

Coalition for a Better Acre, Inc. and Affiliates

Consolidated Financial Statements and Supplementary Information
with Report of Independent Auditors

December 31, 2023 and 2022

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	12-60
Supplementary Information	
Consolidating statement of financial position	61-62
Consolidating statement of activities and changes in net assets	63
Statements of cash flows	64

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, 2023 and 2022, 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, 2023 and 2022, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Change in Accounting Principle

As discussed in Note 2 to the financial statements, Coalition for a Better Acre, Inc. adopted accounting standards changes related to accounting for and disclosing measurement of credit losses on financial instruments. 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 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 and activities, and the statements of cash flows for Coalition for a Better Acre, Inc. and its wholly owned subsidiaries are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Novogradac & Company LLP

Boston, Massachusetts
June 27, 2024

COALITION FOR A BETTER ACRE, INC.
Consolidated Statement of Financial Position
December 31, 2023

						2023
ASSETS	CBA & Affiliates	Real Estate Entities	General Partners & Managing Members	Subtotal	Eliminations	Total
Current assets						
Cash and cash equivalents						
Operating	\$ 2,066,100	\$ 2,157,650	\$ -	\$ 4,223,750	\$ -	\$ 4,223,750
Development	-	11,183	-	11,183	-	11,183
Accounts receivable, net	171,730	178,707	-	350,437	-	350,437
Tenant security deposits	149,514	117,564	-	267,078	-	267,078
Prepaid expenses	106,490	73,071	-	179,561	-	179,561
Mortgagee escrow deposits	366,099	130,374	-	496,473	-	496,473
Reserves for replacement	1,284,892	713,744	-	1,998,636	-	1,998,636
Operating reserves	1,808,062	1,201,432	-	3,009,494	-	3,009,494
Predevelopment costs	453,185	-	-	453,185	(44,795)	408,390
Total current assets	<u>6,406,072</u>	<u>4,583,725</u>	<u>-</u>	<u>10,989,797</u>	<u>(44,795)</u>	<u>10,945,002</u>
Property and equipment, at cost						
Land and land improvements	2,396,762	4,397,803	-	6,794,565	-	6,794,565
Buildings	47,880,735	70,584,053	-	118,464,788	(13,237,551)	105,227,237
Developments in process	1,131,606	-	-	1,131,606	-	1,131,606
Furniture and fixtures	2,761,113	1,533,285	-	4,294,398	-	4,294,398
Total	<u>54,170,216</u>	<u>76,515,141</u>	<u>-</u>	<u>130,685,357</u>	<u>(13,237,551)</u>	<u>117,447,806</u>
Less: accumulated depreciation	(21,587,319)	(16,193,170)	-	(37,780,489)	4,002,545	(33,777,944)
Net property and equipment	<u>32,582,897</u>	<u>60,321,971</u>	<u>-</u>	<u>92,904,868</u>	<u>(9,235,006)</u>	<u>83,669,862</u>
Other assets						
Endowment fund - GLCF	188,838	-	-	188,838	-	188,838
Investment in corporations	2,666,959	-	1,969,607	4,636,566	(3,473,172)	1,163,394
Loans and notes receivable	22,555,013	-	-	22,555,013	(22,505,013)	50,000
Due from related parties	3,040,246	-	733,013	3,773,259	(3,728,034)	45,225
Deferred charges, net of accumulated amortization	-	27,704	-	27,704	-	27,704
Total other assets	<u>28,451,056</u>	<u>27,704</u>	<u>2,702,620</u>	<u>31,181,380</u>	<u>(29,706,219)</u>	<u>1,475,161</u>
TOTAL ASSETS	<u>\$ 67,440,025</u>	<u>\$ 64,933,400</u>	<u>\$ 2,702,620</u>	<u>\$ 135,076,045</u>	<u>\$ (38,986,020)</u>	<u>\$ 96,090,025</u>

See accompanying notes to consolidated financial statements

COALITION FOR A BETTER ACRE, INC.
Consolidated Statement of Financial Position (continued)
December 31, 2023

LIABILITIES AND NET ASSETS	CBA & Affiliates	Real Estate Entities	General Partners & Managing Members	Subtotal	Eliminations	2023 Total
Current liabilities						
Accounts payable						
Trade	\$ 313,292	\$ 66,673	\$ -	\$ 379,965	\$ -	\$ 379,965
Development	43,388	658,393	-	701,781	-	701,781
Accrued expenses	455,722	560,767	-	1,016,489	-	1,016,489
Prepaid rent	54,677	56,542	-	111,219	-	111,219
Security deposits	141,126	116,275	-	257,401	-	257,401
Accrued mortgage interest	56,551	22,750	-	79,301	-	79,301
Current portion of mortgages payable	584,913	8,433,248	-	9,018,161	-	9,018,161
Total current liabilities	<u>1,649,669</u>	<u>9,914,648</u>	<u>-</u>	<u>11,564,317</u>	<u>-</u>	<u>11,564,317</u>
Long-term liabilities						
Mortgages payable, net of current portion and unamortized debt issuance costs	12,529,823	5,699,780	-	18,229,603	-	18,229,603
Notes payable and accrued interest	21,391,465	38,337,661	-	59,729,126	(20,899,081)	38,830,045
Total long-term liabilities	<u>33,921,288</u>	<u>44,037,441</u>	<u>-</u>	<u>77,958,729</u>	<u>(20,899,081)</u>	<u>57,059,648</u>
Other liabilities						
Development fees payable and accrued interest	437,647	763,857	-	1,201,504	(1,201,504)	-
Due to related parties	569,279	1,057,381	2,656,943	4,283,603	(4,217,361)	66,242
Interest rate swap contract	316,120	-	-	316,120	-	316,120
Total other liabilities	<u>1,323,046</u>	<u>1,821,238</u>	<u>2,656,943</u>	<u>5,801,227</u>	<u>(5,418,865)</u>	<u>382,362</u>
Total liabilities	<u>36,894,003</u>	<u>55,773,327</u>	<u>2,656,943</u>	<u>95,324,273</u>	<u>(26,317,946)</u>	<u>69,006,327</u>
Net Assets						
Without donor restrictions	30,546,022	(1,551,491)	45,677	29,040,208	(12,668,074)	16,372,134
Noncontrolling interest in consolidated subsidiaries	-	10,711,564	-	10,711,564	-	10,711,564
Total net assets	<u>30,546,022</u>	<u>9,160,073</u>	<u>45,677</u>	<u>39,751,772</u>	<u>(12,668,074)</u>	<u>27,083,698</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 67,440,025</u>	<u>\$ 64,933,400</u>	<u>\$ 2,702,620</u>	<u>\$ 135,076,045</u>	<u>\$ (38,986,020)</u>	<u>\$ 96,090,025</u>

See accompanying notes to consolidated financial statements

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

						2022
ASSETS	CBA & Affiliates	Real Estate Entities	General Partners & Managing Members	Subtotal	Eliminations	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
Accounts receivable	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
Security deposits	128,985	115,740	-	244,725	-	244,725
Accrued mortgage interest	59,861	23,449	-	83,310	-	83,310
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
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 Activities and Changes in Net Assets
For the year ended December 31, 2023

	CBA & Affiliates	Real Estate Entities	Noncontrolling Interest in Real Estate Entities	General Partners & Managing Members	Subtotal	Eliminations	2023 Total
Revenue and support							
Grants and contributions	\$ 1,490,783	\$ -	\$ -	\$ -	\$ 1,490,783	\$ -	\$ 1,490,783
Developer overhead	729,250	-	-	-	729,250	(729,250)	-
Partnership management and investor service fees	28,000	-	-	-	28,000	-	28,000
Rental income, net of vacancies and concessions	6,895,011	3,626,167	-	-	10,521,178	(114,158)	10,407,020
Interest income	921,749	42,384	-	-	964,133	(682,414)	281,719
Income (loss) from endowment funds	153,677	-	-	-	153,677	-	153,677
Income from investment in corporation	237,948	-	-	-	237,948	-	237,948
Miscellaneous revenue	539,224	79,131	-	-	618,355	(425,641)	192,714
Debt from subsidiary	310,421	-	-	-	310,421	-	310,421
Total revenue and support	<u>11,306,063</u>	<u>3,747,682</u>	<u>-</u>	<u>-</u>	<u>15,053,745</u>	<u>(1,951,463)</u>	<u>13,102,282</u>
Expenditures							
Organizing	863,433	-	-	-	863,433	-	863,433
Real estate-development	111,677	-	-	-	111,677	-	111,677
Real estate-homeowner	18,204	-	-	-	18,204	-	18,204
General and administrative	1,588,234	114,715	-	-	1,702,949	(512,467)	1,190,482
Rentals and property management	8,297,099	5,732,297	-	-	14,029,396	(1,449,946)	12,579,450
Total expenditures	<u>10,878,647</u>	<u>5,847,012</u>	<u>-</u>	<u>-</u>	<u>16,725,659</u>	<u>(1,962,413)</u>	<u>14,763,246</u>
Increase (decrease) in net assets before interest rate swap contract	<u>427,416</u>	<u>(2,099,330)</u>	<u>-</u>	<u>-</u>	<u>(1,671,914)</u>	<u>10,950</u>	<u>(1,660,964)</u>
Change in value of interest rate swap	<u>153,671</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>153,671</u>	<u>-</u>	<u>153,671</u>
Increase (decrease) in net assets before taxes	<u>581,087</u>	<u>(2,099,330)</u>	<u>-</u>	<u>-</u>	<u>(1,518,243)</u>	<u>10,950</u>	<u>(1,507,293)</u>
Unrelated business tax	<u>4,554</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,554</u>	<u>-</u>	<u>4,554</u>
Increase (decrease) in net assets before noncontrolling interest in losses of consolidated subsidiaries	<u>576,533</u>	<u>(2,099,330)</u>	<u>-</u>	<u>-</u>	<u>(1,522,797)</u>	<u>10,950</u>	<u>(1,511,847)</u>
Noncontrolling interest in losses of consolidated subsidiaries	<u>-</u>	<u>1,751,582</u>	<u>(1,751,582)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Transfer of non-controlling interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Transfer of interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets, beginning of year	<u>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>
Current year capital contributions (distributions)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets, end of year	<u>\$ 30,546,022</u>	<u>\$ (1,551,491)</u>	<u>\$ 10,711,564</u>	<u>\$ 45,677</u>	<u>\$ 39,751,772</u>	<u>\$ (12,668,074)</u>	<u>\$ 27,083,698</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
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	-	-	-	126,886	(60,000)	66,886
Debt from subsidiary	295,796	-	-	-	295,796	-	295,796
Total revenue and support	<u>10,471,848</u>	<u>3,325,730</u>	<u>-</u>	<u>-</u>	<u>13,797,578</u>	<u>(1,363,399)</u>	<u>12,434,179</u>
Expenditures							
Organizing	943,802	-	-	-	943,802	-	943,802
Real estate-development	117,680	-	-	-	117,680	-	117,680
Real estate-homeowner	21,036	-	-	-	21,036	-	21,036
General and administrative	1,020,591	111,312	-	-	1,131,903	(127,875)	1,004,028
Rentals and property management	7,801,081	5,864,715	-	-	13,665,796	(982,720)	12,683,076
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	4,667	-	-	-	4,667	-	4,667
Increase (decrease) in net assets before noncontrolling interest in losses of consolidated subsidiaries	1,663,793	(4,220,890)	-	-	(2,557,097)	(252,804)	(2,809,901)
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	-	-	261,928	-	261,928	-	261,928
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 Functional Expenses
For the year ended December 31, 2023

	Organizing	Real Estate Development	Home Preservation	General and Administrative	Rentals and Property Management	2023 Total
Salaries	\$ 718,896	\$ -	\$ -	\$ 598,697	\$ 1,543,855	\$ 2,861,448
Payroll taxes and benefits	64,407	76,115	-	296,386	429,135	866,043
Management fees	-	-	-	-	532,586	532,586
Professional fees	-	-	-	202,158	89,611	291,769
Contracted services	14,315	(2,581)	-	26,798	1,575,730	1,614,262
Operating and maintenance	-	-	-	-	10,669	10,669
Utilities	-	-	7,265	14,516	1,420,118	1,441,899
Office supplies and expense	1,086	2,655	-	62,310	208,034	274,085
Occupancy	-	-	8,000	35,406	-	43,406
Advertising and renting	-	-	-	-	9,167	9,167
Program supplies and expense	57,046	29,278	2,858	133,042	65,375	287,599
Telephone	2,613	-	-	8,859	80,232	91,704
Meetings and travel	117	267	-	1,076	-	1,460
Staff training	4,953	5,943	-	3,078	18,497	32,471
Real estate taxes	-	-	-	-	721,669	721,669
Insurance	-	-	-	21,653	429,176	450,829
Interest	-	-	-	49,559	1,968,642	2,018,201
Depreciation	-	-	-	-	2,809,543	2,809,543
Amortization	-	-	-	-	57,783	57,783
Collection allowance	-	-	-	-	29,400	29,400
Grants contributed	-	-	-	-	-	-
Ground lease	-	-	-	-	312,772	312,772
Miscellaneous	-	-	81	(263,056)	267,456	4,481
	<u>\$ 863,433</u>	<u>\$ 111,677</u>	<u>\$ 18,204</u>	<u>\$ 1,190,482</u>	<u>\$ 12,579,450</u>	<u>\$ 14,763,246</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>Organizing</u>	<u>Real Estate Development</u>	<u>Real Estate Homeowner</u>	<u>General and Administrative</u>	<u>Rentals and Property Management</u>	<u>2022 Total</u>
Salaries	\$ 781,255	\$ -	\$ -	\$ 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	-	-	-	215,269	59,381	274,650
Contracted services	15,339	838	-	22,469	1,683,475	1,722,121
Operating and maintenance	-	-	-	-	10,301	10,301
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>\$ 943,802</u>	<u>\$ 117,680</u>	<u>\$ 21,036</u>	<u>\$ 1,004,028</u>	<u>\$ 12,683,076</u>	<u>\$ 14,769,622</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, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (1,511,847)	\$ (2,809,901)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Debt issuance cost amortization	94,034	56,796
Depreciation and amortization	2,867,326	2,776,639
Income from investment in corporation	(237,948)	(47,294)
Change in value of interest rate swap	(153,671)	(1,100,802)
Accrued interest not currently payable	15,000	31,493
Transfer of New North Canal LLC non-controlling interest, net	-	1,996,329
 Changes in:		
Accounts receivable, net	(143,115)	(67,001)
Prepaid expenses	26,530	3,352
Accounts payable - trade	42,095	(393,477)
Accrued expenses	(8,411)	253,703
Accrued mortgage interest	(4,009)	(3,085)
Prepaid rent	46,870	(465)
Tenant security deposits, liability	12,676	(1,281)
Accrued fees	8,411	(164,998)
Net cash provided by operating activities	1,053,941	530,008
 CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid for fixed assets	(8,221,529)	(6,316,100)
Net change in endowment fund - GLCF	(30,246)	45,722
Investment in corporation	(160,057)	(27,435)
Predevelopment costs	(315,215)	1,260,762
Net cash used in investing activities	(8,727,047)	(5,037,051)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Mortgage principal advances, net	5,838,415	2,204,540
Proceeds from notes payable and accrued interest	2,850,567	1,599,896
(Repayment) proceeds from related parties, net	(600,275)	331,673
Development fees payable and accrued interest	(151,662)	(23,928)
Non-controlling interest capital contributions	-	261,928
Net cash provided by financing activities	7,937,045	4,374,109
 NET CHANGE IN CASH AND CASH EQUIVALENTS	263,939	(132,934)
 CASH, CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF YEAR	9,742,675	9,875,609
 CASH, CASH EQUIVALENTS AND RESTRICTED CASH, END OF YEAR	\$ 10,006,614	\$ 9,742,675
 Cash and cash equivalents - operating	\$ 4,223,750	\$ 3,632,192
Cash and cash equivalents - development	11,183	485,436
Tenant security deposits	267,078	257,488
Mortgagee escrow deposits	496,473	537,476
Reserve for replacement	1,998,636	1,999,211
Operating reserve	3,009,494	2,830,772
Total cash, cash equivalents and restricted cash	\$ 10,006,614	\$ 9,742,675
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest, net of capitalized portion of \$160,220 and \$350,309, respectively	\$ 1,401,373	\$ 1,173,940
 SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Fixed asset additions	\$ 8,442,866	\$ 7,205,646
Less: accounts payable - development	(221,337)	(889,546)
Cash paid for fixed assets	\$ 8,221,529	\$ 6,316,100

See accompanying notes to consolidated financial statements

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

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.

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.

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

1. Organization (continued)

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 the 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. The investor member had contributed \$13,070,691. There was an upward adjustment of \$159,691. Distributions were 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.

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.

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

1. Organization (continued)

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

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

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

St. Joseph's Apartments LLC (SJLLC) (a Massachusetts limited liability company, .01% owned by SJMMLLC) was formed on April 2, 2007, for the purpose of rehabilitating and operating one residential apartment building containing 15 residential units located in Lowell, Massachusetts. The investor member has agreed to contribute \$2,934,000 for a 99.99% interest in the income, losses, and tax credits. The investor member contributed an upward equity adjuster in the amount of \$33,878. As of both December 31, 2023 and 2022, the investor member has contributed \$2,967,868. 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 both December 31, 2023 and 2022, the investor member has contributed \$4,010,114. Distributions shall be allocated in accordance with the operating agreement.

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

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 both December 31, 2023 and 2022, the investor member has contributed \$3,517,598. 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).

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

1. Organization (continued)

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 both December 31, 2023 and 2022, 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 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 both December 31, 2023 and 2022, 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 on 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 both December 31, 2023 and 2022, the investor member had contributed \$8,730,927. 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.

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. During 2023, construction was completed, and the building was placed in service. Operations will begin in 2024. The investor member has agreed to contribute \$5,923,000 for a 99.98% interest in the income, losses, and tax credits. As of both December 31, 2023 and 2022, the investor member contributions have not yet been received. 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, 2023 and 2022

2. Summary of significant accounting policies and nature of operations

Principles of consolidation

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

Use of estimates

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

Cash and cash equivalents

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

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

Concentrations of credit risk

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

Reclassifications

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

Basis of presentation

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

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

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

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

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

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

Derivative financial instruments

All derivative financial instruments are recognized as either assets or liabilities at their fair value in the statement of financial position with the changes in the fair value reported in current-period earnings. These instruments are classified on the consolidated statement of financial position as interest rate swap contract and the change in the fair value is recorded on the statement of activities as change in value of interest rate swap. For the years ended December 31, 2023 and 2022, a real estate affiliate, New North Canal LLC, recognized a gain of \$153,671 and \$1,100,802, 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 the income.

Investments in corporations

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

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

Accounts receivable

Accounts receivable consist 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.

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

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

Loans receivable and allowance for credit losses (after the adoption of ASU 2016-13 effective January 1, 2023)

Loans receivable are measured at amortized cost basis and presented at the amount expected to be collected, net of deferred loan origination fees and unearned discounts, as applicable. The Organization records an allowance for credit losses based on losses expected to arise over the contractual term of the financial asset. Assets are written off when the Organization deems the loan receivable to be uncollectable. Write-offs are recognized as a deduction from the allowance for credit losses. Expected recoveries of amounts previously written off, which do not exceed the aggregate of previous write-offs, are included in determining the allowance account. As of December 31, 2023, management believes that the Corporation's loans receivable are fully collectable and as such, the allowance for credit losses is zero.

In developing estimates for expected credit losses, management considers historical loss information updated for current conditions and reasonable and supportable forecasts that affect expected collectability using a loss-rate approach. Management considers factors such as the borrower's financial condition, the borrower's ability to make scheduled interest or principal payments based on the current and forecasted direction of the economic and business environment, the remaining payment terms of the loan, the remaining time to maturity, and the value of underlying collateral. Although management uses many factors to estimate credit losses, because of uncertainties associated with local economic conditions, collateral values, and future cash flows, it is reasonably possible that a material change could occur in the allowance for credit loan losses in the near term. However, the amount of the change that is reasonably possible cannot be estimated.

Loans that are 90 days or more past due, based on the contractual terms of the loan, are classified on nonaccrual status. Uncollectable interest previously accrued is charged off, or an allowance is established by a charge to interest income. Interest income on nonaccrual loans is recognized only to the extent cash payments are received and the principal balance is believed to be collectable. A loan previously classified on nonaccrual status will resume accruing interest based on the contractual terms of the loan when payments on the loan become current. There were no loans on nonaccrual status at December 31, 2023.

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

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. Sales 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, 2023 and 2022

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, 2023 and 2022.

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, 2023 and 2022, 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, 2023 and 2022, the Corporation reported net special events revenue of \$64,359 and \$65,286, 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 liability and expense for compensated vacation absences of the employees for vested time at their current pay rate.

Functional expenses

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

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

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

Functional expenses (continued)

The expenses that are allocated include the following:

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

Retirement plan

CBA provides a qualified retirement plan under Internal Revenue Code Section 401(k) covering all employees meeting certain eligibility requirements. The plan allows 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, 2023 and 2022, were \$58,232 and \$38,382, respectively.

Low-income housing tax credits

Twelve 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, Gerson Building, LLC and 555 Merrimack Street 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 the years ranging between 1997 and 2023 and tax credits were prorated in the first year of occupancy. The tax credit period for 555 Merrimack Street LLC is expected to begin in 2024. Additionally, LIHTC Properties will have entered into various agreements requiring compliance with federal low-income housing regulations for a minimum of 30 years.

Historic tax credits

Three of the entities consolidated (Liberty Square Housing Limited Partnership, Moody Street Center Limited Partnership, and St. Joseph's Apartments LLC) qualified for the federal historic tax credits. The credit was calculated at 20% of qualified rehabilitation costs. Recapture of a portion of the credits would occur if the building 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.

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

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

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 2023.

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, 2023 and 2022, 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, 2023, and 2022, 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 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, 2023 and 2022, no fund balances were below the historical gift amount.

Contributions

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

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

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

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

Economic concentrations

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

Concentrations of credit risk

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

Income taxes

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

ATCDC has a lease for an antenna on its roof which is subject to tax on unrelated business income. As of December 31, 2023, and 2022, ATCDC has recorded a tax liability of \$4,554 and \$4,667, 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.

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.

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

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

Income taxes (continued)

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

Fair value measurements

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

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

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

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

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

The table below presents amounts at December 31, 2023 and 2022 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 an 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>2023</u>	<u>2022</u>
Interest rate swap liability	<u>\$ 316,120</u>	<u>\$ 469,791</u>

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

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

Change in accounting principle

In June 2016, the Financial Accounting Standards Board (“FASB”) issued ASU 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments to provide financial statement users with improved information about expected credit losses on financial assets, as well as improve users’ ability to understand the realizability of assets held at each reporting period.

The Corporation adopted FASB ASC 326 effective January 1, 2023, Credit loss disclosures for the year ended December 31, 2022 are made under the prior guidance provided by FASB ASC 310.

With respect to measuring expected credit losses for the Corporation’s loans receivable, ASU 2016-13 did not have a material impact on the financial statements.

3. Liquidity and availability of financial assets

The following represents the Corporation and Affiliates’ liquid financial assets at December 31, 2023 and 2022:

Liquid financial assets at year end:	2023	2022
Cash and cash equivalents	\$ 4,225,889	\$ 3,632,192
Tenant security deposits, cash	267,078	257,488
Escrow deposits	496,473	537,476
Total liquid financial assets	<u>4,989,440</u>	<u>4,427,156</u>
Less amounts not available to be used within one year:		
Tenant security deposits, liability	(257,401)	(244,725)
Escrow deposits	(496,473)	(537,476)
	<u>(753,874)</u>	<u>(782,201)</u>
Liquid financial assets available to meet general expenditures over the next twelve months	<u>\$ 4,235,566</u>	<u>\$ 3,644,955</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 \$114,158 and \$57,352 for the years ended December 31, 2023 and 2022, 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, 2023 and 2022

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:

	2023	2022
<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, 2023 and 2022, the note balance of \$155,000 and accrued interest of \$51,262 and \$49,479, respectively, have been eliminated in the accompanying consolidated financial statements.	\$ 206,262	\$ 204,479
<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, 2023 and 2022, the note balance of \$713,027 each year and accrued interest of \$1,049,373 and \$959,714, respectively, have been eliminated in the accompanying consolidated financial statements.	1,762,400	1,672,741
<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, 2023 and 2022, 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, 2023 and 2022, the note balance of \$500,000 each year and accrued interest of \$939,795 and \$862,149, respectively, have been eliminated in the accompanying consolidated financial statements.	1,439,795	1,362,149

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

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

	2023	2022
<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, 2023 and 2022, the note balance of \$165,000 each year and accrued interest of \$266,690 and \$246,133, respectively, have been eliminated in the accompanying consolidated financial statements.	\$ 431,690	\$ 411,133
 <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. During 2023, the full amount of the note balance and accrued interest was received. As of December 31, 2022, the note balance of \$101,109 and accrued interest of \$56,626 has been eliminated in the accompanying consolidated financial statements.	0	157,735
 <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, 2023 and 2022, the note balance of \$1,914,980 each year and accrued interest of \$2,432,850 and \$2,213,229, respectively, have been eliminated in the accompanying consolidated financial statements.	4,347,830	4,128,209
 <u>Development note receivable from MSLP</u>		
The loan is non-interest bearing and unsecured and is due on demand. As of December 31, 2023 and 2022, 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, 2023 and 2022, 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, 2023 and 2022, 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)	420,379	386,974

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

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

	2023	2022
<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, 2023 and 2022, the note balance of \$165,000 each year and accrued interest of \$256,946 and \$233,062, respectively, have been eliminated in the accompanying consolidated financial statements.	\$ 421,946	\$ 398,062
<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, 2023 and 2022, the note balance of \$75,000 each year and accrued interest of \$191,062 and \$171,354, respectively, have been eliminated in the accompanying consolidated financial statements.	266,062	246,354
<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, 2023 and 2022, the note balance of \$120,000 each year and accrued interest of \$174,776 and \$158,091, respectively, have been eliminated in the accompanying consolidated financial statements.	294,776	278,091
<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, 2023 and 2022, the note balance of \$259,500 each year and accrued interest of \$563,678 and \$502,702, respectively, have been eliminated in the accompanying consolidated financial statements.	823,178	762,202
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, 2023 and 2022

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

	2023	2022
<u>Note receivable from AHSLLC</u>		
Note receivable in the amount of \$920,000. The note is due in full at maturity, December 2039, together with interest at 5% per annum, compounded annually. As of December 31, 2023 and 2022, the note balance of \$920,000 each year and accrued interest of \$786,209 and \$704,961, respectively, have been eliminated in the accompanying consolidated financial statements.	\$ 1,706,209	\$ 1,624,961
CBA sold state tax credits generated from AHSLLC for \$820,000 and loaned \$810,000 of the proceeds from the sale to AHSLLC. Additionally, NWA Funds of \$110,000 were combined with the \$810,000 in the form of a note totaling \$920,000.		
<u>Note receivable from AHSLLC</u>		
HOME Funds note receivable in the amount of \$165,000. The note is due in full at maturity, December 2039, together with interest at 1% per annum, compounded annually. As of December 31, 2023 and 2022, the note balance of \$165,000 each year and accrued interest of \$25,025 and \$21,299, respectively, have been eliminated in the accompanying consolidated financial statements.	190,025	186,299
<u>Note receivable from AHSLLC</u>		
CDBG Funds note receivable in the amount of \$33,325. The note is due in full at maturity, December 2039, together with interest at 1% per annum, compounded annually. As of December 31, 2023 and 2022, the note balance of \$33,325 each year and accrued interest of \$4,887 and \$4,509, respectively, have been eliminated in the accompanying consolidated financial statements.	38,212	37,834
<u>Note receivable from UPLLC</u>		
NWA Funds note receivable in the amount of \$184,000. The note is due in full at maturity, December 2040, is non-interest bearing. As of December 31, 2023 and 2022, the note balance of \$184,000 each year has been eliminated in the accompanying consolidated financial statements.	184,000	184,000

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

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

	2023	2022
<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, 2023 and 2022, 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. As of December 31, 2023 and 2022, the note balance of \$63,830 for both years, and accrued interest of \$6,987 and \$4,983, respectively, have been eliminated in the accompanying consolidated financial statements.	70,817	68,813
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, 2023 and 2022, the advances balance of \$304,675 for both years, has been eliminated in the accompanying consolidated financial statements.	304,675	304,675
<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, 2023 and 2022, the note balance of \$1,272,135 each year and accrued interest of \$332,244 and \$283,400 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.	1,604,379	1,555,535
<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, 2023 and 2022, the note balance of \$50,000 each year and accrued interest of \$4,420 and \$3,920, respectively, have been eliminated in the accompanying consolidated financial statements.	54,420	53,920

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

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

	2023	2022
<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, 2023 and 2022, the note balance of \$1,570,578 and \$1,737,457, respectively, and accrued interest of \$1,284,393 for both years, have been eliminated in the accompanying consolidated financial statements.	\$ 2,854,971	\$ 3,021,850
Ground lease (Note 7)	1,572,009	1,294,993
<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, 2023 and 2022, 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. This note is due at the thirteenth anniversary of substantial completion. As of December 31, 2023 and 2022, the note balances of \$174,889 and \$449,889, respectively, have been eliminated in the accompanying consolidated financial statements.	174,889	449,889
<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, 2023 and 2022, the note balance of \$225,000 for both years has been eliminated in the accompanying consolidated financial statements.	225,000	225,000
<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, 2023 and 2022, the note balance of \$145,000 for both years has been eliminated in the accompanying consolidated financial statements.	145,000	145,000
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, 2023 and 2022, the note balance of \$200,000 for both years has been eliminated in the accompanying consolidated financial statements	200,000	200,000
Construction advances receivable, which shall be repaid only from the proceeds of sale or refinancing and bear no interest. As of December 31, 2023 and 2022, the advances balance of \$43,590 and \$17,807, respectively, has been eliminated in the accompanying consolidated financial statements.	43,590	17,807

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

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

	2023	2022
<u>Note receivable from DRACUT (continued)</u>		
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, 2023 and 2022, the note balance of \$664,300 for both years has been eliminated in the accompanying consolidated financial statements	\$ 664,300	\$ 664,300
 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, 2023 and 2022, the note balances of \$175,913 for both years has been eliminated in the accompanying consolidated financial statements.	175,913	175,913
<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, 2023 and 2022, the note balance of \$533,537 and \$546,858, respectively, and accrued interest of \$25,061 and \$5,870, respectively, has been eliminated in the accompanying consolidated financial statements.	558,598	552,728
 Developer fee receivable from 555 MERRIMACK in the amount of \$588,966 and \$34,168 as of December 31, 2023 and 2022, respectively. As of December 31, 2023 and 2022, the note balances of \$588,966 and \$34,168, respectively, have been eliminated in the accompanying consolidated financial statements.	588,966	34,168
 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, 2023 and 2022, \$50,000 has been drawn on this loan each year.	50,000	50,000
 Subtotal CBA and affiliates	22,555,013	21,581,211
Less – amounts eliminated	(22,505,013)	(21,531,211)
Total notes predevelopment costs & development fees receivable & accrued interest	\$ 50,000	\$ 50,000

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

6. Due to/From Related Parties

The Corporation and Affiliates periodically advance funds to, or hold funds for, several related entities. At December 31, 2023 and 2022, aggregate amounts due from related parties after elimination of intercompany balances totaled \$45,225 and \$430 respectively. At December 31, 2023 and 2022, aggregate amounts due to related parties after elimination of intercompany balances totaled \$66,242 and \$621,722, 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 2023 and 2022, ground lease receipts of \$0 and \$164,837, respectively were paid from surplus cash for each year. During 2023 and 2022, ground lease rents of \$208,122 each year and interest of \$68,894 and \$54,901, respectively, were earned. At December 31, 2023 and 2022, ground lease rents of \$1,211,183 and \$1,003,061 and accrued interest of \$360,826 and \$291,932, 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 an 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 2023 and 2022, no payments were received. During 2023 and 2022, ground lease rents of \$17,500 and \$20,643, respectively and interest of \$15,905 and \$12,130, respectively, were earned. At December 31, 2023 and 2022, ground lease rents of \$293,971 and \$276,471 and accrued interest of \$126,408 and \$110,503, respectively, were due and are included in the total of notes payable and accrued interest in the consolidated statements of financial position. These transactions have been eliminated in the accompanying consolidated financial statements.

8. Development and other fees

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

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

CBA provided development services to LSHLP totaling \$294,788, which represents 40% of the total development fee and overhead reimbursement of \$736,970. Lowell Restoration Inc. (LRI) earned the remaining \$442,182. A portion of the fee totaling \$50,000 to CBA has been deferred and accrues interest at 5.77% per annum, compounded annually. The remaining portion of the CBA fee of \$94,109 is non-interest bearing. The fee and accrued interest are payable on or before the earlier to occur on the 10th anniversary of the completion date or the liquidation date (maturity date) of the partnership or from cash flow or from the proceeds of sale or refinancing. During 2023, the development fee and accrued interest were paid in full. As of December 31, 2023 and 2022, the remaining balance of \$0 and \$101,109, respectively, of development fee and accrued interest of \$0 and \$56,626, respectively, were due to CBA. These transactions have been eliminated in the accompanying consolidated financial statements. The remaining balance of \$0 and \$151,662 as of December 31, 2023 and 2022, respectively, of development fee and interest due LRI is presented as development fee payable in the accompanying consolidated financial statements.

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

8. Development and other fees (continued)

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, 2023 and 2022 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, 2023 and 2022, \$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, 2023 and 2022, \$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, 2023 and 2022, \$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, an additional developer fee of \$99,680 was paid to CBA. As of December 31, 2023 and 2022, \$539,680 has been earned and paid. These transactions have been eliminated in the accompanying consolidated financial statements.

CBA provided development services to GSBLLC. As of December 31, 2023 and 2022, \$1,750,000 of the developer fee had been earned, of which \$174,889 and \$449,889 remained payable, respectively. These transactions have been eliminated in the accompanying consolidated financial statements.

CBA provided development services to DRACUT. As of both December 31, 2023 and 2022, \$351,826 of the developer fee had been earned, of which \$175,913 remains payable for both years. These transactions have been eliminated in the accompanying consolidated financial statements.

CBA provided development services to 555 MERRIMACK. As of December 31, 2023 and 2022, \$1,053,848 and \$324,598 of the developer fee had been earned, respectively, of which \$588,966 and \$34,168 remains payable, respectively. These transactions have been eliminated in the accompanying consolidated financial statements.

Development fees are summarized as follows:

	Total Fee	2023	
		Current Income	Current Receivable
TRLP	\$ 422,624	\$ -	\$ -
MSCLP	523,198	-	-
LSHLP (40 % CBA, 60% LRI)	736,970	-	-
MSLP	271,734	-	261,734
AHSLLC	375,752	-	-
UPLLC	368,848	-	-
GSLLC	883,000	-	-
WHHLLC	539,680	-	-
GSBLLC	1,750,000	-	174,889
DRACUT	351,826	-	175,913
555 MERRIMACK	1,053,848	729,250	588,966
	<u>\$ 7,277,480</u>	<u>729,250</u>	<u>1,201,502</u>
Less – amounts eliminated		(729,250)	(1,201,502)
		<u>\$ -</u>	<u>\$ -</u>

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

8. Development and other fees (continued)

	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
	<u>\$ 7,277,480</u>	<u>538,951</u>	<u>1,023,813</u>
Less – amounts eliminated		(521,687)	(1,023,813)
		<u>\$ 17,264</u>	<u>\$ -</u>

Other fees - LSHLP

In accordance with the Partnership Management and Investor Services Agreement between CBA and LSHLP, CBA earns an annual partnership management fee of 70% of \$10,000 payable from operations (or \$7,000 annually), an annual supplemental partnership management fee of 70% of \$25,000 payable from available cash flow (or \$17,500 annually) and an annual investor service fee of 70% of \$5,000 payable from available cash flow (or \$3,500). The remaining 30% of the annual partnership management fee, supplemental partnership management fee and annual investor service fee totaling \$12,000 annually is earned by LRI. The balance due to CBA as of December 31, 2023 and 2022 of \$452,000 and \$424,000, respectively, and fees earned during 2023 and 2022 of \$28,000 each year have been eliminated in the consolidated financial statements. The balance due LRI as of December 31, 2023 and 2022 of \$225,000 and \$213,000, 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:

	2023		
	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
	<u>40,000</u>	<u>28,000</u>	<u>452,000</u>
Less: amounts eliminated	(28,000)	(28,000)	(452,000)
	<u>\$ 12,000</u>	<u>\$ -</u>	<u>\$ -</u>

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

8. Development and other fees (continued)

Other fees – LSHLP (continued)

	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	246,334
Investor service fee	5,000	3,500	40,222
	<u>40,000</u>	<u>28,000</u>	<u>424,000</u>
Less: amounts eliminated	<u>(28,000)</u>	<u>(28,000)</u>	<u>(424,000)</u>
	<u>\$ 12,000</u>	<u>\$ -</u>	<u>\$ -</u>

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:

	2023	2022
<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, 2023 and 2022, the note balance was \$500,000 each year and accrued interest totaled \$291,000 and \$276,000, respectively. Interest incurred during 2023 and 2022 totaled \$15,000 and \$15,000, respectively.	\$ 791,000	\$ 776,000
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, 2023 and 2022, the note balance was \$4,079 and \$8,927, respectively, and interest incurred and paid during 2023 and 2022 totaled \$704 and \$607, respectively.	4,079	8,927
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, 2023 and 2022, total funds drawn and payable were \$682,187 and \$328,401, respectively. Interest incurred for the years ended December 31, 2023 and 2022 was \$30,933 and \$6,148, respectively.	682,187	328,401

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

9. Notes payable and development fee payable (continued)

	2023	2022
<u>CBA (continued)</u>	\$ 11,542	\$ 10,834
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 both December 31, 2023 and 2022, the note balance was \$ 0. Accrued interest as of December 31, 2023 and 2022 was \$1,416 and \$708, respectively.		
Subtotal CBA	1,488,808	1,124,162
<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 both December 31, 2023 and 2022, the adjusted note balance was \$333,300 and accrued interest totaled \$115,810 and \$111,978, respectively. Interest incurred during 2023 and 2022 totaled \$3,833 for each year.	449,110	445,278
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 both December 31, 2023 and 2022, the note balance was \$406,700 and accrued interest totaled \$131,995 and \$127,318, respectively. Interest incurred during 2023 and 2022 totaled \$4,677 for each year.	538,695	534,018

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

9. Notes payable and development fee payable (continued)

	2023	2022
<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, 2023 and 2022, the note balance was \$108,000 each year and accrued interest totaled \$145,568 and \$140,168, respectively. Interest incurred during 2023 and 2022 totaled \$5,400 each year.	\$ 253,568	\$ 248,168
 Note Payable to CBA (Note 5)	202,830	201,048
Subtotal TRLP	1,444,203	1,428,512
 <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, 2023 and 2022, the note balance was \$172,000 each year and accrued interest totaled \$253,435 and \$231,792, respectively. Interest incurred during 2023 and 2022 totaled \$21,643 and \$20,542, respectively.	425,435	403,792
 Mortgage note payable to CBA (Note 5)	30,000	30,000
Ground lease payable to MSHLP (Note 7)	421,846	386,974
Mortgage note payable to CBA (Note 5)	1,762,367	1,672,710
Subtotal NMSHLLC	2,639,648	2,493,476

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

9. Notes payable and development fee payable (continued)

	2023	2022
<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, 2023 and 2022, the note balance was \$500,000 each year and accrued interest totaled \$962,445 and \$883,581, respectively. Interest incurred during 2023 and 2022 totaled \$78,864 and \$74,611, respectively.	\$ 1,462,445	\$ 1,383,581
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, 2023 and 2022, the note balance was \$700,000 each year and accrued interest totaled \$1,179,420 and \$1,089,924, respectively. Interest incurred during 2023 and 2022 totaled \$89,496 and \$85,234, respectively.	1,879,420	1,789,924
Note Payable to CBA (Note 5)	1,439,791	1,362,149
Note Payable to CBA (Note 5)	431,689	411,133
Development fee payable to CBA and LRI (Note 8)	-	306,447
Subtotal LSHLP	5,213,345	5,253,234
<u>NNCLLC</u>		
Note payable to CBA (Note 5)	4,347,830	4,128,209
Ground lease payable to CBAAH (Note 7)	1,572,009	1,294,993
Note payable to CBAAH (Note 5)	2,854,971	3,021,850
Subtotal NNCLLC	8,774,810	8,445,052
<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, 2023 and 2022, the note balance was \$400,000 each year and accrued interest totaled \$692,266 and \$663,266, respectively. Interest incurred during 2023 and 2022 totaled \$29,000 each year.	1,092,266	1,063,266

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

9. Notes payable and development fee payable (continued)

	2023	2022
<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, 2023 and 2022, the note balance was \$440,000 each year and accrued interest totaled \$1,032,671 and \$954,839, respectively. Interest incurred during 2023 and 2022 totaled \$77,832 and \$73,719, respectively.	\$ 1,472,671	\$ 1,394,839
 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, 2023 and 2022, the note balance was \$180,000, each year and accrued interest totaled \$279,384 and \$263,635, respectively. Interest incurred during 2023 and 2022 totaled \$15,749 and \$15,209, respectively.	459,384	443,635
 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, 2023 and 2022, the note balance was \$318,345, each year, and accrued interest totaled \$2,029,390 and \$1,835,540, respectively. Interest incurred during 2023 and 2022 totaled \$193,850 and \$177,844, respectively.	2,347,735	2,153,885
 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	5,911,583	5,595,152
 <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, 2023 and 2022, the note balance was \$ 350,000 each year and accrued interest totaled \$168,124 and \$157,624, respectively. Interest incurred during 2023 and 2022 totaled \$10,500, each year.	518,124	507,624

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

9. Notes payable and development fee payable (continued)

	2023	2022
<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, 2023 and 2022, the note balance was \$250,000 each year and accrued interest totaled \$121,872 and \$114,372, respectively. Interest incurred during 2023 and 2022 totaled \$7,500 each year.	\$ 371,872	\$ 364,372
Note payable to CEDAC under the FCF program in the amount of \$230,000. The note bears simple interest at 3% per annum, with principal and interest due at maturity, August 2038. The loan is secured by the property. As of December 31, 2023 and 2022, the note balance was \$230,000 each year with accrued interest of \$109,207 and \$102,307, respectively. Interest incurred during 2023 and 2022 totaled \$6,900 each year.	339,207	332,307
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, 2023 and 2022, the note balance was \$150,000 each year and accrued interest totaled \$72,796 and \$68,296, respectively. Interest incurred during 2023 and 2022 totaled \$4,500 each year.	222,796	218,296
Note payable to CBA – HTC Funds (Note 5)	823,178	762,202
Note payable to CBA – City of Lowell Home Funds (Note 5)	421,946	398,062
Note payable to CBA – City of Lowell Lead Funds (Note 5)	294,776	278,091
Note payable to CBA – Neighborworks Loan (Note 5)	266,062	246,354
Subtotal SJALLC	3,257,961	3,107,308
<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, 2023 and 2022, 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, 2023 and 2022

9. Notes payable and development fee payable (continued)

	2023	2022
<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, 2023 and 2022, 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, 2023 and 2022, the note balance was \$501,690 each year.	 501,690	 501,690
Note payable to CBA – Neighborworks Loan (Note 5)	1,706,209	1,624,961
Note payable to CBA – HOME Loan (Note 5)	190,025	186,299
Note payable to CBA – CDBG Funds Loan (Note 5)	38,212	37,834
Subtotal AHSLLC	4,086,136	4,000,784
<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, 2023 and 2022, the note balance was \$1,264,797 each year and accrued interest totaled \$160,885 and \$148,237, respectively. Interest incurred during 2023 and 2022 totaled \$12,648 each year.	1,425,682	1,413,034
 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, 2023 and 2022, the note balance was \$300,000 each year and accrued interest totaled \$166,231 and \$153,481, respectively. Interest incurred during 2023 and 2022 totaled \$12,750 each year.	 466,231	 453,481
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, 2023 and 2022, the note balance was \$438,093 each year and accrued interest totaled \$51,873 and \$47,492, respectively. Interest incurred during 2023 and 2022 totaled \$4,381 each year.	489,966	485,585

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

9. Notes payable and development fee payable (continued)

	2023	2022
<u>UPLLC (continued)</u>		
<p>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, 2023 and 2022, the note balance was \$133,341 each year and accrued interest totaled \$89,533 and \$80,447, respectively. Interest incurred during 2023 and 2022 totaled \$9,086 and \$8,716, respectively.</p>	\$ 222,874	\$ 213,788
<p>Note payable to CBA – Neighborworks Loan (Note 5)</p>	184,000	184,000
<p>Note payable to CBA – CDBG Funds Loan (Note 5)</p>	50,000	50,000
<p>Subtotal UPLLC</p>	2,838,753	2,799,888
<u>GSLLC</u>		
<p>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, 2023 and 2022, the loan outstanding was \$1,000,000 each year and accrued interest was \$133,633 and \$117,981, respectively. Interest incurred during 2023 and 2022 was \$15,652 and \$15,436, respectively.</p>	1,133,633	1,117,981
<p>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, 2023 and 2022, the loan outstanding was \$1,050,000 each year and accrued interest totaled \$144,023 and \$127,537 , respectively. Interest incurred during 2023 and 2022 was \$16,486 and \$16,258, respectively.</p>	1,194,023	1,177,537

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

9. Notes payable and development fee payable (continued)

	2023	2022
<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, 2023 and 2022, the loan outstanding was \$185,000 each year and accrued interest totaled \$24,983 and \$22,084, respectively. Interest incurred during 2023 and 2022 was \$2,899 and \$2,859, respectively.	\$ 209,983	\$ 207,084
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, 2023 and 2022, the loan outstanding was \$350,000 each year and accrued interest was \$44,918 and \$39,465, respectively. Interest incurred during 2023 and 2022 was \$5,453 and \$5,377, respectively.	394,918	389,465
Note payable to CBA – Neighborworks Loan (Note 5)	70,817	68,813
Note payable to CBA –State Tax Credit (Note 5)	1,604,379	1,555,535
Construction advances payable to CBA – (Note 5)	304,675	304,675
Subtotal GSLLC	4,912,428	4,821,090
<u>WHLLC</u>		
Note payable to Veterans Northeast Outreach Center (the "VNOC Sponsor Note") in the amount of \$50,000. The loan bears simple interest at 2.74% per annum and principal and interest are due on maturity, December 2064. As of December 31, 2023 and 2022, total outstanding loan was \$50,000 each year and accrued interest totaled \$13,914 and \$12,209, respectively. Interest incurred during 2023 and 2022 was \$1,705 and \$1,659, respectively.	63,914	62,209

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

9. Notes payable and development fee payable (continued)

	2023	2022
<u>WHHLLC (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, 2023 and 2022, the outstanding loan was \$894,503, each year, and accrued interest totaled \$87,739 and \$77,192, respectively. Interest incurred during 2023 and 2022 was \$10,547 and \$10,334, respectively.</p>	\$ 982,242	\$ 971,695
<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, 2023 and 2022, the outstanding loan was \$1,263,860, each year, and accrued interest totaled \$116,921 and \$103,250, respectively. Interest incurred during 2023 and 2022 was \$13,671 and \$13,536, respectively.</p>	1,380,781	1,367,110
<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, 2023 and 2022, the loan outstanding was \$1,096,534, each year, and accrued interest was \$93,942 and \$82,977, respectively. Interest incurred during 2023 and 2022 was \$10,965 for both years.</p>	1,190,476	1,179,511
<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, 2023 and 2022, the loan outstanding was \$54,281, each year, and accrued interest was \$4,603 and \$4,020, respectively. Interest incurred during 2023 and 2022 was \$583 and \$577, respectively.</p>	58,884	58,301

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

9. Notes payable and development fee payable (continued)

	2023	2022
<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, 2023 and 2022, the loan outstanding was \$243,073, each year and accrued interest was \$20,961 and \$18,347, respectively. Interest incurred during 2023 and 2022 was \$2,614 and \$2,588, respectively.	\$ 264,034	\$ 261,420
Note payable to CBA – (Note 5)	54,420	53,920
Subtotal WHHLLC	3,994,751	3,954,166
<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, 2023 and 2022, 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, 2023 and 2022, 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, 2023 and 2022, 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, 2023 and 2022, 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, 2023 and 2022

9. Notes payable and development fee payable (continued)

	2023	2022
<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, 2023 and 2022, 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, 2023 and 2022, 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, 2023 and 2022, the loan outstanding was \$2,625,000 for both years.	 2,625,000	 2,625,000
 Note payable to CBA – (Note 5)	 174,889	 449,891
 Note payable to CBA – (Note 5)	 100,000	 100,000
 Subtotal GSBLLC	 8,032,783	 8,307,785
 <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, 2023 and 2022, the loan outstanding was \$810,000.	810,000	810,000
 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, 2023 and 2022, 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, 2023 and 2022, the total loan outstanding was \$1,078,303 and \$1,089,900, respectively, of which \$518,903 was designated for Historic and \$559,400 was designated for Affordable.	 1,078,303	 1,089,900

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

9. Notes payable and development fee payable (continued)

	2023	2022
<u>DRACUT (continued)</u>		
Note payable to CBA – (Note 5)	\$ 188,590	\$ 156,597
Note payable to CBA – (Note 5)	200,000	200,000
Note payable to CBA – (Note 5)	175,913	175,913
Note payable to CBA – (Note 5)	664,300	664,300
Subtotal DRACUT	4,017,106	3,984,708
<u>555 MERRIMACK</u>		
Note payable to CEDAC derived under the Housing Initiative Fund Program (the “HIF” loan) in the maximum amount of \$775,000. The loan bears interest at a rate of 2% per annum and principal is due on maturity, July 31, 2053. As of both December 31, 2023 and 2022, the loan outstanding was \$736,243, and accrued interest was \$14,725 and \$9,816, respectively. Interest incurred during 2023 and 2022 was \$14,725 and \$9,816, respectively.	750,968	746,059
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, 2023 and 2022, the loan outstanding was \$827,895 and \$98,887, respectively, and accrued interest was \$16,558 and \$133, respectively. Interest incurred during 2023 and 2022 was \$16,558 and \$133, respectively.	844,453	99,020
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, 2023 and 2022, the loan outstanding was \$895,086 and \$420,194, respectively, and accrued interest was \$5,390 and \$6,020, respectively. Interest incurred during 2023 and 2022 was \$5,390 and \$6,020, respectively.	900,476	426,914
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, 2023 and 2022, the loan outstanding was \$170,000 and \$420,194, respectively, and accrued interest was \$524 and \$524, respectively. Interest incurred during 2023 and 2022 was \$524 and \$524, respectively.	170,524	157,856
Developer fee payable to CBA – (Note 5)	588,966	34,168
Note payable to CBA – (Note 5)	558,598	558,598

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

9. Notes payable and development fee payable (continued)

	2023	2022
<u>555 MERRIMACK (continued)</u>		
Subtotal 555 MERRIMACK	\$ 3,813,985	\$ 2,021,915
 <u>CSLLC</u>		
Note payable to CBA – (Note 5)	225,000	225,000
Subtotal CSLLC	225,000	225,000
Subtotal	60,930,630	56,985,590
Less: amounts eliminated in consolidation	(22,100,585)	(21,209,203)
Total notes payable, development fee and accrued interest	\$ 38,830,045	\$ 35,776,387

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

2024	\$	-
2025		8,927
2026		-
2027		248,168
2028		-
Thereafter		38,572,950
Total outstanding, net	\$	38,830,045

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, 2023 and 2022, accrued interest totaled \$1,343 and \$1,380, respectively. Interest incurred during 2023 and 2022 was \$16,014 and \$16,429, respectively.

	\$ 297,156	\$ 305,162
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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, 2023 and 2022, accrued interest totaled \$3,315 and \$3,470, respectively. Interest incurred during 2023 and 2022 was \$40,637 and \$42,457, respectively.

	883,967	925,258
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COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

10. Mortgages payable (continued)

	2023	2022
<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, expected to mature during 2023. The maturity date was extended to June 15, 2025. Additional monthly remittances of \$4,581 are required to fund the real estate tax, insurance and water and sewer escrow. Monthly remittances of \$1,320 are required to fund the replacement reserve. As of December 31, 2023 and 2022, accrued interest totaled \$3,772 and \$3,980, respectively. Interest incurred during 2023 and 2022 was \$46,423 and \$48,842, respectively.	\$ 669,624	\$ 706,514
<u>MSCLP</u>		
Permanent financing was being provided by MDFA in the form of a loan totaling \$500,000. The loan bore interest at 4% per annum, required monthly payment of principal and interest of \$3,020 amortized over 10 years and was scheduled to mature on January 31, 2027.	840,000	138,425
During 2023, the mortgage note was refinanced in the amount of \$840,000. The refinanced note bears interest at a rate of 5.95% per annum and requires monthly payments of principal and interest in the amount of \$5,056, commencing January 1, 2024. The refinanced note is scheduled to mature on December 1, 2053. This note is secured by a first mortgage on the development and an assignment of all leases and rents. As of December 31, 2023 and 2022, accrued interest totaled \$0 and \$606, respectively. Interest incurred during 2023 and 2022 was \$5,355 and \$7,614, respectively.		
<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, 2023 and 2022, accrued interest totaled \$1,023 and \$1,256, respectively. Interest incurred during 2023 and 2022 was \$12,933 and \$14,156, respectively.	187,115	206,266
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, 2023 and 2022, accrued interest totaled \$848 and \$761 respectively. Interest incurred during 2023 and 2022 was \$8,270 and \$8,834, respectively.	133,351	143,019

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

10. Mortgages payable (continued)

	2023	2022
<u>NNCLLC</u>		
Permanent financing is provided by MHP in the form of tax-exempt bonds totaling \$16,000,000 issued by MDFA. The loan bears interest at an adjustable rate equal to 69% of the LIBOR rate, plus 5.91% at December 31, 2010 and requires monthly principal payments and interest payments of \$96,570. Additionally, monthly remittances include \$36,475 to fund mortgage insurance, property insurance, and real estate tax escrows, and \$15,336 to fund the reserve for replacements. Unpaid principal and interest are due in full on March 31, 2026, the maturity date. As described above the bond bears interest at a variable rate. To minimize the effect of changes in the interest rate on the note, NNCLLC entered into an interest rate swap agreement with a private financial institution under which NNCLLC pays interest at a fixed rate of 5.91% and the financial institution pays the interest on the note at a variable rate. The result is that NNCLLC pays interest at a fixed effective rate. Valued separately, the interest rate swap agreement represents a liability in the amount of \$316,120 and \$469,791 as of December 31, 2023 and 2022, 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, 2023 and 2022, accrued interest on this loan totaled \$53,492 and \$56,004, respectively. Interest incurred during 2023 and 2022 was \$643,459 and \$672,269, respectively.	\$ 10,511,000	\$ 11,004,564
 <u>UPLLC</u>		
Permanent financing is provided by MHP in the form of a first mortgage totaling \$450,000. The loan bears interest of 6.19% per annum and is secured by the property. Payments for principal and interest are due monthly based on a thirty-year amortization until maturity, April 1, 2032. As of December 31, 2023 and 2022, accrued interest on this loan totaled \$1,870 and \$1,923, respectively. Interest incurred during 2023 and 2022 was \$22,735 and \$23,352, respectively.	362,535	372,786
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, 2023 and 2022, there was no accrued interest payable on this loan. Interest incurred during 2023 and 2022 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, 2023 and 2022

10. Mortgages payable (continued)

	2023	2022
<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, 2023 and 2022, accrued interest on this loan totaled \$723 and \$869, respectively. Interest incurred during 2023 and 2022 was \$8,846 and \$10,265, respectively.	\$ 123,868	\$ 144,844
<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, 2023 and 2022, accrued interest on this loan totaled \$1,108 and \$1,142, respectively. Interest incurred during 2023 and 2022 was \$13,226 and \$13,603, respectively.	197,887	203,781
<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, 2023 and 2022, the loan outstanding was \$861,298 and \$881,823, respectively. Interest incurred during 2023 and 2022 was \$47,498 and \$48,498, respectively. There was no accrued interest at December 31, 2023 and 2022.	881,822	901,155
<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, 2023 and 2022, there was no accrued interest payable on this loan. Interest incurred during 2023 and 2022 was \$5,641 and \$5,914, respectively.	110,905	117,054

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

10. Mortgages payable (continued)

	2023	2022
<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, 2023 and 2022, there was no accrued interest payable on this loan. Interest incurred during 2023 and 2022 was \$11,855 and \$13,474, respectively.	\$ 240,860	\$ 252,362
<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, 2023 and 2022, accrued interest totaled \$11,962 and \$12,065, respectively. Interest incurred during 2023 and 2022 was \$144,117 and \$145,325, respectively.	2,798,132	2,822,250
<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 2023 and 2022 was \$18,413 and \$16,248, respectively, and is included in development in progress on the accompanying consolidated statement of financial position.	387,120	400,290
<u>DRACUT</u>		
Permanent financing is being provided by Pentucket Bank in the maximum amount of \$633,000. The loan is secured by the property and matures on November 30, 2042. The loan bears interest at a rate of 4.55% per annum. As of December 31, 2023 and 2022, there was no accrued interest payable on this loan.	622,585	633,000
<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 is expected to convert to permanent financing on the maturity date, May 19, 2024, with an option for a six month extension. The maturity date has been extended through August 19, 2024. The loan is secured by the property. Interest incurred during 2023 and 2022 was \$188,757 and \$16,671, respectively, of which \$160,220 and \$16,671 was capitalized to building, respectively, and \$28,537 and \$0 was expensed, respectively.	8,258,530	2,301,338
Total	\$ 27,806,457	\$ 21,878,068

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

10. Mortgages payable (continued)

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

2024	\$	9,018,161
2025		1,394,401
2026		10,395,426
2027		182,173
2028		189,176
Thereafter		6,627,120
		27,806,457
Net of unamortized debt issuance costs		(558,693)
Total outstanding, net		\$ 27,247,764

11. Investment in Unwrapped

CBA purchased common stock of Unwrapped, Inc. for \$75,000, which represents a 21% equity interest in the corporation. During 2023 and 2022, CBA's share of income earned from the investment totaled \$237,948 and \$47,294, respectively. As of December 31, 2023 and 2022, the investment balance totaled \$1,163,453 and \$1,007,645, respectively, which is a component of investments in corporations on the accompanying consolidated statements of financial position, and distributions received totaled \$12,595 and \$13,435, 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.

14. Net assets with donor restrictions

As of December 31, 2023 and 2022, there are no net assets with donor restrictions.

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

15. Net assets without donor restrictions

As of December 31, 2023 and 2022, there are no net assets without donor restrictions that are restricted by the Board.

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 2028.
- **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 agreements expiring in 2023 and 2025. 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 2024 and 2026. 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:

2024		\$ 457,472
2025		430,161
2026		212,958
2027		62,987
2028		45,860
Total		\$ 1,209,438

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

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, 2023 is as follows:

	<u>Reserve for Replacements</u>	<u>Operating Reserve</u>
TRLP	\$ 131,941	\$ 55,795
NMSHLLC	162,298	55,088
LSHLP	137,279	75,861
MSCLP	13,520	38,549
NNCLLC	894,643	696,118
MSLP	50,609	39,623
SJALLC	81,576	73,283
ATCDC	194,179	-
AHSHLLC	117,259	162,323
UPLLC	70,926	168,120
GSLLC	46,567	166,084
WHHLLC	62,090	305,358
GSBLLC	35,749	195,315
CBA	-	913,829
DRACUT	-	64,148
	<u>\$ 1,998,636</u>	<u>\$ 3,009,494</u>

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>\$ 2,830,772</u>

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

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, 2023 and 2022:

	2023	2022
Noncontrolling interest in consolidated subsidiaries at beginning of year	\$ 12,463,146	\$ 17,939,708
Noncontrolling interest in losses	(1,751,582)	(1,892,528)
Transfer of interest	-	(3,845,962)
Capital contributions, net of distributions	-	261,928
Noncontrolling interest in consolidated subsidiaries at end of year	\$ 10,711,564	\$ 12,463,146

The noncontrolling interest in consolidated subsidiaries at December 31, 2023 and 2022 consists of the following:

	2023	2022
Liberty Square Housing, L.P.	\$ (2,090,159)	\$ (1,775,575)
New Merrimack Street Housing, LLC	(1,053,363)	(918,346)
St. Joseph's Apartments, LLC	1,157	185,771
Acre High School LLC	1,641,110	1,830,774
Unity Place LLC	1,794,171	1,845,643
Gorham Street LLC	2,100,750	2,288,029
Welcome Home Housing LLC	1,458,506	1,558,099
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	21
Acre High School MM Two LLC	6,718	6,718
Gerson Building, LLC	7,090,407	7,431,926
Gorham Street MM LLC	21	21
Welcome Home MM LLC	21	21
555 Merrimack Street LLC	(247,840)	-
	\$ 10,711,564	\$ 12,463,146

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, 2023 and 2022

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 have they 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, 2023 and 2022, 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, 2023 and 2022

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.

555 Merrimack Street 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.

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

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.

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, 2023	
	Endowment Fund - GLCF	Enterprise- Operating Reserve
Beginning balance	\$ 158,592	\$ 788,436
Contributions	-	13,891
Interest and dividends	4,451	24,117
Unrealized gains (losses)	27,520	64,827
Realized gains (losses)	2,182	30,580
Transfers	-	-
Distributions	-	-
Account fees	(3,907)	(8,022)
Ending balance	<u>\$ 188,838</u>	<u>\$ 913,829</u>

These investments are comprised of the following:

	December 31, 2023	
	Endowment Fund - GLCF	Enterprise- Operating Reserve
Available for sale		
Cash and equivalent	\$ -	\$ 23,442
Equities	-	726,448
Held to maturity		
Alternatives	-	-
Fixed income	-	163,939
Pooled fund investments	188,838	-
Total fair value	<u>\$ 188,838</u>	<u>\$ 913,829</u>

COALITION FOR A BETTER ACRE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

20. Investments (continued)

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>

21. Subsequent events

Subsequent events have been evaluated through June 27, 2024, which is the date the financial statements were available to be issued. Below is a summary of significant events that have occurred from January 1, 2024 through June 27, 2024:

Effective January 1, 2024, the investor limited partner and special limited partner of Liberty Square Housing Limited Partnership have assigned their interests to Coalition for a Better Acre, Inc.

On May 9, 2024, the Corporation received a revolving predevelopment line of credit from Neighborworks Capital in the maximum amount of \$1,000,000 to be used for predevelopment costs associated with the re-syndication of New North Canal LLC as well as development costs related to the Olympia Restaurant and Cross Street.

SUPPLEMENTARY INFORMATION

COALITION FOR A BETTER ACRE, INC.
Consolidating Statement of Financial Position
Coalition for a Better Acre and Wholly Owned Subsidiaries
December 31, 2023 and 2022

ASSETS	CBA	ATCDC	CBAAH	MSHLP	MSCLP	TR LP	MSLP	CSLLC	DRACUT	NNC	2023 Total	2022 Total
Current assets												
Cash and cash equivalents												
Operating	\$ 343,344	\$ 87,056	\$ -	\$ -	\$ 249,296	\$ 76,302	\$ 186,305	\$ -	\$ 56,096	\$ 1,067,701	\$ 2,066,100	\$ 1,456,019
Development	-	-	-	-	-	-	-	-	-	-	-	198,392
Accounts receivable	7,581	-	-	-	12,000	17,534	8,673	-	-	125,942	171,730	120,011
Tenant security deposits	-	2,026	-	-	-	20,423	12,928	-	9,448	104,689	149,514	138,572
Mortgagee escrow deposits	-	37,124	-	-	3,646	17,005	-	-	-	308,324	366,099	416,334
Reserve for replacement	-	194,179	-	-	13,520	131,941	50,609	-	-	894,643	1,284,892	1,326,431
Operating reserve	913,829	-	-	-	38,549	55,795	39,623	-	64,148	696,118	1,808,062	1,648,999
Prepaid expenses	25,402	4,532	-	-	2,460	5,865	6,121	-	2,116	59,994	106,490	128,466
Predevelopment costs	453,185	-	-	-	-	-	-	-	-	-	453,185	44,441
Total current assets	<u>1,743,341</u>	<u>324,917</u>	<u>-</u>	<u>-</u>	<u>319,471</u>	<u>324,865</u>	<u>304,259</u>	<u>-</u>	<u>131,808</u>	<u>3,257,411</u>	<u>6,406,072</u>	<u>5,477,665</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	2,396,762
Buildings	-	616,537	-	-	3,773,635	2,169,035	5,489,673	-	4,356,384	31,475,471	47,880,735	47,258,021
Furniture and fixtures	73,074	109,452	-	-	92,879	104,031	225,697	-	34,322	2,121,658	2,761,113	2,448,266
Developments in progress	-	-	-	-	-	-	-	1,131,606	-	-	1,131,606	6,259,794
Total	73,074	802,875	1,725,415	148,997	3,916,188	2,379,036	5,831,021	1,131,606	4,506,834	33,655,170	54,170,216	58,362,843
Less: accumulated depreciation	(43,862)	(443,888)	-	-	(1,931,231)	(630,843)	(3,162,172)	-	(177,725)	(15,197,598)	(21,587,319)	(20,143,763)
Net property and equipment	<u>29,212</u>	<u>358,987</u>	<u>1,725,415</u>	<u>148,997</u>	<u>1,984,957</u>	<u>1,748,193</u>	<u>2,668,849</u>	<u>1,131,606</u>	<u>4,329,109</u>	<u>18,457,572</u>	<u>32,582,897</u>	<u>38,219,080</u>
Other assets												
Endowment fund - GLCF	188,838	-	-	-	-	-	-	-	-	-	188,838	158,592
Investment in corporations	2,666,799	160	-	-	-	-	-	-	-	-	2,666,959	2,511,151
Loans and notes receivable	17,707,654	-	4,426,980	420,379	-	-	-	-	-	-	22,555,013	21,581,211
Due from related parties	1,663,636	1,376,610	-	-	-	-	-	-	-	-	3,040,246	2,961,957
Total other assets	<u>22,226,927</u>	<u>1,376,770</u>	<u>4,426,980</u>	<u>420,379</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,451,056</u>	<u>27,212,911</u>
TOTAL ASSETS	<u>\$ 23,999,480</u>	<u>\$ 2,060,674</u>	<u>\$ 6,152,395</u>	<u>\$ 569,376</u>	<u>\$ 2,304,428</u>	<u>\$ 2,073,058</u>	<u>\$ 2,973,108</u>	<u>\$ 1,131,606</u>	<u>\$ 4,460,917</u>	<u>\$ 21,714,983</u>	<u>\$ 67,440,025</u>	<u>\$ 70,909,656</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, 2023 and 2022

LIABILITIES AND NET ASSETS	CBA	ATCDC	CBAAH	MSHLP	MSCLP	TR LP	MSLP	CROSS ST	DRACUT	NNC	2023 Total	2022 Total
Current liabilities												
Accounts payable												
Trade	\$ 168,245	\$ 13,117	\$ -	\$ -	\$ 5,039	\$ 13,693	\$ 4,791	\$ -	\$ 7,857	\$ 100,550	\$ 313,292	\$ 253,060
Development	-	-	-	-	9,996	-	-	-	25,765	7,627	43,388	907,169
Accrued expenses	97,050	51,553	-	-	5,814	52,563	49,044	5,814	3,031	196,667	455,722	551,397
Prepaid rent	20,000	787	-	-	-	3,371	1,715	-	86	28,718	54,677	29,010
Security deposits	-	2,021	-	-	(43)	20,288	12,679	-	7,938	98,243	141,126	128,985
Accrued mortgage interest	-	-	-	-	-	1,343	1,716	-	-	53,492	56,551	59,861
Current portion of mortgages payable	-	12,276	-	-	10,140	8,408	30,713	-	-	523,376	584,913	573,542
Total current liabilities	<u>285,295</u>	<u>79,754</u>	<u>-</u>	<u>-</u>	<u>30,946</u>	<u>99,666</u>	<u>100,658</u>	<u>-</u>	<u>44,677</u>	<u>1,008,673</u>	<u>1,649,669</u>	<u>2,503,024</u>
Long-term liabilities												
Mortgages payable, net of current portion and unamortized debt issuance costs	-	223,621	-	-	829,860	261,368	284,395	387,120	622,585	9,920,874	12,529,823	14,679,767
Notes payable and accrued interest	1,488,808	-	-	-	-	1,444,203	5,649,849	225,000	3,808,795	8,774,810	21,391,465	21,775,160
Total long-term liabilities	<u>1,488,808</u>	<u>223,621</u>	<u>-</u>	<u>-</u>	<u>829,860</u>	<u>1,705,571</u>	<u>5,934,244</u>	<u>612,120</u>	<u>4,431,380</u>	<u>18,695,684</u>	<u>33,921,288</u>	<u>36,454,927</u>
Other liabilities												
Development fee payable and accrued interest	-	-	-	-	-	-	261,734	-	175,913	-	437,647	471,815
Due to related parties	588	60	-	-	-	-	-	519,486	49,145	-	569,279	1,040,610
Interest rate swap contract	-	-	-	-	-	-	-	-	-	316,120	316,120	469,791
Total other liabilities	<u>588</u>	<u>60</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>261,734</u>	<u>519,486</u>	<u>225,058</u>	<u>316,120</u>	<u>1,323,046</u>	<u>1,982,216</u>
Total liabilities	<u>1,774,691</u>	<u>303,435</u>	<u>-</u>	<u>-</u>	<u>860,806</u>	<u>1,805,237</u>	<u>6,296,636</u>	<u>1,131,606</u>	<u>4,701,115</u>	<u>20,020,477</u>	<u>36,894,003</u>	<u>40,940,167</u>
Net Assets												
Without donor restrictions	22,224,789	1,757,239	6,152,395	569,376	1,443,622	267,821	(3,323,528)	-	(240,198)	1,694,506	30,546,022	29,969,489
Total net assets	<u>22,224,789</u>	<u>1,757,239</u>	<u>6,152,395</u>	<u>569,376</u>	<u>1,443,622</u>	<u>267,821</u>	<u>(3,323,528)</u>	<u>-</u>	<u>(240,198)</u>	<u>1,694,506</u>	<u>30,546,022</u>	<u>29,969,489</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 23,999,480</u>	<u>\$ 2,060,674</u>	<u>\$ 6,152,395</u>	<u>\$ 569,376</u>	<u>\$ 2,304,428</u>	<u>\$ 2,073,058</u>	<u>\$ 2,973,108</u>	<u>\$ 1,131,606</u>	<u>\$ 4,460,917</u>	<u>\$ 21,714,983</u>	<u>\$ 67,440,025</u>	<u>\$ 70,909,656</u>

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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, 2023 and 2022

	CBA			ATCDC	CBAAH	MSHLP	MSCLP	TRLP	MSLP	CSLLC	DRACUT	NNC	Total		2023	2022
	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	With donor restrictions	TOTAL	TOTAL
Revenue and support																
Grants and contributions	\$ 1,490,783	\$ -	\$ 1,490,783	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,490,783	\$ -	\$ 1,490,783	\$ 1,544,176
Developer overhead	729,250	-	729,250	-	-	-	-	-	-	-	-	-	729,250	-	729,250	538,951
Partnership management and investor service fees	28,000	-	28,000	-	-	-	-	-	-	-	-	-	28,000	-	28,000	176,775
Rental income, net of vacancies and concessions	-	-	-	282,742	-	-	164,038	460,849	420,899	-	154,619	5,411,864	6,895,011	-	6,895,011	6,385,929
Interest income	683,703	-	683,703	208	160,762	-	44	152	178	-	21	76,681	921,749	-	921,749	900,231
Income (loss) from endowment funds	153,677	-	153,677	-	-	-	-	-	-	-	-	-	153,677	-	153,677	(208,490)
Income from investment in corporation	237,948	-	237,948	-	-	-	-	-	-	-	-	-	237,948	-	237,948	47,294
Sale of state tax credits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	664,300
Swap income	-	-	-	-	-	-	-	-	-	-	-	153,671	153,671	-	153,671	1,100,802
Miscellaneous revenue	486,785	-	486,785	30,360	-	-	79	-	(12)	-	3,235	18,777	539,224	-	539,224	126,886
Debt from subsidiary	0	-	-	-	277,016	33,405	-	-	-	-	-	-	310,421	-	310,421	295,796
Total revenue and support	3,810,146	-	3,810,146	313,310	437,778	33,405	164,161	461,001	421,065	-	157,875	5,660,993	11,459,734	-	11,459,734	11,572,650
Expenditures																
Salaries	1,317,593	-	1,317,593	37,190	-	-	18,469	98,157	49,426	-	3,953	930,937	2,455,725	-	2,455,725	2,149,976
Payroll taxes and benefits	436,908	-	436,908	8,680	-	-	4,392	29,373	17,013	-	363	248,744	745,473	-	745,473	551,455
Management fees	-	-	-	12,518	-	-	6,562	17,553	25,064	-	6,907	214,887	283,491	-	283,491	264,136
Professional fees	14,246	-	14,246	-	-	-	7,500	20,840	17,092	-	15,494	61,044	136,216	-	136,216	144,179
Contracted services	(16,554)	-	(16,554)	60,260	-	-	25,310	91,044	95,153	-	15,719	776,539	1,047,471	-	1,047,471	1,138,647
Operating and maintenance	-	-	-	4,266	-	-	-	-	-	-	6,128	275	10,669	-	10,669	18,476
Utilities	21,781	-	21,781	29,386	-	-	21,155	49,319	78,029	-	16,046	677,238	892,954	-	892,954	909,453
Office supplies and expense	66,051	-	66,051	5,684	-	-	2,945	7,357	5,176	-	5,213	136,560	228,986	-	228,986	223,711
Occupancy	157,564	-	157,564	-	-	-	-	-	3,395	-	-	-	160,959	-	160,959	64,291
Advertising and renting	-	-	-	-	-	-	-	-	-	-	-	4,047	4,047	-	4,047	31,446
Program supplies and expense	222,224	-	222,224	-	-	-	-	-	-	-	-	3,738	225,962	-	225,962	288,692
Telephone	11,472	-	11,472	1,924	-	-	1,631	1,375	4,193	-	1,943	44,217	66,755	-	66,755	55,957
Meetings and travel	1,460	-	1,460	-	-	-	-	-	-	-	-	-	1,460	-	1,460	6,404
Staff training	13,974	-	13,974	696	-	-	234	793	720	-	37	11,378	27,832	-	27,832	30,490
Real estate taxes	-	-	-	43,357	-	-	21,177	45,235	24,493	-	11,148	280,893	426,303	-	426,303	410,041
Insurance	21,653	-	21,653	15,796	-	-	8,067	18,214	15,653	-	11,456	195,438	286,277	-	286,277	285,616
Interest	50,263	-	50,263	12,199	-	-	10,202	33,972	338,282	-	28,807	1,023,842	1,497,567	-	1,497,567	1,466,348
Depreciation & amortization	12,265	-	12,265	26,051	-	-	108,041	69,586	151,718	-	118,483	979,862	1,466,006	-	1,466,006	1,377,164
Collection allowance	-	-	-	-	-	-	-	2,219	6,229	-	9,659	-	18,107	-	18,107	-
Unrelated business tax	-	-	-	4,554	-	-	-	-	-	-	-	-	4,554	-	4,554	-
Ground lease	-	-	-	-	-	-	-	-	-	-	-	277,016	277,016	-	277,016	267,690
Miscellaneous	144,594	-	144,594	83,663	327,641	-	8,855	20,905	50	-	33,663	-	619,371	-	619,371	224,685
Total expenditures	2,475,494	-	2,475,494	346,224	327,641	-	244,540	505,942	831,686	-	285,019	5,866,655	10,883,201	-	10,883,201	9,908,857
Increase (decrease) in net assets	1,334,652	-	1,334,652	(32,914)	110,137	33,405	(80,379)	(44,941)	(410,621)	-	(127,144)	(205,662)	576,533	-	576,533	1,663,793
Transfer of interest during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(300,000)
Net assets, beginning 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	28,605,696
Net assets, end of year	\$ 22,224,789	\$ -	\$ 22,224,789	\$ 1,757,239	\$ 6,152,395	\$ 569,376	\$ 1,443,622	\$ 267,821	\$ (3,323,528)	\$ -	\$ (240,198)	\$ 1,694,506	\$ 30,546,022	\$ -	\$ 30,546,022	\$ 29,969,489

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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, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 576,533	\$ 1,663,793
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Debt issuance cost amortization	22,449	24,457
Depreciation and amortization	1,466,006	1,377,164
Income from investment in corporations	(237,948)	(47,294)
Unrealized loss on investments	(92,347)	215,683
Accrued interest not currently payable	15,000	31,493
Interest not currently receivable	(682,414)	(724,180)
Change in value of interest rate swap	(153,671)	469,791
Deconsolidation of 555 Merrimack	658,686	-
Changes in:		
Accounts receivable	(54,249)	(15,843)
Prepaid expenses	21,976	(91,836)
Accounts payable - trade	73,749	(156,278)
Accounts payable - development	197,661	897,173
Accrued expenses	(95,675)	378,320
Accrued mortgage interest	(3,310)	55,865
Prepaid rent	(25,667)	25,144
Tenant security deposits, liability	(12,141)	(90,145)
Net cash provided by operating activities	1,674,638	4,013,307
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid for fixed assets	(731,644)	(7,582,241)
Change in endowment fund, net	(30,246)	45,722
Distribution from investment in corporation	12,595	22,671
Change in due from related party	(113,231)	(310,241)
Predevelopment costs	(408,744)	1,309,496
Change in loans receivable	(973,802)	(2,040,276)
Net cash used in investing activities	(2,245,072)	(8,554,869)
CASH FLOWS FROM FINANCING ACTIVITIES		
Changes in development fee and accrued interest thereon	-	210,081
Changes in mortgage principal	140,023	2,852,757
Changes in note payable and accrued interest	1,026,526	3,870,353
Changes in due to related parties	(106,195)	521,330
Net cash provided by financing activities	1,060,354	7,454,521
NET INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	489,920	2,912,959
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF YEAR	5,184,747	2,271,788
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, END OF YEAR	\$ 5,674,667	\$ 5,184,747
Cash and cash equivalents - operating	\$ 2,066,100	\$ 1,456,019
Cash and cash equivalents - development	-	198,392
Tenant security deposits	149,514	138,572
Mortgagee escrow deposits	366,099	416,334
Reserve for replacement	1,284,892	1,326,431
Operating reserve	1,808,062	1,648,999
Cash, cash equivalents and restricted cash	\$ 5,674,667	\$ 5,184,747
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	\$ 1,045,558	\$ 746,585

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