



LIFT Orlando, Inc. and Subsidiaries

Consolidated Financial Statements
Years Ended December 31, 2022 and 2021

The report accompanying these financial statements was issued by BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of BDO International Limited, a UK company limited by guarantee.



LIFT Orlando, Inc. and Subsidiaries

Consolidated Financial Statements
Years Ended December 31, 2022 and 2021

LIFT Orlando, Inc. and Subsidiaries

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Independent Auditor's Report

The Board of Directors
LIFT Orlando, Inc. and Subsidiaries
Orlando, Florida

Opinion

We have audited the accompanying consolidated financial statements of LIFT Orlando, Inc. and its subsidiaries (the Organization), which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2022 and 2021, and changes in its net assets and its 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 (U.S. GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 2 to the consolidated financial statements, in fiscal year ended December 31, 2022, the Organization adopted Financial Accounting Standards Board Accounting Standards Codification 842, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of 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 the Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are issued or available to be issued.

Auditor's 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 auditor's 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 U.S. GAAS 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 U.S. GAAS, we:

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

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

BDO USA LLP

April 28, 2023

Consolidated Financial Statements

LIFT Orlando, Inc. and Subsidiaries
Consolidated Statements of Financial Position

<i>December 31,</i>	2022	2021
Assets		
Current		
Cash and cash equivalents	\$ 9,341,521	\$ 11,725,272
Contributions receivable, net, current	466,050	546,500
Related-party receivables, current	25,000	25,000
Prepays and other current assets	43,949	49,033
Total Current Assets	9,876,520	12,345,805
Property and Construction in Progress	15,539,375	7,864,839
Other Assets		
Restricted cash	412,069	456,882
Leveraged loan receivable	9,246,250	9,246,250
Contributions receivable, net, long-term	599,325	15,750
Deferred lease costs	400,212	-
Note receivable from related party	250,000	250,000
Related-party receivables, long-term	354,574	485,244
Investment in West Lakes Phase I	500,000	500,000
Right-of-use asset	811,372	-
Other assets	15,181	5,000
Total Other Assets	12,588,983	10,959,126
Total Assets	\$ 38,004,878	\$ 31,169,770
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 2,674,223	\$ 1,175,162
Note payable to City of Orlando	1,250,000	-
Notes payable, net, current	137,799	-
Operating lease liability, current	3,840	-
Deferred lease revenue, current	27,273	27,273
Total Current Liabilities	4,093,135	1,202,435
Long-Term Liabilities		
Note payable to City of Orlando	-	1,250,000
Notes payable, net, long-term	12,626,225	13,216,663
Operating lease liability, long-term	822,086	-
Deferred lease revenue, long-term	1,290,908	1,318,181
Other liabilities	44,354	-
Total Long-Term Liabilities	14,783,573	15,784,844
Total Liabilities	18,876,708	16,987,279
Commitments and Contingencies (Notes 13 and 15)		
Net Assets		
Without donor restrictions	17,068,299	13,610,354
With donor restrictions	2,059,871	572,137
Total Net Assets	19,128,170	14,182,491
Total Liabilities and Net Assets	\$ 38,004,878	\$ 31,169,770

See accompanying notes to consolidated financial statements.

LIFT Orlando, Inc. and Subsidiaries

Consolidated Statements of Activities

Year ended December 31,

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Support						
Contributions	\$ 4,220,102	\$ 2,896,692	\$ 7,116,794	\$ 793,949	\$ 2,373,000	\$ 3,166,949
Development fee revenue	-	-	-	144,877	-	144,877
Lease revenue	27,273	-	27,273	27,273	-	27,273
In-kind contributions	10,952	-	10,952	203,426	-	203,426
Special events	87,725	-	87,725	69,995	-	69,995
Loan forgiveness - SBA Paycheck Protection Program	-	-	-	341,223	-	341,223
Other income	494,088	-	494,088	56,882	425	57,307
Net assets released from restrictions	1,408,958	(1,408,958)	-	9,301,136	(9,301,136)	-
Total Revenues and Support	6,249,098	1,487,734	7,736,832	10,938,761	(6,927,711)	4,011,050
Expenses						
Program	1,702,076	-	1,702,076	1,235,977	-	1,235,977
Management and general	715,064	-	715,064	470,410	-	470,410
Fundraising	374,013	-	374,013	270,747	-	270,747
Total Expenses	2,791,153	-	2,791,153	1,977,134	-	1,977,134
Change in Net Assets	3,457,945	1,487,734	4,945,679	8,961,627	(6,927,711)	2,033,916
Net Assets, beginning of year	13,610,354	572,137	14,182,491	4,648,727	7,499,848	12,148,575
Net Assets, end of year	\$17,068,299	\$ 2,059,871	\$19,128,170	\$ 13,610,354	\$ 572,137	\$ 14,182,491

See accompanying notes to consolidated financial statements.

LIFT Orlando, Inc. and Subsidiaries
Consolidated Statements of Functional Expenses

Year ended December 31,

	2022				2021			
	Program	Management and General	Fundraising	Total	Program	Management and General	Fundraising	Total
Salaries and benefits	\$ 830,647	\$ 442,332	\$ 289,459	\$1,562,438	\$ 549,714	\$ 371,853	\$ 132,420	\$ 1,053,987
Professional fees	357,364	143,902	9,083	510,349	227,340	11,875	93,619	332,834
Communications	118,074	6,461	7,922	132,457	92,500	14,709	10,955	118,164
Economic viability grants	25,000	-	-	25,000	77,500	-	-	77,500
Office administration	41,180	22,913	19,832	83,925	25,614	39,165	12,047	76,826
Community engagement grants	33,800	-	-	33,800	64,750	-	-	64,750
Meetings and events	34,991	29,128	43,139	107,258	31,106	12,346	19,209	62,661
Education grants	55,300	-	-	55,300	33,853	-	-	33,853
Housing grants	32,000	-	-	32,000	30,000	-	-	30,000
Occupancy costs	13,295	2,564	1,399	17,258	22,978	1,453	1,571	26,002
Interest expense	50,276	-	-	50,276	25,997	-	-	25,997
Miscellaneous	56,291	12,189	2,206	70,686	15,831	8,798	926	25,555
Insurance	20,903	8,884	-	29,787	15,914	6,820	-	22,734
Health and wellness grants	12,000	-	-	12,000	11,000	-	-	11,000
Legal fees	1,150	7,591	973	9,714	4,496	3,391	-	7,887
Taxes	-	39,100	-	39,100	-	-	-	-
Other program costs	19,805	-	-	19,805	7,384	-	-	7,384
	\$1,702,076	\$ 715,064	\$ 374,013	\$2,791,153	\$ 1,235,977	\$ 470,410	\$ 270,747	\$ 1,977,134

See accompanying notes to consolidated financial statements.

LIFT Orlando, Inc. and Subsidiaries

Consolidated Statements of Cash Flows

<i>Year ended December 31,</i>	2022	2021
Cash Flows from Operating Activities		
Change in net assets	\$ 4,945,679	\$ 2,033,916
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Amortization of loan costs	50,276	25,997
Amortization of discount on multi-year pledges	33,975	-
Noncash rent expense	33,326	-
Contributions restricted for capital projects	-	(2,000,000)
Contributed services capitalized	(4,556)	(198,883)
Contributed interest	-	(469)
Forgiveness of related-party receivable	25,000	25,000
Loan forgiveness, SBA Paycheck Protection Program	-	(341,223)
Changes in assets and liabilities:		
Contributions receivable	(537,100)	(343,717)
Related-party receivables	105,670	1,075,869
Prepaid and other current assets	5,084	(12,810)
Other long-term assets	(10,181)	(5,000)
Accounts payable and accrued expenses	(466,967)	1,103,937
Deferred lease costs	(400,212)	-
Operating lease liability	(18,772)	-
Deferred lease revenue	(27,273)	(27,273)
Other liabilities	44,354	-
Net Cash Provided by Operating Activities	3,778,303	1,335,344
Cash Flows from Investing Activities		
Payments for property and construction in progress	(5,703,952)	(2,006,191)
Proceeds issued for leveraged loan receivable	-	(9,246,250)
Net Cash Used in Investing Activities	(5,703,952)	(11,252,441)
Cash Flows from Financing Activities		
Payment on loan payable - the Foundation	-	(381,569)
Borrowings on note payable - SBA Paycheck Protection Program	-	172,923
Borrowings on notes payable	-	13,191,194
Payments of loan costs	-	(765,273)
Payments on notes payable	(502,915)	(144,877)
Contributions restricted for capital projects	-	2,000,000
Net Cash (Used In) Provided by Financing Activities	(502,915)	14,072,398
Net (Decrease) Increase in Cash and Cash Equivalents and Restricted Cash	(2,428,564)	4,155,301
Cash and Cash Equivalents and Restricted Cash, beginning of year	12,182,154	8,026,853
Cash and Cash Equivalents and Restricted Cash, end of year	\$ 9,753,590	\$ 12,182,154
Supplemental Information		
Cash and cash equivalents is included in the following captions on the consolidated statements of financial position:		
Cash and cash equivalents	\$ 9,341,521	\$ 11,725,272
Restricted cash	412,069	456,882
Total Cash and Cash Equivalents and Restricted Cash	\$ 9,753,590	\$ 12,182,154

See accompanying notes to consolidated financial statements.

LIFT Orlando, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

1. Nature of Organization

LIFT Orlando, Inc. (LIFT Orlando) is a place-based community development nonprofit organization that works with residents, business leaders, and community partners to strengthen neighborhoods so people can thrive. LIFT Orlando strengthens neighborhoods through mixed-income housing, cradle-to-career education pathways, health and wellness services, and economic viability opportunities. Lift Orlando invests in people, places, and partnerships.

LIFT Orlando is the sole member and manager of the following wholly owned subsidiaries (collectively, the Organization):

- *LIFT Orlando Community Land, LLC (LOCL)* - A Florida limited liability company formed in February 2015 for the purpose of acquiring, financing, and operating real property that will be used to foster low-income housing.
- *LIFT Orlando GP, LLC (LOGP)* - A Florida limited liability company formed in February 2015 for the purpose of serving as the charitable general partner of West Lakes Phase I, LP (WLP I), which was formed for the purpose of leasing certain land to develop and construct Phase I of a mixed-income multifamily apartment complex (Phase I) named Pendana at West Lakes (Pendana) completed in June 2018. See Note 5 for further discussion.
- *LIFT Orlando Community Development, LLC (LOCD)* - A Florida limited liability company formed in February 2015 for the purpose of development activity that fosters low-income housing.
- *LIFT Orlando Phase II SLP, LLC (LOSLP)* - A Florida limited liability company formed in December 2015 for the purpose of serving as the special limited partner in West Lakes Phase II, LP (WLP II), which was formed for the purpose of owning and constructing an affordable senior housing community (Phase II) named Pendana Senior Residences at West Lakes completed in June 2020. See Note 6 for further discussion.
- *LIFT Orlando Impact Investment Fund Manager, LLC (LOIFM)* - A Florida limited liability company formed in September 2016 for the purpose of serving as the manager of Lift Orlando Impact Investment Fund, LLC (LOIF). See Note 2, *Investment in LOIF*, for further discussion.
- *Guinyard & Graham, LLC (G&G)* - A Delaware limited liability company formed in April 2017 for the purpose of entering into contracts for land acquisitions and other pre-development activities.
- *West Lakes HWC, Inc. (WLHWC)* - A Florida nonprofit organization formed in April 2021 as a supporting organization of LIFT Orlando for the primary purpose of the construction and operation of a Health and Wellness Center known as The Heart of West Lakes Wellness Center (Heart).

2. Summary of Significant Accounting Policies

Basis of Accounting

The consolidated financial statements of the Organization are prepared under the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

LIFT Orlando, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Principles of Consolidation

The consolidated financial statements include the accounts of LIFT Orlando and its wholly owned subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities; the disclosure of contingent assets and liabilities at the date of the consolidated financial statements; and the reported amounts of revenues, gains, and other support and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash equivalents are defined as highly liquid investments with original maturities of three months or less at the date of purchase and consist of money market accounts.

Restricted Cash

Restricted cash includes loan proceeds that are held in reserve fund accounts for certain fees to be paid quarterly to the lenders as described in Note 8.

Contributions Receivable

Contributions receivable represent unconditional promises to give and are recorded on the date the contribution is promised. Unconditional promises to give that are expected to be collected beyond one year are recorded at the present value of their future cash flows using risk-adjusted interest rates applicable to the years in which the promises are to be received. The Organization provides an allowance for uncollectible contributions receivable based on historical collection experience.

Investment in LOIF

LOIF is a Florida limited liability company formed in September 2016 for the purpose of acquiring; developing; constructing; financing; holding for investment; and eventually selling, exchanging, disposing, and otherwise dealing with the investments or any other assets. LOIFM was the sole member and manager of LOIF until additional investors were admitted into LOIF in 2017 and, as a result, LOIFM's ownership became 1%. Investment in LOIF is accounted for under the equity method of accounting due to LOIFM's significant influence over the operating and financial policies of LOIF. LOIFM's share of the equity in LOIF at December 31, 2022 and 2021 and the years then ended was determined to be immaterial to the consolidated financial statements and is, therefore, not recorded.

Property and Construction in Progress

Land and land improvements and construction in progress are recorded at cost when purchased or at fair value on the date received if donated. Construction in progress costs will be allocated to the respective fixed assets when placed in service. Interest incurred on debt related to construction in progress is capitalized as construction in progress until the completed building is placed in service.

LIFT Orlando, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Rental property consists of land and related capitalizable costs of acquiring the land to be used for Phase I.

Impairment of Long-Lived Assets

In the event that facts and circumstances indicate that property and right-of-use assets, may be impaired, an evaluation of recoverability would be performed. If an evaluation is required, the estimated future undiscounted cash flows associated with the asset would be compared to the asset's carrying amount to determine if a write-down is required. If a write-down is required, the Organization would prepare a discounted cash flow analysis to determine the amount of the write-down. There was no impairment of long-lived assets during 2022 and 2021.

Net Assets

Net Assets Without Donor Restrictions - Net assets without donor restrictions are available for use at the discretion of the Board of Directors and/or management for general operating purposes.

Net Assets with Donor Restrictions - Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time, and/or purpose restrictions.

The Organization reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires—that is, when a stipulated time restriction ends, or purpose restriction is accomplished—the net assets are reclassified as net assets without donor restriction and reported in the consolidated statements of activities as net assets released from restrictions.

See Note 10 for more information on the composition of net assets with donor restrictions and the release of restrictions.

Contributions Revenue

The Organization recognizes contributions when cash, securities or other assets, or an unconditional promise to give is received. Conditional promises to give or contributions, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. If the Organization receives conditional contributions of cash, securities, or other assets, whose conditions are not met as of year-end, the Organization reports the amounts as refundable advances. There were conditional promises to give in the amounts of \$2,100,000 and \$0 at December 31, 2022 or 2021, respectively, which will be recognized when the related conditions are met.

Contributed Nonfinancial Assets

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which amends guidance for not-for-profit entities that receive contributed nonfinancial assets. The update requires not-for-profits to present contributed nonfinancial assets as a separate line item in the consolidated statement of activities and to disclose information regarding each type of non-contributed nonfinancial asset. The update is to be applied on a retrospective basis and is effective for annual reporting periods beginning after

LIFT Orlando, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

June 15, 2021. The Organization adopted this update as of January 1, 2022 and the adoption did not have a significant impact on the Organization's consolidated financial statements.

Contributions of assets other than cash are recorded at fair market value at the date of donation. Contributed services are recognized as contributions if the services create or enhance nonfinancial assets, require specialized skills and are performed by individuals with those skills, and would otherwise be purchased by the Organization. Contributed services are valued and recorded at their estimated fair value based on current rates for similar services on the dates provided. During 2022 and 2021, the Organization received contributed legal services in the amounts of \$6,396 and \$4,543, respectively, which are included in in-kind contribution revenue and legal fees on the accompanying consolidated financial statements. In addition, during 2022 and 2021, the Organization received contributed legal services in the amount of \$4,556 and \$8,505, respectively, to assist in land acquisition and construction matters, which was capitalized to construction in progress and \$0 and \$190,378, respectively, to assist in the facilitation of the Notes Payable and New Market Tax Credits (NMTC) financing, which was capitalized as loan costs.

Development Fee Revenue

Development fees are recognized as revenue when control of the promised services, which represent the Organization's performance obligations and are defined in the related *Development Services Agreements* (see Notes 5 and 6), is transferred to the property owner in an amount that reflects the consideration the Organization expects to be entitled to in exchange for these services.

The Organization has considered several factors in determining that control of these services is transferred to the property owner over time and, therefore, satisfies its performance obligation and recognizes revenue over time. These factors include that the Organization is performing services that enhance an asset that is controlled by the property owner and has a right to payment as these services are performed. Management has determined that revenue will be recognized using the input method, which recognizes revenue on the basis of efforts or inputs expended relative to the total expected inputs to be expended and represents construction costs incurred. As a result, accounts receivable have been recorded in the amount that has not yet been received for the services that have been performed and are included in related-party receivables on the accompanying consolidated statements of financial position.

Loan Costs

Loan costs related to the Organization's notes payable are amortized on a straight-line basis over the term of the related debt into interest expense. Upon the early extinguishment of the related debt, any unamortized debt issuance costs are expensed. Loan costs, net of accumulated amortization, are presented on the accompanying consolidated statements of financial position as a direct deduction from the carrying amount of the related debt.

Leases

Effective January 1, 2022, the Organization adopted ASU 2016-02, *Leases (Topic 842)*, and subsequent amendments. The Organization used the optional transition method upon adoption, which did not result in any change to beginning net assets. Under this method, the Organization's classification of existing leases at the adoption date are not reassessed and all the Organization's leases continued as operating leases. As a result of this adoption, on January 1, 2022, the Organization recorded a right-of-use asset and operating lease liability in the amount of \$829,136.

LIFT Orlando, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

The Organization determines if an arrangement is a lease or contains a lease, including lease classification as operating or finance, at inception. In a lessee arrangement, leases result in the recognition of right-of-use (ROU) assets and lease liabilities on the consolidated statement of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis.

The lease liability is measured at the present value of the lease payments over the remaining lease term for leases that existed at the date of adoption of Topic 842 and over the lease term for new leases entered into after the date of adoption. The ROU asset equals the lease liability adjusted for any initial direct costs and lease incentives. The Organization elected the practical expedient to use a risk-free rate (the rate of a zero-coupon U.S. Treasury instrument) for the initial and subsequent measurement of all lease liabilities. The risk-free rate is determined using a period comparable with the lease term remaining as of the date of adoption. Lease expense is generally recognized on a straight-line basis over the lease term.

The Organization elected the practical expedient not to separate lease and non-lease components for all leases. Lease terms may include options to extend the lease and the present value of future minimum lease payments includes these options only when they are reasonably certain to be exercised.

The Organization has also elected the practical expedient not to record leases with an initial term of 12 months or less on the accompanying statement of financial position. Lease expense on such leases is recognized on a straight-line basis over the lease term.

Deferred Lease Costs

The Organization paid a lease incentive on a lessor lease arrangement that did not commence as of December 31, 2022 which is recognized as deferred lease costs on the accompanying consolidated statement of financial position. The lease incentive will be amortized on a straight-line basis over the term of the related lease upon its commencement.

Lease Revenue and Deferred Lease Revenue

In connection with the operating ground lease discussed in Note 5, the Organization received a one-time lease payment, which will be recognized over the term of the related lease. The unrecognized amount is shown as deferred lease revenue on the accompanying consolidated statements of financial position.

Functional Allocation of Expenses

The accompanying consolidated statements of functional expenses present expenses by function and natural classification. Salaries and related payroll expenses and certain office administration expenses are allocated among functional categories based on the estimated proportion of time spent relative to each function. Occupancy and certain office administration expenses are allocated among functional categories based on the estimated square footage used by employees in the related functional category.

LIFT Orlando, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Income Taxes

LIFT Orlando and WLHWC are tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code (IRC) and are exempt from state income taxes under similar provisions in the Florida Income Tax Code. LIFT Orlando's other wholly owned subsidiaries were incorporated under the Florida Revised Limited Liability Company Act and are considered disregarded entities for federal and state income tax purposes, except for LOGP and LOSLP. Therefore, no provision for income taxes has been included in the accompanying consolidated financial statements.

During 2018 and 2020, LOGP and LOSLP, respectively, elected to be treated as a taxable corporation under provisions of the IRC and the Florida Income Tax Code and are subject to federal and states taxes. The provision for income taxes for is determined using the asset and liability approach of accounting for income taxes. Under this approach, deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes and net operating loss and tax credit carryforwards. The amount of deferred taxes, if any, on these temporary differences is determined using the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, as applicable, based on tax rates and laws in the respective tax jurisdiction enacted as of the consolidated statement of financial position date. There are no deferred tax assets or liabilities at December 31, 2022 and 2021.

The Organization identifies and evaluates uncertain tax positions, if any, and recognizes the impact of uncertain tax positions for which there is a less than more-likely-than-not probability of the position being upheld when reviewed by the relevant taxing authority. Such positions are deemed to be unrecognized tax benefits and a corresponding liability is established on the consolidated statements of financial position. The Organization has not recognized a liability for uncertain tax positions. If there were an unrecognized tax benefit, the Organization would recognize interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. The Organization's tax years subject to examination by the Internal Revenue Service generally remain open for three years from the date of filing.

Fair Value Measurements

The Organization reports its financial assets and liabilities using a three-tier hierarchy, which prioritizes the inputs used in measuring fair value. The hierarchy gives the highest priority to adjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described below:

Level 1 - This level consists of unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 - This level consists of inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (e.g., interest rates), and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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Level 3 - This level consists of inputs that are both significant to the fair value measurement and unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management. The respective carrying values of certain on-balance-sheet financial instruments approximated their fair values due to the short-term nature of these instruments. These financial instruments include cash equivalents; related-party receivables, current; contributions receivable, current; accounts payable; and accrued expenses. Contributions due beyond one year are recorded at their net present value using a risk-free interest rate available on U.S. Treasury issues at the date the pledge was made with an equivalent term approximately equal to the number of years the contribution will be paid, which approximates fair value. The fair value of the Organization's note receivable; related-party receivables, long-term; leverage loan receivable; operating lease liability; and notes payable are estimated based on current rates that would be available for debt of similar terms, which is not significantly different from its stated value.

The Organization does not have any financial assets or liabilities that are required to be fair valued on a recurring basis that would need to be disclosed as Level 1, 2, or 3 financial instruments in the fair value hierarchy.

Reclassifications

Certain items have been reclassified in the 2021 consolidated financial statements to conform to the 2022 presentation. These reclassifications did not have an impact on change in net assets.

3. Contributions Receivable

Contributions receivable are due as follows:

<i>December 31,</i>	2022	2021
Less than one year	\$ 466,050	\$ 546,500
One to five years	633,300	15,750
	1,099,350	562,250
Less:		
Present value discount on contributions receivable ranging from 2.85% to 4.17%	(33,975)	-
	\$ 1,065,375	\$ 562,250

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Contributions receivable are presented on the accompanying consolidated statements of financial position as follows:

<i>December 31,</i>		2022		2021
Contributions receivable, current	\$	466,050	\$	546,500
Contributions receivable, net, long-term		633,300		15,750
	\$	1,065,375	\$	562,250

4. Property and Construction in Progress

Property and construction in progress is summarized as follows:

<i>December 31,</i>		2022		2021
Land and land improvements	\$	1,137,119	\$	1,130,981
Rental property (see Note 5)		4,156,032		4,156,032
Construction in progress		10,246,224		2,577,826
	\$	15,539,375	\$	7,864,839

For the year ended December 31, 2022 and the period from the date of inception through December 31, 2021, the Organization capitalized interest costs in the amount of \$171,176 and \$84,013, respectively, which are included in construction in progress. At December 31, 2022, the Organization has a remaining commitment for the construction of the Heart of approximately \$2,000,000.

5. Investment in West Lakes Phase I, LP

Investment in WLP I is recorded at carrying value on the consolidated statements of financial position. Recognized gains and losses, dividends, interest, and other income generated by this investment will be reported in the consolidated statements of activities as increases in net assets without donor restrictions. WLP I was formed on February 24, 2015 for the purpose of leasing certain land to develop and construct Phase I of Pendana to consist of 200 mixed-income housing units. WLP I obtained financing for Phase I in the form of tax incentive credits and equity financing and entered into a ground lease as discussed below for the underlying property owned by LOCL. Phase I constitutes a “qualified low-income housing project,” as defined by Section 42(g)(1) of the IRC and was completed in June 2018. LOGP made a capital contribution to WLP I in the amount of \$500,000 in 2017 and has a 0.0051% interest in WLP1.

Effective May 4, 2015, LOCL entered into a 55-year ground lease with WLP 1 for the real property owned by LOCL for Phase I and received a one-time rent payment of \$1,500,000 on April 28, 2016, in the form of cash of \$1,250,000 and a promissory note for the remaining amount due of \$250,000 presented as note receivable from related party on the accompanying consolidated statements of financial position. The note receivable accrues interest at 3% per annum and is due on April 28, 2048, including accrued interest, and is subordinated to other debt of WLP I. As of December 31, 2022 and 2021, accrued interest of \$50,096 and \$42,596, respectively, is included in related-party receivables, long-term, on the accompanying consolidated statements of financial position. The one-time rent payment of \$1,500,000 was recorded as deferred lease revenue on the accompanying consolidated statements of financial position and is amortized to lease revenue over the term of

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the lease. Deferred lease revenue was \$1,318,182 and \$1,345,454 at December 31, 2022 and 2021, respectively. The Organization recognized \$27,273 of lease revenue during the years ended December 31, 2022 and 2021.

Effective April 15, 2016, WLP I entered into a Development Services Agreement (DSA) with LOCD and New Affordable Housing Partners, LLC (NAHP) (collectively, the Developers), as amended on March 3, 2017. NAHP is an affiliate of the general and limited partner of WLP I. NAHP and LOCD earned a development fee for supervising and coordinating the development and construction of Phase I completed in June 2018. Total developer fees earned by LOCD and due from WLP I as of December 31, 2022 and 2021 are \$297,646 and \$410,802, respectively, and are payable as stipulated in the agreement, but no later than the 15th anniversary date of the completion of Phase I, and are included in related-party receivables, long-term, of \$297,646 and \$410,802, respectively.

6. Investment in West Lakes Phase II, LP

Investment in WLP II was recorded at carrying value on the consolidated statements of financial position. Recognized gains and losses, dividends, interest, and other income generated by this investment was reported in the consolidated statements of activities as increases in net assets without donor restrictions. WLP II is a Florida limited liability company formed in June 2015 for the purpose of holding the contract right to purchase fee interest in land from LOCL for Phase II of Pendana. WLP II obtained financing for Phase II in the form of tax incentive credits and equity financing and HOME project funds from the city of Orlando. Phase II is a “qualified low-income housing project,” as defined by Section 42(g)(1) of the IRC and was completed in June 2020 and placed in service in September 2020. LIFT Orlando made a \$150,000 capital contribution to WLP II in 2018, which was returned during 2021, and as such, investment in WLP II is \$0 at December 31, 2022 and 2021.

Effective September 24, 2018, WLP II entered into a DSA with LOCD and NAHP (collectively, the Developers). NAHP is an affiliate of the general and limited partner of WLP II. NAHP and LOCD earned a development fee for supervising and coordinating the development and construction of Phase II, and the portion earned by LOCD was recorded as development fee revenue. Total developer fees earned by LOCD and due from WLP II were paid in full during 2021.

7. Loan Payable to the Foundation

On May 1, 2015, LOCL entered into a \$4,000,000 loan agreement (the Loan) with a local foundation (the Foundation) to acquire the land and cover the costs of the demolition (including environmental remediation) of the vacant apartment complex for Phase I and Phase II of Pendana, with scheduled repayments over the term of the Loan, which was repaid in full in 2021. Annual interest under the Loan was 1%, which was considered a below-market interest rate. The Organization recorded contributions with donor restrictions at the time the proceeds were drawn under the Loan for the difference in the stated interest rate and market interest rate. During 2022 and 2021, \$0 and \$2,356, respectively, were released from net assets with donor restrictions for amortization of the interest rate contribution. At December 31, 2022 and 2021, interest of \$520,227, respectively, has been capitalized and included in rental property.

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8. Leveraged Loan Receivable, NMTC Financing

NMTC Financing

On June 22, 2021, WLHWC entered into a loan agreement and related notes payable in connection with the NMTC transaction to help finance the construction of the Heart. The NMTC Program was designed to stimulate investment and economic growth in low-income communities by offering a seven-year, 39% federal tax credit for Qualified Equity Investments (QEI) made through investment vehicles known as Community Development Entities (CDEs). CDEs use capital derived from tax credits to make loans to or investments in businesses and projects in low-income areas under favorable economic terms, typical of this type of tax credits-based transaction.

The NMTC transaction is composed of several sub-transactions, as described below:

QALICB - For the sole purpose of facilitating the NMTC transaction as a Qualified Active Low-Income Community Business (QALICB), LIFT Orlando created WLHWC, which was formed with the Florida Secretary of State on April 20, 2021.

Leverage Loan - As part of the NMTC transaction, LIFT Orlando committed to lend \$9,246,250 to an Investment Fund owned by Truist Community Capital (Investor). The proceeds of this Leverage Loan were used by the Investment Fund towards making a QEI into two CDEs as listed below. The Leverage Loan bears an interest rate of 1% and matures on June 30, 2056.

Bridge Loan - On June 22, 2021, LIFT Orlando entered into a loan agreement and promissory note for \$786,194 (Bridge Loan) with TCDE 87, LLC (Truist) in order to facilitate the funding of the Leverage Loan. The Bridge Loan bears an interest rate of 3.35% and matures on June 22, 2023 (Maturity Date). Interest-only payments are due monthly commencing August 1, 2021 through June 1, 2023 and a final payment equal to the unpaid balance of principal plus accrued and unpaid interest on the Maturity Date. The outstanding balance on the loan as of December 31, 2022 and 2021 was \$137,799 and \$635,850, respectively, which is net of amortized loan costs of \$601 and \$5,467, respectively, and included in notes payable, net, on the accompanying consolidated statements of financial position.

Investment by Investor - As part of the transaction, the Investor contributed \$3,705,000 as an equity investment into the Investment Fund, which represented 76% of the new market tax credits it obtained of \$4,875,000.

Allocation of Investment Fund to Sub-CDEs - From the \$12,951,250 total Investment Fund created as a result of the transactions above, fees totaling \$451,250 were deducted, which resulted in a net QEI of \$12,500,000. This was allocated between two Sub-CDEs as follows: (i) BBIF Subsidiary CDE 14, LLC (BBIF) for \$9,500,000; and (ii) Truist for \$3,000,000. A total of \$95,000 in fees was deducted at the time of allocation by the Sub-CDEs, which resulted in a net amount of \$12,405,000 available to lend.

Qualified Low-Income Community Investment Loans (QLICI Loans) - Under the NMTC transaction, the following QLICI A and B Loans were made to the Organization from the Sub-CDEs and included in notes payable in the accompanying consolidated statements of financial position:

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<i>December 31,</i>	2022	2021
QLICI Loan A (BBIF)	\$ 7,135,450	\$ 7,135,450
QLICI Loan B (BBIF)	2,269,550	2,269,550
QLICI Loan A (Truist)	2,110,800	2,110,800
QLICI Loan B (Truist)	889,200	889,200
Total QLICI Loans Payable	12,405,000	12,405,000
Less: unamortized loan costs	(848,873)	(890,448)
QLICI Loans Payable, Net	\$ 11,556,127	\$ 11,514,552

The QLICI Loans bear interest at a fixed rate equal to 1.04371%, which is payable quarterly commencing on July 1, 2021, and mature on June 30, 2056. The QLICI Loans are secured by all assets of WLHWC, including reserve cash accounts to cover certain quarterly fees to be paid to the QLICI Loan holders, which is shown as restricted cash on the accompanying consolidated statements of financial position.

Effective June 22, 2021, LIFT Orlando entered into an unconditional continuing payment and completion guaranty with the CDEs under which LIFT Orlando guarantees compliance with all payments, obligations, duties, and agreements of WLHWC under the terms of the debt agreements.

Neither LIFT Orlando nor WLHWC controls or has economic interest in the assets of either the QEI or the CDEs. The QEI is controlled and wholly owned by Truist Community Capital, and the Investment Fund controls and funds the CDEs.

In order for the Investor to earn the tax credit, the QEI must remain invested in the CDEs for a seven-year period from June 22, 2021 through June 21, 2028 (Compliance Period). WLHWC has significant reporting requirements to its lenders, including financial reports and community impact reports during the Compliance Period. WLHWC is restricted against accumulating and holding certain types of assets (including options, stocks, promissory notes, and excess cash), having its own employees, or otherwise engaging in activities unrelated to LIFT Orlando. Provided WLHWC satisfies the foregoing requirements and avoids violating the foregoing restrictions, it will remain in substantial compliance with its obligations pursuant to the NMTC financing.

LIFT Orlando and the Investor have executed a Put and Call Agreement to take place at the end of the Compliance Period. Under the Put and Call Agreement, the Investor can exercise a put option to sell all its interest in the Investment Fund for \$1,000 to Lift Orlando. If the Investor does not exercise the put option within six months after the Compliance Period, LIFT Orlando can exercise a call option to purchase the interest of the Investment Fund at an appraised fair market value. The intention is for the Investor to exercise the put option at the end of the Compliance Period in order to allow them to pursue other NMTC projects, and management of LIFT Orlando believes that there is no incentive for the Investor to stay in the project thereafter. These put/call options do not represent embedded derivatives and, accordingly, have not been accounted for as derivative instruments in LIFT Orlando's financial statements.

Assuming compliance with the requirements of the NMTC transaction, management of LIFT Orlando intends on exercising the Put and Call Agreement at the end of the Compliance Period. The Put and Call Agreement will allow LIFT Orlando to gain control of the Investment Fund, there would be no residual amounts due to or from any external third parties, and LIFT Orlando would record a net

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gain before any transaction expenses of \$3,158,750 associated with the dissolution of the \$9,246,250 Leverage Loan receivable from the Investment Fund and the \$12,405,000 QLICI Loans payable.

Land Financing

On May 27, 2021, WLHWC entered into a loan agreement and promissory note for \$1,100,000 with Health Holding I, LLC (Health Holding), a subsidiary of LOIFF, for the purchase of the underlying land for the Heart. The loan bears interest at an annual rate of 3.5%, matures on July 1, 2033 (Maturity Date), and is guaranteed by LIFT Orlando. Interest-only payments are due monthly commencing July 1, 2021 through July 1, 2024 and thereafter, monthly interest and principal payments are due through the Maturity Date, including a balloon payment of \$284,000 on the Maturity Date. The outstanding balance on the loan as of December 31, 2022 and 2021 was \$1,070,098 and \$1,066,261, respectively, which is net of amortized debt costs of \$29,902 and \$33,739, respectively, and is included in notes payable, net, on the accompanying consolidated statements of financial position.

The schedule of maturities of the above debt is as follows:

Year ending December 31,

2023	\$	138,400
2024		21,000
2025		36,000
2026		57,000
2027		72,000
Thereafter		13,319,000
Total Future Principal Payments	\$	13,643,400

9. City of Orlando Agreements

Note Payable and Community Development Block Grant

On October 26, 2015, LIFT Orlando and LOCL entered into a Community Development Block Grant Program Agreement (CDBG Agreement) with the city of Orlando, whereby the city will provide \$1,250,000 in the form of a loan (see discussion below) for the removal of asbestos and environmental contamination from the apartment complex for Phase I (the Property), which was completed by September 30, 2016, in accordance with the CDBG Agreement. The CDBG Agreement requires the Property be restricted to use as affordable housing for low and moderate-income households for five years and 51% of the units be occupied by such households by December 31, 2018, the expiration date of the CDBG Agreement. All units were occupied as of December 31, 2018.

On November 3, 2016, LOCL entered into a Promissory Note (CDBG Note) for \$1,250,000 in connection with the CDBG Agreement, which is due on December 31, 2023; however, if LOCL is not in default under the terms of the CDBG Agreement or CDBG Note, the amount will be forgiven in its entirety. The CDBG Note is secured by a mortgage on the Property held by WLP I.

At December 31, 2022 and 2021, \$1,250,000 is recorded as note payable to the city of Orlando on the accompanying consolidated statements of financial position until the CDBG Note is forgiven, at which time it will be recognized as a contribution.

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10. Net Assets with Donor Restrictions and Releases from Restrictions

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

<i>December 31,</i>	2022	2021
Construction and/or related financing of the Heart	\$ 300,000	\$ 300,000
Early Learning Centers support	411,684	-
Community education strategy	-	94,477
Time-restricted contributions receivable	1,065,375	62,250
Financial Wellbeing Center	122,843	54,982
Community economic viability	14,125	44,617
Restricted for fundraising support	10,925	10,925
Community housing strategy	3,945	4,886
Community quarterback	130,974	-
	\$ 2,059,871	\$ 572,137

Net assets were released from donor restrictions as follows:

<i>Year ended December 31,</i>	2022	2021
Construction and related financing of the Heart	\$ 919,067	\$ 8,667,473
Time-restricted contributions receivable	42,700	171,500
Financial Wellbeing Center	99,440	140,385
Community economic viability	86,492	108,995
Fundraising support	-	93,619
Community housing strategy	11,941	60,113
Community health and wellness	-	23,983
Community Quarterback support	69,026	13,000
MVP Families	-	10,000
Education grants	180,292	5,523
Boys & Girls Clubs of Central Florida, Inc. project leadership	-	4,189
In-kind contribution of interest on loan payable	-	2,356
	\$ 1,408,958	\$ 9,301,136

The in-kind contribution of interest on the loan payable as discussed in Note 7 was released over the term of the loan.

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11. Financial Assets and Liquidity Resources

Financial assets and liquidity resources available within one year for general expenditure, such as operating expenses and scheduled principal payments on debt, were as follows:

<i>December 31,</i>	2022	2021
Cash and cash equivalents	\$ 9,341,521	\$ 11,725,272
Contributions receivable, current	466,050	546,500
Total Financial Assets Available Within One Year	9,807,571	12,271,772
Less:		
Net assets with time or purpose restrictions	(1,160,546)	(572,137)
Total Financial Assets Available to Management for General Expenditure Within One Year	\$ 8,647,025	\$ 11,699,635

Liquidity Management

Cash and cash equivalents and current receivables as reported on the consolidated statements of financial position at December 31, 2022 and 2021, are the primary liquid resources used by the Organization to meet its general expenditure needs within the next year. As part of liquidity management, the Organization's policy is to manage its financial assets and budget to meet its general expenditure needs. To help manage unanticipated liquidity needs, the Organization seeks financial support of the Board of Directors, community partners, and other donors. Included in net assets with time or purpose restrictions as of December 31, 2022 per Note 10 is \$300,000 related to construction costs, which do not represent liquid assets and will be released when the building is placed in service, and \$599,325 of long-term contributions receivable, net, which are expected to be collected subsequent to December 31, 2023. These amounts are therefore not included in the amount deducted from total financial assets available within one year above.

12. Concentrations

Concentration of Credit Risk

Financial instruments that potentially expose the Organization to concentrations of credit risk, as defined by U.S. GAAP, include bank accounts in excess of federally insured balances at December 31, 2022. In management's opinion, the capitalization and operating history of the financial institutions that hold its accounts are such that the likelihood of loss is remote.

Concentration of Revenues and Support

A substantial portion of the Organization's revenues and support are derived from contributions from donors in the Orlando area. If a significant reduction in the level of contributions occurred, this may have an adverse effect on the Organization's programs and activities.

13. Operating Ground Lease

In connection with the Land Financing as discussed in Note 8, WLHWC entered into an Assignment and Assumption of Ground Lease (Ground Lease) with Health Holding effective May 27, 2021 related

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to a parcel of land included on the Heart property for which Health Holding has a lease agreement with a third party that was assigned to WLHWC. The Ground Lease is accounted for as an operating lease in accordance with Topic 842 and is payable monthly through July 31, 2058. The lease has an option to extend through July 31, 2068 which is not reasonably expected to be exercised. The lease agreement does not contain any material residual value guarantees or material restrictive covenants. WLHWC incurred \$34,422 and \$9,567 of Ground Lease expense for the years ended December 31, 2022 and 2021, respectively.

As of December 31, 2022, the weighted average remaining lease term for the operating lease is 35 years, and the weighted average discount rate used to calculate the operating lease obligation is 1.90%.

Right-of-use asset related to the Ground Lease consists of the following:

December 31, 2022

Right-of-Use Asset	\$	829,136
Less: accumulated amortization		(17,764)
Right-of-Use Assets, Net	\$	811,372

Future minimum lease payments under the Ground Lease are as follows:

Year ending December 31,

2023	\$	19,335
2024		19,915
2025		20,512
2026		21,128
2027		21,762
Thereafter		1,097,722
Total Lease Payments		1,200,374
Less: imputed interest		(374,448)
Total Operating Lease Obligations		825,926
Less: current portion		(3,840)
Long-Term Operating Lease Obligations	\$	822,086

Future minimum lease payments under the Ground Lease as December 31, 2021 were as follows:

Year ending December 31,

2022	\$	18,772
2023		19,935
2024		19,915
2025		20,512
2026		21,128
Thereafter		1,119,483
	\$	1,219,745

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During the year ended December 31, 2022, the Organization had the following cash and non-cash activities associated with its leases:

Year ended December 31, 2022

Cash Paid for Amounts Included in the Measurement of Lease Liabilities	
Operating cash flows from operating lease	\$ 18,772
Non-Cash Investing and Financing Activities	
Additions to ROU asset and operating lease obligation	829,136

14. Statement of Cash Flows Supplemental Information

<i>Year Ended December 31,</i>	2022	2021
Cash paid for interest capitalized to construction in progress	\$ 138,808	\$ 51,645
Non-Cash Investing and Financing Activities		
Additions to construction in progress in accounts payable	\$ 1,966,028	\$ -
Addition of right-of-use asset and operating lease liability	829,136	-
Capitalized interest included in accrued expenses	32,368	32,368
Contributed services capitalized to construction in progress	4,556	8,505
Issuance of note payable for purchase of land	-	1,100,000
Contributed services capitalized as loan costs	-	190,378
Loan forgiveness, SBA Paycheck Protection Program	-	341,223

15. Contingencies

The Organization may be involved in lawsuits in the normal course of business. Management cannot predict the outcome of the lawsuits or estimate the amount of any loss that may result. Accordingly, no provision for any contingent liabilities that may result has been made in the consolidated financial statements. Management believes that losses resulting from these matters, if any, would not have a material adverse effect on the financial position or results of operations of the Organization.

16. Related Party Transactions

On January 1, 2019, the Organization entered into an employment agreement with its president. Amongst other provisions, the agreement stipulated that the Organization pay the president an advance in the amount of \$100,000. This advance will accrue interest at a rate of 2.37% per annum and will be repaid to the Organization if the president's employment is terminated, as defined in the agreement. If the president remains employed, the Organization will forgive a portion of the advance, including any accrued interest, annually beginning in 2020 until the expiration of the agreement on December 31, 2023.

In connection with the NMTFC Financing as discussed in Note 8, WLHWC entered into a Development and Construction Administrative Agreement with LIFT Orlando effective June 22, 2021 and paid \$144,877 to LIFT Orlando as an administrative fee for overseeing the administration for the development and construction of the Heart, which is included in development fee revenue and

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building construction in progress. An additional \$350,000 administrative fee will be paid to LIFT Orlando upon receipt of a temporary certificate of occupancy.

As a portion of the pre-development costs of the Heart was already paid for by LIFT Orlando, WLHWC agreed to reimburse LIFT Orlando for the costs up to 24 months prior to the closing date of the NMTC financing of June 22, 2021 (Transfer Date). WLHWC paid the reimbursement of \$789,506 to LIFT Orlando at the Transfer Date, which was recorded as construction in progress.

The Organization has also entered into various other related party transactions disclosed within the notes to the consolidated financial statements. The following represents a summary of the related party receivable balances outstanding:

December 31, 2022

	Current	Long-Term
Developer fees due from WLP I (Note 5)	\$ -	\$ 297,646
Advance due from president	25,000	-
Accrued interest on note receivable from WLP I (Note 5)	-	50,096
Other	-	6,832
Total Related-Party Receivables	\$ 25,000	\$ 354,574

December 31, 2021

	Current	Long-Term
Developer fees due from WLP I (Note 5)	\$ -	\$ 410,802
Advance due from president	25,000	25,000
Accrued interest on note receivable from WLP I (Note 5)	-	42,596
Other	-	6,846
Total Related-Party Receivables	\$ 25,000	\$ 485,244

17. Paycheck Protection Program Loans

On March 27, 2020, the Coronavirus Aid, Relief, and Economics Security Act (the CARES Act) was enacted to address the economic fallout of the COVID-19 outbreak on the economy. The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer-side social security payments, and net operating loss carryback periods. It also appropriated funds for the Small Business Administration (SBA) Paycheck Protection Program (PPP), as well as Economic Injury Disaster Loans to provide liquidity to small businesses harmed by COVID-19. The Organization accounted for these loans in accordance with Accounting Standards Codification (ASC) 470, *Debt*. Under this guidance, a liability is derecognized upon repayment to the creditor or upon legal release. Legal release occurs upon confirmation of forgiveness from the SBA, at which time the liability will be released and recorded as income.

The Organization applied for, and received, funds under the first round of PPP funding in the amount of \$168,300 on April 20, 2020, which was shown as a loan payable. On April 7, 2021, the Organization was notified by the SBA that the entire unpaid principal balance of \$168,300 was forgiven, which is included in loan forgiveness revenue on the accompanying consolidated statement of activities for the year ended December 31, 2021.

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The Organization also applied for, and received, funds under the second round of PPP funding in the amount of \$172,923 on March 26, 2021. On September 16, 2021, the Organization was notified by the SBA that the entire unpaid principal balance of \$172,923 was forgiven, which is included in loan forgiveness revenue on the accompanying consolidated statement of activities for the year ended December 31, 2021.

18. Subsequent Events

The Organization has evaluated events and transactions occurring subsequent to December 31, 2022 as of April 28, 2023, which is the date the consolidated financial statements were available to be issued. No material events have occurred since December 31, 2022 that require recognition or disclosure in the consolidated financial statements.