CAPITAL FOR CHANGE

AND AFFILIATES

COMBINED FINANCIAL STATEMENTS
MARCH 31, 2022

CAPITAL FOR CHANGE, INC. AND AFFILIATES

Contents
March 31, 2022

	Pages
Independent Auditor's Report	1 - 1A
Combined Financial Statements:	
Combined Statement of Financial Position	2
Combined Statement of Activities Without Donor Restrictions	3
Combined Statement of Changes in Net Assets	4
Combined Statement of Cash Flows	5
Combined Statement of Functional Expenses	6
Notes to Combined Financial Statements	7 - 30
Supplementary Statements:	
Combining Statement of Financial Position	31
Combining Statement of Activities Without Donor Restrictions	32
Combining Statement of Changes in Net Assets	33
Supplementary Financial Data Templates - Federal Housing Administration (FHA)	34 - 36

50 Washington Street
Westborough, MA 01581
508.366.9100
aafcpa.com

Independent Auditor's Report

To the Board of Directors of
Capital for Change, Inc. and Affiliates:

Report on the Audit of the Combined Financial Statements

Opinion

We have audited the combined financial statements of Capital for Change, Inc. (a Connecticut corporation, not-for-profit) and Affiliates (collectively, the Organization), which comprise the combined statement of financial position as of March 31, 2022, and the related combined statements of activities without donor restrictions, changes in net assets, cash flows, and functional expenses for the year then ended, and the related notes to the combined financial statements.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the combined financial position of Capital for Change, Inc. and Affiliates as of March 31, 2022, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of the combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Combined Financial Statements

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

Auditor's Responsibilities for the Audit of the Combined Financial Statements (Continued)

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the combined 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 combined financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying supplementary information on pages 31 through 33 is presented for purposes of additional analysis and is not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined 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 combined financial statements as a whole.

The accompanying supplementary information shown on pages 34 through 36 is presented for purposes of additional analysis, and to comply with the reporting requirements of the Federal Housing Administration (FHA), and is not a required part of the combined financial statements. This information has not been subjected to the auditing procedures applied in the audit of the combined financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

AAFCPAs, Inc.

Westborough, Massachusetts
June 22, 2022

CAPITAL FOR CHANGE, INC. AND AFFILIATES

Combined Statement of Financial Position
March 31, 2022

Assets	
Current Assets:	
Cash	$ 3,001,296
Accounts receivable, net	1,541,191
Interest receivable	462,592
Current portion of loans receivable	11,155,243
Other current assets	94,863
Total current assets	16,255,185
Other Assets:	
Restricted cash	13,332,088
Investments	1,151,275
Loans receivable, net	66,725,638
Total other assets	81,209,001
Property and Equipment	
Land	241,686
Building and improvements	3,297,153
Furniture and equipment	1,449,340
	4,988,179
Less - accumulated depreciation	1,453,602
Net property and equipment	3,534,577
Total assets	$ 100,998,763
Liabilities and Net Assets	
Current Liabilities:	
Current portion of notes payable	$ 19,932,741
Current portion of equity equivalent notes payable	2,300,000
Accounts payable and accrued expenses	763,223
Accrued interest payable	235,333
Total current liabilities	23,231,297
Long-Term Liabilities:	
Conditional advances	5,082,920
Loan escrows liability	3,303,972
Funds held for others	962,566
Deferred interest revenue	1,852,487
Notes payable, net	29,116,518
Equity equivalent notes payable, net	3,800,000
Total long-term liabilities	44,118,463
Total liabilities	67,349,760
Net Assets:	
Without donor restrictions:	
Operating	10,814,185
Equity in property and equipment	2,075,437
Board designated	1,077,563
Total without donor restrictions	13,967,185
With donor restrictions	19,681,818
Total net assets	33,649,003
Total liabilities and net assets	$ 100,998,763

The accompanying notes are an integral part of these combined statements.

CAPITAL FOR CHANGE, INC. AND AFFILIATES

Combined Statement of Activities Without Donor Restrictions
For the Year Ended March 31, 2022

Revenues:	
Earned revenue:	
Financial revenue:	
Interest on loans	$ 3,924,269
Investment return	(27,177)
Less - net loan loss provision	(1,068,188)
Less - interest expense	(1,750,576)
Net financial revenue	1,078,328
Loan servicing fees	1,417,508
Loan origination and other fees	1,005,996
Total earned revenue	3,501,832
Public support:	
Government grants and contracts	4,637,566
Grants and contributions	133,995
Net assets released from purpose restrictions	534,826
Total public support	5,306,387
Total revenues	8,808,219
Expenses:	
Program	5,059,197
General and administrative	895,602
Fundraising	251,722
Total expenses	6,206,521
Changes in net assets without donor restrictions	$ 2,601,698

CAPITAL FOR CHANGE, INC. AND AFFILIATES

Combined Statement of Changes in Net Assets
For the Year Ended March 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Net Assets, March 31, 2021, as previously stated	$ 10,942,985	$ 18,971,375	$ 29,914,360
Prior period reclassifications	422,502	(422,502)	-
Net Assets, March 31, 2021, as restated	11,365,487	18,548,873	29,914,360
Changes in net assets without donor restrictions	2,601,698	-	2,601,698
Changes in net assets with donor restrictions:			
Grants and contributions	-	1,667,771	1,667,771
Net assets released from restrictions	-	(534,826)	(534,826)
Total changes in net assets with donor restrictions	-	1,132,945	1,132,945
Changes in net assets	2,601,698	1,132,945	3,734,643
Net Assets, March 31, 2022	$ 13,967,185	$ 19,681,818	$ 33,649,003

CAPITAL FOR CHANGE, INC. AND AFFILIATES

Combined Statement of Cash Flows
For the Year Ended March 31, 2022

Cash Flows from Operating Activities:	
Changes in net assets	$ 3,734,643
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Depreciation	266,838
Unrealized loss on investments	44,410
Loan loss provision	1,068,188
Note payable converted to government grants and contracts	(1,483,000)
Changes in operating assets and liabilities:	
Accounts receivable, net	(21,970)
Interest receivable	87,491
Other current assets	(1,420)
Accounts payable and accrued expenses	113,163
Accrued interest payable	(22,444)
Conditional advances	(650,401)
Loan escrows liability	(212,298)
Funds held for others	261,211
Deferred interest revenue	413,734
Net cash provided by operating activities	3,598,145
Cash Flows from Investing Activities:	
Purchases of property and equipment	(153,269)
Purchase of investments	(187,189)
Principal payments on loans receivable	17,905,850
Issuance of loans receivable	(16,656,800)
Net cash provided by investing activities	908,592
Cash Flows from Financing Activities:	
Proceeds from notes payable	7,895,706
Principal payments on notes payable	(8,782,024)
Proceeds from equity equivalent notes payable	1,000,000
Net cash provided by financing activities	113,682
Net Change in Cash and Restricted Cash	4,620,419
Cash and Restricted Cash:	
Beginning of year	11,712,965
End of year	$ 16,333,384
Reconciliation of Cash and Restricted Cash Reported Within the Combined Statement of Financial Position:	
Cash	$ 3,001,296
Restricted cash	13,332,088
Total cash and restricted cash shown in the combined statement of cash flows	$ 16,333,384
Supplemental Disclosure of Cash Flow Information:	
Cash paid for interest	$ 1,830,849

The accompanying notes are an integral part of these combined statements.

CAPITAL FOR CHANGE, INC. AND AFFILIATES

Combined Statement of Functional Expenses
For the Year Ended March 31, 2022

	Program	General and Adminis-trative	Fundraising	Total
Personnel and Related Costs:				
Salaries	$ 2,884,993	$ 231,424	$ 151,675	$ 3,268,092
Fringe benefits	454,925	35,723	23,413	514,061
Payroll taxes	233,951	18,371	12,040	264,362
Contracted services	205,988	11,294	7,402	224,684
Total personnel and related costs	3,779,857	296,812	194,530	4,271,199
Other:				
Professional fees	497,739	178,547	20,405	696,691
Depreciation	163,289	92,929	10,620	266,838
Information technology	141,692	50,615	5,785	198,092
Occupancy	90,444	51,472	5,883	147,799
Insurance	87,714	49,918	5,705	143,337
Administrative expenses	-	103,338	-	103,338
Repairs and maintenance	49,088	27,937	3,193	80,218
Program fees	65,231	-	-	65,231
Conferences and meetings	46,969	12,439	1,861	61,269
Interest on property loan	44,333	11,740	1,756	57,829
Printing and postage	33,824	7,589	420	41,833
Telephone	27,453	3,814	536	31,803
Office expenses	15,158	6,696	765	22,619
Grant expense	9,773	-	-	9,773
Dues and publications	6,633	1,756	263	8,652
Total expenses	$ 5,059,197	$ 895,602	$ 251,722	$ 6,206,521

1. ORGANIZATION AND NONPROFIT STATUS

Capital for Change, Inc. (C4C) is a Connecticut not-for-profit corporation established in 1968, whose primary purpose is community development lending. C4C is a unique finance organization offering multiple services for affordable housing and community development, which include consumer energy efficiency lending, commercial housing, nonprofit and small business loans, third-party contract administration, loan portfolio management and servicing, and technical assistance to other organizations and businesses. C4C provides financing through direct and participation loans, and finances predevelopment, purchase/rehabilitation, construction, bridge, down payment, energy conservation, and permanent loans. C4C is capitalized with lower interest notes and equity equivalents from conventional lenders (see Note 8). Additional capital sources include corporate, foundation, municipal, state and Federal government grants and loans, utility rate payer capital, program-related investments from charitable organizations, and other socially concerned community investors. C4C has also been active in administering the delivery of small business grants and rental assistance during the pandemic on behalf of the State of Connecticut, as well as cities and towns across the state.

C4C is certified by the U.S. Department of Treasury (the Treasury) as a Community Development Financial Institution (CDFI) and conducts community-lending activities throughout the State of Connecticut, is licensed for mortgage lending in Connecticut, and is licensed to conduct loan servicing in the State of Connecticut and Commonwealth of Massachusetts. C4C is also licensed by the Federal Housing Administration (FHA) for mortgage origination, lending and servicing. C4C received grants from the Treasury totaling $2,416,265 during the year ended March 31, 2022.

Combined Affiliates

Connecticut Energy Efficiency Finance Company (CEEFCo) is a Connecticut not-for-profit corporation established in 2011. The Board of Directors of C4C appoints the majority of CEEFCo's Board of Directors. Since inception, CEEFCo has received donor restricted contributions for the purpose of making qualifying residential energy efficiency loans to consumers and to administer the residential financing program for energy efficiency loans and related loan loss guarantees and interest rate buy downs to support other CEEFCo energy lending products. These funds are unavailable for use by C4C, unless specifically authorized by the donor and are nonrecourse to C4C.

Connecticut CDFI Alliance (CT CDFI) is a Connecticut not-for-profit corporation established in 2001, whose primary purpose is to finance the acquisition and development of affordable and special needs housing. The Board of Directors of C4C appoints the majority of CT CDFI's Board of Directors. CT CDFI was a collaborative union of several CDFIs, of which C4C is the sole remaining affiliated organization. During the year ended March 31, 2022, CT CDFI's outstanding debt with the State of Connecticut Department of Economic and Community Development (DECD) totaling $1,483,000 was converted to a grant. With all obligations now resolved, management is in the process of unwinding and dissolving CT CDFI, which is expected to be completed later in 2022.

C4C Historic Pearl, LLC (Historic Pearl) is a Connecticut limited liability company established in 2017, which was created to promote the development of a historic real estate tax credit project. C4C is the sole member of Historic Pearl and, as a result, Historic Pearl is classified as a disregarded entity for tax purposes. During the year ended March 31, 2021, Historic Pearl received $3,859,448 from tax credit proceeds and loaned the funds to a third-party tax credit investor. Historic Pearl has recorded a reserve against the full balance of this loan (see Note 5). Historic Pearl had no activity during the year ended March 31, 2022.

1. ORGANIZATION AND NONPROFIT STATUS (Continued)

Combined Affiliates (Continued)

CHIF Properties, LLC (CHIF) is a Connecticut limited liability company established in 2014 to hold other real estate owned (OREO) properties acquired through foreclosure. C4C is the sole member of CHIF and, as a result, CHIF is classified as a disregarded entity for tax purposes. CHIF had no activity during the year ended March 31, 2022.

The accompanying combined financial statements include the accounts of C4C, CEEFCo, CT CDFI, Historic Pearl, and CHIF (collectively, the Organization). All significant intercompany balances and transactions have been eliminated in the accompanying combined financial statements.

Non-Profit Status

C4C, CEEFCo and CT CDFI are individually exempt from Federal income taxes as organizations (not private foundations) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). C4C, CEEFCo and CT CDFI are also exempt from state income taxes. Contributions made to C4C, CEEFCo and CT CDFI are deductible by donors within the requirements of the IRC.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Organization prepares its combined financial statements in accordance with generally accepted accounting standards and principles (U.S. GAAP) established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these notes are to the FASB Accounting Standards Codification (ASC).

Cash, Cash Equivalents, Restricted Cash and Concentration of Credit Risk

The Organization considers all highly liquid investments originated with a maturity of three months or less, and that are available for current operations, to be cash equivalents. There were no cash equivalents as of March 31, 2022, except for those funds considered part of the Organization's investment portfolio (see Note 3). Cash and cash equivalents that are not generally available for current operations, or otherwise are restricted, are classified as restricted cash and are included in cash and restricted cash for purposes of the combined statement of cash flows.

The Organization maintains its cash balances in high credit quality financial institutions. The Federal Deposit Insurance Corporation (FDIC) insures balances at each financial institution up to certain amounts. At certain times during the year, cash balances may exceed the insured amounts. The Organization has not experienced any losses in such accounts. The Organization periodically assesses the financial condition of these financial institutions and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

Allowance for Doubtful Accounts on Accounts Receivables

An allowance for doubtful accounts is based on collection experience and other circumstances, which may affect the ability of payors and donors to meet their obligations. It is the Organization's policy to charge off uncollectible accounts receivables when management determines the receivable will not be collected. The Organization had an allowance for doubtful accounts of $132,753 as of March 31, 2022, related to high risk assets in the Organization's servicing portfolio.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Investments (see Note 3) include the Organization's marketable and non-marketable interests in financial securities. Investments in marketable securities are recorded in the combined financial statements at fair value. If an investment is directly held by the Organization and an active market with quoted prices exists, the market price of an identical security is used to report fair value. Reported fair values of shares in exchange traded funds (ETFs) are based on share prices reported by the funds as of the last business day of the fiscal year. The fair value of investments in ETFs is based upon quoted prices in active markets for identical assets which are Level 1 inputs (see page 12).

The Organization's interest in the Community Foundation for Greater New Haven (the Foundation) is reported at fair value using the net asset value (NAV) reported by the fund manager, which is used as a practical expedient to estimate fair value, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. The Organization has the ability to access up to 50% of its principal investment, subject to a sixty-day notice period. Requests for distributions of more than 50% of market value of the investment require ninety-day notice. As of March 31, 2022, the Organization had no plans to liquidate this investment.

The Organization holds a non-marketable investment in a partnership that is recorded using the cost method. Under the cost method, an investment is carried at its original cost and cash distributions of profits are reported as income and distributions of the original capital invested reduce the carrying value of the investment. The carrying value is periodically reviewed for potential impairment.

Interest, dividends, distributions, and other income from these investments are recorded when earned or declared. Gains and losses are recognized as incurred on sale or based on fair value changes during the period.

Loans Receivable

Loans receivable are presented net of allowances for loan losses (see Note 6) and third-party loan participations qualifying as loan sales under ASC Topic 860, *Accounting for Transfers and Servicing of Assets and Liabilities*. Loan participations qualify as loan sales if the Organization surrenders control over the participated portion of the loan receivable and the participation agreement meets certain other criteria.

U.S. GAAP requires nonprofit organizations to record interest expense and contribution revenue in connection with loans payable that are interest free or that have below-market interest rates. Likewise, funds loaned to borrowers at below-market interest rates should also result in imputed revenue and contribution expense. Interest rates on loans payable are disclosed in Note 7. Interest rates on loans receivable are disclosed in Note 5. The Organization believes that the benefits derived from below-market rate loans received are passed through to the borrowers via below-market rate loans made, and that there is no material difference between community development finance market rates and the stated rates of loans in its portfolios. Consequently, no adjustments have been made to the accompanying combined financial statements to reflect rate differentials.

Loan Loss Allowance

The Organization follows the *Disclosure About the Credit Quality of Financing Receivables and the Allowance for Credit Losses* standard under U.S. GAAP. This standard requires disclosure about the accounting policies and methodology used to estimate the allowance for loan losses (see Note 6). Provisions are made for estimated loan losses based on management's evaluation of each loan. Loss recoveries are recorded in the year the recovery is known. The allowance for loan losses is established through the net loan loss provision and is charged to operations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Loan Loss Allowance (Continued)

The Organization considers a loan receivable as impaired when it is probable that interest and/or principal will not be collected according to the contractual terms of the loan receivable agreement. In accordance with guidance provided by ASC Topic, *Impairment (Recoverability) of a Loan*, management employs one of three methods to determine and measure impairment: the Present Value of Future Cash Flow Method; the Fair Value of Collateral Method; and the Observable Market Price of a Loan Method. To perform an impairment analysis, the Organization reviews a loan's internally assigned risk rating, its outstanding balance, value of the collateral, guarantors, and a current report of the action being implemented. Based on the nature of the specific loan, one of the impairment methods is chosen and any impairment is determined, based on criteria established for impaired loans.

A troubled debt restructuring (TDR) occurs when a creditor, for economic or legal reasons related to a borrower's financial condition, grants a concession to the borrower that it would not otherwise consider, such as below-market interest rates, extending the maturity of a loan, or a combination of both. The Organization considers all loans modified in a TDR to be impaired. At the time a loan is modified in a TDR, the Organization considers several factors in determining whether the loan should accrue interest, including:

- Cash flow necessary to pay the interest,
- Whether the customer is current on their interest payments, and
- Whether the borrower is expected to perform under the revised terms of the restructuring.

Property and Equipment and Depreciation

Property and equipment are recorded at cost, if purchased, or at fair value at the time of donation. Improvements and major repairs are capitalized, while ordinary repairs and maintenance are expensed as incurred. Depreciation is calculated using the straight-line method over the following useful lives:

Building and improvements	10 - 40 years
Furniture and equipment	3 - 5 years

Land is not depreciated.

The Organization accounts for the carrying value of its property and equipment in accordance with standards pertaining to ASC Topic, *Property, Plant and Equipment*, under U.S. GAAP. The carrying value is evaluated annually for impairment and no impairment loss was recognized during fiscal year 2022.

Net Assets

Net assets without donor restrictions include those net resources of the Organization that bear no external restrictions and are generally available for use by the Organization. The Organization has grouped its net assets without donor restrictions into the following categories:

- ***Operating*** net assets represent those net resources that are considered substantially liquid and available for general operations.

- ***Equity in property and equipment*** net assets represent the portion of assets invested in property and equipment, net of related liabilities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets (Continued)

- ***Board designated*** net assets represent those net resources the Organization's Board of Directors have designated for the following purposes:

  Revolving Loan Capital - is intended to provide a source of capital to fund future loans within the Organization's lending programs. Collections of outstanding balances from loans funded with these funds are deposited back into this fund and subsequently used for a similar purpose, upon approval from the Board of Directors.

  Fixed Asset Reserve - is intended to fund future property and equipment costs for the Organization.

Board designated net assets consist of the following as of March 31, 2022:

Revolving Loan Capital	$ 847,502
Fixed Asset Reserve	230,061
	$ 1,077,563

Net assets with donor restrictions represent amounts received or committed with donor restrictions which have not yet been expended or depleted for their designated purposes (purpose restricted) and amounts for unrestricted use in future periods (time restricted). Net assets with donor restrictions are all purpose restricted as follows as of March 31, 2022:

Revolving Loan Capital:	
Eversource - CEEFCo lending capital	$ 14,537,676
City of Bridgeport - Economic Development Administration (EDA)	1,610,314
State of Connecticut - Department of Economic Community Development (DECD)	1,165,617
State of Connecticut - Housing Tax Credit Contribution (HTCC)	906,271
State of Connecticut - Department of Housing (DOH)	360,000
City of Bridgeport - Community Development Block Grant (CDBG)	277,408
Department of Housing and Urban Development (HUD) - Economic Development Initiative (EDI)	226,418
Subtotal revolving loan capital	19,083,704
Other Purpose Restrictions:	
CDFI Fund - financial assistance award	501,500
Other program restrictions	96,614
Subtotal other purpose restrictions	598,114
Total net assets with donor restrictions	$ 19,681,818

Revolving loan capital is the term the Organization uses to describe those capital resources which are intended to provide a permanent or temporary capital base for lending activities, meet debt covenants and provide for potential loan losses. The Organization has two categories of revolving loan capital: net assets with donor restrictions and designated by the Board of Directors (see above). No outside donor has imposed an obligation on the Organization to replenish the principal of any grant of permanent or temporary loan capital in the event such funds are needed to offset loan losses. Accordingly, donor-restricted revolving loan capital awards are not considered to be perpetual in nature.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements

The Organization follows the accounting and disclosure standards pertaining to ASC Topic, *Fair Value Measurements,* for qualifying assets and liabilities. Fair value is defined as the price that the Organization would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

The Organization uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of the Organization. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the financial instrument developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available. The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.

Level 2 - Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 - Inputs that are unobservable and which require significant judgment or estimation.

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement.

Revenue Recognition

Financial Revenue and Loan Origination and Other Fees

Financial revenue is generally recognized as revenue without donor restrictions as earned or when services are provided. Interest on loans is presented net of amounts collected on behalf of loan participants where such participations qualify as loan sales. Where significant, the Organization generally amortizes net loan origination and other fees for loans with terms greater than one year in length over the term of the loans. Unamortized deferred loan fees are included as an adjustment to the carrying value of loans receivable in the accompanying combined statement of financial position. Net loan origination fees of the Organization that are not significant or which are for short-term loans are not amortized. There were no unamortized loan fees as of March 31, 2022.

The Organization has an agreement with the Connecticut Green Bank (CGB) that provides for an interest rate buy down (IRB) on qualified energy loans to consumers for loans closed. The Organization underwrites, approves and funds energy loans and CGB reviews and approves the loans for compliance with the program loan terms. CGB then funds an IRB with a lump-sum payment based on the net present value of the difference between the stated loan rate and 1%. Cash paid to the Organization related to the IRB program received in advance of the recognition of related interest income was $1,852,487 as of March 31, 2022, and is reflected as deferred interest revenue in the accompanying combined statement of financial position.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Loan Servicing Fees

The Organization generally measures revenue for qualifying exchange transactions based on the amount of consideration the Organization expects to be entitled for the transfer of goods or services to a customer, then recognizes this revenue when or as the Organization satisfies its performance obligations under a contract, except in transactions where U.S. GAAP provides other applicable guidance. The Organization evaluates its loan servicing contracts based on the five-step model under Topic 606: (1) Identify the contract with the customer; (2) Identify the performance obligations in the contract; (3) Determine the transaction price; (4) Allocate the transaction price to separate performance obligations; and (5) Recognize revenue when (or as) each performance obligation is satisfied.

Loan servicing revenue is recognized by the Organization for servicing the loans held by various third parties. The Organization recognizes revenue, under one performance obligation, on a monthly basis based on the number of loans serviced. Loan servicing agreements define fixed, per loan, compensation to which the Organization is entitled. Loan servicing fee revenue is only recognized as revenue when collection is assured. Loan servicing fee revenue received in advance of services being provided is recorded as deferred revenue in the accompanying combined statement of financial position. There was no such deferred revenue as of March 31, 2022.

Public Support

In accordance with ASC Subtopic 958-605, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, the Organization must determine whether a contribution (or a promise) is conditional or unconditional for transactions deemed to be a contribution. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include a measurable performance-related barrier or other measurable barriers, a stipulation that limits discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of the agreement. Topic 958 prescribes that the Organization should not consider probability of compliance with the barrier when determining if such awards are conditional and should be reported as conditional advance liabilities until such conditions are met. See Note 10 for disclosures of the Organization's conditional grants. Government grants and contracts are generally within the scope of Topic 958 as described above.

Contributions and grants without donor restrictions are recognized as revenue when unconditionally received or pledged. Donor restricted grants and contributions with time or purpose restrictions are transferred to net assets without donor restrictions as such gifts are used in accordance with donor restrictions.

Expense Allocation

The costs of providing program and other activities have been summarized on a functional basis in the combined statement of functional expenses. The combined statement of functional expenses presents the natural classification detail of expenses by function, including supporting services. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include personnel and related costs, professional fees, depreciation, information technology, occupancy, insurance, repairs and maintenance, printing and postage, conferences and meetings, intertest on property loan, telephone, office expenses, and dues and publications, which are allocated based on level of employee effort for each function as based on timesheets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Organization accounts for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the combined financial statements regarding a tax position taken or expected to be taken in a tax return. The Organization has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the combined financial statements at March 31, 2022. The Organization's information returns are subject to examination by the Federal and state jurisdictions.

Estimates

The preparation of combined financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that may affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the combined financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

Subsequent events have been evaluated through June 22, 2022, which is the date the combined financial statements were available to be issued. See Note 7 for an event that met the criteria for disclosure in the combined financial statements.

3. INVESTMENTS

The investment portfolio consists of the following at March 31, 2022:

Investment Type	Level 1	Level 2	Level 3	NAV	Total
Cash equivalents	$ 42,637	$ -	$ -	$ -	$ 42,637
ETFs - fixed income bond funds	667,464	-	-	-	667,464
Interest in the Foundation * (see page 9)	-	-	-	426,174	426,174
Investments recorded at fair value	710,101	-	-	426,174	1,136,275
Cost basis investment in partnership	-	-	-	-	15,000
	$ 710,101	$ -	$ -	$ 426,174	$ 1,151,275

* In accordance with ASC Topic, *Fair Value Measurements*, certain investments that are measured at fair value using the net asset value (NAV) per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the combined statement of financial position.

The Organization has elected to include cash equivalents which are part of the portfolio in the balance of investments as the balance is intended to be held for long-term purposes.

Investment return consists of the following for the year ended March 31, 2022:

Interest and dividends	$ 17,233
Unrealized loss	(44,410)
Investment return	$ (27,177)

4. RESTRICTED CASH

Restricted cash consists of the following at March 31, 2022:

Funds restricted for lending - C4C	$ 5,109,220
Loan escrows liability	3,303,972
Funds restricted for lending - CEEFCo	1,863,075
Revolving loan fund cash - net assets with donor restrictions (see Note 2)	1,269,465
Conditional advances - HTCC awards (see Note 10)	593,729
Board designated - fixed asset reserve (see Note 2)	230,061
Funds held for others (agency liabilities):	
Brownfields revolving loan fund	452,650
Energize CT HEAT loan fund	276,519
Veterans housing assistance fund	215,227
Other	18,170
Total restricted cash	$ 13,332,088

Funds Restricted for Lending

Pursuant to various note payable agreements (see Note 7), the Organization maintains segregated cash accounts where lender capital is held prior to being deployed in loans receivable. These funds are restricted for the lending activities of the Organization.

Loan Escrows Liability

Pursuant to various loan receivable agreements, the Organization has the right to hold back a portion of principal draw downs in escrow on behalf of borrowers. Loan escrows liability consists of cash held by the Organization that is restricted in connection with these certain financing agreements.

Funds Held for Others

The Organization has various agreements with third parties to act as the fiscal agent for certain programs. Funds advanced to the Organization that have not yet been deployed are classified as funds held for others in the accompanying combined statement of financial position. Funds held for others consists of the following arrangements with third parties:

Brownfields Revolving Loan Fund - the Organization has entered into agreements to administer the City of Bridgeport's Brownfields Cleanup Revolving Loan Fund. Terms of the agreements allow the Organization to utilize a portion of interest payments and fees collected to assist with the Organization's program and administrative costs. Based on the agreements with the City of Bridgeport, the Organization concluded that the participations related to this loan fund qualified as loan sales under ASC Topic 860, *Accounting for Transfers and Servicing of Assets and Liabilities* (see Note 2).

Energize CT HEAT Loan Fund - the Organization administers a legislatively mandated consumer energy efficiency loan program for Eversource and Avantgrid (the Utilities) in the state of Connecticut. The Organization manages contractor engagement, online application intake, applicant interactions, underwriting processes, and closes approved loans with funding capital provided by the Utilities. The Organization also provides the On Bill Repayment services for these loans, whereby the Utilities bill their respective borrowers (who are their customers) through their distribution invoicing and collect the loan payments directly from their customers, notifying the Organization of the payment activity. The Organization does not receive payments directly but provides payment history accounting administration based on the Utilities' reporting to support the Utilities' On Bill Repayment programs. Based on the agreements with the Utilities, the Organization concluded that the participations related to this loan fund qualified as loan sales under ASC Topic 860, *Accounting for Transfers and Servicing of Assets and Liabilities* (see Note 2).

4. RESTRICTED CASH (Continued)

Funds Held For Others (Continued)

Veterans Housing Assistance Fund - the Organization holds two pools of funds as the fiduciary for the Veterans Housing Assistance Fund. One pool is available for basic needs of Veterans and disbursements are made to or at the direction of the VA Errera Community Care Center. The other pool may be used for recoverable or forgivable predevelopment loans for projects that will provide housing to Veterans.

5. LOANS RECEIVABLE

The Organization lends primarily in Connecticut and loan products vary by type and presence of collateral, risk level, loan size, and presence of designated subsidized funding sources. As a result, interest rates on loans receivable at March 31, 2022, ranged from 0% to 7.25%. At March 31, 2022, the Organization's loan receivables are primarily made up of the following:

Residential Loans

- **Permanent loans** - include first mortgages and other subordinate mortgages. First mortgages bear interest at an annual rate of 4.0% to 6.5%, with repayment terms from ten to thirty years. Second mortgages bear interest at annual rates of 0% to 7.25%, with repayment over a range of periods from five to twenty years.

- **Predevelopment/acquisition loans** - bear interest at annual rates of 0% to 6.5%, with a repayment range of periods from one to ten years. Acquisition loans are secured by mortgages on the respective properties.

- **Bridge loans** - bear interest at annual rates of 3% to 6%, with a repayment range less than one year. These loans are secured by assets of the respective borrowers.

- **Construction loans** - bear interest at annual rates of 0% to 6.5%, with a repayment range of periods from one to twelve years. These loans are secured by assets of the respective borrowers.

- **Consumer housing loans** - include unsecured down payment assistance and teacher homeownership loans. Down payment assistance loans range from $4,000 to $5,000, with 0% interest rates. Principal repayments are due upon the earlier of; default of the borrower on any other indebtedness secured by a mortgage on the same property or upon sale or transfer of title of the property, or thirty years from the date of the note. Teacher homeownership loans are advanced on behalf of a program funded by the Foundation (see Note 2) to New Haven public school teachers to encourage them to teach and live in the city of New Haven. The loans are interest-free loans for up to forty years with repayment deferred until the sale, transfer or refinance of the property. In the event the funds paid out to eligible buyers under the program are not repaid by the homebuyer, the Foundation has committed to assume all losses.

Commercial Loans

- **Commercial real estate loans** - include first and other subordinate mortgages that bear interest at an annual rate of 0% to 7%, with a repayment range for construction only loans up to twenty-four months and construction to permanent loans with repayment terms of periods from four to thirty years. Real estate related loans are secured by the related properties that are all located in Connecticut.

5. LOANS RECEIVABLE (Continued)

Commercial Loans (Continued)

- **Commercial lines of credit** - include lines of credit that bear interest rates at 2% to 8.50%, with a repayment term of one to twenty-one years. These loans are secured by assets of the respective borrowers.

Energy Efficiency Loans

- **Commercial lending** - include commercial energy loans that bear interest at annual rates of 5.5% to 6.25%, with repayment of six to twenty years. A third-party funding source has committed to fund the first $625,000 of loan losses for this specific loan product. Certain commercial energy efficiency loans may be unsecured.

- **Consumer Lending** - are held by CEEFCo and bear interest at annual rates of 0% to 7.25%, with a repayment term of three to twelve years. These loans are all unsecured.

Special Tax Credit Loan

During the year ended March 31, 2021, Historic Pearl entered into a loan agreement with an affiliated entity in the amount of $3,859,448 to fund a tax credit investment project. The loan bears interest of .05% per annum. The loan has a forty-nine-year term and no principal payments are due until maturity. The Organization has recorded a 100% loan loss reserve on this loan and has not included this loan in the summarized table below.

Loans receivable in each lending area were as follows as of March 31, 2022:

Loans Receivable	C4C	CEEFCo	Total
Residential Loans:			
Permanent	$ 19,556,185	$ -	$ 19,556,185
Predevelopment/acquisition	1,764,394	-	1,764,394
Bridge	1,535,441	-	1,535,441
Construction	12,568,347	-	12,568,347
Consumer housing	376,303	-	376,303
Total residential loans	35,800,670	-	35,800,670
Commercial Loans:			
Commercial real estate	5,661,712	-	5,661,712
Commercial lines of credit	1,609,069	-	1,609,069
Total commercial loans	7,270,781	-	7,270,781
Energy Efficiency Loans:			
Commercial lending	9,766,096	-	9,766,096
Consumer lending	-	29,890,897	29,890,897
Total energy efficiency loans	9,766,096	29,890,897	39,656,993
Gross loans receivable	52,837,547	29,890,897	82,728,444
Less - allowance for loan losses	(4,259,846)	(587,717)	(4,847,563)
Sub-total	48,577,701	29,303,180	77,880,881
Less - current portion	(10,829,363)	(325,880)	(11,155,243)
	$ 37,748,338	$ 28,977,300	$ 66,725,638

5. LOANS RECEIVABLE (Continued)

Reclassification of Participations

During the year ended March 31, 2022, the Organization concluded that the participations related to its Energize CT HEAT loan portfolio (see Note 4) qualified as loan sales under ASC Topic 860, *Accounting for Transfers and Servicing of Assets and Liabilities* (see Note 2). As a result, the previously reported agency liabilities totaling $48,243,380 as of March 31, 2021, have been reclassified and are netted against the participated loans receivable in the accompanying combined statement of financial position as of March 31, 2022. This reclassification had no effect on the balance of net assets as of March 31, 2021. Outstanding loans under this program were $57,593,244 as of March 31, 2022.

Schedule of Repayments

Scheduled principal repayments of gross loans receivable as of March 31, 2022, are as follows for the fiscal years ending March 31:

2023	$ 11,155,243
2024	4,647,340
2025	3,898,868
2026	4,749,469
2027	5,073,925
Thereafter	53,203,599
Total	$ 82,728,444

Commitments to Lend

In addition to funded loans receivable, the Organization had unfunded loan commitments to borrowers totaling $7,742,421 at March 31, 2022. Loan commitments represent arrangements to lend funds at specified terms and interest rates and contain fixed expiration dates or other termination clauses.

6. ALLOWANCE FOR LOAN LOSSES

Risk Rating System

The Organization estimates loan losses using an internally developed risk rating system applied to performing loans, which considers the lien priority, loan-to-value, history of performance, or other factors that could impact the probability of default and potential loss. Management applies judgment to develop its own view of loss probability within the portfolio with the objective of establishing an allowance for the losses inherent within the portfolio as of the reporting date.

Reflected in the portions of the allowance previously described is an amount for imprecision or uncertainty that incorporates the range of probable outcomes inherent in estimates used for the allowance, which may change from period to period. This amount is the result of management's judgment of the risks inherent in the portfolio, economic uncertainties, historical loss experience, and other subjective factors, including industry trends, calculated to better reflect the Organization's view of risk in the portfolio. No single statistic or measurement determines the adequacy of the allowance for loan loss. Changes in the allowance for loan loss and the related provision expense can materially affect the changes in net assets.

6. ALLOWANCE FOR LOAN LOSSES (Continued)

Risk Rating System (Continued)

The Organization uses the following credit classifications to risk rate its loans receivable (excluding the special tax credit loan). CEEFCo's loan loss allowance is set at a standard rate of 2% of the outstanding balance plus 100% of direct billing customers with balances greater than 120 days. As a result, the majority of CEEFCo loans have been classified as satisfactory, except for loans that have been specifically identified as bringing additional risk to the Organization. The classifications used are based on available information regarding the repayment performance of individual borrowers in servicing their debt, such as current financial information, historical payment experience, credit documentation, publicly available information, and current trends:

Category	Description of Creditworthiness
Better	Assigned to loans that have demonstrated above-average performance with strong cash flow coverage over an extended period, financial condition is strong and must have a strong social impact or otherwise significantly further the Organization's mission.
Satisfactory	Assigned to loans that have demonstrated above-average performance with strong cash flow coverage over an extended period, financial condition has been stable or improving.
Acceptable	Assigned to loans with acceptable asset protection and cash flow provides a reasonable prospect of orderly payout, but more pronounced risk elements than loans classified as satisfactory.
Transitional	Assigned to loans with the characteristics of an acceptable loan but warrants more than the normal level of supervision and formal reporting to management.
Special Mention	Loans that have potential weaknesses deserving of management's close attention.
Substandard	Loans in this classification have a well-defined weakness or weaknesses that jeopardize the repayment of the debt and there is a distinct possibility that the Organization will sustain some loss if the deficiencies are not corrected.
Doubtful	These loans have all of the weaknesses inherent in those classified as substandard, with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions and values, highly questionable and improbable.
Loss	Considered uncollectible.

6. ALLOWANCE FOR LOAN LOSSES (Continued)

Risk Rating System (Continued)

The following table presents the Organization's loans receivable balances and related allowance by risk rating at March 31, 2022:

Category	C4C	CEEFCo	Loan Balance Total	Allowance Total
Better	$ 5,177,897	$ -	$ 5,177,897	$ 51,778
Satisfactory	3,855,132	27,576,929	31,432,061	664,820
Acceptable	15,726,191	-	15,726,191	600,724
Transitional	12,433,808	-	12,433,808	584,252
Special Mention	4,437,999	1,423,184	5,861,183	454,180
Substandard	9,303,632	441,360	9,744,992	1,771,607
Doubtful	1,902,888	449,424	2,352,312	720,202
	$ 52,837,547	$ 29,890,897	$ 82,728,444	$ 4,847,563

The allowance for uncollectible loans has been applied to the long-term portion of the loan portfolio. Activity in the allowance is summarized below:

	Residential Loans	Commercial Loans	Energy Efficiency Loans	Total
Balance, March 31, 2021	$ 2,659,299	$ 583,369	$ 1,405,492	$ 4,648,160
Provision for (recovery of) loan losses	903,913	(48,683)	212,958	1,068,188
Write-off	(616,203)	-	(252,582)	(868,785)
Balance, March 31, 2022	$ 2,947,009	$ 534,686	$ 1,365,868	$ 4,847,563

The write-offs noted in the above table were previously reserved by the Organization and, as a result, have no impact on the accompanying combined statement of activities without donor restrictions for the year ended March 31, 2022.

Delinquencies, Non-Accrual and Impaired Loans

Delinquencies are as follows as of March 31, 2022:

	C4C	CEEFCo	Total
31 - 60 days	$ 1,446,514	$ 1,423,184	$ 2,869,698
61 - 90 days	-	441,360	441,360
Greater than 90 days	5,066,246	449,424	5,515,670
Total past due	6,512,760	2,313,968	8,826,728
Current	46,324,787	27,576,929	73,901,716
	$ 52,837,547	$ 29,890,897	$ 82,728,444

The above loans receivable of $5,515,670 that have been delinquent beyond 90 days are all on non-accrual status and have been deemed to be impaired as of March 31, 2022.

6. ALLOWANCE FOR LOAN LOSSES (Continued)

Troubled Debt Restructurings

There have been no loan modifications classified as troubled debt restructurings as of March 31, 2022.

7. NOTES PAYABLE

The Organization's portfolio of loans receivable (see Note 5) is capitalized with several sources of funds including: long-term low interest notes; equity equivalent notes (see Note 8); low interest program-related investments from charitable organizations; and grants from government agencies, conventional lenders and corporations (see Note 2). The loans used to capitalize the Organization's portfolio are secured by an interest in loans receivable and underlying mortgages funded.

Notes payable consists of the following at March 31, 2022:

CEEFCo	
Note payable to Amalgamated Bank, which allows for borrowings up to $22,500,000. Monthly payments of interest only are due through December 2022 (maturity), at a rate equal to the *Wall Street Journal*'s prime rate, with a floor of 3.0% (3.0% at March 31, 2022). The Organization is in process of negotiating an extension of the maturity date of this note with the borrower, which is expected to be approved later in 2022. All unpaid principal and interest are due at maturity. This note is secured by all CEEFCo loans receivable (see Note 5) and all related assets pledged to the Organization in connection with issuance of the respective loans.	$ 12,244,000
Note payable with CT Green Bank, which allows for borrowings up to $4,500,000. Monthly payments of interest only are due through December 2022 (maturity), at a rate equal to the *Wall Street Journal*'s prime rate, with a floor of 3.50% (3.5% at March 31, 2022). The Organization is in process of negotiating an extension of the maturity date of this note with the borrower, which is expected to be approved later in 2022. All unpaid principal and interest are due at maturity. This note is secured by all CEEFCo loans receivable (see Note 5) and all related assets pledged to the Organization in connection with issuance of the respective loans.	2,456,000
Total CEEFCo	14,700,000
C4C	
C4C entered into unsecured note payable agreements with various impact investors (Social Impact Investor Notes) who provided capital for improving conditions for underserved communities and persons in Connecticut by preserving and creating affordable housing, promoting adoption of energy efficiency and alternative energy, and supporting nonprofits and small business development. There were 112 Social Impact Investor Notes outstanding as of March 31, 2022, ranging from $1,000 to $500,000 funded by individuals, religious organizations, banks and other organizations, with interest rates ranging from 0% to 3.5%. These notes mature at various dates through October 2031.	6,573,439

7. NOTES PAYABLE (Continued)

C4C (Continued)

C4C entered into a second Multi-Family Permanent Loan Pool Participation Agreement (Participation Pool 2) with several funders providing short-term, low interest debt financing to support the creation and preservation of affordable housing and stabilizing and revitalizing low or moderate-income neighborhoods. Eleven banks have committed $14,150,000 of pooled loan capital. Monthly payments of interest only are due through April 2030 (maturity), at a rate equal to the Federal Home Loan Bank of Boston's Community Development Advance Rate plus 1.50% (4.75% at March 31, 2022). All unpaid principal and interest are due at maturity. Loans receivable funded by the Organization with this capital generally have maturities of ten years, with principal electively repaid on this pooled note according to the respective amortization schedules. This note is secured by loans receivable (see Note 5) funded with Participation Pool 2 capital and all related assets pledged to the Organization in connection with issuance of the respective loans. In addition, the balance of cash equivalents and ETFs (with a minimum of 10% if the note balance) within the Organization's investment portfolio (see Note 3) serve as additional collateral on this note.	4,925,881
Unsecured notes payable to CNote Group, Inc, bearing interest of 3.5% ($2,059,952) and 3.25% ($2,004,728). Monthly interest-only payments are due through the maturity date of June 2024 (maturity), at which time outstanding principal and interest becomes due.	4,064,680
Note payable to CGB which allows for borrowings up to $7,700,000 to fund energy efficiency loans (see Note 5). The repayment and interest terms of this note mirror the terms of the underlying loans made by the Organization to qualified owners. Interest rates ranging from 3% to 3.5% and the loan principal matures are various dates through October 2037. This note is secured by the underlying notes receivable funded with this CGB capital. As part of this note agreement, CGB has provided funding up to $300,000 to be drawn upon to recover eligible losses under the Organization's energy efficiency loan program.	3,722,565
C4C participates in Connecticut Housing Finance Authority's (CHFA) program to provide CDFIs with financing for small multifamily project loans. CHFA advances up to $500,000 per approved project to eligible participants at an interest rate of 2% for up to twenty years. Under this program, C4C may lend to end borrowers at no more than 5% for up to twenty years. Monthly payments of principal and interest are due through various maturity dates ranging through February 2043. This note is secured by the underlying notes receivable funded with this CHFA capital.	2,537,371
Unsecured line of credit agreement with Calvert Impact Capital. This loan bears interest at a rate of 5.15% and is due in quarterly interest-only payments through December 2023 (maturity), at which time outstanding principal and accrued interest become due.	2,500,000

7. NOTES PAYABLE (Continued)

C4C (Continued)

Line of credit agreement with CHFA, bearing interest at a rate of 3%, which allows for borrowings up to $2,000,000. Monthly payments of interest only are due through various maturity dates ranging through November 2030. Loan proceeds assigned to a particular loan made by the Organization require principal together with all interest due thereon to be paid to CHFA by the maturity date of the underlying loan made by the Organization, but in no event later than the twenty years following the issuance of any permanent loan by the Organization. This note is secured by the underlying notes receivable funded with this CHFA capital.	1,550,200
Note payable to Webster Bank, bearing interest at a rate of 4.1%. Principal and interest payments are due monthly through May 2031 (maturity), at which time all unpaid principal and interest become due. The proceeds of this note were used to repay the Organization's note payable to People's United Bank in May 2021. This note is secured by a first mortgage on real property located at 10 Alexander Drive, Wallingford, Connecticut.	1,459,140
Note payable to Synchrony Bank, bearing interest at a rate of 3.0%. Quarterly payments of interest only are due through October 2024 (maturity), at which time all outstanding principal and interest become due. This note is secured by the assets of the Organization.	1,402,658
Line of credit agreement with People's United Bank which allows for borrowings up to $3,000,000. Monthly payments of interest only are due through February 2024 (maturity), at a rate equal to the Federal Reserve's Secured Overnight Financing Rate (SOFR), with a minimum rate of 1% plus 2.75% (3.75% at March 31, 2022). All outstanding principal and interest are due at maturity. This line of credit is secured by the underlying notes receivable funded with this People's United Bank capital. In April 2022, People's United Bank was acquired by M & T Bank, at which time these equity equivalent notes payable were transferred to M & T Bank.	1,120,000
Note payable to TD Bank, bearing interest at the Federal Home Loan Bank's Classic Rate plus 2.5% (3.08% at March 31, 2022). Monthly payments of principal and interest are due through August 2030 (maturity), at which time all outstanding principal and interest become due. This note is secured by the assets of the Organization.	941,659
C4C has a line of credit agreement with CHFA, bearing interest at a rate of 3%, which allowed for borrowings up to $2,000,000 through a final draw date of December 2018. Quarterly payments of interest only are due through various maturity dates ranging through June 2028. Loan proceeds assigned to a particular loan made by the Organization require principal together with all interest due thereon to be paid to CHFA by the maturity date of the underlying loan made by the Organization. These notes are secured by the underlying notes receivable funded with this CHFA capital.	728,474
Unsecured note payable to Housing Development Fund, Inc., bearing interest at a rate of 3.34%. Monthly payments of principal and interest are due through January 2031 (maturity), at which time all outstanding principal and interest become due.	672,813

7. NOTES PAYABLE (Continued)

C4C (Continued)

C4C has a line of credit agreement with CHFA, bearing interest at a rate of 3%, which allows for borrowings up to $2,000,000 through a final draw date of March 2024. Quarterly payments of interest only are due through various maturity dates ranging through July 2029. Loan proceeds assigned to a particular loan made by the Organization require principal together with all interest due thereon to be paid to CHFA by the maturity date of the underlying loan made by the Organization. These notes are secured by the underlying notes receivable funded with this CHFA capital.	656,644
C4C entered into a Multi-Family Permanent Loan Pool Participation Agreement (Participation Pool 1) with several funders providing short-term, low interest debt financing to support the creation and preservation of affordable housing and stabilizing and revitalizing low or moderate-income neighborhoods. Twelve banks have committed $8,064,311 of pooled loan capital. Monthly payments of interest only are due through January 2026 (maturity), at a rate equal to the Federal Home Loan Bank of Boston's Community Development Advance Rate plus 1.50% (4.75% at March 31, 2022). All unpaid principal and interest are due at maturity. Loans receivable funded by the Organization with this capital generally have maturities of ten years, with principal electively repaid on this pooled note according to the respective amortization schedules. This note is secured by loans receivable (see Note 5) funded with Participation Pool 1 capital and all related assets pledged to the Organization in connection with issuance of the respective loans.	628,963
Notes payable to Opportunity Finance Network (OFN) to fund loans under the Organization's energy efficiency loan program (see Note 5). Interest rates on these two notes range from 3% to 3.5%. Quarterly payments of interest only are due on these notes through October 2022, at which time outstanding principal and interest become due. These notes are secured by the underlying notes receivable funded with this OFN capital.	531,317
Unsecured note payable to the Connecticut Trust for Historic Preservation, bearing interest at 3%. Monthly interest-only payments are due through December 2024 (maturity), at which time outstanding principal and interest become due.	250,000
Unsecured non-interest bearing note payable to the City of Bridgeport. Outstanding principal is due in December 2030.	83,455
Total C4C	34,349,259
Total notes payable	49,049,259
Less - current portion	(19,932,741)
	$ 29,116,518

Certain notes payable contain financial and non-financial covenants with which the Organization must comply. As of March 31, 2022, the Organization was in compliance with these covenants.

7. NOTES PAYABLE (Continued)

CT CDFI - Note Payable

CT CDFI held a note payable to DECD, which was non-interest bearing and payable in July 2033 (maturity). The note was secured by the loans receivable and underlying mortgages funded from the proceeds of this note. The balance of this note payable totaling $1,483,000 was converted to a grant during the year ended March 31, 2022, and accordingly, this amount is included in government grants and contracts in the accompanying combined statement of activities without donor restrictions.

Available Credit

The Organization had total available credit of $14,065,459 extended from its lenders as of March 31, 2022.

Subsequent Commitment

In May 2022, the Organization executed agreements with fourteen participant banks to create a third Multi-Family Permanent Loan Pool Participation (MPLP) to provide capital for affordable housing permanent loans. The commitment will result in capital of approximately $26 million that can be drawn as the Organization closes permanent loans over the next three years. This funding is pivotal to supporting the Organization’s affordable housing lending and provides the participant banks with valuable Community Reinvestment Act (CRA) credits. Eight banks from the prior MPLP pooled fund returned to participate and six new banks have joined to support the Organization’s mission across Connecticut.

Schedule of Repayments

Scheduled principal repayments of notes payable are as follows for the fiscal years ending March 31:

2023	$ 19,932,741
2024	7,720,261
2025	4,117,354
2026	1,437,779
2027	1,290,668
Thereafter	14,550,456
Total	$ 49,049,259

Included in the maturity schedule above are notes payable totaling $14,700,000 (held by CEEFCo) that the Organization expects to formally extend with the lender prior to maturity.

8. EQUITY EQUIVALENT NOTES PAYABLE

Equity equivalent notes payable (EQ2) are unsecured debt that is subordinate and junior in right of payment to all other organizational financial obligations both currently and subsequently incurred, but pari passu with other similar subordinated debt or equity equivalent investments, whether currently or subsequently incurred. An EQ2 is defined by the following attributes:

- The investor carries it on their books as an investment according to GAAP;
- It is a general obligation that is not secured by any assets;
- It is fully subordinated to the right of repayment of all other creditors;
- It does not give the investor the right to accelerate payment unless the Organization ceases its normal operations (i.e. changes its line of business);
- It carries an interest rate that is not tied to any income received by the Organization; and
- The maturity has a rolling term and therefore, an indeterminate maturity.

The Organization uses its EQ2s to fund loans and pays its EQ2 investors interest-only payments semiannually. Annually or upon maturity, the terms of the underlying agreements allow for the investment to renew for the same term if notice not to extend the maturity is not received by either party.

Lender	Renewal Terms	Interest Rate	Maturity Date	Amount
Citizens Bank	3 years	2.50%	3/31/23	$ 1,250,000
People's United Bank *	Rolling 10 years	2.00%	6/30/28	1,250,000
Liberty Bank	Rolling 7 years	2.00%	12/31/28	1,000,000
Webster Bank	Annual 1 year	2.00%	7/01/22	750,000
TD Bank	Rolling 10 years	2.00%	12/31/25	750,000
TD Bank	Rolling 10 years	2.00%	7/01/22	300,000
M & T Bank	3 years	2.00%	9/15/24	250,000
People's United Bank *	Rolling 10 years	2.00%	7/31/23	250,000
Laurel Road Bank	Rolling 10 years	2.00%	6/30/27	250,000
Laurel Road Bank	Rolling 10 years	2.00%	12/31/28	50,000
				6,100,000
Less - current portion				(2,300,000)
				$ 3,800,000

* In April 2022, People's United Bank was acquired by M & T Bank, at which time these equity equivalent notes payable were transferred to M & T Bank.

Schedule of Repayments

Scheduled principal repayments of equity equivalent notes payable are as follows for the fiscal years ending March 31:

2023	$ 2,300,000
2024	250,000
2025	250,000
2026	750,000
2027	-
Thereafter	2,550,000
Total	$ 6,100,000

9. EMPLOYEE BENEFIT PLAN

The Organization maintains a Defined Contribution Retirement Plan (the Plan) under Section 403(b) of the IRC, covering all employees who have completed ninety days of service. Each year the participants may contribute up to the amount designated by the IRC, based on the participant's age. The Organization, by action of its Board of Directors, shall determine the amount, if any, of the annual discretionary employer contributions. Total employer contributions to the Plan for the year ended March 31, 2022, were $106,879 and are included in fringe benefits in the accompanying combined statement of functional expenses.

10. CONDITIONAL AWARDS

Paycheck Protection Program

The Organization applied for, and was awarded, two loans of $669,130 from the Paycheck Protection Program established by the Coronavirus Aid, Relief and Economic Security Act (CARES Act). The funds were used to pay certain payroll costs, including benefits as well as rent and utilities during a covered period as defined in the CARES Act. These funds were subject to be forgiven, as defined in the agreements, at the end of the covered period and the remainder of the funds would be due over a two-year period with interest at 1%. Any repayment was deferred for a period of ten months from the end of the covered period, when the note, plus interest, would have been due in equal monthly payments through the maturity date as defined by the bank. The forgiveness calculations were subject to review and approval by the lending bank and the Small Business Administration (SBA). The balance of the first loan and related interest were forgiven by the lending bank in March 2021. During the year ended March 31, 2022, the balance of the second loan and related interest were also forgiven.

The loans have been accounted for as conditional grants under ASC Subtopic 958-605 (see Note 2). These grants were conditional upon certain performance requirements and the incurrence of eligible expenses. Amounts received were recognized as revenue when the Organization incurred expenditures in compliance with the loan application and CARES Act requirements. During the year ended March 31, 2022, the Organization recognized the second loan balance of $669,130 as grant revenue, which is included in government grants and contracts in the accompanying combined statement of activities without donor restrictions.

Conditional Advances

The Organization received grants and contributions that contained donor-imposed conditions that represent barriers that must be overcome as well as a right of return of the assets transferred (see Note 2). The Organization recognizes these grants and contributions only when donor-imposed conditions are substantially met. Accordingly, the ending balance of conditional advances included in the accompanying combined statement of financial position pertains to cash received by the Organization in advance of meeting the necessary conditions.

Conditional advances consist of the following as of March 31, 2022:

Conditional loan capital	$ 4,489,191
State of Connecticut - HTCC	593,729
Conditional advances	$ 5,082,920

10. CONDITIONAL AWARDS (Continued)

Conditional Advances (Continued)

Conditional Loan Capital

The Organization was awarded two conditional Urban Action Grants in prior years in the amounts of $3,100,000 and $1,200,000, respectively, to fund loans for specific community development projects in Bridgeport, Connecticut. The grant agreements allow the Organization to retain the interest earned on the underlying loans receivable and, if certain conditions are met, a portion of the returned principal may be retained by the Organization with the balance payable to the State of Connecticut upon collection.

The State of Connecticut also provided the Organization conditional grant funding totaling $377,181 under its Small Business Lending Partner Program. The program requires the Organization to return all payments of principal on the underlying loans receivable to the State of Connecticut. Loan losses related to loans funded with this capital are not due back to the State of Connecticut. As a result, the balance of conditional advances related to this award includes the grant advances, less an allowance for loan loss reserves calculated on the underlying loans receivable of $187,990.

State of Connecticut - HTCC

The Organization receives annual awards from the State of Connecticut through its Housing Tax Credit Contribution (HTCC) program that are used to make loans to qualified projects. Cash received but not yet deployed into loans is reflected as conditional advances in the accompanying combined statement of financial position. These grants also require that the proceeds be revolved for recurring use during the investment term of the respective agreements. Accordingly, the expended grant proceeds remain in net assets with donor restrictions until depleted by loan losses or until the investment period of three years expires (see Note 2).

11. RELATED PARTY TRANSACTIONS

The Organization has entered into the following transactions with related parties during the year ended March 31, 2022:

- Four members of the Board of Directors have loaned the Organization amounts ranging from $1,000 to $100,000, bearing interest at rates ranging from 1% to 3%. Interest is paid annually on the anniversary of the respective loans. All outstanding principal and interest on these loans are due at various dates through April 2027.

- A relative of one of the members of management of the Organization made a loan of $50,000 to the Organization, bearing interest at 2.5%. Interest is paid annually on the anniversary of the loan. All outstanding principal and interest on this loan are due in January 2023.

12. FUNDING CONCENTRATIONS

Funding

Contract income from governmental agencies is subject to audit by the respective governmental authorities. In the opinion of management, the results of such audits, if any, will not have a material effect on the combined statement of financial position of the Organization as of March 31, 2022, or on the combined statement of activities without donor restrictions for the years then ended.

During the year ended March 31, 2022, the Organization received grants of $2,416,265 from the Treasury's CDFI Fund for program expansion (financial assistance and rapid response funds). Of the total awards, $1,914,765 was reported as revenue without donor restrictions and $501,500 of financial assistance funding was reported as revenue with donor restrictions during the year ended March 31, 2022. The donor restrictions on the financial assistance capital will be deemed to be satisfied upon successfully deploying this capital in qualifying loans. In connection with these grants, the Organization is required to adhere to specific performance goals and requirements as outlined in the agreements with the Treasury through September 2025. The benchmarks and goals noted in the agreements are not deemed to be barriers in accordance with ASU 2018-08*, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (see Note 2). Failure to adhere to these requirements may result in repayment of Federal assistance received and ineligibility to receive future funding. The Organization was in compliance with all benchmarks and goals as of March 31, 2022.

Concentrations

Approximately 22% of the Organization's revenues without donor restrictions for the year ended March 31, 2022, were from the Treasury (see Note 1), the majority of this funding was a one-time grant in nature.

13. LIQUIDITY

Financial assets available for general operating use, that is, without donor or other restrictions limiting their use (see Note 2), within one year of the combined statement of financial position date, comprise the following at March 31, 2022:

Cash	$ 3,001,296
Accounts receivable	1,541,191
Interest receivable	462,592
Current portion of loans receivable	11,155,243
	16,160,322
Less - required principal repayment of notes payable	(5,680,715)
Less - required interest repayment of notes payable	(235,333)
Total	$ 10,244,274

13. LIQUIDITY (Continued)

The Organization's cash management objectives are to ensure that it has sufficient liquidity and resources to carry out the Organization's mission. Effective cash management enhances the Organization's capacity to increase access to capital for the benefit of low and moderate-income people through the partnerships with lending, government, and philanthropic institutions. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. Management regularly monitors the availability of resources required to manage liquidity, using a variety of reports and practices to manage asset-liability matching and to identify liquidity concerns. Board designated funds (see Note 2) are generally not available to the Organization and, therefore, are excluded from the above table; however, these funds can be used if the Board of Directors approves the use. Required principal repayments of notes payable do not include CEEFCo's obligations totaling $14,700,000 that are set to mature in December 2022 as management is in process of executing an extension on this financing, which is expected to be finalized prior to maturity.

To supplement liquidity for mission-related financing, the Organization has additional note payable commitments of $14,065,459 as of March 31, 2022. In addition, during May 2022, the Organization received additional committed pooled loan capital of approximately $26 million to fund additional loans receivable (see Note 7).

14. CONTINGENCY

Beginning in 2020 and continuing through 2022, COVID-19 was recognized as a global pandemic. Federal, state and local governments in the United States have imposed restrictions on travel and business operations. While the business disruption is currently expected to be temporary, there remains uncertainty around the duration and the impact it will have on the Organization's operations and financial position. As a result, the impact COVID-19 will have on the Organization's businesses, operating results, cash flows, and financial condition is uncertain. It is management's opinion that the adverse impact, if any, would be manageable.

15. PRIOR PERIOD RECLASSIFICATIONS

The Organization discovered during the year ended March 31, 2022, that certain net asset balances as of March 31, 2021, were misclassified between net assets with donor restrictions and net assets without donor restrictions. Net assets as of March 31, 2021, have been restated between these net asset classes as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Net assets, as previous stated	$ 10,942,985	$ 18,971,375	$ 29,914,360
To properly present Board designated revolving loan funds as net assets without donor restrictions	847,502	(847,502)	-
To properly classify the HTCC contribution deployed into loans as net assets with donor restrictions	(425,000)	425,000	-
Net assets, as restated	$ 11,365,487	$ 18,548,873	$ 29,914,360

SUPPLEMENTARY INFORMATION

CAPITAL FOR CHANGE, INC. AND AFFILIATES

Combining Statement of Financial Position
March 31, 2022

Assets	**C4C**	**CEEFCo**	**CT CDFI**	**Eliminations**	**Total**
Current Assets:					
Cash	$ 3,001,296	$ -	$ -	$ -	$ 3,001,296
Accounts receivable, net	1,509,174	56,182	-	(24,165)	1,541,191
Interest receivable	347,161	115,431	-	-	462,592
Current portion of loans receivable	10,829,363	325,880	-	-	11,155,243
Other current assets	56,630	38,233	-	-	94,863
Total current assets	15,743,624	535,726	-	(24,165)	16,255,185
Other Assets:					
Restricted cash	11,469,013	1,863,075	-	-	13,332,088
Investments	1,151,275	-	-	-	1,151,275
Loans receivable, net	37,748,338	28,977,300	-	-	66,725,638
Total other assets	50,368,626	30,840,375	-	-	81,209,001
Property and Equipment:					
Land	241,686	-	-	-	241,686
Building and improvements	3,297,153	-	-	-	3,297,153
Furniture and equipment	1,449,340	-	-	-	1,449,340
	4,988,179	-	-	-	4,988,179
Less - accumulated depreciation	1,453,602	-	-	-	1,453,602
Net property and equipment	3,534,577	-	-	-	3,534,577
Total assets	$ 69,646,827	$ 31,376,101	$ -	$ (24,165)	$ 100,998,763
Liabilities and Net Assets					
Current Liabilities:					
Current portion of notes payable	$ 5,232,741	$ 14,700,000	$ -	$ -	$ 19,932,741
Current portion of equity equivalent notes payable	2,300,000	-	-	-	2,300,000
Accounts payable and accrued expenses	501,450	285,938	-	(24,165)	763,223
Accrued interest payable	235,333	-	-	-	235,333
Total current liabilities	8,269,524	14,985,938	-	(24,165)	23,231,297
Long-Term Liabilities:					
Conditional advances	5,082,920	-	-	-	5,082,920
Loan escrows liability	3,303,972	-	-	-	3,303,972
Funds held for others	962,566	-	-	-	962,566
Deferred interest revenue	-	1,852,487	-	-	1,852,487
Notes payable, net	29,116,518	-	-	-	29,116,518
Equity equivalent notes payable, net	3,800,000	-	-	-	3,800,000
Total long-term liabilities	42,265,976	1,852,487	-	-	44,118,463
Total liabilities	50,535,500	16,838,425	-	(24,165)	67,349,760
Net Assets:					
Without donor restrictions:					
Operating	10,814,185	-	-	-	10,814,185
Equity in property and equipment	2,075,437	-	-	-	2,075,437
Board designated	1,077,563	-	-	-	1,077,563
Total without donor restrictions	13,967,185	-	-	-	13,967,185
With donor restrictions	5,144,142	14,537,676	-	-	19,681,818
Total net assets	19,111,327	14,537,676	-	-	33,649,003
Total liabilities and net assets	$ 69,646,827	$ 31,376,101	$ -	$ (24,165)	$ 100,998,763

CAPITAL FOR CHANGE, INC. AND AFFILIATES

Combining Statement of Activities Without Donor Restrictions
For the Year Ended March 31, 2022

	C4C	CEEFCo	CT CDFI	Eliminations	Total
Revenues:					
Earned revenue:					
Financial revenue:					
Interest on loans	$ 2,582,809	$ 1,341,460	$ -	$ -	$ 3,924,269
Investment return	(27,177)	-	-	-	(27,177)
Less - net loan loss provision	(775,492)	(292,696)	-	-	(1,068,188)
Less - interest expense	(1,266,680)	(483,896)	-	-	(1,750,576)
Net financial revenue	513,460	564,868	-	-	1,078,328
Loan servicing fees	1,959,920	-	-	(542,412)	1,417,508
Loan origination and other fees	1,469,246	-	-	(463,250)	1,005,996
Total earned revenue	3,942,626	564,868	-	(1,005,662)	3,501,832
Public support:					
Government grants and contracts	3,154,565	-	1,483,001	-	4,637,566
Grants and contributions	133,995	-	-	-	133,995
Net assets released from purpose restrictions	4,000	530,826	-	-	534,826
Total public support	3,292,560	530,826	1,483,001	-	5,306,387
Total revenues	7,235,186	1,095,694	1,483,001	(1,005,662)	8,808,219
Expenses:					
Program	4,969,165	1,095,694	-	(1,005,662)	5,059,197
General and administrative	895,602	-	-	-	895,602
Fundraising	251,722	-	-	-	251,722
Total expenses	6,116,489	1,095,694	-	(1,005,662)	6,206,521
Changes in net assets without donor restrictions	$ 1,118,697	$ -	$ 1,483,001	$ -	$ 2,601,698

CAPITAL FOR CHANGE, INC. AND AFFILIATES

Combining Statement of Changes in Net Assets
For the Year Ended March 31, 2022

	C4C	CEEFCo	CT CDFI	Total
Net Assets, March 31, 2021, as previously stated	$ 16,978,859	$ 14,418,502	$ (1,483,001)	$ 29,914,360
Changes in net assets without donor restrictions	1,118,697	-	1,483,001	2,601,698
Changes in net assets with donor restrictions:				
Grants and contributions	1,017,771	650,000	-	1,667,771
Net assets released from restrictions	(4,000)	(530,826)	-	(534,826)
Total changes in net assets with donor restrictions	1,013,771	119,174	-	1,132,945
Changes in net assets	2,132,468	119,174	1,483,001	3,734,643
Net Assets, March 31, 2022	$ 19,111,327	$ 14,537,676	$ -	$ 33,649,003

CAPITAL FOR CHANGE, INC. AND AFFILIATES

Supplementary Financial Data Templates - Federal Housing Administration (FHA)
As of and for the Year Ended March 31, 2022

Capital for Change, Inc.

Balance Sheet - Assets

Line Item #	*Title*	*Value*
100	Cash and cash equivalents	$ 3,001,296
101	Escrow deposit cash	$ 3,303,972
102	Restricted cash / compensating balances	$ 8,165,041
103	Trading account securities	$ -
104	Net mortgage servicing rights	$ -
105	Other real estate owned at net realizable value	$ 3,534,577
106	Loans held for investment	$ 48,577,701

Balance Sheet - Unacceptable Assets

Line Item #	*Title*	*Value*
200	Pledged assets	$ -
201	Assets due from an officer, stockholder, or related entity	$ -
202	Personal interest investment	$ -
203	Investment in related entity, greater than equity as adjusted	$ -
204	Intangible assets, net of amortization	$ -
205	Value of servicing contract (not in accordance with ASC 948 and 860)	$ -
206	Assets not readily marketable	$ 15,000
207	Marketable security in excess of cost or market	$ -
208	Amount in excess of foreclosure value	$ -
209	Assets used for personal enjoyment	$ -
210	Other unacceptable assets	$ 3,049,240
211	Contributed property in excess of appraised value	$ -
212	Real property	$ -
213	Prepaid expenses	$ -
214	Deferred tax asset	$ -
215	Total unacceptable assets	$ 3,064,240

Balance Sheet - Liability

Line Item #	*Title*	*Value*
300	Escrows payable	$ 3,303,972

CAPITAL FOR CHANGE, INC. AND AFFILIATES

Supplementary Financial Data Templates - Federal Housing Administration (FHA) (Continued)
As of and for the Year Ended March 31, 2022

Capital for Change, Inc.

Statement of Operations and Equity - Revenue

Line Item #	*Title*	*Value*
400	Gross interest income	$ 2,582,809
401	Net marketing gain (loss) on loans and MBS sold with servicing retained	$ -
402	Net marketing gain (loss) on loans and MBS sold with servicing released	$ -
403	Net gain (loss) on sales of servicing rights	$ -
404	Net gain (loss) from servicing valuations	$ -
405	Net gain (loss) on sale of securities	$ -
406	Net gain (loss) on sale of OREO	$ -
407	Retail origination fees	$ -
408	Net loan administration income	$ 3,429,166
409	Correspondent and broker fee income	$ -
410	Other retail origination income	$ -
411	Other income (loss) related to mortgage lending activities	$ 4,310,331
412	Other income (loss) not related to mortgage lending activities	$ -
413	Total revenue	$ 10,322,306

Statement of Equity

Line Item #	*Title*	*Value*
500	Balance at beginning of the year, as reported	$ 16,978,859
501	Prior period adjustments	$ -
502	Balance at beginning of the year, as restated	$ 16,978,859
503	Net income	$ 2,132,468
504	Dividend / distribution	$ -
505	Contributions - from cash flow statement	$ -
506	Contributions - non-cash	$ -
507	Other equity	$ -
508	Ending balance	$ 19,111,327

Capital for Change, Inc.

Net Worth

Line Item #	*Title*	*Value*
600	FHA servicing portfolio	$ 3,716,509
601	FHA originations	$ -
602	FHA purchases	$ -
603	Subtotal - FHA loan activity	$ 3,716,509
604	FHA origination servicing retained	$ -
605	FHA purchase servicing retained	$ -
606	Subtotal - servicing retained adjustments	$ -
607	Total adjusted FHA loan activity	$ 3,716,509
608	Net worth required baseline	$ 1,000,000
609	Additional net worth required	$ -
610	Total minimum net worth required	$ 1,000,000
611	Stockholder equity - ending balance	$ 19,111,327
612	Total unacceptable assets	$ 3,064,240
613	Adjusted net worth	$ 16,047,087
614	Adjusted net worth above/below required minimum	$ 15,047,087

Liquidity

Line Item #	*Title*	*Value*
700	Cash and cash equivalents	$ 3,001,296
701	Trading account securities	$ -
702	Total of liquid assets per HUD guidelines	$ 3,001,296
703	Liquid assets required	$ 200,000
704	Liquid assets above/below required amount	$ 2,801,296