixed income	-	123,670
Pooled fund investments	158,592	-
Total fair value	<u>\$ 158,592</u>	<u>\$ 788,436</u>

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022 and 2021

20. Investments (continued)

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>

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.

SUPPLEMENTARY INFORMATION

COALITION FOR A BETTER ACRE, INC.
Consolidating Statement of Financial Position
Coalition for a Better Acre and Wholly Owned Subsidiaries
December 31, 2022 and 2021

ASSETS	CBA	ATCDC	CBAAH	MSHLP	MSCLP	TR LP	MSLP	CSLLC	DRACUT	NNC	555 MERRIMACK	2022 Total	2021 Total
Current assets													
Cash and cash equivalents													
Operating	\$ 196,650	\$ 128,878	\$ -	\$ -	\$ 7,703	\$ 74,773	\$ 181,723	\$ -	\$ 51,093	\$ 787,773	\$ 27,426	\$ 1,456,019	\$ 583,128
Development	-	-	-	-	-	-	-	-	184,671	-	13,721	198,392	-
Accounts receivable	-	(474)	-	-	-	16,089	11,580	-	(6,898)	97,184	2,530	120,011	104,168
Tenant security deposits	-	2,026	-	-	4,366	20,251	12,137	-	-	99,792	-	138,572	38,867
Mortgagee escrow deposits	-	33,758	-	-	-	30,972	-	-	-	351,604	-	416,334	52,732
Reserve for replacement	-	171,943	-	-	135,972	103,836	58,667	-	-	856,013	-	1,326,431	475,396
Operating reserve	788,436	-	-	-	38,530	55,749	39,604	-	64,129	-	-	1,648,999	1,121,665
Prepaid expenses	47,216	5,464	-	-	3,393	5,852	5,998	-	-	60,543	-	128,466	36,630
Predevelopment costs	44,441	-	-	-	-	-	-	-	-	-	-	44,441	1,353,937
Total current assets	<u>1,076,743</u>	<u>341,595</u>	<u>-</u>	<u>-</u>	<u>189,964</u>	<u>307,522</u>	<u>309,709</u>	<u>-</u>	<u>292,995</u>	<u>2,915,460</u>	<u>43,677</u>	<u>5,477,665</u>	<u>3,766,523</u>
Property and equipment, at cost													
Land and land improvements	-	76,886	1,725,415	148,997	49,674	105,970	115,651	-	116,128	58,041	-	2,396,762	2,222,593
Buildings	-	611,637	-	-	3,183,771	2,163,585	5,467,173	-	4,356,384	31,475,471	-	47,258,021	11,360,066
Furniture and fixtures	73,074	99,652	-	-	85,600	95,854	207,033	-	34,322	1,852,731	-	2,448,266	489,554
Developments in progress	-	-	-	-	-	-	-	1,081,541	196	253,786	4,924,271	6,259,794	3,452,522
Total	73,074	788,175	1,725,415	148,997	3,319,045	2,365,409	5,789,857	1,081,541	4,507,030	33,640,029	4,924,271	58,362,843	17,524,735
Less: accumulated depreciation	(31,597)	(417,838)	-	-	(1,823,190)	(561,257)	(3,010,454)	-	(59,242)	(14,240,185)	-	(20,143,763)	(5,494,742)
Net property and equipment	<u>41,477</u>	<u>370,337</u>	<u>1,725,415</u>	<u>148,997</u>	<u>1,495,855</u>	<u>1,804,152</u>	<u>2,779,403</u>	<u>1,081,541</u>	<u>4,447,788</u>	<u>19,399,844</u>	<u>4,924,271</u>	<u>38,219,080</u>	<u>12,029,993</u>
Other assets													
Endowment fund - GLCF	158,592	-	-	-	-	-	-	-	-	-	-	158,592	204,314
Investment in corporations	2,510,991	160	-	-	-	-	-	-	-	-	-	2,511,151	2,477,857
Loans and notes receivable	16,877,394	-	4,316,843	386,974	-	-	-	-	-	-	-	21,581,211	19,540,935
Due from related parties	1,550,405	1,376,610	-	-	-	-	-	-	-	-	34,942	2,961,957	2,651,716
Total other assets	<u>21,097,382</u>	<u>1,376,770</u>	<u>4,316,843</u>	<u>386,974</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,942</u>	<u>27,212,911</u>	<u>24,874,822</u>
TOTAL ASSETS	<u>\$ 22,215,602</u>	<u>\$ 2,088,702</u>	<u>\$ 6,042,258</u>	<u>\$ 535,971</u>	<u>\$ 1,685,819</u>	<u>\$ 2,111,674</u>	<u>\$ 3,089,112</u>	<u>\$ 1,081,541</u>	<u>\$ 4,740,783</u>	<u>\$ 22,315,304</u>	<u>\$ 5,002,890</u>	<u>\$ 70,909,656</u>	<u>\$ 40,671,338</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, 2022 and 2021

LIABILITIES AND NET ASSETS	CBA	ATCDC	CBAAH	MSHLP	MSCLP	TR LP	MSLP	CROSS ST	DRACUT	NNC	555 MERRIMACK	2022 Total	2021 Total
Current liabilities													
Accounts payable													
Trade	\$ 78,226	\$ 22,061	\$ -	\$ -	\$ 12,249	\$ 26,316	\$ 9,543	\$ -	\$ 4,724	\$ 86,424	\$ 13,517	\$ 253,060	\$ 409,338
Development	-	-	-	-	9,996	-	-	-	223,426	7,627	666,120	907,169	9,996
Accrued expenses	122,489	26,891	-	-	1,502	46,031	36,795	-	1,794	315,895	-	551,397	173,077
Prepaid rent	-	461	-	-	-	918	3,262	-	-	24,369	-	29,010	3,866
Security deposits	-	2,021	-	-	-	20,239	12,117	-	-	94,608	-	128,985	38,840
Accrued mortgage interest	-	-	-	-	606	1,380	1,871	-	-	56,004	-	59,861	3,996
Current portion of mortgages payable	-	11,708	-	-	31,405	8,016	28,849	-	-	493,564	-	573,542	76,010
Total current liabilities	<u>200,715</u>	<u>63,142</u>	<u>-</u>	<u>-</u>	<u>55,758</u>	<u>102,900</u>	<u>92,437</u>	<u>-</u>	<u>229,944</u>	<u>1,078,491</u>	<u>679,637</u>	<u>2,503,024</u>	<u>715,123</u>
Long-term liabilities													
Mortgages payable, net of current portion and unamortized debt issuance costs	-	235,347	-	-	106,060	267,500	314,430	400,290	633,000	10,421,802	2,301,338	14,679,767	1,409,176
Notes payable and accrued interest	1,124,162	-	-	-	-	1,428,512	5,333,418	225,000	3,808,795	8,445,052	1,410,221	21,775,160	11,009,962
Total long-term liabilities	<u>1,124,162</u>	<u>235,347</u>	<u>-</u>	<u>-</u>	<u>106,060</u>	<u>1,696,012</u>	<u>5,647,848</u>	<u>625,290</u>	<u>4,441,795</u>	<u>18,866,854</u>	<u>3,711,559</u>	<u>36,454,927</u>	<u>12,419,138</u>
Other liabilities													
Development fee payable and accrued interest	-	-	-	-	-	-	261,734	-	175,913	-	34,168	471,815	261,734
Due to related parties	588	60	-	-	-	-	-	456,251	6,185	-	577,526	1,040,610	519,280
Interest rate swap contract	-	-	-	-	-	-	-	-	-	469,791	-	469,791	-
Total other liabilities	<u>588</u>	<u>60</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>261,734</u>	<u>456,251</u>	<u>182,098</u>	<u>469,791</u>	<u>611,694</u>	<u>1,982,216</u>	<u>781,014</u>
Total liabilities	<u>1,325,465</u>	<u>298,549</u>	<u>-</u>	<u>-</u>	<u>161,818</u>	<u>1,798,912</u>	<u>6,002,019</u>	<u>1,081,541</u>	<u>4,853,837</u>	<u>20,415,136</u>	<u>5,002,890</u>	<u>40,940,167</u>	<u>13,915,275</u>
Net Assets													
Without donor restrictions	20,890,137	1,790,153	6,042,258	535,971	1,524,001	312,762	(2,912,907)	-	(113,054)	1,900,168	-	29,969,489	26,756,063
Total net assets	<u>20,890,137</u>	<u>1,790,153</u>	<u>6,042,258</u>	<u>535,971</u>	<u>1,524,001</u>	<u>312,762</u>	<u>(2,912,907)</u>	<u>-</u>	<u>(113,054)</u>	<u>1,900,168</u>	<u>-</u>	<u>29,969,489</u>	<u>26,756,063</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 22,215,602</u>	<u>\$ 2,088,702</u>	<u>\$ 6,042,258</u>	<u>\$ 535,971</u>	<u>\$ 1,685,819</u>	<u>\$ 2,111,674</u>	<u>\$ 3,089,112</u>	<u>\$ 1,081,541</u>	<u>\$ 4,740,783</u>	<u>\$ 22,315,304</u>	<u>\$ 5,002,890</u>	<u>\$ 70,909,656</u>	<u>\$ 40,671,338</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, 2022 and 2021

	CBA			ATCDC	CBAAH	MSHLP	MSCLP	TRLP	MSLP	CSLLC	DRACUT	NNC	555 MERRIMACK	Total		2022	2021	
	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	Without donor restrictions	Without donor restrictions	With donor restrictions	TOTAL	TOTAL	
Revenue and support																		
Grants and contributions	\$ 1,544,176	\$ -	\$ 1,544,176	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,544,176	\$ -	\$ 1,544,176	\$ 983,063
Developer overhead	538,951	-	538,951	-	-	-	-	-	-	-	-	-	-	-	538,951	-	538,951	139,265
Partnership management and investor service fees	176,775	-	176,775	-	-	-	-	-	-	-	-	-	-	-	176,775	-	176,775	28,000
Rental income, net of vacancies and concessions	-	-	-	273,336	-	-	160,360	419,477	381,232	-	54,865	5,096,659	-	-	6,385,929	-	6,385,929	1,185,768
Ground lease income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	223,200
Interest income	725,482	-	725,482	97	152,642	-	-	78	16	-	-	-	-	-	900,231	-	900,231	862,946
Income (loss) from endowment funds	(208,490)	-	(208,490)	-	-	-	-	-	-	-	-	-	-	-	(208,490)	-	(208,490)	150,127
Income from investment in corporation	47,294	-	47,294	-	-	-	-	-	-	-	-	-	-	-	47,294	-	47,294	342,619
Sale of state tax credits	664,300	-	664,300	-	-	-	-	-	-	-	-	-	-	-	664,300	-	664,300	-
Swap income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous revenue	85,671	-	85,671	31,115	-	-	-	-	-	-	-	1,100,802	-	-	1,100,802	-	1,100,802	-
Debt from subsidiary	0	-	-	-	263,023	32,773	-	-	-	-	-	300	-	-	126,886	-	126,886	281,297
Total revenue and support	3,574,159	-	3,574,159	304,548	415,665	32,773	160,437	419,555	381,248	-	64,665	6,219,600	-	-	11,572,650	-	11,572,650	4,723,223
Expenditures																		
Salaries	1,154,275	-	1,154,275	31,426	-	-	18,488	85,241	45,430	-	-	815,116	-	-	2,149,976	-	2,149,976	1,176,348
Payroll taxes and benefits	262,422	-	262,422	7,294	-	-	4,436	25,838	14,420	-	-	237,045	-	-	551,455	-	551,455	333,297
Management fees	-	-	-	12,179	-	-	6,414	17,553	22,899	-	3,088	202,003	-	-	264,136	-	264,136	57,504
Professional fees	76,000	-	76,000	377	-	-	3,987	21,364	11,744	-	2,635	28,072	-	-	144,179	-	144,179	104,339
Contracted services	38,646	-	38,646	55,545	-	-	41,731	64,424	68,309	-	-	869,992	-	-	1,138,647	-	1,138,647	290,862
Operating and maintenance	-	-	-	4,096	-	-	-	-	-	-	9,205	5,175	-	-	18,476	-	18,476	5,348
Utilities	12,583	-	12,583	19,064	-	-	23,403	68,035	82,320	-	3,020	701,028	-	-	909,453	-	909,453	155,872
Office supplies and expense	75,212	-	75,212	3,410	-	-	1,919	6,588	4,087	-	1,288	131,207	-	-	223,711	-	223,711	73,696
Occupancy	58,952	-	58,952	-	-	-	-	-	5,339	-	-	-	-	-	64,291	-	64,291	58,507
Advertising and renting	-	-	-	-	-	-	96	-	-	-	28,451	2,899	-	-	31,446	-	31,446	-
Program supplies and expense	188,137	-	188,137	-	-	-	-	-	-	-	-	100,555	-	-	288,692	-	288,692	188,158
Telephone	12,328	-	12,328	1,811	-	-	1,339	1,135	3,305	-	329	35,710	-	-	55,957	-	55,957	20,044
Meetings and travel	6,404	-	6,404	-	-	-	-	-	-	-	-	-	-	-	6,404	-	6,404	2,372
Staff training	20,605	-	20,605	472	-	-	175	967	876	-	-	7,395	-	-	30,490	-	30,490	7,011
Real estate taxes	-	-	-	42,145	-	-	21,663	41,972	26,596	-	582	277,083	-	-	410,041	-	410,041	135,446
Insurance	16,184	-	16,184	15,689	-	-	8,012	18,090	15,546	-	21,688	190,407	-	-	285,616	-	285,616	65,373
Interest	24,865	-	24,865	13,818	-	-	7,854	34,387	319,410	-	32,576	1,033,438	-	-	1,466,348	-	1,466,348	374,071
Depreciation & amortization	10,442	-	10,442	27,227	-	-	90,460	70,250	151,216	-	59,242	968,327	-	-	1,377,164	-	1,377,164	349,106
Collection allowance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	65,122
Unrelated business tax	-	-	-	4,667	-	-	-	-	-	-	-	-	-	-	4,667	-	4,667	4,555
Ground lease	-	-	-	-	-	-	-	-	-	-	-	263,023	-	-	263,023	-	263,023	-
Miscellaneous	140,189	-	140,189	48,086	-	-	-	20,050	155,00	-	15,615	590	-	-	224,685	-	224,685	309,768
Total expenditures	2,097,244	-	2,097,244	287,306	-	-	229,977	475,894	771,652	-	177,719	5,869,065	-	-	9,908,857	-	9,908,857	3,776,799
Increase (decrease) in net assets	1,476,915	-	1,476,915	17,242	415,665	32,773	(69,540)	(56,339)	(390,404)	-	(113,054)	350,535	-	-	1,663,793	-	1,663,793	946,424
Transfer of interest during the year	-	-	-	-	-	-	-	-	-	-	-	(300,000)	-	-	(300,000)	-	(300,000)	-
Net assets, beginning of year	19,413,222	-	19,413,222	1,772,911	5,626,593	503,198	1,593,541	369,101	(2,522,503)	-	-	1,849,633	-	-	28,605,696	-	28,605,696	25,809,639
Net assets, end of year	\$ 20,890,137	\$ -	\$ 20,890,137	\$ 1,790,153	\$ 6,042,258	\$ 535,971	\$ 1,524,001	\$ 312,762	\$ (2,912,907)	\$ -	\$ (113,054)	\$ 1,900,168	\$ -	\$ -	\$ 29,969,489	\$ -	\$ 29,969,489	\$ 26,756,063

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, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,663,793	\$ 946,424
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Debt issuance cost amortization	24,457	-
Depreciation and amortization	1,377,164	349,106
Income from investment in corporations	(47,294)	(342,619)
Unrealized loss on investments	215,683	(42,378)
Accrued interest not currently payable	31,493	15,848
Interest not currently receivable	(724,180)	(520,351)
Change in value of interest rate swap	469,791	-
Changes in:		
Accounts receivable	(15,843)	9,897
Prepaid expenses	(91,836)	(5,847)
Accounts payable - trade	(156,278)	329,456
Accounts payable - development	897,173	-
Accrued expenses	378,320	(68,018)
Accrued mortgage interest	55,865	(243)
Prepaid rent	25,144	2,095
Tenant security deposits, liability	(90,145)	(1,835)
Net cash provided by operating activities	4,013,307	671,535
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid for fixed assets	(7,582,241)	(2,249,647)
Change in endowment fund, net	45,722	(14,615)
Distribution from investment in corporation	22,671	22,671
Change in due from related party	(310,241)	61,124
Predevelopment costs	1,309,496	(12,388)
Change in loans receivable	(2,040,276)	(939,103)
Net cash used in investing activities	(8,554,869)	(3,131,958)
CASH FLOWS FROM FINANCING ACTIVITIES		
Changes in development fee and accrued interest thereon	210,081	-
Changes in mortgage principal	2,852,757	(78,723)
Changes in note payable and accrued interest	3,870,353	2,386,129
Changes in due to related parties	521,330	163,795
Net cash provided by financing activities	7,454,521	2,471,201
NET INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	2,912,959	10,778
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF YEAR	2,271,788	2,261,010
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, END OF YEAR	\$ 5,184,747	\$ 2,271,788
Cash and cash equivalents - operating	\$ 1,456,019	\$ 583,128
Cash and cash equivalents - development	198,392	-
Tenant security deposits	138,572	38,867
Mortgagee escrow deposits	416,334	52,732
Reserve for replacement	1,326,431	475,396
Operating reserve	1,648,999	1,121,665
Cash, cash equivalents and restricted cash	\$ 5,184,747	\$ 2,271,788
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	\$ 746,585	\$ 52,372

See independent auditors' report