Local Initiatives Support Corporation and Affiliates

Consolidating and Consolidated Financial Statements and Independent Auditor's Report

December 31, 2021
(With Comparative Financial Information as of and for the Year Ended December 31, 2020)

CohnReznick
ADVISORY • ASSURANCE • TAX

Local Initiatives Support Corporation and Affiliates

Index

Independent Auditor's Report

The Audit Committee of the Board of Directors and Management
Local Initiatives Support Corporation

Opinion

We have audited the consolidating and consolidated financial statements of Local Initiatives Support Corporation and Affiliates, which comprise the consolidating and consolidated statement of financial position as of December 31, 2021, and the related consolidating and consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidating and consolidated financial statements.

In our opinion, the accompanying consolidating and consolidated financial statements present fairly, in all material respects, the financial position of Local Initiatives Support Corporation and Affiliates as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of certain consolidated partnerships whose statements reflect total assets constituting $53,244,588 at December 31, 2021 and total change in net assets of ($686,339) for the year then ended. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for certain consolidated partnerships is based solely on the reports of the other auditors.

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 Financial Statements section of our report. We are required to be independent of Local Initiatives Support Corporation and Affiliates 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 Financial Statements

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

In preparing the consolidating and consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Local Initiatives Support Corporation and Affiliates' ability to continue as a going concern for one year after the date that the consolidating and consolidated financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidating and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 consolidating and consolidated financial statements.

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 consolidating and 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 consolidating and 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 Local Initiatives Support Corporation 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 consolidating and consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Local Initiatives Support Corporation 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 Summarized Comparative Information

We have previously audited Local Initiatives Support Corporation and Affiliates' 2020 consolidating and consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidating and consolidated financial statements in our report dated June 29, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020 is consistent, in all material respects, with the audited consolidating and consolidated financial statements from which it has been derived.

CohnReznick LLP

Bethesda, Maryland
June 28, 2022

Local Initiatives Support Corporation and Affiliates

Consolidating and Consolidated Statement of Financial Position
December 31, 2021
(With summarized comparative financial information as of December 31, 2020)

	LISC Parent Only								LISC Consolidated			
	Operating Funds		Loan Fund									
Assets	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Total	LISC Affiliates & Funds	CDA Partnerships	Eliminations	Without Donor Restrictions	With Donor Restrictions	Total	LISC Consolidated 2020 Total
Cash and cash equivalents (Note 4 and 13)	$ 24,897,522	$ 155,995,769	$ 29,124,153	$ 44,151,843	$ 254,169,287	$ 156,003,412	$ 539,784	$ -	$ 210,564,871	$ 200,147,612	$ 410,712,483	$ 255,110,700
Restricted cash (Note 4 and 13)	-	-	-	-	-	25,114,804	946,521	-	26,061,325	-	26,061,325	19,380,758
Investments (Note 4 and 13)	92,925,581	23,000,000	-	57,943,452	173,869,033	12,007,841	-	-	104,933,422	80,943,452	185,876,874	173,704,822
Investments in affiliates	122,047,677	-	-	-	122,047,677	-	-	(122,047,677)	-	-	-	-
Accrued interest receivable	5,021,526	-	-	-	5,021,526	458,190	-	-	5,479,716	-	5,479,716	4,575,841
Contributions receivable, net (Note 5)	1,648,402	46,505,917	-	3,262,912	51,417,231	-	-	-	1,648,402	49,768,829	51,417,231	47,924,958
Government grants and contracts receivable (Note 6)	463,154	20,958,967	-	-	21,422,121	-	-	-	463,154	20,958,967	21,422,121	32,338,057
Notes and other receivables	-	-	-	-	-	244,342	-	-	244,342	-	244,342	359,877
Due from affiliates	4,420,749	-	-	-	4,420,749	5,372,490	-	(9,523,239)	270,000	-	270,000	-
Due from funds (Note 17)	-	-	-	-	-	9,499,197	-	-	9,499,197	-	9,499,197	7,900,995
Loan receivable (Note 7)	-	-	503,449,614	15,205,637	518,655,251	170,376,333	59,305	(10,654,883)	663,230,369	15,205,637	678,436,006	583,902,018
Allowance for uncollectible loans	-	-	(29,539,311)	-	(29,539,311)	(4,871,850)	-	-	(34,411,161)	-	(34,411,161)	(31,420,785)
Total loans, net	-	-	473,910,303	15,205,637	489,115,940	165,504,483	59,305	(10,654,883)	628,819,208	15,205,637	644,024,845	552,481,233
Recoverable grants to CDPs, net (Note 7)	14,151,902	3,242,097	79,000	139,350	17,612,349	-	-	-	14,230,902	3,381,447	17,612,349	13,983,125
Prepaid expenses and other assets (Note 18)	21,165,889	149,970	-	-	21,315,859	14,998,393	57,906	(2,539,448)	33,682,740	149,970	33,832,710	15,595,784
Right of use asset (Note 15)	47,858,224	-	-	-	47,858,224	2,271,508	-	-	50,129,732	-	50,129,732	54,234,304
Temporary investment in Project Partnerships (Note 9)	-	-	-	-	-	44,822,951	-	-	44,822,951	-	44,822,951	224,975,183
Investment in Funds	-	-	-	-	-	23,534	-	-	23,534	-	23,534	498,271
Investment in Project Partnerships (Note 18)	-	-	-	-	-	7,136,779	-	-	7,136,779	-	7,136,779	1,642,317
Property and equipment, net (Note 10)	4,677,940	-	-	-	4,677,940	1,489,933	34,841,709	-	41,009,582	-	41,009,582	48,415,738
Intangible asset	-	-	-	-	-	2,400,000	-	-	2,400,000	-	2,400,000	2,400,000
Total assets	$ 339,278,566	$ 249,852,720	$ 503,113,456	$ 120,703,194	$ 1,212,947,936	$ 447,347,857	$ 36,445,225	$ (144,765,247)	$ 1,181,419,857	$ 370,555,914	$ 1,551,975,771	$ 1,455,521,963
Liabilities and Net Assets (Deficits)												
Liabilities:												
Accounts payable and accrued expenses (Note 15)	$ 22,517,640	$ 279,011	$ -	$ -	$ 22,796,651	$ 34,243,319	$ 5,255,505	$ (670,346)	$ 61,346,118	$ 279,011	$ 61,625,129	$ 44,921,556
Right of use liability (Note 15)	50,233,030	-	-	-	50,233,030	3,267,764	-	-	53,500,794		53,500,794	57,488,471
Government contracts and loan-related advances	11,537,271	9,705,968	-	182,626	21,425,865	-	-	-	11,537,271	9,888,594	21,425,865	18,324,053
Grants payable (Note 8)	-	47,697,227	-	-	47,697,227	2,300,000	-	(2,300,000)	-	47,697,227	47,697,227	43,295,401
Due to affiliates	-	-	-	-	-	9,276,850	72,000	(9,345,615)	3,235	-	3,235	431,784
Capital contributions due to temporary investment in Project Partnerships (Note 9)	-	-	-	-	-	38,458,262	-	-	38,458,262	-	38,458,262	191,874,683
Deferred liabilities	-	-	-	-	-	9,193,117	36,762	-	9,229,879	-	9,229,879	6,191,814
CDA Partnerships - Long-Term Debt, net (Note 16)	-	-	-	-	-	-	35,215,138	-	35,215,138	-	35,215,138	38,135,416
CDA Partnerships - Notes Payable to Funds (Note 16)	-	-	-	-	-	-	2,261,721	-	2,261,721	-	2,261,721	3,131,121
Loans and bond payable, net (Note 11)	6,644,907	-	518,097,319	-	524,742,226	131,500,087	-	(10,583,883)	645,658,430	-	645,658,430	551,149,527
Total liabilities	90,932,848	57,682,206	518,097,319	182,626	666,894,999	228,239,399	42,841,126	(22,899,844)	857,210,848	57,864,832	915,075,680	954,943,826
Commitments and contingencies (Note 15)												
Net assets:												
Net assets attributable to the Organization (Note 2)	248,345,718	192,170,514	(14,983,863)	120,520,568	546,052,937	122,047,677	-	(122,047,677)	233,361,855	312,691,082	546,052,937	466,544,288
Net assets attributable to the noncontrolling in Project Partnerships & Funds	-	-	-	-	-	97,060,781	(6,395,901)	182,274	90,847,154	-	90,847,154	34,033,849
Total net assets (deficit)	248,345,718	192,170,514	(14,983,863)	120,520,568	546,052,937	219,108,458	(6,395,901)	(121,865,403)	324,209,009	312,691,082	636,900,091	500,578,137
Total liabilities and net assets	$ 339,278,566	$ 249,852,720	$ 503,113,456	$ 120,703,194	$ 1,212,947,936	$ 447,347,857	$ 36,445,225	$ (144,765,247)	$ 1,181,419,857	$ 370,555,914	$ 1,551,975,771	$ 1,455,521,963

See Notes to Consolidating and Consolidated Financial Statements.

Local Initiatives Support Corporation and Affiliates

Consolidating and Consolidated Statement of Activities and Changes in Net Assets
Year Ended December 31, 2021
(With summarized comparative financial information for the year ended December 31, 2020)

	LISC Parent Only								LISC Consolidated 2021			
	Operating Funds		Loan Fund									
SUPPORT AND REVENUES	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	LISC Parent Only	LISC Affiliates & Funds	CDA Partnerships	Eliminations	Without Donor Restrictions	With Donor Restrictions	Total	LISC Consolidated 2020 Total
Contributions (Note 5)	$ 8,776,539	$ 180,572,955	$ -	$ 6,425,000	$ 195,774,494	$ 530,000	$ -	$ (530,000)	$ 8,776,539	$ 186,997,955	$ 195,774,494	$ 249,682,202
Government grants & contracts (Note 6)	2,848,086	37,489,944	-	9,143,639	49,481,669	-	-	-	2,848,086	46,633,583	49,481,669	146,006,721
Interest income on investments	1,724,961	-	-	20,153	1,745,114	597,254	-	-	2,322,215	20,153	2,342,368	2,272,773
Interest income on loans to CDPs (Note 7)	28,341,272	-	-	-	28,341,272	3,210,646	671	-	31,552,589	-	31,552,589	30,030,459
Fee income	-	-	-	-	-	76,712,314	-	(1,227,803)	75,484,511	-	75,484,511	55,424,153
Other income	32,952,274	-	-	-	32,952,274	26,858,762	4,337,525	(13,558,348)	50,590,213	-	50,590,213	29,820,664
Equity in earnings of affiliates	22,844,585	-	-	-	22,844,585	-	-	(22,844,585)	-	-	-	-
Net assets released from restrictions	175,526,362	(161,104,615)	-	(14,421,747)	-	-	-	-	175,526,362	(175,526,362)	-	1,347,273
Total support and revenues	273,014,079	56,958,284	-	1,167,045	331,139,408	107,908,976	4,338,196	(38,160,736)	347,100,515	58,125,329	405,225,844	514,584,245
EXPENSES												
Program Services:												
Project development and other program activities	74,037,122	-	-	-	74,037,122	78,310,983	4,946,230	(10,176,942)	147,117,393	-	147,117,393	114,272,845
Project grants (Note 8)	116,254,504	-	-	-	116,254,504	15,494,500	-	(15,365,150)	116,383,854	-	116,383,854	233,233,794
Project loans:									-			
Interest	13,678,556	-	-	-	13,678,556	1,309,706	950,387	(91,859)	15,846,790	-	15,846,790	16,603,603
Provision for loss on receivable	-	-	-	-	-	46,622	73,701	-	120,323	-	120,323	2,066,314
Increase in provision for uncollectible loans to CDPs (Note 7)	1,947,196	-	(328,378)	-	1,618,818	3,637,988	-	-	5,256,806	-	5,256,806	5,386,938
Provision for uncollectible recoverable grants to CDPs (Note 7)	1,350,033	-	-	-	1,350,033	-	-	-	1,350,033	-	1,350,033	8,923,975
Total program services	207,267,411	-	(328,378)	-	206,939,033	98,799,799	5,970,318	(25,633,951)	286,075,199	-	286,075,199	380,487,469
Supporting Services:												
Management and general	35,290,642	-	-	-	35,290,642	12,247,189	-	(7,690,639)	39,847,192	-	39,847,192	42,371,730
Fund raising	9,186,569	-	-	-	9,186,569	-	-	-	9,186,569	-	9,186,569	8,024,751
Total supporting services	44,477,211	-	-	-	44,477,211	12,247,189	-	(7,690,639)	49,033,761	-	49,033,761	50,396,481
Total expenses	251,744,622	-	(328,378)	-	251,416,244	111,046,988	5,970,318	(33,324,590)	335,108,960	-	335,108,960	430,883,950
Change in net assets before gains and losses on investments derivatives, equity in losses of partnership projects and other noncontrolling interest activities	21,269,457	56,958,284	328,378	1,167,045	79,723,164	(3,138,012)	(1,632,122)	(4,836,146)	11,991,555	58,125,329	70,116,884	83,700,295
Transfers: Board designated net assets for loan fund activities	-	-	-	-	-	-	-	-	-	-	-	-
Realized & unrealized loss on investments	(214,515)	-	-	-	(214,515)	-	-	-	(214,515)	-	(214,515)	1,450,777
Realization of unrealized gain on investment securities available for sale by the operating partnerships	-	-	-	-	-	-	-	-	-	-	-	16,581
CDA Partnerships - Gain on Forgiveness of Debt	-	-	-	-	-	-	1,228,998	-	1,228,998	-	1,228,998	993,708
Equity in income of temporary investment in project partnerships	-	-	-	-	-	-	-	-	-	-	-	(504,052)
Capital contributions	-	-	-	-	-	10,005,862	-	(10,005,862)	-	-	-	-
Gain on transfer of interest in CDA Partnerships (Note 18)	-	-	-	-	-	-	(505,286)	(846,267)	(1,351,553)	-	(1,351,553)	2,728,932
Change in net assets before noncontrolling interest activities	21,054,942	56,958,284	328,378	1,167,045	79,508,649	6,867,850	(908,410)	(15,688,275)	11,654,485	58,125,329	69,779,814	88,386,241
Other noncontrolling interest activities:												
Noncontrolling capital contributions	-	-	-	-	-	66,542,140	-	-	66,542,140	-	66,542,140	32,456,982
Change in net assets	21,054,942	56,958,284	328,378	1,167,045	79,508,649	73,409,990	(908,410)	(15,688,275)	78,196,625	58,125,329	136,321,954	120,843,223
Net assets (deficit), beginning of year	227,290,776	135,212,230	(15,312,241)	119,353,523	466,544,288	145,698,468	(5,487,491)	(106,177,128)	246,012,384	254,565,753	500,578,137	379,734,914
Net asset (deficit), end of year	$ 248,345,718	$ 192,170,514	$ (14,983,863)	$ 120,520,568	$ 546,052,937	$ 219,108,458	$ (6,395,901)	$ (121,865,403)	$ 324,209,009	$ 312,691,082	$ 636,900,091	$ 500,578,137

See Notes to Consolidating and Consolidated Financial Statements.

Local Initiatives Support Corporation and Affiliates

Consolidating and Consolidated Statement of Functional Expenses
Year Ended December 31, 2021
(With summarized comparative financial information for the year ended December 31, 2020)

	LISC Parent Only				LISC Affiliates & Funds			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries and fringe benefits	$ 42,614,170	$ 28,754,682	$ 7,692,688	$ 79,061,540	$ 38,243,163	$ 9,208,391	$ -	$ 47,451,554
Staff travel and related expenses	112,583	75,967	20,323	208,873	252,854	59,741	-	312,595
Professional services, consulting and legal	23,644,513	188,903	107,082	23,940,498	13,395,725	698,865	-	14,094,590
Fund management fees	-	-	-	-	7,409,996	40,735	-	7,450,731
Office and administrative	-	-	-	-	2,351,087	667,303	-	3,018,390
CDA Partnerships - property expense	-	-	-	-	-	-	-	-
NMSC reimbursable costs	-	-	-	-	5,860,710	-	-	5,860,710
Depreciation and amortization	458,838	309,609	82,829	851,276	485,269	136,622	-	621,891
Service fees	-	-	-	-	4,876,442	52,942	-	4,929,384
Rent and utilities	3,355,432	2,264,138	605,721	6,225,291	1,576,123	165,291	-	1,741,414
Office supplies, postage and messenger	1,621,381	1,094,056	292,691	3,008,128	-	-	-	-
Bank fees and other financial expenses	-	752,730	-	752,730	1,136	275,258	-	276,394
Accounting and auditing fees	-	408,119	-	408,119	42,277	459,838	-	502,115
Conference and meeting	148,634	100,294	26,831	275,759	352,077	89,095	-	441,172
Telephone	831,031	560,753	150,017	1,541,801	-	-	-	-
Insurance	433,181	292,297	78,198	803,676	550,034	228,098	-	778,132
Equipment rental	96,867	65,363	17,486	179,716	-	-	-	-
Board expenses	-	2,460	-	2,460	-	20,000	-	20,000
Printing, annual report and publications	49,970	33,718	9,021	92,709	-	-	-	-
Project grants	116,254,504	-	-	116,254,504	15,725,889	-	-	15,725,889
Interest	13,678,556	-	-	13,678,556	1,309,706	-	-	1,309,706
Provision for loss on receivables	-	-	-	-	46,622	-	-	46,622
Provision for uncollectible recoverable grants to CDCs	1,350,033	-	-	1,350,033	-	-	-	-
Provision for uncollectible loans to CDCs	1,618,818	-	-	1,618,818	3,637,988	-	-	3,637,988
Miscellaneous	670,522	387,553	103,682	1,161,757	2,682,701	145,010	-	2,827,711
Total	$ 206,939,033	$ 35,290,642	$ 9,186,569	$ 251,416,244	$ 98,799,799	$ 12,247,189	$ -	$ 111,046,988

Local Initiatives Support Corporation and Affiliates

Consolidating and Consolidated Statement of Functional Expenses
Year Ended December 31, 2021
(With summarized comparative financial information for the year ended December 31, 2020)

	CDA Partnerships				Eliminations			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries and fringe benefits	$ -	$ -	$ -	$ -	$ (5,561,579)	$ -	$ -	$ (5,561,579)
Staff travel and related expenses	-	-	-	-	-	-	-	-
Professional services, consulting and legal	-	-	-	-	-	-	-	-
Fund management fees	20,649	-	-	20,649	-	(7,396,650)	-	(7,396,650)
Office and administrative	-	-	-	-	-	(293,989)	-	(293,989)
CDA Partnerships - property expense	3,034,423	-	-	3,034,423	-	-	-	-
NMSC reimbursable costs	-	-	-	-	-	-	-	-
Depreciation and amortization	1,891,158	-	-	1,891,158	-	-	-	-
Service fees	-	-	-	-	(4,012,367)	-	-	(4,012,367)
Rent and utilities	-	-	-	-	-	-	-	-
Office supplies, postage and messenger	-	-	-	-	-	-	-	-
Bank fees and other financial expenses	-	-	-	-	-	-	-	-
Accounting and auditing fees	-	-	-	-	-	-	-	-
Conference and meeting	-	-	-	-	-	-	-	-
Telephone	-	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-	-
Equipment rental	-	-	-	-	-	-	-	-
Board expenses	-	-	-	-	-	-	-	-
Printing, annual report and publications	-	-	-	-	-	-	-	-
Project grants	-	-	-	-	(15,648,366)	-	-	(15,648,366)
Interest	950,387	-	-	950,387	(91,859)	-	-	(91,859)
Provision for loss on receivables	73,701	-	-	73,701	-	-	-	-
Provision for uncollectible recoverable grants to CDCs	-	-	-	-	-	-	-	-
Provision for uncollectible loans to CDCs	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	(319,780)	-	-	(319,780)
Total	$ 5,970,318	$ -	$ -	$ 5,970,318	$ (25,633,951)	$ (7,690,639)	$ -	$ (33,324,590)

Local Initiatives Support Corporation and Affiliates

Consolidating and Consolidated Statement of Functional Expenses
Year Ended December 31, 2021
(With summarized comparative financial information for the year ended December 31, 2020)

	LISC Consolidated 2021				LISC Consolidated 2020			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries and fringe benefits	$ 75,295,754	$ 37,963,073	$ 7,692,688	$ 120,951,515	$ 68,803,479	$ 32,547,765	$ 6,548,986	$ 107,900,230
Staff travel and related expenses	365,437	135,708	20,323	521,468	481,406	165,653	32,031	679,090
Professional services, consulting and legal	37,040,238	887,768	107,082	38,035,088	24,871,899	1,758,597	206,397	26,836,893
Fund management fees	7,430,645	(7,355,915)	-	74,730	-	-	-	-
Office and administrative	2,351,087	373,314	-	2,724,401	1,461,020	435,815	-	1,896,835
CDA Partnerships - property expense	3,034,423	-	-	3,034,423	5,024,561	-	-	5,024,561
NMSC reimbursable costs	5,860,710	-	-	5,860,710	-	-	-	-
Depreciation and amortization	2,835,265	446,231	82,829	3,364,325	3,546,353	547,474	103,272	4,197,099
Service fees	864,075	52,942	-	917,017	361,760	-	-	361,760
Rent and utilities	4,931,555	2,429,429	605,721	7,966,705	4,678,450	2,456,960	619,109	7,754,519
Office supplies, postage and messenger	1,621,381	1,094,056	292,691	3,008,128	994,658	654,648	173,756	1,823,062
Bank fees and other financial expenses	1,136	1,027,988	-	1,029,124	1,126	1,200,539	-	1,201,665
Accounting and auditing fees	42,277	867,957	-	910,234	10,382	826,029	-	836,411
Conference and meeting	500,711	189,389	26,831	716,931	244,857	134,382	30,685	409,924
Telephone	831,031	560,753	150,017	1,541,801	1,199,644	597,143	133,253	1,930,040
Insurance	983,215	520,395	78,198	1,581,808	852,001	496,957	66,416	1,415,374
Equipment rental	96,867	65,363	17,486	179,716	163,697	80,618	19,002	263,317
Board expenses	-	22,460	-	22,460	91,800	56,230	-	148,030
Printing, annual report and publications	49,970	33,718	9,021	92,709	42,193	29,074	6,932	78,199
Project grants	116,332,027	-	-	116,332,027	233,233,794	-	-	233,233,794
Interest	15,846,790	-	-	15,846,790	16,603,603	-	-	16,603,603
Provision for loss on receivables	120,323	-	-	120,323	2,066,314	-	-	2,066,314
Provision for uncollectible recoverable grants to CDCs	1,350,033	-	-	1,350,033	8,923,975	-	-	8,923,975
Provision for uncollectible loans to CDCs	5,256,806	-	-	5,256,806	5,386,938	-	-	5,386,938
Miscellaneous	3,033,443	532,563	103,682	3,669,688	1,443,559	383,846	84,912	1,912,317
Total	$ 286,075,199	$ 39,847,192	$ 9,186,569	$ 335,108,960	$ 380,487,469	$ 42,371,730	$ 8,024,751	$ 430,883,950

See Notes to Consolidating and Consolidated Financial Statements.

Local Initiatives Support Corporation and Affiliates

Consolidating and Consolidated Statement of Cash Flows
Year Ended December 31, 2021
(With summarized comparative financial information for the year ended December 31, 2020)

	LISC Parent Only	LISC Affiliates & Funds	CDA Partnerships	Eliminations	2021	2020
Cash flows from operating activities						
Change in net assets	$ 79,508,649	$ (3,138,012)	$ (908,410)	$ (5,682,413)	$ 69,779,814	$ 88,386,241
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities						
Equity in earnings of affiliate	(22,844,585)	-	-	22,844,585	-	-
Distributions from investment in affiliates	18,517,788	-	-	(18,517,788)	-	-
Equity in income of temporary investments in project partnerships	-	-		-	-	504,052
Recovery of loan losses	-	(533,759)	-	-	(533,759)	(1,931,833)
Gain on forgiveness of debt	-		(1,228,998)	-	(1,228,998)	(993,708)
Gain on sale of limited partnership interest in Fund	-	-	-	-	-	-
Gain (loss) on transfer of interest in CDA Partnerships	-	-	505,286	846,267	1,351,553	(2,728,932)
Amortization of discounts and issuance costs	399,357	(65,817)	21,750	-	355,290	107,527
Depreciation and amortization	851,276	621,891	1,891,158	-	3,364,325	4,197,099
Realized and unrealized loss (gain) on investments	214,515	-	-	-	214,515	(1,450,777)
Unrealized gain on interest rate swaps held by Project Partnerships	-	-	-	-	-	(16,581)
Equity in income	-	(76,746)	-	-	(76,746)	119,536
(Decrease) increase in allowance for loans to CDPs, net	1,618,818	3,637,988	-	-	5,256,806	5,386,938
Accretion of loan receivables, net	-	241,153	-	-	241,153	(309,920)
Provision for loss on receivables	-	46,622	73,701	-	120,323	2,066,314
Provision for uncollectible recoverable grants	1,350,033	-	-	-	1,350,033	8,923,975
Change in operating assets and liabilities						
Origination of SBA 7(a) loans	-	(13,833,694)	-	-	(13,833,694)	(16,580,690)
Proceeds from sale of guaranteed loans, net of repayment	-	10,884,502	-	-	10,884,502	10,865,632
Principal received from SBA 7(a) loans	-	1,238,991	-	-	1,238,991	113,879
Origination of Payroll Protection Program loans, net		40,607,548			40,607,548	(42,615,367)
Accrued interest receivable	(500,769)	(403,106)	-	-	(903,875)	(1,360,465)
Contributions receivable	(3,492,273)	-	-	-	(3,492,273)	3,261,850
Government contracts receivable	10,915,936	-	-	-	10,915,936	(2,691,542)
Notes and other receivables	-	1,119,372	(32,530)	-	1,086,842	2,618,404
Prepaid expenses and other assets	(18,186,339)	247,493	103,492	(389,945)	(18,225,299)	288,765
Accounts payable and accrued expenses	2,277,901	14,645,151	241,702	(359,620)	16,805,134	2,029,253
Government contracts and loan-related advances	3,101,812	-	-	-	3,101,812	15,254,491
Due from affiliates	510,188	4,412,009	-	(5,192,198)	(270,001)	431,785
Due to affiliates	-	(1,272,219)	-	1,704,003	431,784	-
Right of use asset/liability	343,576	-	-	-	343,576	539,049
Due from funds	-	(1,598,201)	-	-	(1,598,201)	655,415
Grants payable	4,401,826	(300,000)	-	300,000	4,401,826	12,095,986
Deferred liabilities	-	3,020,480	17,585	-	3,038,065	457,379
Net cash provided by (used in) operating activities	78,987,709	59,501,646	684,736	(4,447,109)	134,726,982	87,623,755
Cash flows from investing activities						
Purchase of investments	(8,719,578)	(12,007,841)	-	-	(20,727,419)	(39,072,402)
Proceeds from sale and maturities of investments	8,340,852	-	-	-	8,340,852	7,038,249
Investment in affiliate	(10,535,862)	-	-	10,535,862	-	-
Recoverable grants to CDPs	(7,641,933)	-	-	-	(7,641,933)	(16,932,177)
Repayments received on recoverable grants to CDPs	2,662,676	-	-	-	2,662,676	3,774,257
Loans to CDPs	(168,100,619)	(122,850,877)	-	2,378,791	(288,572,705)	(190,210,199)
Repayments of loans to CDPs	146,522,300	5,471,141	-	-	151,993,441	162,804,636
(Increase) in note receivable	-	121,457	(82,893)	(82,893)	(44,329)	(8,108,290)
Contributions to temporary investments in Project Partnerships and Funds	-	(62,261,328)	-	-	(62,261,328)	(100,072,114)
Distributions from investments in Funds	-	964,547	-	-	964,547	534,810
Proceeds from sale of temporary investment in Project Partnerships and Funds	-	83,572,139	-	-	83,572,139	89,470,175
Contributions to investments in Funds	-	(443,124)	-	-	(443,124)	(6,255)
Investment in Project Partnerships	-	929	-	-	929	599
Transfer of interest in CDA partnerships	-	-	(215,531)	-	(215,531)	(575,250)
Restricted cash escrow	-	-	(91,840)	-	(91,840)	124,655
Sale of property and equipment	-	720	-	-	720	-
Purchase of property and equipment	(413,115)	(229,426)	(75,796)	-	(718,337)	(1,235,592)
Net cash used in investing activities	(37,885,279)	(107,661,663)	(466,060)	12,831,760	(133,181,242)	(92,464,898)

Local Initiatives Support Corporation and Affiliates

Consolidating and Consolidated Statement of Cash Flows
Year Ended December 31, 2021
(With comparative financial information for the year ended December 31, 2020)

	LISC Parent Only	LISC Affiliates & Funds	CDA Partnerships	Eliminations	2021	2020
Cash flows from financing activities						
Debt issuance costs paid	(1,253,452)	-	-	-	(1,253,452)	(672,678)
Proceeds from loans payable	90,692,500	50,711,567	-	-	141,404,067	(17,522,307)
Repayment of loans payable	(66,721,266)	23,058,988	-	(2,378,789)	(46,041,067)	82,406,645
Proceeds from long-term debt	-	-	-	-	-	-
Repayment of long-term debt	-	-	(179,845)	-	(179,845)	(192,727)
Proceeds from notes payable - NEF Funds	-	-	322,998	-	322,998	506,121
Due to affiliate	-	-	-	-	-	-
CDA capital contribution	-	-	-	-	-	-
Capital contribution	-	72,548,002	-	(6,005,862)	66,542,140	32,456,982
Intangible asset	-	-	-	-	-	-
Increase in charter school grant liability	-	-	-	-	-	644,548
Distribution to noncontrolling interests	-	1,297	-	-	1,297	4,947
Net cash provided by financing activities	22,717,782	146,319,854	143,153	(8,384,651)	160,796,138	97,631,531
Net increase (decrease) in cash and cash equivalents	63,820,212	98,159,837	361,829	-	162,341,878	92,790,388
Cash and cash equivalents, beginning of year	190,349,075	82,958,379	575,604	-	273,883,058	181,092,670
Cash and cash equivalents, end of year	$254,169,287	$ 181,118,216	$ 937,433	$ -	$ 436,224,936	$ 273,883,058
Cash paid during the year for						
Interest on indebtedness	$ 13,399,795	$ 637,466	$ 636,820	$ -	$ 14,674,081	$ 16,396,091
Supplemental disclosures of noncash investing activities						
Disposal of fully included appreciated fixed assets	$ 409,792	$ -	$ -	$ -	$ 409,792	$ 824,218
Fixed assets in accounts payable and accrued expenses	$ -	$ -	$ -	$ -	$ -	$ -
Increase in temporary investments in Project Partnerships and capital contributions due to temporary investments in Project Partnerships for the acquisition of Project Partnerships	$ -	$ 601,268,981	$ -	$ -	$ 601,268,981	$ 601,268,981
Decrease in temporary investments in Project Partnerships and capital contributions due to temporary investments in Project Partnerships for the assignment of Project Partnerships to limited partnerships	$ -	$ 423,009,233	$ -	$ -	$ 423,009,233	$ 423,009,233
Supplemental disclosure of cash and noncash investing activities related to deconsolidation of CDA Partnerships						
Assets transferred	$ -	$ -	$ (4,924,798)	$ -	$ (4,924,798)	$ (15,432,514)
Liabilities transferred	-	-	4,929,520	-	4,929,520	18,757,669
Noncontrolling interest	-	-	210,809	-	210,809	(2,749,905)
Cash disposed, net of cash paid	$ -	$ -	$ 215,531	$ -	$ 215,531	$ 575,250

See Notes to Consolidating and Consolidated Financial Statements.

Note 1 - Description of organization and summary of significant accounting policies

Description of organization

Local Initiatives Support Corporation ("LISC"), a New York not-for-profit corporation, was incorporated in 1979 to assist community development organizations throughout the United States in their efforts to transform distressed neighborhoods into healthy communities by marshaling private and public sector resources and extending financial assistance in the form of loans, lines of credit, grants, and loan guarantees and providing technical support. LISC pursues its charitable mission directly and through various subsidiaries and investments funds.

National Equity Fund, Inc.

National Equity Fund, Inc. ("NEF"), a wholly-owned subsidiary of LISC, was organized in 1987 as an Illinois not-for-profit corporation to create a national investment pool to aggregate and channel corporate equity investments into affordable housing developments. Since 1987, NEF has sponsored over 245 separate limited partnerships and limited liability companies (the "Funds") in which investments are made in affordable housing projects (the "Project Partnerships"). Generally, NEF's activities include obtaining commitments from investors, identifying and investing in affordable housing properties to be constructed or rehabilitated through partnerships with nonprofit organizations and private developers, and then monitoring the performance of such properties after completion. Benefits to fund investors are derived principally from Low-Income Housing Tax Credits ("LIHTC").

NEF is governed and its investment decisions are made by a board of directors appointed by LISC, the sole voting member of NEF. LISC has rights and duties in accordance with the Illinois General Not-For-Profit Corporation Act, as amended, with voting rights pursuant to NEF's bylaws and the Illinois Act.

NEF Community Investments, Inc. ("NEFCI"), a wholly-owned subsidiary of NEF, is responsible as the general partner, replacement general partner, managing member, or manager, for the operation and management of certain Funds. NEFCI is organized as an Illinois not-for-profit corporation and is tax-exempt. From time to time, NEF forms special-purpose entities to act as the manager of its Funds. NEFCI is also the sole member of these manager entities. The unaudited assets and liabilities of certain special purpose entity managers for the multi-investor Funds are presented below:

	2021		2020	
	Unaudited		Unaudited	
	Assets	Liabilities	Assets	Liabilities
Special-purpose entity manager				
NEF 2009 LLC	$ 4,324,379	$ 2,987,046	$ 4,195,501	$ 2,890,745
National Equity Fund 2011 LLC	9,781,542	4,835,840	9,584,666	4,677,640
NEF 2011 Fund Manager LLC	4,608,621	3,347,189	4,462,091	3,234,978
NEF 2012 Fund Manager LLC	5,846,443	4,925,286	5,678,820	4,788,858
NEF 2013 Fund Manager LLC	4,891,935	4,531,658	4,770,367	4,430,552
NEF 2014 Fund Manager LLC	5,778,949	6,891,103	5,596,115	6,728,932

The special purpose entity managers are separate legal entities whose assets and credit are not available to satisfy the debts of any other entities or persons.

NEFCI also manages and invests in various non-LIHTC and Preservation Funds whose purpose is to provide debt and/or equity financing to develop and preserve investments that meet the community development needs of low-income communities, including (but not limited to), distressed multifamily rental housing for low and moderate-income households, affordable housing projects at or near the end of the low-income housing tax credit compliance period under Section 42 of the federal tax code, and other related community development projects.

Community Development Advocates, Inc. or its sister companies (collectively referred to as "CDA"), subsidiaries of NEF, act as general partners in certain Project Partnerships to facilitate the promotion or rehabilitation of low-income housing. As of December 31, 2021 and 2020, CDA was the general partner of three and four Project Partnerships, respectively. The Project Partnerships where CDA acts as the general partner are collectively referred to as the "CDA Partnerships." Certain Funds are the limited partners of the CDA Partnerships.

New Markets Support Company, LLC

New Markets Support Company, LLC ("NMSC"), a wholly-owned subsidiary of LISC, is a Delaware limited liability company formed in 2003 to manage the New Markets Tax Credit ("NMTC") activities of LISC. As of December 31, 2021, LISC, the sole member of NMSC, has received $1.168 billion of NMTC investment authority from the Community Development Financial Institutions Fund of the U.S. Department of the Treasury ("CDFI Fund").

The NMTC program provides investors with credits against federal income taxes they incur. NMTCs are passed through to an investor for each Qualified Equity Investment ("QEI") made in a Community Development Entity ("CDE") certified as such by the CDFI Fund. The investor receives credits over a seven-year period for each QEI, equal to 39% of the QEI amount. The CDE uses the QEI proceeds to make Qualified Low-Income Community Investments ("QLICIs") to Qualified Active Low-Income Community Businesses ("QALICBs"). QLICIs include loans to or equity investments in QALICBs or other CDEs. CDEs must comply with various federal requirements or investors risk recapture of tax credits plus penalties and interest thereon.

NMSC is governed by a Board of Managers, which is elected by LISC. As a not-for-profit corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (the "Code"), and therefore, without tax liability, LISC itself cannot use NMTCs. In order to utilize the allocation received by LISC from the CDFI Fund, the Board of Managers of NMSC suballocates NMTC investment authority to various Limited Liability Companies (LLCs) organized and managed by NMSC (generally 0.01% ownership). These CDEs make investments in projects that accomplish goals consistent with the mission of LISC and in accordance with certain terms agreed to in the allocation agreements with the CDFI Fund.

NMSC also provides NMTC transaction-related consulting, administration, accounting, reporting, loan servicing, compliance, and software services to unrelated third parties. These services are generally provided to organizations with similar community development missions and investing objectives as LISC. NMSC also provided management services to LISC unrelated to the NMTC program. LISC hired NMSC to provide loan servicing administration services for LISC's loan portfolio beginning on October 1, 2019. These services include onboarding new loans, invoicing for, collecting and recording of loan payments as well as providing LISC with various reports related to the loan portfolio. Last, NMSC also provides fund administration, investment management, risk management and advisory services through service agreements.

Good Jobs Loan Fund, LLC ("GJLF"), a Delaware limited liability company and a wholly-owned subsidiary of NMSC, was formed on June 16, 2020. GJLF was formed to make loans and engage in other related activities in order to increase access to quality jobs for low-income community residents and to generate financial and social impact returns for lenders to GJLF. NMSC is the sole member (100% ownership interest) of GJLF and committed to make capital contributions to GJLF up to $500,000, all of which was contributed as of December 31, 2021. Profits, losses and cash distributions are generally allocated to NMSC in accordance with GJLF's operating agreement. The term of GJLF will continue until the occurrence of certain dissolution events, as defined in its operating agreement or by law, whichever is earlier.

As a result of NMSC exercising its option under certain redemption agreements, NMSC has become the 100% owner of several LLCs and is deemed to control these entities. The entities typically do not have any assets, liabilities, income or expenses. In circumstances where the LLCs have assets, liabilities, income or expenses at year-end, NMSC consolidates those balances. NMSC intends to dissolve these wholly-owned LLCs when feasible. The consolidated financial statements include the accounts of NMSC, GJLF and the wholly-owned LLCs. NMSC, GJLF and the 100% owned LLCs are collectively referred to as the "Company." All significant intra-entity balances and transactions have been eliminated.

immito, LLC

In January 2018, LISC entered into an agreement to purchase a Small Business Lending Company ("SBLC") license for $2.4 million. The purchase of the SBLC license was approved by the U.S. Small Business Administration ("SBA"). In connection with the acquisition of the SBLC license, LISC formed the wholly-owned subsidiary, immito, LLC ("immito"), a Delaware limited liability company, to make SBA-guaranteed small business loans pursuant to section 7(a) of the Small Business Act ("7(a) loan program"). Generally, SBA will guarantee seventy-five to ninety percent (75% to 90%) of the principal and accrued interest on such loan. As a non-depository lending institution, immito generally will utilize the ability to sell on the secondary market the guaranteed portion of loans to provide liquidity.

Generally, SBA does not deny liability on a 7(a) loan guaranty unless an organization's actions or omissions caused, or would cause, a material loss on the loan. In addition, a loan that experiences early default within the 18-month threshold established by the SBA may be subject to elevated levels of scrutiny by the SBA.

immito is governed and its investment decisions are made by a board of managers appointed by LISC, the sole voting member of immito. LISC has rights and duties in accordance with the Delaware Limited Liability Company Act, as amended, with voting rights pursuant to immito's operating agreement and the Delaware Act.

LISC Fund Management, LLC

LISC Fund Management, LLC ("LFM"), a Delaware limited liability company and a wholly-owned subsidiary of LISC, was formed in June 2019 to act as Fund Manager for various loan funds. The loan funds that LFM manages are Charlotte Housing Opportunity Investment Fund LLC, ("CHOIF"), The Bay's Future Fund LLC ("BFF"), BFF Preservation Side Car LLC ("BFF Side Car"), Detroit AHLF-CDFI Fund, LLC ("AHLF"), Community Housing Fund, LLC ("CHF"), Black Economic Development Fund, LLC, ("BEDF"), and Southern Opportunity and Resilience Fund LLC ("SOAR"). LFM, as the Manager of these loan funds, has the right to manage, control and conduct the business of each fund.

LFM is governed and its investment decisions are made by a board of managers appointed by LISC, the sole voting member of LFM. LISC has rights and duties in accordance with the Delaware Limited Liability Company Act, as amended, with voting rights pursuant to LFM's operating agreement and the Delaware Act.

LFM-Managed Funds

CHOIF, a Delaware limited liability company, was formed in 2019 to address the affordable housing crisis in the City of Charlotte and in the surrounding area of Mecklenburg County, North Carolina by promoting the creation of affordable housing and the preservation and protection of existing affordable housing and in doing so, help to relieve the poor and distressed, eliminate racial discrimination, combat community deterioration, enhance community engagement and lessen the burdens of government.

CHOIF is not a wholly owned subsidiary of LISC. As of April 29, 2020, the date of the most recent Certificate of Admission, CHOIF is comprised of seven members, including LISC with capital commitments totaling $21,000,000. As of December 31, 2021 and 2020, capital contributions received by CHOIF from its members totaled $9,048,076 and $4,075,074. LISC's capital contribution as of December 31, 2021 and 2020 was $430,862 and $194,052.

Pursuant to the LLC Agreement and the Certificates of Admission dated September 20, 2019, November 8, 2019 and April 29, 2020, the following additional members were admitted to CHOIF (collectively, "Members"), and the capital commitment for each Member is as follows:

Member Name	Commitment Amount	Contributed as of 12/31/2021	Contributed as of 12/31/2020
Local Initiatives Support Corporation	$ 1,000,000	$ 430,862	$ 194,052
Barings LLC	$ 1,250,000	$ 538,575	$ 242,563
Branch Banking and Trust Company	$ 4,000,000	$ 1,723,441	$ 776,203
Fifth Third Community Development Company, LLC	$ 3,000,000	$ 1,292,581	$ 582,152
Foundations For The Carolinas	$ 2,500,000	$ 1,077,151	$ 485,127
Foundations For The Carolinas II	$ 8,000,000	$ 3,446,891	$ 1,552,414
Massachusetts Mutual Life Insurance Company	$ 1,250,000	$ 538,575	$ 242,563

Income, gain, loss and expense are allocated to each Member in accordance with the LLC Agreement. These allocations are made based on each Members' share of capital commitment as compared to the aggregate capital commitments of all Members.

The term of CHOIF will continue for sixteen (16) years after the completion of the investment period. The investment period is defined as the earliest of the fifth anniversary of the initial closing date or the date of notice given by LFM to the Members following the date upon which at least 90% of the aggregate capital commitments have been invested; used to pay or reserved for company expenses, including management fees; or reserved for investments including follow-on investments, unless extended for up to two years from and after such date pursuant to the LLC Agreement or by law, whichever is earlier.

CHOIF NOAH Investors, LLC ("CNI"), a consolidated subsidiary of CHOIF, was formed as a Delaware limited liability company on October 29, 2020. Pursuant to CNI's Limited Liability Agreement dated October 29, 2020, CNI was formed to address the affordable housing crisis in the Target Area by focusing on naturally occurring affordable housing in the Target Area. As the sole member of CNI, CHOIF has contributed a cumulative $7,025,000 and $1,600,000, respectively, of capital to CNI as of December 31, 2021 and 2020.

BFF, originally known as the Regional Housing Flexible Fund LLC, was formed on March 15, 2019 as a limited liability company under the laws of the State of Delaware. At the time of its original formation, LISC was the founding and sole member. On June 1, 2019, the original operating agreement was amended and restated and the Chan Zuckerberg Foundation ("CZF") was admitted as an additional founding member. On November 27, 2019 a certificate of amendment was certified by the State of Delaware to formally change the name from Regional Housing Flexible Fund LLC to The Bay's Future Fund LLC. On April 28, 2020, the operating agreement was amended and restated a second time to reduce the capital commitment of CZF and restate each member's ownership interest. On October 29, 2020, the operating agreement was amended and restated a third time (the "Operating Agreement") in its entirety.

In accordance with the Operating Agreement, LISC and CZF (collectively, the "Members") have capital commitments totaling $34,281,116. CZF's capital commitment is $29,281,116 (85.41% ownership interest), all of which was contributed to BFF as of December 31, 2020. LISC's capital commitment is $5,000,000 (14.59% ownership interest), and no capital contributions have been made to BFF as of December 31, 2021 and 2020. Capital contributions are due upon capital calls as defined in the Operating Agreement. Each Member's ownership interest is based on the percentage of its capital commitment and each Member is allocated and distributed its share of profits, losses, and cash flows in accordance with its respective percentage interest of capital contributions paid. No distributions will be paid to either Member while any obligations are outstanding.

The term of BFF will continue until the occurrence of certain dissolution events, as defined in the LLC Agreement or 2037, whichever is earlier.

The purpose of BFF, as described in its Operating Agreement, is to accomplish charitable purposes, including relief of the poor and distressed, elimination of racial discrimination, combatting community deterioration, enhancing community engagement, and lessening the burdens of government in the five-county region located in the State of California consisting of San Francisco, San Mateo, Santa Clara, Alameda and Contra Costa counties (the "Bay Area") by promoting the creation of new affordable housing and the preservation of existing affordable housing. BFF will fulfill its purpose primarily through partnering with three CDFIs, Capital Impact Partners ("CIP"), Corporation for Supportive Housing ("CSH") and LISC (collectively, the "CDFI Lenders"). The CDFI Lenders will underwrite, originate and service loans ("Project Loans") within the Bay Area in accordance with BFF's purpose. Additionally, in accordance with the Operating Agreement, CIP and CSH will provide maximum financing commitments of $50,000,000 and LISC will provide a maximum financing commitment up to $75,000,000 to facilitate the origination of Project Loans.

To fulfill BFF's purpose of originating Project Loans, on June 1, 2019, BFF entered into a Master Loan Agreement with the CDFI Lenders. BFF has also entered into separate origination and servicing agreements with each CDFI Lenders whereby the CDFI Lenders will originate and service Project Loans that meet certain target borrower criteria with BFF committing to a certain percentage interest in each Project Loan based on the Project Loan-type ranging from 15% to 54.5%. For each individual Project Loan originated, the Project Loan is evidenced with the borrower in the form of both a loan agreement and three separate promissory notes (an "A Note", a "B Note" and a "C Note"). The CDFI Lenders retains an interest in the A Note and the C Note. The value of the interest in the C Note is 2% of each individual Project Loan. The value of the A Note is the Project Loan amount, less the B Note and the C Note. BFF purchases an interest in the Project Loan by purchasing the B Note from the CDFI Lender for an amount equivalent to the Project Loan-type target percentage as defined in the respective origination and servicing agreement.

As part of its work with BFF, LFM also manages a parallel fund, BFF Preservation Fund Side Car, LLC, ("BFF Side Car"), originally known as the RHFF Preservation Side Car, LLC. It was formed on August 22, 2019. At the time of its original formation, LISC was the founding and sole member. On November 27, 2019, a certificate of amendment was certified by the State of Delaware to formally change the name of BFF Side Car from RHFF Preservation Side Car, LLC to BFF Preservation Side Care LLC. On January 10, 2020, the original Limited Liability Company Agreement was amended and restated ("LLC Agreement") to admit Chan Zuckerberg Foundation ("CZF”) and NEF Investment Partner LLC ("NIP") as additional founding members. BFF Side Car had no operations between August 22, 2019 and January 16, 2020. Accordingly, January 16, 2020 is deemed to be the "commencement of operations" of BFF.

In accordance with the operating agreement for BFF Side Car, the BFF Side Car Members have stated capital commitments totaling $10,100,100. CZF's capital commitment is $10,000,000 (99.0089207% ownership interest), all of which has been contributed to BFF Side Car as of December 31, 2021. NIP's capital commitment is $100,000 (0.9900892% ownership interest), and LISC's commitment is $100 (0.0009901% ownership interest). Capital contributions are due upon capital calls as defined in the LLC Agreement. Each Member's ownership interest is based on the percentage of its capital commitment and each Member is allocated and distributed its share of profits, losses, and cash flows in accordance with its respective percentage interest of capital contributions paid. No distributions will be paid to Members while any obligations are outstanding.

BFF Side Car's purpose is to accomplish charitable purposes, including relief of the poor and distressed, elimination of racial discrimination, combatting community deterioration, enhancing community engagement, and lessening the burdens of government in the five-county region located in the State of California consisting of San Francisco, San Mateo, Santa Clara, Alameda and Contra Costa counties (the "Bay Area") by promoting the creation of new affordable housing and the preservation of existing affordable housing. The term of BFF Side Car will continue until the occurrence of certain dissolution events, as defined in the LLC agreement or 2037, whichever is earlier.

AHLF, a Delaware limited liability company and a wholly-owned subsidiary of LISC, was formed in January 22, 2020. AHLF was formed for the purpose of facilitating the deployment of capital into grants and low-interest loans supporting the preservation and production of affordable housing in Detroit, Michigan and engaging in any and all activities to advance this deployment. The term of AHLF will continue until January 31, 2058, unless extended for up to two years from and after such date pursuant to the AHLF's operating agreement or terminated earlier in accordance with the AHLF's operating agreement or by law.

LISC is the sole Member (100% ownership interest) of AHLF, and has committed to make capital contributions to AHLF up to $20,000,000. As of December 31, 2021 and 2020, LISC has made capital contributions to AHLF totaling $13,215,002 and $9,215,002, respectively. Profits, losses, and cash distributions are allocated to the Member in accordance with the LLC Agreement. The term of AHLF will continue until January 31, 2058, unless extended for up to two years from and after such date pursuant to the LLC Agreement or by law, whichever is earlier.

CHF, a Delaware limited liability company formed November 2, 2020 and classified by the Internal Revenue Service as tax-exempt under Section 501(c)(3) of the Internal Revenue Code of 1986. On

December 9, 2020 (commencement of operations), an Amended and Restated Limited Liability Company Agreement (the "LLC Agreement") was entered by and between LISC. LISC is the sole member (100% ownership interest) of CHF, and has committed to make capital contributions to CHF up to $4,530,000. As of December 31, 2021, LISC has contributed $530,000 of capital to CHF. CHF shall be dissolved and wound-up upon the occurrence of certain events as defined in the LLC Agreement.

Pursuant to the LLC Agreement, Destination: Home SV, a California not-for-profit corporation and supporting organization of Silicon Valley Community Foundation, is the Special Member of CHF and as such, shall provide a conditional contribution to CHF in an amount not to exceed $5,000,000. The Special Member is not a Member of CHF, and has no ownership interest or interest in the profits, losses, and capital of CHF, has no rights to receive any distributions of CHF's assets, is not required to make any capital contributions or other contributions to CHF. The Special Member has no right to bind, vote on, approve or otherwise consent to any action by CHF.

Pursuant to the LLC Agreement, CHF was formed for the purpose of furthering the charitable purposes of its Member and Special Member, including relief of vulnerable and extremely low income households, elimination of racial discrimination, combatting community deterioration, enhancing community engagement, and lessening the burdens of government in the five-county region located in the State of California consisting of San Francisco, San Mateo, Alameda and Contra Costa counties (the "Bay Area"), by financing the creation of affordable housing and preservation of existing affordable housing.

BEDF is a Delaware limited liability company formed November 18, 2020 pursuant to an initial Limited Liability Company Operating Agreement (the "Initial Agreement"). At the time of its original formation, LISC was the founding and sole member. The Initial Agreement was amended and restated on December 11, 2020 (commencement of operations) in its entirety (the "LLC Agreement"). Pursuant to the LLC Agreement, BEDF was formed to meet special social needs specifically by providing Black communities with improved access to capital in order to incentivize economic activity and wealth building opportunities in those communities, and in doing so, promote more stable environments for Black businesses and families, contribute to the elimination of racial discrimination, and provide more equal access to economic opportunity.

The term of BEDF will continue in full force and effect until the third anniversary of the expiration of the termination of the Investment Period, as defined in the LLC Agreement. LFM, as the Manager of BEDF, shall have the right to extend the term of BEDF for up to one additional year and thereafter with the consent of BEDF's advisory committee.

Pursuant to the LLC Agreement and various Subscription Agreements, LISC withdrew as the initial member, and the following members were admitted to the Fund (collectively, the "Members"), and the capital commitment for each Member is as follows:

Member Name	Commitment Amount	Contributed as of 12/31/2021
Aflac Incorporated	$ 25,000,000	$ 6,200,000
Costco Wholesale Corporation	$ 25,000,000	$ 6,200,000
Dick’s Sporting Goods, Inc.	$ 12,500,000	$ 3,100,000
DuPont de Nemours, Inc.	$ 20,000,000	$ 4,960,000
HubSpot, Inc.	$ 12,500,000	$ 3,100,000
McKinsey & Company, Inc.	$ 15,000,000	$ 3,720,000
Netflix, Inc.	$ 25,000,000	$ 6,200,000
PayPal, Inc.	$ 50,000,000	$ 12,400,000
Square, Inc.	$ 25,000,000	$ 6,200,000
Thermo Fisher Scientific Inc.	$ 20,000,000	$ 4,960,000
Wayfair Inc.	$ 20,000,000	$ 4,960,000

As of December 31, 2021, capital contributions received by BEDF from the Members, totaled $62,000,000.

SOAR, a Delaware limited liability company, was formed on February 8, 2021 pursuant to an initial Limited Liability Company Agreement, which was amended and restated on April 22, 2021 (commencement of operations) in its entirety (the "LLC Agreement"). Pursuant to the LLC Agreement, SOAR was formed to accomplish charitable purposes, including relief of vulnerable and extremely low income households, elimination of racial discrimination, combatting community deterioration, enhancing community engagement, and lessening the burdens of government by purchasing eligible loans originated by community development financial institutions (the "CDFI Originators") and pledging the eligible loans as collateral for borrowings from investors. LISC is the sole Member (100% ownership interest) of SOAR. As of December 31, 2021, LISC has made capital contributions to SOAR totaling $5,575,000.

The term of SOAR will continue in full force until dissolved and terminated upon the first to occur (but not earlier than the final repayment in full or liquidation of each debt obligation) of the following events:

(a) A qualifying wind down event as defined in the LLC Agreement;

(b) The disposition of all or substantially all of SOAR's assets and obligations;

(c) The entry of a decree of judicial dissolution; or

(d) The dissolution, bankruptcy, or withdrawal of the last remaining Member.

Additional LISC Entities
Resilience and Recovery Network, LLC, a Texas limited liability company and a wholly-owned subsidiary of LISC, was formed in March 2018 to implement and operate a program to repair homes occupied by low- and moderate-income households that were affected by Hurricane Harvey.

Neighborhood Properties, LLC also has limited activity. It was originally formed to take title on collateral property foreclosed by LISC where LISC is the highest bidder at public auction.

Summary of significant accounting policies

Consolidation
The accompanying consolidating and consolidated financial statements include the assets, liabilities, net assets, and financial activities of LISC, NEF and its affiliates, NMSC and its affiliates, immito, RRN, NP, LFM, AHLF, CHF, BFF, BFF Side Car, BEDF, CHOIF, and SOAR (collectively, the "Organization"). All significant inter-organization balances and transactions have been eliminated in consolidation.

NEF consolidates limited partnerships or similar entities over which it has a controlling financial interest in accordance with FASB ASC 958-810-20, *Consolidation - Control of Partnerships and Similar Entities* ("FASB ASC 958-810-20"). Generally, FASB ASC 958-810-20 requires consolidation of limited partnerships or similar entities by the general partner of that entity under the presumption that the general partner controls the limited partnership entity. The presumption of control by a general partner can be overcome if the limited partners are able to exercise substantive kick-out or participating rights. NEF does not consolidate limited partnerships or similar entities in which it owns a general partnership interest as the presumption of control by the general partner is able to be overcome. NEF reassesses whether it holds a controlling financial interest in limited partnerships or similar entities on an annual basis.

NEF consolidates the CDA Partnerships as the presumption of control was not overcome under guidance of FASB ASC 958-810-20.

Financial statement presentation
The accompanying consolidating and consolidated financial statements are prepared on the accrual basis of accounting. The Organization reports its financial information in the following categories:

Without donor restrictions
The "Operating Funds - Without Donor Restrictions" is used to record activities supported by resources that are not subject to donor-imposed restrictions and over which management and the board of directors have discretionary control.

The "Loan Funds - Without Donor Restrictions" is used to record loans and bonds payable proceeds mainly provided to the Organization by financial institutions, insurance companies, foundations, government agencies, and other nonprofits with lender-imposed restrictions that may include making loans to Community Development Projects ("CDPs") in certain geographic areas. In some instances, loans payable proceeds are provided to fund recoverable grants to CDPs. These funds, as well as the related recoverable grant activities, are recorded in the "Operating Funds Without Donor Restrictions."

As of December 31, 2021, and 2020, Loan Funds - Without Donor Restrictions consist of $10 million of board-designated net assets.

Principal repayments received on loans provided to CDPs funded from loan funds, as well as the provision for loan losses, are recorded in the "Loan Funds - Without Donor Restrictions." Impairment losses are charged to the "Operating Funds - Without Donor Restrictions."

The net assets of LISC Affiliates & Funds and CDA Partnerships are without donor restrictions.

With donor restrictions
These funds are used to record contributions received with donor-imposed restrictions. Contributions are recorded as restricted support if they are received with donor stipulations that limit their use. When a donor's 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 consolidating and consolidated statement of activities and changes in net assets as net assets released from restrictions.

Specifically, the "Loan Funds with Donor Restrictions" ("donor-restricted loan funds") is used to record contributions received with donor-imposed restrictions for lending and/or credit enhancement activities. "Operating Funds - With Donor Restriction" ("donor-restricted operating funds") is used to record net assets received with donor-imposed restrictions for all other activities, excluding lending and/or credit enhancement activities.

Estimates
The preparation of the consolidating and consolidated financial statements in conformity with U.S. generally accepted accounting principles 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 consolidating and consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. The significant estimates made in the preparation of these consolidating and consolidated financial statements include the fair value of alternative investments, the allowance for uncollectible loans, the allowance for uncollectible recoverable grants, and the allowance for uncollectible receivables. Actual results could differ from those estimates.

Fair value
Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. The three levels of the fair value hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that a reporting entity has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly and certain alternative investments that can be redeemed at or near balance sheet date (within 90 days). Level 2 inputs may include quoted prices for similar assets and liabilities in active markets, as well as inputs that are observable for the asset or liability (other than quoted prices), such as interest rates, foreign exchange rates, and yield curves that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs for the asset or liability and certain alternative investments that are not redeemable at or near balance sheet date (within 90 days).

Revenue recognition
Revenue and support consists primarily of contributions, government grants & contracts, interest income on loans to CPDs and fee income.

Contributions, including unconditional promises to give (pledges), are recorded as revenue at fair value on the date received or pledged. Contributions are recorded as net assets with donor restrictions if they are received with donor stipulations that limit their use as to purpose or time. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Fair value is estimated giving consideration to anticipated future cash receipts (after allowance is made for uncollectible contributions) and discounting such amounts at a risk adjusted rate commensurate with the duration of the donor's payment plan. These inputs to the fair value estimate are considered Level 3 in the fair value hierarchy. Amortization of the discount is recorded as additional contribution revenue in accordance with the donor imposed restrictions, if any, on the contributions.

Contributed goods are recognized initially as revenue at their estimated fair value at date of receipt and expensed when used. Contributed services are recognized as revenue if the services create or enhance nonfinancial assets or require a specialized skill, are provided by individuals possessing those skills, and typically need to be purchased if not provided by donation. Contributed services that do not meet the above criteria are not recognized as revenue and are not reported in the accompanying consolidating and consolidated financial statements.

LISC also receives government grants and contracts from a number of sources including federal, state, and local governments. These agreements are evaluated as to whether they qualify as contributions or exchange transactions as defined by U.S. generally accepted accounting principles. Government grants and contracts that are considered contributions are recognized as revenue when it is probable that the conditions surrounding the terms of the grant commitments are met. Government grants and contracts that are considered exchange transactions are recognized as revenue when services have been provided in accordance with the terms of the agreements and are reported in other income in the accompanying consolidating and consolidated statement of activities and changes in net assets.

Fee income consists of syndication fee income, asset management fee income, CDA partnerships-rental income, and disposition income.

Syndication Fee Income, Net: NEF (or its subsidiaries) provides syndication services which include organization, acquisition, and construction monitoring services to the Funds. NEF is compensated for its services through a fee that is recognized as follows:

- 25% is recognized at a point in time as a reimbursement of Fund offering and organization costs incurred by NEF;

- 45% is recognized at a point in time as an acquisition fee upon closings of Funds' Project Partnerships; and

- 30% is recognized over time as a construction management fee during the construction period of those Project Partnerships.

In addition, NEF is reimbursed for legal closing costs associated with the acquisition of the Project Partnerships. Such amounts are presented net in the accompanying consolidating and consolidated statements of activities within fee income.

Asset Management Fee Income - Funds: An annual asset management fee is assessed for each Project Partnership in a particular Fund and is recognized over time as services are provided over the 15-year compliance period, after the project has reached qualified occupancy.

Asset Management Fee Income - Project Partnerships: NEF (or its subsidiaries) receives an asset management fee from certain Project Partnerships. The fee is earned annually over time but only payable from the operational performance of the respective Project Partnership. NEF estimated this variable consideration and recognizes only the amount that is probable such that a significant reversal of cumulative revenue recognized will not occur due to the sub-par operational performance of Project Partnerships. As of December 31, 2021 and 2020, NEF recorded a receivable in the amount of $9,176,432 and $8,726,727, respectively, that represents NEF's best estimate of the consideration that NEF is entitled to receive under the contracts. This estimate is re-evaluated annually and takes into account general economic conditions, specific project characteristics and trends in historical collectability rates. Because of uncertainties inherent in the estimation process, management's estimate may change in the near term. However, the amount of the change that is reasonably possible cannot be estimated.

Rental Income - CDA Partnerships: The majority of the CDA Partnerships' revenue is derived from leases with tenants generally for terms of one year or less. Rental income is recognized as rentals become due. Rental payments received in advance are deferred until earned. All leases between the partnership and the tenants of the property are operating leases.

Disposition Income - NEF (or its subsidiaries) received disposition fees from certain Funds and Project Partnerships. The fee is recognized at a point in time when a sale is consummated and proceeds are sufficient enough to satisfy certain other obligations based on the terms of the contract.

NMSC earns revenue by providing organization, underwriting, accounting, asset management, dissolution, and other services to the LLCs, which are governed by the related operating and fee agreements. NMSC classifies these services as investment management revenue. Suballocation fees are recognized when earned or QEIs are funded. Asset management and investment fund management fees are recognized as income as NMSC provides the service (generally over a seven-year period). From these asset management and investment fund management fees, NMSC pays audit, tax, registration and filing fees and other expenses on behalf of certain LLCs. NMSC accounts for the expenses it pays on behalf of these LLCs as a reduction to total investment management revenue. Exit fees are recognized as investment management revenue at the end of the NMTC compliance period, generally when the CDE exits the NMTC transaction.

NMSC also earns revenue by contracting with unrelated third parties to provide consulting, administration and compliance services on various investment transactions. Fees for such services are recognized as revenue as NMSC renders the service. This revenue is classified as fund administration revenue. Additionally, NMSC earns revenue from software licensing and related services that includes all fees earned from granting customers the right to use the software. NMSC also earns interest income on loans made to various borrowers that is accrued as earned in accordance with the contractual terms of the loan agreements.

Notional interest income represents compensation from BEDF Members admitted to BEDF subsequent to the initial closing date, paid to the existing Members of BEDF to equalize Members' interest in BEDF. Notional interest income is calculated based on the Member's pro-rata share of aggregate contributed capital multiplied by 2% per annum for the period from the initial closing date to the date of admission of the subsequent Members.

Secondary market loan sales
immito sells the SBA-guaranteed portion of loans into the secondary market. In accordance with the accounting guidance for asset transfers, immito considers any ongoing involvement with transferred assets in determining whether the assets can be derecognized from the balance sheet. With the exception of servicing and certain performance-based guarantees, immito's continuing involvement with financial assets sold is minimal.

When immito sells the SBA-guaranteed portion of loans, it may retain servicing rights. The gain or loss on sale depends on the previous carrying amount of the SBA-guaranteed portion of loan sold, the servicing right recognized, and the consideration received, and any liabilities incurred in exchange for the transferred assets.

Upon the sale of SBA-guaranteed portion of loans, any servicing assets retained by immito are carried at the lower of cost or fair value. The servicing asset is amortized in proportion to and over the period of estimated net servicing income. Servicing income is earned for the full term of the loan or until the loan is repaid. In addition, servicing assets are assessed for impairment based on fair value at each reporting date.

During the years ended December 31, 2021 and 2020, immito entered into 23 and 16 transactions, respectively, which provided for the sale of the SBA-guaranteed portion of certain loans to unrelated parties on the secondary market. immito retained the non-guaranteed portion of these loans and the related servicing rights for all loans sold on the secondary market. The average interest rate for the loans sold on the secondary market was 5.97% and 6.00% for the years ended December 31, 2021 and 2020, respectively.

Enacted in March 2020, Section 1112 of the Coronavirus Aid, Relief, and Economic Security Act ("Section 1112" or “the CARES Act”) provided for subsidy loan payments on all loans originated under the SBA 7(a) Small Business Loan Program in 'regular' servicing, which subsidies were not required to be repaid by the borrowers. The subsidy payments were paid by the SBA and reflected the initial six months of payments, including scheduled principal and interest payments, for any new loan originated from the implementation of the CARES Act through September 27, 2020. These provisions were amended on December 27, 2020, through the Economic Aid to Hard-Hit Small Businesses, Non-Profits and Venues Act ("Economic Aid Act"). The Economic Aid Act authorized additional debt relief payments to 7(a) borrowers beyond the six-month period prescribed in the CARES Act. The level of assistance varies based on when the loan was approved and began on or after February 1, 2021.

Cash and cash equivalents
Cash and cash equivalents include cash in banks and on hand and highly-liquid debt instruments that have maturities of three months or less from the date of purchase by the Organization, except for those amounts held by the Organization's investment managers.

Restricted cash
As of December 31, 2021 and 2020, NEF had total restricted cash of $9,609,023 and $40,384, respectively, which has been designated for distributions to investors for Funds in the process of dissolution. In addition, as of December 31, 2021 and 2020, NEF also has restricted cash of $946,521 and $1,070,747, respectively, pursuant to terms of certain agreements.

NMSC acts as a fiduciary agent and collects debt service payments from borrowers on behalf of related or third-party lenders. Debt service payments received are deposited into restricted cash accounts and are disbursed monthly to the related or third-party lenders. As the agent, NMSC recognizes a liability to the related or third-party lenders concurrent with its receipt of the debt service payments. As of December 31, 2021 and 2020, restricted cash includes loan servicing amounts of $5,179 and $1,009, respectively, held by NMSC on behalf of certain Investment Funds.

NMSC acted as the managing member of two LLCs from their inception in 2011 and 2013 through their dissolutions on August 23, 2019 and December 16, 2020. On those dates, NMSC became 100% owner of the LLCs as a result of the Exit Agreements executed on the same dates. Pursuant to each entity's operating agreement, a loan loss reserve was held by each entity for the duration of the compliance period as a reserve against losses of principal on loans made by each entity. Upon the collection of all outstanding loans and fee receivable, payment of all expenses, and the making of required distributions per each entity's operating agreement, any cash remaining in the loan loss reserve was available for NMSC to grant to qualifying charter schools and as such is recorded as restricted cash and a charter school grant liability in the amount of $1,864,640 and $1,864,225 as of December 31, 2021 and 2020, respectively, on the accompanying consolidated statement of financial position.

immito's restricted cash includes cash amounts held in separate accounts and restricted for lending (i.e. non-operational) use, including amounts due on SBA loan-related remittances to third parties. As of December 31, 2021 and 2020, restricted cash held by immito was $2,728,899 and $500,081, respectively.

As of December 31, 2021 and 2020, BFF's restricted cash of $7,400,004 and $15,103,825 includes cash amounts restricted for use including fulfilling BFF's purpose and payment of BFF's expenses.

Pursuant to the Intercreditor Agreement between AHLF, Chase New Markets Corporation ("CNMC") and its lenders dated September 25, 2020, a loan loss reserve is to be funded in the amount of 5.0% of the combined amount CNMC and each lender has committed to AHLF. As of December 31, 2021 and 2020, the loan loss reserve was funded in accordance with the Intercreditor Agreement, and there has been no reliance on the restricted loan loss reserve to date. As of December 31, 2021 and 2020, the balance in the loan loss reserve account was $1,901,070 and $799,888, respectively.

As of December 31, 2021 and 2020, the balance in CHOIF's reserve account was $18,380 and $599 for use including fulfilling CHOIF's purpose and payment of CHOIF's expenses.

Pursuant to the Loan Purchase Agreement between SOAR, LFM and the CDFI Originators dated April 22, 2021, a CDFI loan loss reserve is to be funded in an amount to equal or exceed 5.0% of the aggregate amount of Non-Portfolio Loans outstanding. As of December 31, 2021, the CDFI loan loss reserve was funded in accordance with the Loan Purchase Agreement, and there has been no reliance on the restricted loan loss reserve to date. As of December 31, 2021, the balance in the CDFI loan loss reserve account was $80,002. The original funding amount into the CDFI loan loss reserve account totals $80,000 and the 2021 year-end account balance includes interest income earned on cash balances.

Pursuant to the Loan and Security Agreement between SOAR, LFM and various lenders dated April 22, 2021, a Fund loan loss reserve is to be funded to equal or exceed 5.0% of the aggregate principal amount of outstanding loans, defined as "Class A Loan and/or a Class B Loan" in the Loan and Security Agreement. As of December 31, 2021, SOAR's loan loss reserve was funded in accordance with the Loan and Security Agreement, and there has been no reliance on the restricted loan loss reserve to date. As of December 31, 2021, the balance in SOAR's loan loss reserve account was

$1,507,607. The original funding amount into SOAR's loan loss reserve account totals $1,520,000 and the 2021 year-end account balance is net of interest income earned on cash balances and bank fees that management plans to reimburse in 2022.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value in the consolidating and consolidated statement of financial position. Fair value of equity securities is based on quoted market prices. Fair values of fixed maturity securities, other than those based on quoted market prices, are based on prices provided by the Organization's custodian bank. The custodian bank uses a variety of pricing sources to determine market valuations. Each designates specific pricing services or indexes for each sector of the market upon the provider's expertise. The fair values of alternative investments are based on the net asset value, a practical expedient provided by the investment managers or general partners. Those estimated net asset values may differ significantly from the values that would have been used had a ready market for these securities existed.

Investment in funds and projects

NEF and its subsidiaries account for its partner and member interests in the Funds (collectively "Partner and Member Interests") using the equity method of accounting. Under the equity method, these investments are carried at cost, adjusted for NEF's share of net income, loss, and for cash distributions received. Under the equity method of accounting, the Partner and Member Interests will not be carried below zero unless NEF has continuing involvement in the entity. To the extent that the Partner and Member Interests with a carrying value of zero distribute cash to NEF or its subsidiaries, the distribution is recorded as other income in the Organization's consolidating and consolidated statement of activities.

NEF assesses other-than-temporary declines in values of its investments in its Partner and Member Interests. Annually, the carrying value of each investment is compared to its respective fair values. If another-than-temporary decline in carrying value exists, an impairment loss is recorded in the Organization's consolidating and consolidated statement of activities and changes in net assets to reduce the investment to fair value.

Contract-related assets

Contract related assets from Funds and Project Partnerships, net of estimated uncollectible accounts, were $18,675,629 and $16,627,723 as of December 2021 and 2020, respectively, and are included in due from funds and prepaid expenses and other assets in the accompanying consolidated statements of financial position. NEF evaluates impairment on contract-related assets annually. For the years ended December 31, 2021 and 2020, no impairment loss was recognized on contract related assets.

Risks and uncertainties

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the consolidating and consolidated statement of financial position.

Loans receivable and the allowance for uncollectible loans

Loans receivable consist primarily of loans to CDPs originated by LISC, CHF and BEDF.

Loan receivable are carried at their unpaid principal balance less unamortized discounts and premiums, retained loan discounts, and an allowance to reflect potentially uncollectible loan balances. The allowance for uncollectible loans is maintained at a level that, in management's judgment, is adequate to provide for potential losses. Large loans are evaluated individually for impairment; an allowance is established when the discounted cash flows of an impaired loan are lower than the carrying value of the loan. For the remainder of the portfolio, an allowance is established based on historical loan loss experience and management's evaluation of the collectability of the loans, taking into consideration project characteristics and trends. The accrual of interest income is discontinued on loans that are delinquent for over 30 days. Loans are written off when repayment is not expected to occur.

To monitor the likelihood of losses to its loan portfolio, LISC, CHOIF, ALHF and BEDF employ the following internal risk rating categories:

I. Excellent - The loan is a very strong credit, and sound in every respect. The prospect for repayment is excellent.

II. Strong - The loan is a strong credit and sound in most respects. The prospect for repayment is strong.

III. Good - The loan is a sound credit with reasonable risk for the Organization and with good repayment prospects.

IV. Acceptable - The loan is credit-worthy, but contains heightened risks from the outset. A number of developments that would reduce LISC's repayment risk have yet to occur, but no material problems have developed.

V. Close Follow - The loan has more significant risks that an "Acceptable" loan, but it is still credit-worthy.

VI. Substandard - Conditions seriously jeopardizing loan repayment have developed, and it is likely some loss of loan principal will occur.

VII. Doubtful - The loan has been partially written down but in work-out in the hopes of receiving partial payment.

BFF Side Car purchases 100% of the junior promissory note from the NEF Preservation Fund II, LP, the originator of the note's receivable. NEF Preservation Fund II, LP is a related party to NEF, a founding member and loan servicer of BFF Side Car. BFF Side Car relies on NEF for credit analysis of the end borrower and monitors the likelihood of losses on BFF Side Car's notes receivable.

Lending Facility Fees

BFF has entered into an origination and servicing agreement with CIP and BFF incurs an annual fee of $200,000 due to CIP. BFF also entered into an origination and servicing agreement with CSH and BFF incurs an annual fee of $100,000 due to CSH. Effective June 1, 2020, the fee increased to $206,000 and $200,000 respectively. The fee will increase annually by 3% subject to the approval of BFF's annual budget and ends on June 1, 2021. The fee is recognized ratably over each annual period to which it relates. For the years ended December 31, 2021 and 2020, originator fees of $413,105 and $361,833, respectively, were expensed. As of December 31, 2021 and 2020, origination fees of $174,242 and $169,167, respectively, were prepaid and are included in prepaid expenses and other assets on the accompanying consolidating and consolidated statement of financial position.

CHF operates under an Origination and Servicing Agreement with CSH date March 17, 2021, for financial services provided, including loan payment collection and related management and customer services. CHF incurs a servicing and asset management fee due to CSH in the amount of 0.25% for the servicing fee and 0.50% for the asset management fee (collectively, the "CSH Lending Facility Fees") of the outstanding principal balance of each Project Loan that CSH originates.

CHF operates under an additional Origination and Servicing Agreement with Capital Limited partners ("CL") dated August 2, 2021, for financial services provided, including loan payment collection and related management and customer services. CHF incurs a servicing and asset management fee due to CIP in the amount of 0.25% for the servicing fee and 0.50% for the asset management fee (collectively, the "CIP Lending Facility Fees") of the outstanding principal balance of each Project Loan that CIP originates. Together CHF and CIP are the Originators and the CSH Lending Facility Fees and the CIP Lending Facility Fees are the Lending Facility Fees.

For the year ended December 31, 2021, CHF incurred $31,263 of servicing fees and $62,525 of asset management fees due to the Originators. As of December 31, 2021, Lending Facility Fees of $93,788 were due and payable to the Originators and are included in accounts payables and accrued expenses on the accompanying consolidating and consolidated statement of financial position.

Commission expense
GJLF entered into a fee agreement ("Fee Agreement") with Castello Investment Advisory Services ("Finder") to provide introductions to GJLF of operating companies in need of debt or equity financing. Pursuant to the Fee Agreement dated November 5, 2020, if GJLF provides financing to any borrower within one year following introduction by the Finder, GJLF must pay a fee to the Finder of 1.5% of the total financing provided to the borrower, as a commission expense. The Fee Agreement was amended on June 1, 2021 ("Revised Fee Agreement") to increase the fee paid to the Finder to 2.5% of the total financing provided to the borrower if the financing closes between the date of the Revised Fee Agreement and September 30, 2021, and 2.0% of the total financing provided to the borrower if the financing closes between October 1, 2021 and June 30, 2023. For the years ended December 31, 2021 and 2020, GJLF incurred and paid $132,500 and $0, of commission expense to the Finder.

Recoverable grants
Recoverable grants are early project investments provided to CDPs that contractually require repayment generally without interest. Recoverable grants receivable are recorded when these amounts are disbursed and an allowance has been established based on historical recoverability experience that, in management's judgment, is adequate to cover potential losses.

Government contracts and loan-related advances
Government contracts and loan-related advances consists of amounts received in advance from government agencies and other organizations for the purpose of providing loans, recoverable grants and project grants to CDPs in accordance with the terms of respective contractual agreements.

Capitalized interest
NEF borrows monies in order to provide short-term secured loans to facilitate the acquisition of Project Partnership investments. It is NEF's policy to capitalize interest paid on these borrowings during the construction period of the Project Partnerships. Upon assignment of the interests of the

project investments, NEF may be reimbursed for these interest costs by the Fund. Any unreimbursed costs are recorded as a reduction to fee income.

Discounts and debt issuance costs
Debt issuance costs, net of accumulated amortization, are reported as a direct deduction from the face amount of the long-term debt to which such costs relate. Amortization of debt discount issuance costs is reported as a component of interest expense and is computed using an imputed interest rate on the related loan.

Property and equipment
Property and equipment are stated at cost less accumulated depreciation or amortization, computed using the straight-line method. Furniture, equipment, and software are depreciated over their estimated useful lives of three to seven years. Computer software development costs for internal use are capitalized and amortized on the straight-line basis over an estimated useful life of three years. Leasehold improvements are amortized over the lesser of the estimated useful lives of the assets or the remainder of the lease term, whichever is shorter. Buildings and improvements are depreciated over 27.5 to 40 years. Maintenance and repairs are charged to operations when incurred. Betterments and renewals are capitalized.

Intangible assets
immito's SBA license is recorded as an indefinite-lived intangible asset and is not amortized as the license is valid for an indefinite period of time. The license is valued at approximately $2,400,000. The license is subject to annual impairment testing, impairment being a material adverse change that would prevent immito from conducting its 7(a) business as planned. Unless there is an indicator of impairment, which would require an interim impairment analysis, immito has elected to perform its annual evaluation for impairment on January 1 of each fiscal year.

Accounting for the impairment of real estate assets
The Organization records an impairment loss on its real estate assets (land, building, and improvements) whenever their carrying value cannot be fully recovered through estimated undiscounted future cash flows from their operations, sale, and low-income housing tax credits. The amount of the impairment loss to be recognized would be the difference between the Organization's carrying value and the estimated fair value. Adjustments for impairment loss for such real estate assets are made in each period as necessary to report these investments at the lower of carrying value or fair market value less cost to sell. However, there can be no assurance that any estimated fair value of these real estate assets would ultimately be realized by the Organization in any future sale or disposition transaction. Impairment losses have no impact on the cash flow of the Organization. No impairment loss on real estate assets was recorded in 2021 and 2020.

Functional expenses
The costs of providing program services and other activities have been summarized on a functional basis in the consolidated statement of functional expenses. Accordingly, certain costs have been allocated among program services, management and general and fundraising expenses.

The expenses that are allocated and the method of allocation include the following:

Expenses	Method of allocation
Salaries and fringe benefits	Time and effort
Professional services, consulting and legal	Direct allocation based on services/time and effort
Office and administrative	Direct allocation based on invoices/time and effort
Rent and utilities	Time and effort
CDA Partnerships - property expense	Direct allocation
Project grants	Direct allocation
Service fees	Direct allocation based on services
Interest	Direct allocation
Provision for uncollectible recoverable grants to CDCs	Direct allocation
Provision for uncollectible loans to CDCs	Direct allocation
Bank fees and other financial expenses	Direct allocation
Accounting and auditing fees	Direct allocation
Board expenses	Direct allocation
All other expenses	Time and effort

Income taxes

The Organization recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Income generated from activities unrelated to the Organization's exempt purpose is subject to tax under the Code, Section 511. The Organization did not recognize any unrelated business income tax liabilities for the years ended December 31, 2021 and 2020. Unrelated business income tax liabilities for the years ended December 31, 2021 and 2020 was immaterial.

Income tax returns filed by the Organization are subject to examination by the Internal Revenue Service for a period of three years. While no income tax returns are currently being examined by the Internal Revenue Service, tax years since 2018 remain open.

LISC is exempt from federal income taxes under Section 501(c)(3) of the Code. It has been classified as an organization that is not a private foundation and has been designated a "publicly supported" organization of the type described in Sections 170(b)(1)(A)(vi) and 509(a)(1) of the Code.

NEF is exempt from federal income taxes under Section 501(c)(4) of the Code. As a 501(c)(4) corporation, contributions to NEF are not tax deductible.

NMSC, NP, immito, RRN, LFM, AHLF, SOAR, and GJLF are single-member LLCs and are considered disregarded entities for income tax purposes.

Income or losses of the NEF Funds, and the NMTC CDEs are required to be reported by the respective members/partners on their individual tax returns. Therefore, no provision has been made for federal or state income taxes. Additionally, the low-income housing tax credits generated by the Project Partnerships are passed through the NEF Funds to their members. NMTCs are passed through to an investor for each new QEI made by an investor in a CDE.

BFF and BFF Side Car have elected to be treated as a pass-through entity for income tax purposes and, as such, is not subject to income taxes. Rather, all items of taxable income, deductions and tax credits are passed through to and are reported by its founding members on their respective income tax returns. BFF's federal tax status as a pass-through entity is based on its legal status as a limited liability company. Accordingly, BFF is not required to take any tax provisions in order to qualify as a pass-through entity. BFF is required to file and does file tax returns with the Internal Revenue Service and other taxing authorities. Accordingly, these financial statements do not reflect a provision for income taxes and BFF has no other tax positions which must be considered for disclosure. Income tax returns filed by BFF are subject to examination by the Internal Revenue Service for a period of three years.

CHOIF is treated as a partnership for income tax purpose. All income and expenses of CHOIF are attributed to the taxable income of the individual members. CNI is treated as a disregarded entity for income tax purposes. All tax attributes of CNI pass through to CHOIF and income taxes, if any, are payable by CHOIF.

CHF is exempt from federal income taxes under the Code Section 501(c)(3) and from California income and franchise taxes under Revenue and Taxation Code Section 23701(d).

BEDF is treated as a partnership for income tax purposes. All income and expenses of BEDF are attributable to the taxable income of the individual members. Consequently, no provision for income taxes has been made in the accompanying consolidating and consolidated financial statements.

Reclassifications
Reclassifications have been made to the prior year balances to conform to the current year presentations. Such reclassifications were made for comparative purposes only, and do not restate the prior year consolidating and consolidated financial statements.

Recent accounting pronouncements
In August 2018, the Financial Account Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework-Changes to the disclosure requirements for fair value measurements*, which modifies the disclosure requirements for fair value measurements. The ASU is effective for annual reporting periods beginning after December 15, 2019. The Organization has implemented the provisions of ASU 2018-13 in the accompanying consolidating and consolidated financial statements. The adoption of ASU 2018-13 did not materially impact the Organization's results of operations, cash flows, or presentation thereof.

In June 2016, the FASB issued 2016-12, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which creates a new credit impairment standard for financial instruments. The new standard will require management to make a current estimate of expected credit losses as opposed to current U.S. generally accepted accounting principles which delayed recognition until the loss was probable. As a result of the ASU, management will be required to perform an assessment of expected credit losses on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount.

ASU 2016-12 is applicable to all loans, debt securities, trade receivables, net investment in leases, off-balance-sheet credit exposures, reinsurance receivables and any other financial assets not excluded from the scope that have a contractual right to receive cash.

In the period of adoption, the Organization will record a cumulative-effect adjustment to changes in net assets and in subsequent years, changes in the current expected credit loss for the reporting period will be reported on the statement of activities. Expanded disclosures will also be required.

The ASU, along with certain related ASUs clarifying the scope of the ASU 2016-12 and providing transition relief, will be effective for fiscal years beginning after December 15, 2022. The Organization is currently evaluating the impact of adopting this new guidance on the financial statements.

In March 2020, the FASB issued ASU 2020-04, Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting. The amendments in this Update provide optional expedients and exceptions for applying generally accepted accounting principles to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. The amendments in this Update apply only to contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform.

The expedients and exceptions provided by the amendments do not apply to contract modifications made and hedging relationships entered into or evaluated after December 31, 2022, except for hedging relationships existing as of December 31, 2022, that an entity has elected certain optional expedients for and that are retained through the end of the hedging relationship.

The ASU became effective as of March 12, 2020 and will continue through December 31, 2022. The Organization intends to adopt ASU 2020-04 in 2022, but does not expect the impact of adopting the new guidance to have a material effect on the financial statements.

Note 2 - Net assets with donor restrictions

Net assets with donor restrictions are restricted for the Organization's 38 local/regional offices, rural programs, and several other national programs, are to be used in future years for program services, such as project grants, recoverable grants, lending-related activity, technical support, and operating support to community development organizations.

As of December 31, 2021, net assets with donor restrictions were $312,691,082 ($192,170,514 donor-restricted operating funds and $120,520,568 donor-restricted loan funds and included the following components: (1) *Charter School Financing* - approximately $59.4 million of donor-restricted funds are available to support quality public charter and alternative schools in low-income neighborhoods. Included in this amount is $58.2 million related to grants awarded by the U.S. Department of Education to LISC to provide credit enhancement on loans made by financial institutions to stimulate the financing of charter schools; (2) Lending Activities (excluding DOE funds) - in local and regional offices is approximately $62.3 million; and (3) Operating and Programmatic Support - approximately $191.3 million of donor-restricted funds that are to support operating and a multitude of specifically defined projects in the local/regional offices and national programs.

Note 3 - Availability and liquidity

The table below represents financial assets available for operating funds expenditures within one year at December 31, 2021 and 2020. Financial assets in the "Loan Funds - Without Donor Restrictions" and "Loan Funds - With Donor Restrictions" are not included in the table below. As explained further in Note 1, these loan funds are for lending and/or credit enhancement activities and are not available for operating expenditures. LISC also has undrawn lines of credit as further described in Note 11. As of December 31, 2021 and 2020, $90,000,000 and $85,000,000, respectively, of the undrawn line of credit can be used for operating funds expenditures:

	2021	2020
Financial assets at period end		
Cash and cash equivalents	$ 337,436,487	$ 184,471,520
Restricted cash	26,061,325	19,380,758
Investments	135,087,945	117,407,188
Accrued interest receivable	5,554,883	4,568,842
Contributions receivable, gross	48,154,319	43,308,738
Prepaid expenses and other assets	17,527,770	9,790,774
Government grants and contracts receivable	21,422,121	31,887,819
Loan receivable	42,504,885	87,205,118
Due from funds	7,380,498	7,900,995
Temporary investment in Project Partnerships, net of capital contributions due to temporary investments in project partnerships	6,364,689	33,100,500
Recoverable grants to CDPs, gross	23,637,641	21,225,775
Total financial assets	671,132,563	560,248,027
Less amounts not available to be used within one year		
Cash and cash equivalents	(8,706,806)	(7,519,595)
Restricted cash	-	-
Investments	(10,901,512)	(9,240,737)
Contributions receivable, gross	(9,002,000)	(12,869,887)
Notes and other receivables	(17,539,298)	(8,902,795)
Government grants and contracts receivable	(22,240,486)	(26,208,445)
Recoverable grants to CDPs, gross	(23,637,641)	(21,225,775)
Financial assets not available to be used within one year	(92,027,743)	(85,967,234)
Financial assets available to meet operating fund expenditures over the next 12 months	$ 579,104,820	$ 474,280,793

Also, LISC has financial covenants with certain LISC lenders, some of which address adequate liquidity to cover operating costs and debt service requirements. Specifically, at the end of each quarter, unrestricted operating cash, cash equivalents, and investments must be able to cover at least six months of unrestricted operating expense as defined in the terms of the loan agreements with certain LISC lenders. With regard to debt service, liquid assets must exceed six months of interest and notes payable (as defined in the terms of the loan agreements with certain LISC lenders). At December 31, 2021 and 2020, LISC was in compliance with its financial covenants.

Note 4 - Cash, cash equivalents, restricted cash, and investments

At December 31, 2021 and 2020, the Organization's total portfolio of cash, cash equivalents, restricted cash, and investments consisted of the following:

	Fair value 2021	Fair value 2020
Cash, cash equivalents, and restricted cash	$ 436,773,808	$ 274,491,458
Investments		
Cash held for investment	48,140,675	47,961,397
Corporate bonds and fixed income funds	40,835,217	40,307,588
U.S. government agencies	58,878,840	59,352,995
Certificates of deposit	18,400,499	5,901,080
Alternative investments		
Real estate investment trust	3,588,675	3,233,921
Hedge funds	8,756,843	10,993,236
Private equity funds	7,276,125	5,954,605
	185,876,874	173,704,822
Total cash, cash equivalents, restricted cash, and investments	$ 622,650,682	$ 448,196,280

The following table is a reconciliation of cash, restricted cash and cash equivalents within the consolidated statements of financial position to the total presented on the consolidating and consolidated statements of cash flows for the years ended December 31, 2021 and 2020:

	2021	2020
Cash and cash equivalents	$ 410,712,483	$ 255,110,700
Restricted Cash		
NMSC Loan servicing accounts	5,179	1,009
NMSC Funds reserved for Charter School grants	1,864,640	1,864,225
immito lending funds	2,728,899	500,081
BFF funds	7,400,004	15,103,825
NEF Investor reserves	8,775,997	40,384
CDA Partnerships - reserves/deposits/escrows	946,521	1,058,947
NEF Project level agreements	833,026	11,800
CHOIF reserve	18,380	599
AHLF loan loss reserve	1,901,070	799,888
SOAR loan loss reserve	1,587,609	-
Total cash, cash equivalents, and restricted cash		
Consolidating and consolidated statements of financial position	436,773,808	274,491,458
Less CDA Partnerships - reserves/deposits/escrow	(548,872)	(608,400)
Total cash, cash equivalents, and restricted cash		
Consolidating and consolidated statements of cash flows	$ 436,224,936	$ 273,883,058

The Organization invests in certain alternative investments, through "funds of funds" investments, which employ multiple investment strategies via a variety of investment managers to provide diversification and control risk. These investments create indirect exposure to the Organization through short sales of securities, trading in future and forward contracts, and other derivative products. Derivatives are tools used to maintain asset mix or manage portfolio risk exposure. While these financial instruments may contain varying degrees of risk, the Organization's risk with respect to such transactions is limited to its capital balance in each investment.

At December 31, 2021 and 2020, cash and cash equivalents include approximately $0.6 million and $0.7 million, respectively, held in escrow-like arrangements with loan participants and $8.1 million and $6.8 million, respectively, in loss reserves required by specific programs.

The limitations and restrictions on the Organization's ability to redeem or sell its alternative investments vary by investment. As of December 31, 2021, the following table summarizes the composition of such investments by the various redemption provisions:

	Fair value		Redemption	Redemption
Alternative investments	2021	2020	frequency	notice period
Real estate investment trust (A)	$ 3,588,675	$ 3,233,921	Lock-up	Not applicable
Multi-strategy hedge funds (B)	8,720,131	10,941,025	Monthly	30 calendar days
Credit-focused hedge fund (C)	36,712	52,211	Lock-up	Not applicable
Private equity funds (D)	7,276,125	5,954,605	Lock-up	Not applicable
	$ 19,621,643	$ 20,181,762		

As of December 31, 2021 and 2020, the Organization had $7,525,326 and $3,186,662 unfunded commitments on its alternative investments.

Information with respect to the strategies of those investment funds that is reported at estimated fair value based upon net asset value per share (or its equivalent) is as follows:

1. *Real estate investment trust* - of which the Organization is a minority shareholder, principal business activities are to invest in affordable multifamily residential mortgage loans, which are subsequently syndicated to institutional investors, and to acquire equity interests in affordable multifamily residential real estate assets.

2. *Multi-strategy hedge funds* - includes investments in funds of funds that invest across multiple hedge fund strategies and styles, including equity long/short, event-driven, relative value, tactical trading, and multi-strategy hedge funds styles.

3. *Credit-focused hedge fund* - comprised of an investment in a hedge fund that seeks to achieve attractive total returns through both capital appreciation and current income. The fund seeks to achieve its investment objective through a portfolio of investments in publicly traded and privately held securities, loans, derivatives and other instruments, primarily in the corporate credit sector of the fixed income and related markets.

4. *Private equity funds* - includes investment in funds licensed by the United States Small Business Administration as small business investment companies. The primary purpose of the fund is to operate as a venture fund and invest in equities, debt securities with the equity participation, secured short-term and long-term loans, and as participants with other funds.

Note 5 - Contributions receivable

At December 31, 2021 and 2020, the Organization had contributions receivable with expected receipts as follows:

	2021	2020
Due within one year	$ 43,243,681	$ 37,831,482
Due in one to five years	9,002,000	12,869,887
	52,245,681	50,701,369
Less discount (0.10%–5.00%)	(306,450)	(2,127,411)
Less allowance for uncollectible contributions receivable	(522,000)	(649,000)
Total contributions receivable, net	$ 51,417,231	$ 47,924,958

At December 31, 2021 and 2020, approximately 18.57% and 13.61%, respectively, of the Organization's contributions receivable was from one donor.

At December 31, 2021 and 2020, approximately 33.43% and 56.40%, respectively, of the Organization's contributions revenue was from five donors.

Note 6 - Government grants and contracts

At December 31, 2021 and 2020, the Organization had grant commitments from various government agencies of approximately $82.4 million and $68.9 million, respectively, with expiring term dates ranging from 2022 to 2025. These grant commitments will be recognized in the accompanying consolidating and consolidated financial statements when it is probable that the conditions surrounding the terms of the grants will be met.

At December 31, 2021 and 2020, government grants and contracts receivable were $21.4 million and $32.3 million, respectively. Approximately $8.3 million and $9.5 million of government grants receivable at December 31, 2021 and 2020, and approximately $11.5 million and $63.9 million of government grants and contracts revenue for the years ended December 31, 2021 and 2020, respectively, were from one government agency.

Note 7 - Program loans, recoverable grants to community development projects, notes and other receivables

Program loans

In furtherance of its charitable purposes, LISC makes loans directly to CDPs and also to its affiliates, to benefit affiliate projects. In general, interest rates on loans to CDPs range from 0% to 8.00% and repayment terms range from 1 year to 39 years. Delinquent loans, measured as those loans whose payment is 90 days past due, totaled $444,274 and $2,395,448, respectively, at December 31, 2021 and 2020. The portion of the allowance dedicated to the delinquent loans totaled $57,880 and $765,410 at December 31, 2021 and 2020, respectively. At December 31, 2021, loan principal of $163,672,739 is due to LISC within one year, of which $92,567,703 is due to LISC within the next six months.

SBA 7(a) Loans Receivable, Paycheck Protection Program
Enacted in March 2020, the CARES Act implemented the PPP loans ("PPP"), a new SBA 7(a) loan program that provides small businesses with uncollateralized and unguaranteed loans at an interest rate of 1.00%. The loans will be fully forgiven, subject to certain limitations, when used by the borrower for payroll costs, interest on mortgages, rent, and utilities. For those loans that are forgiven, the SBA will remit 100% of the remaining outstanding principal plus accrued interest to the Company. For those loans whose borrowers do not meet the criteria required for forgiveness, repayment obligations commence after the applicable deferment period in equal installments over the remaining term to maturity. The initial loans that were originated under the PPP loans have a two-year term and originally had a deferment period of six months; however, as a result of amendments to the PPP loans, these loans now are deferred for up to 16 months. All loans approved by the SBA after June 5, 2020 have a five-year term and deferment period of 16 months. The loans are fully guaranteed by the SBA provided that, originating lenders follow the requirements set forth in the PPP loans. Accordingly, there is no credit risk associated with these loans since the SBA has guaranteed payment of the principal and interest. Neither the government nor lenders charged borrowers any fees in connection with the PPP loans; however, the SBA paid lenders a fee upon funding loans under the PPP loans.

As a SBA 7(a) licensee, immito is an authorized lender under the PPP loans, originally through June 30, 2020 and extended through May 31, 2021, allowing immito to continue to close PPP loans approved by the SBA prior to May 31, 2021. immito originated loans totaling $6,610,890 and $48,167,865 under the program during the years ended December 31, 2021 and 2020, respectively.

As of December 31, 2021, $50,487,046 of the $54,778,755 PPP loans originated during the years ended December 31, 2020 and 2021 were forgiven. The remaining PPP loans were forgiven and repaid, either in part or in full, by the SBA, including both principal and accrued interest in January and February 2022.

During the years ended December 31, 2021 and 2020, the SBA paid immito $334,959 and $1,681,243, respectively, in fees upon funding loans under the PPP loans which are deferred and amortized over the estimated life of the loans using the effective interest method and fully amortized when the underlying loan is repaid in full. As of December 31, 2021 and 2020, $53,230 and $967,667 of the fees were deferred, respectively.

Loans to CDPs and affiliates' projects as of December 31, 2021 and 2020 comprised the following:

Loan type:	2021	2020
Acquisition loans (1)	$ 235,330,009	$ 170,599,468
Predevelopment loans and pre-credit loans (2)	44,543,606	36,820,814
Construction loans (3)	170,277,325	130,266,555
Other (4)	228,285,066	246,215,181
Total	$ 678,436,006	$ 583,902,018

LISC disaggregates loan receivables by loan type when assessing and monitoring risk and performance of the entire population. The major loan types are:

(1) Acquisition loans - to pay purchase and closing costs of a property.

(2) Predevelopment loans and pre-credit loans - to pay project predevelopment expenses.

(3) Construction loans - to pay hard and soft costs of new or rehabilitation projects.

(4) Other - includes mainly semi-permanent and permanent financing for projects, SBA 7(a) loans, bridge loans (financing the remaining gap between projects or program costs and cash from committed or anticipated sources not yet available), and working capital lines of credit to provide flexible capital to meet organizational cash flow needs.

The following tables provide an analysis of the aging of loan receivables as of December 31, 2021 and 2020:

2021	31–60 days past due	61–90 days past due	Greater than 90 days past due	Total past due	Current	Total gross loans receivable
Acquisition	$ -	$ -	$ -	$ -	$ 235,330,009	$ 235,330,009
Predevelopment and pre-credit loans	-	-	265,942	265,942	44,277,664	44,543,606
Construction	172,288	-	-	172,288	170,105,037	170,277,325
Other	-	-	178,332	178,332	228,106,734	228,285,066
Total	$ 172,288	$ -	$ 444,274	$ 616,562	$ 677,819,444	$ 678,436,006

2020	31–60 days past due	61–90 days past due	Greater than 90 days past due	Total past due	Current	Total gross loans receivable
Acquisition	$ 1,289,054	$ -	$ 94,421	$ 1,383,475	$ 169,215,993	$ 170,599,468
Predevelopment and pre-credit loans	-	-	-	-	36,820,814	36,820,814
Construction	-	-	997,350	997,350	129,269,205	130,266,555
Other	-	-	1,303,677	1,303,677	244,911,504	246,215,181
Total	$ 1,289,054	$ -	$ 2,395,448	$ 3,684,502	$ 580,217,516	$ 583,902,018

The activity in the allowance for uncollectible loans for the years ended December 31, 2021 and 2020 is as follows:

2021	Acquisition	Predevelopment	Construction	Other	Total
Allowance for uncollectible loans, beginning of the year	$ (18,401,055)	$ (4,284,609)	$ (4,028,927)	$ (4,706,194)	$ (31,420,785)
Write-offs	94,421	402,279	997,350	639,791	2,133,841
Recoveries	-	-	(16,205)	148,794	132,589
Provision	(2,807,817)	(926,963)	(1,641,342)	119,316	(5,256,806)
Allowance for uncollectible loans, end of the year	$ (21,114,451)	$ (4,809,293)	$ (4,689,124)	$ (3,798,293)	$ (34,411,161)

2020	Acquisition	Predevelopment	Construction	Other	Total
Allowance for uncollectible loans, beginning of the year	$ (16,413,131)	$ (3,660,523)	$ (5,794,823)	$ (3,904,481)	$ (29,772,958)
Write-offs	240,842	149,712	2,272,779	1,707,069	4,370,402
Recoveries	-	-	(4,746)	(4,761)	(9,507)
Provision	(2,228,766)	(773,798)	(502,137)	(2,504,021)	(6,008,722)
Allowance for uncollectible loans, end of the year	$ (18,401,055)	$ (4,284,609)	$ (4,028,927)	$ (4,706,194)	$ (31,420,785)

Loans receivable, by class and credit quality category, as of December 31, 2021 and 2020, are as follows:

	2021							
	Excellent	Strong	Good	Acceptable	Close Follow	Substandard	Doubtful	Total
Acquisition	$ -	$ 4,390,000	$ 36,987,836	$ 110,139,838	$ 11,156,200	$ 958,398	$ -	$ 163,632,272
Predevelopment and pre-credit loans	-	-	11,680,592	20,277,482	600,363	-	-	32,558,437
Construction	-	2,241,090	48,081,899	100,843,563	1,197,584	629,842	-	152,993,978
Other	97,552	27,032,216	93,595,464	204,554,525	3,793,230	178,332	-	329,251,319
Total	$ 97,552	$ 33,663,306	$ 190,345,791	$ 435,815,408	$ 16,747,377	$ 1,766,572	$ -	$ 678,436,006

	2020							
	Excellent	Strong	Good	Acceptable	Close Follow	Substandard	Doubtful	Total
Acquisition	$ -	$ 5,460,119	$ 23,573,001	$ 115,939,753	$ 7,150,902	$ 94,421	$ -	$ 152,218,196
Predevelopment and pre-credit loans	-	918,808	9,020,461	22,476,878	978,861	-	-	33,395,008
Construction	-	-	48,826,859	64,864,313	14,216,985	682,621	-	128,590,778
Other	149,193	33,677,263	92,714,638	131,042,885	10,950,701	-	1,163,356	269,698,036
Total	$ 149,193	$ 40,056,190	$ 174,134,959	$ 334,323,829	$ 33,297,449	$ 777,042	$ 1,163,356	$ 583,902,018

Recoverable grants to CDPs-sponsored projects

In furtherance of its charitable purposes, the Organization makes recoverable grants directly to CDPs. Recoverable grant activity for 2021 and 2020 is summarized as follows:

	2021	2020
Gross recoverable grants beginning of year	$ 31,715,424	$ 20,733,077
New recoverable grants made	7,641,933	16,932,177
Write-offs	(1,644,316)	(2,175,573)
Repayments	(2,662,676)	(3,774,257)
Gross recoverable grants end of year	35,050,365	31,715,424
Allowance for uncollectible recoverable grants, end of year	(17,438,016)	(17,732,299)
Recoverable grants receivable, net, end of year	$ 17,612,349	$ 13,983,125

Note 8 - Grants payable

In furtherance of its charitable purposes, the Organization makes grants to CDPs. The Organization's grant activity for the years ended December 31, 2021 and 2020 is summarized below:

	2021	2020
Grants payable, beginning of year	$ 43,295,401	$ 31,199,415
New project grants made	116,485,893	232,781,294
Disbursements on commitments	(112,084,067)	(220,685,308)
Grants payable, end of year	$ 47,697,227	$ 43,295,401

Note 9 - Temporary Investments in Project Partnerships

NEF Support Corporation, a subsidiary of NEF, may temporarily hold and currently is holding legal interests of Project Partnerships investment in the interim until the interests are assigned to a Fund. Upon assignment of the Project Partnership to a Fund, NEF's investment is typically repaid in full by the Fund.

As of December 31, 2021 and 2020, NEF was holding temporary investments in Project Partnerships of $44,822,951 and $224,975,183, in which NEF contributed $5,654,016 and $31,925,930, respectively, to the Project Partnerships and entered into promissory notes for future contributions of $38,458,262 and $191,874,683, respectively. During 2020, NEF recorded a $504,052 loss on transfer of temporary investments in two Project Partnerships. As of December 31, 2021 and 2020, NEF also includes preacquisition costs of $710,673 and $1,174,570, respectively, in temporary investments in Project Partnerships.

Note 10 - Property and equipment

Property and equipment consist of the following at December 31, 2021 and 2020:

	2021	2020
Furniture, equipment, computer software, and leasehold improvements	$ 17,375,936	$ 17,130,195
Land, buildings, and improvements	58,418,523	66,493,273
Gross property and equipment	75,794,459	83,623,468
Less accumulated depreciation and amortization	(34,784,877)	(35,207,730)
Total property and equipment, net	$ 41,009,582	$ 48,415,738

Related to the CDA entities, as of December 31, 2021 and 2020, the consolidating and consolidated financial statements include $58,418,523 and $66,493,273 in land, buildings and improvements and $1,937,177 and $2,134,306 in furniture, equipment, and leasehold improvements. Accumulated depreciation was $25,513,991 and $27,171,656 as of December 31, 2021 and 2020.

Note 11 - Loans and bond payable

At December 31, 2021 and 2020, loans and bond payable consisted of the following:

	Maturities	Interest rates	2021	2020
Financial institutions and insurance companies	2021-2030	0.00%-4.50%	$ 219,461,050	$ 257,274,731
Sustainability Bonds and Impact Notes	2022-2037	0.95%-4.65%	198,971,000	131,870,000
Foundations	2021-2029	0.00%-4.00%	69,348,729	61,257,983
Public agencies/entities and retirement funds	2021-2043	0.00%-4.00%	54,248,810	93,939,465
Nonprofit and other institutions	2021-2026	0.00%-2.00%	106,178,537	8,502,949
Total			648,208,126	552,845,128
Less: unamortized Discount and deferred costs			(2,549,696)	(1,695,601)
Loans and Bonds Payable, net			$ 645,658,430	$ 551,149,527

Loans and bonds payable maturities
Loans payable are scheduled to be repaid as of December 31, 2021 as follows:

	Principal
2022	$ 79,706,241
2023	53,684,034
2024	51,263,878
2025	58,150,508
2026	72,532,872
Thereafter	332,870,593
Total	$ 648,208,126

In November 2020, LISC launched an Impact Notes (Notes) program for up to $200,000,000. The proceeds of the offering will be used for general corporate purposes, including to refinance certain of LISC's existing indebtedness and as capital for loans made by LISC and its affiliates, each in support of LISC's overall mission to encourage the growth of, and provide support to, neighborhood and community development organizations and businesses that foster improvement of economic conditions; develop housing and other physical facilities; provide amenities and services; and other activities that help to revitalize disinvested communities. The Notes are sold through the Depository Trust Company (DTC). The Lead Selling Agent, InspereX, agrees to sell these notes to other agents on LISC's behalf. The Notes are issued in increments of $1,000 or more and pay interest at various fixed interest rates. The terms of the Notes offer one-year to 15-year maturities.

As of December 31, 2021, LISC issued $98,971,000 in Notes as follows:

Maturities	Interest rates	2021
October 15, 2022	0.35%	$ 8,646,000
February 15, 2024	0.50%	5,000,000
November 15, 2025	1.00%	19,880,000
December 15, 2025	0.95%	9,111,000
January 15, 2026	0.95%	8,250,000
March 15, 2026	1.25%	7,002,000
May 15, 2026	1.30%	7,550,000
August 15, 2026	1.25%	7,945,000
October 15, 2027	1.80%	303,000
November 15, 2027	1.40%	294,000
December 15, 2027	1.30%	757,000
April 15, 2028	1.90%	3,880,000
July 15, 2028	1.75%	6,901,000
July 15, 2028	1.60%	122,000
September 15, 2028	1.65%	607,000
December 15, 2028	2.00%	953,000
December 15, 2030	1.70%	1,828,000
January 15, 2031	1.80%	40,000
February 15, 2031	1.80%	5,703,000
May 15, 2031	2.30%	144,000
August 15, 2031	2.25%	4,055,000
		$ 98,971,000

The Notes were issued at a discount of $1,225,817 and LISC incurred debt issuance costs of $1,053,577. As of December 31, 2021 and 2020, the unamortized discount and deferred costs were $1,986,558 and $1,069,216, respectively.

In April 2017, LISC issued $100,000,000 in Taxable Bonds, Series 2017A ("Sustainability Bonds") ($25,000,000, 3.005% term bonds due March 1, 2022; $25,000,000, 3.782% term bonds due March 1, 2027; and $50,000,000, 4.649% term bonds due March 1, 2037). The proceeds of the Sustainability Bonds were used to finance then existing loans payable and pay a portion of the debt issuance costs. The Sustainability Bonds were issued at a discount of $731,478, and LISC incurred debt issuance costs of $126,811. As of December 31, 2021 and 2020, the unauthorized discount and deferred costs were $563,138 and $626,385, respectively.

At December 31, 2021, LISC had $214,887,500 of available undrawn sources of funding with maturities ranging from 2022 to 2031. Interest rates range from 0.00% to 4% fixed rate ($186,887,500) and floating rate range from LIBOR + 1.50% to LIBOR + 2.15% ($25,000,000), PRIME - 1.00% ($3,000,000).

In August 2020, immito borrowed funds from the Federal Reserve through the Paycheck Protection Program Liquidity Facility (the "PPP loans LF"). Additional funds were borrowed in 2021 including the expansion of the PPP loans program funding a total of $6,610,890. Advances under the PPP loans LF carry an interest rate of 0.35%, are made on a dollar-for-dollar basis based on the amount of loans originated under the PPP loans and are secured by loans processed by immito under the PPP loans . The maturity date of PPP loans LF borrowings is the same as the maturity date of the loans pledged to secure the extension of credit, two to five years. At maturity, both principal and accrued interest are due. The maturity date of a PPP loans LF borrowing will be accelerated if, among other things, immito has been reimbursed by the SBA for a loan forgiveness (to the extent of the forgiveness), received payment from the SBA representing exercise of the loan guarantee or received payment from the underlying borrower (to the extent of the payment received). immito borrowed funds under the PPP loans LF to finance all the loans immito originated under the PPP loans . At December 31, 2021, the outstanding balance under the PPP loans LF was $4,291,709.

AHLF entered into loan agreements with various lenders dated as listed below (collectively, the "Lenders"), for credit facilities in the aggregate principal amounts as follows:

Loan Date	Lender	Maximum Amount of Credit Facility	Balance as of 12/31/2021	Balance as of 12/31/2020
September 25, 2020	Chase New Markets Corporation	$ 12,500,000	$ 2,500,000	$ -
September 25, 2020	Citizens Bank, N.A.	3,000,000	600,000	-
September 25, 2020	First Independence Bank	2,500,000	500,000	-
September 25, 2020	Flagstar Bank, FSB	2,500,000	500,000	-
December 16, 2020	PNC Community Development Company, LLC	5,000,000	1,000,000	-
May 14, 2021	CIBC Bank USA	2,500,000	500,000	-
December 6, 2021	Keybank National Association	10,000,000	-	-
		$ 38,000,000	$ 5,600,000	$ -

Each loan has a non-revolving advance period expiring five years after the respective Loan Date, followed by a ten-year non-revolving term. The loans mature 10 years after the respective Loan Date and bear interest on outstanding principal amounts at a fixed rate per annum of 2% commencing on the first day of the third month following the first full month after the respective Loan Date. Accrued interest is due and payable quarterly on each loan beginning March 31, 2021 through maturity.

Principal payments are due quarterly beginning five years after the respective Loan Date in an amount equal to 1/120th of all loans outstanding as of such date.

All remaining outstanding principal and any unpaid interest on the loans are due and payable in full at maturity. The Lenders have the right to accelerate the maturity date of their loan upon the occurrence of an Event of Default, as further defined in its respective loan agreement. The Fund may prepay the loans on a pro rata basis, in whole or in part, at any time. The loans are secured by a Guarantee Agreement. For the years ended December 31, 2021 and 2020, interest expense incurred on the loans was $51,972 and $0, respectively, and accrued interest as of both December 31, 2021 and 2020 was $0.

BFF entered into loan agreements with various lenders dated as listed below (collectively, the "Lenders"), for credit facilities in the aggregate principal amounts as follows:

Loan Date	Lender	Maximum Amount of Credit Facility	Balance as of 12/31/2021	Balance as of 12/31/2020
August 3, 2020	First Republic Bank ("FRB")	$ 5,000,000	$ 500,000	$ -
August 13, 2020	The San Francisco Foundation ("SFF")	5,000,000	500,000	-
August 19, 2020	Silicon Valley Community Foundation ("SVCF")	1,000,000	100,000	-
October 29, 2020	Chase New Markets Corporation ("CNMC")	15,000,000	1,500,000	-
January 21, 2021	The Ford Foundation (“FF”)	10,000,000	1,000,000	-
October 22, 2021	The David and Lucile Packard Foundation ("DLPF")	3,000,000	-	-
		$ 39,000,000	$ 3,600,000	$ -

Each loan has a non-revolving advance period expiring five years after the respective Loan Date, followed by a five-year non-revolving term. The loans mature ten years after the respective Loan Date (nine years for DLPF loan) and bear interest on outstanding principal amounts at a fixed rate per annum of 2% for the CNMC, FRB, FF, and SVCF loans, 2.5% for the SFF loan, and 1% for the DLPF loan. Accrued interest is due and payable on the last day of each calendar quarter for each loan beginning September 30, 2020 for the FRB, SFF, and SVCF loans, December 31, 2020 for the CNMC loan, March 31, 2021 for the FF loan, and December 31, 2021 for the DLPF loan through maturity. The entire principal and any unpaid interest on the loans are due and payable in full at maturity. The Lenders have the right to accelerate the maturity date of their loan upon the occurrence of an Event of Default, as further defined in its respective loan agreement. As of December 31, 2021 and 2020, there has not been an Event of Default and BFF is in compliance with all covenants. BFF may prepay the loans on a pro rata basis, in whole or in part, at any time. The loans are unsecured and full recourse obligation of the Fund. For the years ended December 31, 2021 and 2020 interest expense incurred on the loans was $54,427 and $0, respectively, and accrued interest as of December 31, 2021 and 2020 was $0.

CHOIF entered into loan agreements with various lenders dated as listed below, for the credit facilities in the aggregate principal amounts as follows:

Loan Date	Lender	Maximum Amount of Credit Facility	Balance as of 12/31/2021	Balance as of 12/31/2020
September 3, 2019	Bank of America Community Development Corp	$ 2,500,000	$ 1,141,357	$ 429,924
September 20, 2019	Foundation For The Carolinas	2,500,000	1,141,013	429,924
December 20, 2019	Duke Energy Corporation	2,000,000	911,969	343,939
December 20, 2019	The Presbyterian Hospital	6,000,000	2,738,975	1,031,816
December 24, 2019	Ally Bank	5,000,000	2,282,795	859,847
March 2, 2020	Truist Bank	4,000,000	1,826,389	687,876
		$ 22,000,000	$ 10,042,498	$ 3,783,326

Each loan has a non-revolving advance period expiring five years after the respective Loan Date, followed by a ten-year non-revolving term. The loans mature September 3, 2039 and bear interest on outstanding principal amounts at a fixed rate per annum of 1%, with interest payments commencing on October 1, 2024. All remaining outstanding principal and any unpaid interest payments on the loans are due and payable in full at maturity. The Lenders have the right to accelerate the maturity date of their loan upon the occurrence of an Event of Default, as further defined in its respective loan agreement. CHOIF may prepay the loans on a pro rate basis, in whole or in part, at any time. As of December 31, 2021 and 2020, the outstanding balance of the loans was $10,042,498 and $3,783,326, respectively, and accrued interest was $0 and $10,377, respectively. For the years ended December 31, 2021 and 2020, respectively, interest expense on the loans was $46,796 and $10,377.

CHF entered into a Loan Agreement with Facebook Community Housing Fund, LLC dated December 9, 2020, and amended on September 14, 2021. Pursuant to the Loan Agreement, Facebook Community Housing Fund, LLC shall make advances to CHF through December 9, 2025, up to an aggregate principal amount of $150,000,000. Pursuant to the Loan Agreement, interest accrues on the outstanding principal balance on the loan at a rate of 1.00% per annum. Interest is due quarterly commencing on March 31, 2021, and continuing on the last day of each calendar quarter thereafter through maturity. Commencing December 9, 2025, and continuing on the last day of each calendar quarter thereafter, CHF shall pay to Facebook Community Housing Fund, LLC an amount equal to the repayments of the Project Loans received by CHF, if any, as payment of outstanding principal on the loan. On December 31, 2038, the remaining unpaid principal together with accrued but unpaid interest is due. CHF may prepay the loans without penalty. As of December 31, 2021, the outstanding balance was $71,445,160 and accrued interest was $0. For the year ended December 31, 2021, interest expense on the loan was $269,639.

SOAR entered into a Loan and Security Agreement with the Lenders dated April 22, 2021, to make loans to SOAR in the aggregate principal amounts as follows:

Class	Lender	Loan Commitment	Balance as of 12/31/2021
Class A	Mercy Investment Services, Inc.	$ 1,500,000	$ 388,867
Class A	Microsoft Corporation	20,000,000	5,184,906
Class A	The Grove Foundation	500,000	129,626
Class A	Isenberg Family Charitable Foundation, Inc.	1,250,000	324,054
Class A	Heifer International Foundation	2,500,000	648,119
Class A	Chase New Markets Corporation	10,000,000	2,592,449
Class A	The David and Lucile Packard Foundation	5,000,000	1,296,226
Class A	Winrock International Foundation LLC	500,000	129,626
Class A	Woodforest National Bank	1,000,000	259,241
Class A	Gary Chartrand GRAT II Exempt Trust	1,000,000	259,241
Class A	Gary R. Chartrand Revocable Trust	1,000,000	259,241
Class A	Millennium Trust Company, LLC cust. FBO Amy Brakeman IRA	1,000,000	155,246
Class B	Arbitblit Suttie 2010 Trust	250,000	86,663
Class B	The Grove Foundation	500,000	173,322
Class B	Isenberg Family Charitable Foundation, Inc.	750,000	259,985
Class B	Mercy Investment Services, Inc.	500,000	173,322
Class B	Mighty Arrow Family Foundation	250,000	86,663
Class B	The Roger I. & Ruth B. MacFarlane Foundation	250,000	86,663
Class B	Ms. Foundation for Women, Inc.	250,000	86,663
Class B	Kristin Leimkuhler Trust UAD 12/11/2017	250,000	86,663
Class B	ImpactAssets Inc., FBO Excelsior Impact Fund	250,000	86,663
Class B	Visa Foundation	5,000,000	1,733,234
Class B	Compton Foundation, Inc.	500,000	173,322
Class B	W.K. Kellogg Foundation	3,000,000	1,039,939
Class B	Jewish Community Federation of San Francisco, The Peninsula, Marin and Sonoma Counties	1,000,000	-
Class B	Kermit G. Phillips II Charitable Trust	250,000	-
		$ 58,250,000	$ 15,699,944

Pursuant to the Loan and Security Agreement, interest accrues on the outstanding principal balance of the loans payable at a rate of 2.00% per annum for Class A loans and 2.50% per annum for Class B loans. Interest is due on the 21st of each month for each loan beginning 180 days after the disbursement date through maturity. Each loan is due and payable seven years after the original disbursement date. As of December 31, 2021, the outstanding balance of loans payable was $15,699,944 and accrued interest payable was $27,125. For the year ended December 31, 2021, interest expense on the loans was $76,138.

Pledged assets

LISC has pledged certain assets as collateral to lenders to secure (1) nonrecourse indebtedness to LISC totaling $0 as of December 31, 2021 and 2020, and (2) $44,669,802 and $46,513,064 of collateral assets for the recourse indebtedness under the Community Development Financial Institution Bond Guarantee Program ("CDFI BGP Loan") totaling $42,650,233 and $44,119,430, as of December 31, 2021 and 2020, respectively.

Subordinated debt

At December 31, 2021, LISC has subordinated debt in loans and bonds payable totaling $29.6 million in the form of eleven equity equivalent investments from six financial institutions. At December 31, 2020, LISC had subordinated debt included in loans and bonds payable totaling $34.5 million in the form of 14 equity equivalent investments from six financial institutions.

Lines of credit
At December 31, 2021 and 2020, LISC had available bank lines of credit of $65,000,000, which expire between February 10, 2022 and March 28, 2023, with interest rates ranging from LIBOR + 1.80% to LIBOR + 1.875%, PRIME - 1.50%, SOFR + 1.90%, and BSBY + 1.50%. At both the years ended December 31, 2021 and 2020, the outstanding balance included in loans and bonds payable was $0 and $10,000,000, respectively.

During 2020, NEF had a $10,000,000 unsecured revolving credit facility with a bank. During 2021, the unsecured revolving credit facility was increased to $20,000,000. The current maturity date is November 30, 2022. Interest on any outstanding amounts is due monthly at the greater of Prime plus 25 basis points or 2.5%. The interest rate was 3.5% in 2021. NEF borrowed $10,000,000 on the unsecured credit facility and repaid $10,000,000 in 2021. NEF did not borrow on the unsecured credit facility in 2020. The outstanding balance as of December 31, 2021 and 2020 was $0.

During 2020, NEF had a $10,000,000 secured revolving credit facility with a bank to provide a portion of the equity needed to temporarily invest in project partnerships. The limited partnership interests in the project partnerships secured any monies advanced. The $10,000,000 secured credit facility was terminated in May 2021 when the unsecured revolving credit facility was increased from $10,000,000 to $20,000,000. NEF did not borrow on the secured credit facility in 2021. NEF borrowed $9,288,047 on the secured credit facility and repaid $9,288,047 in 2020. Interest on any outstanding amounts was due monthly at the greater of Prime or 2.5%. Interest rates ranged from 3.25% to 4% in 2020.

NEF has a $20,000,000 revolving credit facility with another bank to provide a portion of the equity needed to temporarily invest in project partnerships, provide bridge financing to the Funds and to fund general corporate and working capital purposes that support the Corporation's core business activities. The current maturity date is March 10, 2023. Interest on any outstanding amounts is due quarterly calculated at Prime less 90 basis points. The interest rate in 2021 was 2.35% and ranged from 1.79% to 2.48% in 2020. NEF borrowed $10,000,000 and repaid $10,000,000 in 2021 and borrowed $15,000,000 and repaid $15,000,000 in 2020. The outstanding balance at December 31, 2021 and 2020 was $0. NEF is also required to pay a revolving commitment fee of 0.25% based on the daily amount of the undrawn portion of the revolving credit facility.

In May 2020, immito entered into a Loan and Security Agreement ("Loan") for a $25,000,000 warehouse line of credit facility with a financial institution to fund the guaranteed portion of SBA 7(a) loans for up to 90 days and PPP loans until refinanced and/or forgiven by the SBA. Under the terms of the Loan, the interest rate is 0.50% per annum. Any outstanding principal, interest or other charges are due no later than May 2022. At December 31, 2020, immito had no outstanding balance. immito did not utilize this facility in 2021 and canceled this Agreement in June 2021.

Covenants
In accordance with the terms of loan agreements with certain lenders, LISC is required to meet several financial covenants. LISC was in compliance with its financial covenants at December 31, 2021.

Note 12 - Pension and thrift plans

LISC has a Code Section 403(b) defined-contribution pension plan covering all eligible employees. Plan contributions are computed based on formulas defined in the plan. Total pension expense for the years ended December 31, 2021 and 2020, was $3,450,285 and $2,936,743, respectively.

LISC, NEF and immito maintain thrift plans under Section 401(k) of the Code covering all eligible employees. Under the plans, employee contributions are partially matched by LISC, NEF and immito, respectively. Total thrift plan expense for the years ended December 31, 2021 and 2020 was $2,723,482 and $2,476,190, respectively.

Note 13 - Financial instruments with off-balance-sheet risk and fair values

Off-balance-sheet risk

The Organization is a party to certain financial instruments with off-balance-sheet risk to meet the financing needs of community development organizations across the United States. These financial instruments and arrangements include financial guarantees and loan commitments. These transactions and arrangements involve elements of credit risk. The Organization uses the same credit policies in making commitments and conditional obligations as it does for on-balance-sheet instruments.

The Organization's exposure to credit loss in the event of nonperformance of the Organization's loans have been guaranteed or sold with recourse is equal to the contractual amounts of the instruments.

Loan commitments are agreements to lend as long as there is no violation of any condition established in the contract. The following represents the composition of financial instruments with off-balance-sheet risk:

	2021 Contract amount	2020 Contract amount
Financial instruments whose contract amounts represent credit risk		
Financial guarantees	$ 6,199,522	$ 6,692,173
Loan commitments outstanding	159,646,904	138,948,679
Total	$ 165,846,426	$ 145,640,852

LISC generally makes loans over $500,000 on a secured basis. The collateral for such loans generally consists of mortgages, security agreements, assignment of contract receivables, and guarantees.

At December 31, 2021 and 2020, LISC had interest rate swap agreements with notional amounts aggregately of $10,000,000, respectively. At December 31, 2021 and 2020, the fair value of the interest rate swaps was $(173,572) and $(546,274), respectively.

Fair values

The following methods and assumptions were used by the Organization in estimating its fair value disclosure for financial instruments: for cash, cash equivalents, restricted cash escrow, accrued interest receivable, contributions receivable, government grants receivable, notes and other receivables, recoverable grants, real estate held for sale, accounts payable and accrued expenses, grants payable, capital contributions due to temporary investment in Project Partnerships, and capital contributions due to investment in Project Partnerships, the respective amounts reported in the consolidating and consolidated statement of financial position, approximate fair values due to the short-term nature of these financial instruments. The carrying value of loans receivable approximates fair value, which is based on a discounted cash flow analysis using current rates the Organization would charge to similar borrowers with similar maturities and is considered market rate for loans made by similar community development financial institutions. The inputs used for the fair value estimates of these financial instruments are unobservable and are considered Level 3 in the fair value hierarchy. The carrying value of long-term debt and loans and bond payable approximates fair value, which is based on a discounted cash flow analysis using current borrowing rates, which are significant observable inputs and are considered Level 2 in the fair value hierarchy. The Organization utilized Level 3 inputs in its evaluation of impairment of investments in Project Partnerships, the provision for loss on temporary investments in Project Partnerships, the provision for loss on receivables, and the value of the bond receivable. For a discussion of valuations of investments, see Note 1.

The following tables present the Organization's fair value hierarchy for those assets and liabilities measured at fair value on an annual basis as of December 31, 2021 and 2020:

	December 31, 2021		
	Total	Level 1	Level 2
Cash and cash equivalents, and restricted cash escrow	$ 436,773,808	$ 436,773,808	$ -
Investments			
Cash held for investment	$ 48,140,675	$ 48,140,675	$ -
Corporate bonds and fixed income funds	40,835,217	40,676,381	158,836
U.S. government agencies	58,878,840	51,202,320	7,676,520
Certificates of deposit	18,400,499	-	18,400,499
	166,255,231	140,019,376	26,235,855
Alternative investments			
Real estate investment trust	3,588,675		
Project partnership and joint venture	-		
Hedge funds	8,756,843		
Private equity funds	7,276,125		
	19,621,643		
Total investments	$ 185,876,874		
Interest rate swap held by LISC	$ (173,572)	$ -	$ (173,572)
Total interest rate swaps	$ (173,572)	$ -	$ (173,572)
Loan guarantee - LISC	$ (655,764)	$ -	$ (655,764)

	December 31, 2020		
	Total	Level 1	Level 2
Cash and cash equivalents, and restricted cash escrow	$ 274,491,458	$ 274,491,458	$ -
Investments			
Cash held for investment	$ 47,961,397	$ 47,961,397	$ -
Corporate bonds and fixed income funds	40,307,588	40,115,312	192,276
U.S. government agencies	59,352,995	51,452,095	7,900,900
Certificates of deposit	5,901,080	-	5,901,080
	153,523,060	139,528,804	13,994,256
Alternative investments			
Real estate investment trust	3,233,921		
Hedge funds	10,993,236		
Private equity funds	5,954,605		
	20,181,762		
Total investments	$ 173,704,822		
Interest rate swap held by LISC	$ (546,274)	$ -	$ (546,274)
Total interest rate swaps	$ (546,274)	$ -	$ (546,274)
Loan guarantee - LISC	$ (298,902)	$ -	$ (298,902)

Note 14 - Concentration of credit risk

LISC makes loans throughout the United States primarily to local community organizations and non-profit developers that are primarily engaged in residential, commercial, and community facility real estate development. Although LISC's portfolio is diversified as to location of borrower, the ability of LISC borrowers to repay their obligations on a timely basis may be affected by a downturn in the economy, a cutback in government subsidies, or the availability of other permanent financing sources, which may limit capital available to complete projects. The Organization places its cash and cash equivalents with high credit quality financial institutions that are federally insured. At times, invested cash may exceed federally insured amounts.

BFF's, BFF Side Car's and CHF's major assets are loans receivable from borrowers with operations in the Bay Area affordable housing market. BFF's, BFF Side Car's and CHF's primary source of revenue is derived from these assets. Future operations could be affected by changes in the economic conditions of the geographical area or by changes in the economic condition of the borrowers or their parent companies.

AHLF's major assets are loans receivable from borrowers with operations concentrated in the Detroit, Michigan residential real estate market. The fund's primary source of revenue is derived from these assets. Future operations could be affected by changes in the economic conditions of that geographical area or by changes in the economic condition of the borrowers or their parent companies.

CHOIF's major assets are loans to and an investment in borrowers with operations concentrated in the affordable housing market in the City of Charlotte and in the surrounding area of Mecklenburg

County, North Carolina. CHOIF's primary source of revenue is derived from these assets. Future operations could be affected by changes in the economic conditions of that geographical area or by changes in the economic condition of the borrowers or their parent companies.

SOAR's major assets are loan receivables from borrowers with operations concentrated in the south and southeastern United States. SOAR's primary source of revenue is derived from these assets. Future operations could be affected by changes in the economic conditions of that geographical area or by changes in the economic condition of the borrowers.

BEDF's major assets are loan receivables from borrowers with operations throughout the United States. BEDF's primary source of revenue is derived from these assets. Future operations could be affected by changes in the economic conditions of the borrowers or their parent companies.

Note 15 - Commitments and contingencies

Project Partnership guarantees and purchase commitments

In connection with the placement of a Project Partnership into a Fund in 2014, a subsidiary of NEF entered into a put agreement with the investor of the Fund. Under the agreement, the Fund investor could put, assign and transfer the Project Partnership to the subsidiary or its designee at any time after expiration of the credit period and before expiration of the credit compliance period of the Project Partnership, which is anticipated to be 2025 and 2030, respectively ("Put Period"). If the option is exercised, the subsidiary would be responsible for paying the tax credit recapture to the Fund investor if a catastrophic event occurs during the Put Period and the Project Partnership was unable to rebuild the lost units due to zoning reconstruction restrictions. NEF has not accrued any contingent liability as a loss is neither probable nor estimable as of December 31, 2021.

During 2019, NEF entered into a subscription agreement with a LISC managed fund whose purpose is to provide debt financing to preserve investments in affordable housing projects. NEF has agreed to provide up to $100,000 in capital contributions to this fund in accordance with the subscription agreement. No amounts have been funded as of December 31, 2021.

During 2021, NEF Support Corporation, a subsidiary of NEF, entered into two California state tax credit purchase and transfer agreements with unrelated third parties. NEF Support Corporation agreed to purchase the state tax credits associated with two project partnerships when they become available and immediately assign the state tax credits to two separate investors. The cumulative estimated purchase price is $11,498,360, which is payable as the project partnerships reach stabilization and qualified occupancy. Per the agreements with the investors, upon assignment to the investors, the purchase price will be repaid in full.

NEF periodically enters into guaranty agreements related to project partnerships in the ordinary course of business. NEF provides backstop operating deficit guarantees, construction completion guarantees, and development completion guarantees to construction lenders, investors, and Funds. NEF's maximum exposure is $5,025,643 and $6,425,643 as of December 31, 2021 and 2020, respectively. NEF has not accrued any contingent liability as a loss is neither probable nor estimable as of December 31, 2021.

The CDA Partnerships' low-income housing credits are contingent on its ability to maintain compliance with applicable sections of Section 42. Failure to maintain compliance with occupant eligibility, and/or unit gross rent, or to correct noncompliance within a specified time period could result in recapture of previously taken tax credits plus interest. In addition, such potential noncompliance may require an adjustment to the contributed capital by the limited partner(s).

As of December 31, 2021 and 2020, immito had $1,551,075 and $2,871,357, respectively, of unfunded commitments in connection with its SBA 7 (a) loans where portions of loans originated were partially funded. immito will fund these commitments from the same sources it uses to fund its other loans.

Pursuant to the Guarantee Agreement dated September 25, 2020, AHLF incurs a guaranty fee due to the Kresge Foundation ("Kresge") in consideration for Kresge's guarantee, which is limited to the lesser of $10,000,000 or 15% of the aggregate principal amount of loans committed to AHLF by December 31, 2021, to enable AHLF to raise capital from lenders. The guaranty fee of $7,500 is due annually beginning September 25, 2020 through the Termination Date of the agreement, which is the earlier of the fifteenth anniversary of the closing date of the last Qualified Project Financing (as defined in the Guarantee Agreement), or December 31, 2040. Beginning on September 25, 2025 and annually thereafter until the Termination Date, the guaranty fee incurred will be equal to the amount that is 0.40% of the undrawn Guarantee Amount (as defined in the Guarantee Agreement). The guaranty fee incurred for each of the years ended December 31, 2021 and 2020 was $7,500. As of December 31, 2021 and 2020, accounts payable and accrued expenses included $0 and $7,500, respectively, of guaranty fees due to Kresge.

Pursuant to the Guaranty Agreement dated September 1, 2020, BFF Side Car is acting as a guarantor in favor of BFF. BFF Side Car irrevocably, absolutely, and unconditionally guarantees the payments due by BFF to its Qualified Lenders under the Qualified Loans (as defined in a Guaranty Agreement), including principal, interest, fees, premiums, expense reimbursements, etc. and BFF Side Car agrees to pay any and all reasonable costs and expenses incurred by BFF or a Qualified Lender in enforcing any rights under the Guaranty Agreement. As of December 31, 2021 and 2020, no claims or payments have been made relative to the Guaranty Agreement.

Litigation

In the ordinary course of its activities, the Organization is a party to several legal proceedings. In the opinion of management and legal counsel, the resolution of such matters will not have a material adverse impact on the Organization's operations or financial position.

COVID-19

In early 2020, an outbreak of a novel strain of coronavirus ("COVID-19") emerged globally. As a result, events have occurred including mandates from federal, state and local authorities. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. economy. The extent of the impact of COVID-19 has not had a negative impact on the Organization's operational and financial performance through December 31, 2021. During 2021, LISC received approximately $36.3 million in private contributions for COVID-19 relief grants to small businesses. Ongoing performance will depend on certain developments, including the duration and spread of the outbreak, and the impact on employees and vendors, all of which are uncertain and cannot be determined at this time.

Operating lease, right of use asset and liability

The Organization's leased assets include office leases with remaining terms from less than one year up to 15 years. Any renewal options are excluded from the calculation of lease liabilities unless exercising the renewal option is reasonably assured. The lease agreements do not contain residual value guarantees or material restrictive covenants. Operating leases are reflected on the consolidating statement of financial position as a right of use asset and a related right of use liability. Right of use assets represent the right to use an underlying asset for the lease term and were $50,129,732 and $54,234,304 as of December 31, 2021 and 2020, respectively, and right of use liability represents the obligation to make lease payments arising from the lease agreement which are discounted using the Organization's incremental borrowing rate, rates ranging from 1.54% to 3.04%, as of December 31, 2021 and rates ranging from 1.72% to 2.88% as of December 31, 2020. Operating lease right of use assets and liabilities are recognized at the commencement date, or the date on which the lessor makes the underlying asset available for use, based upon present value of the lease payments over the respective lease term. Lease expense is recognized on a straight-line basis over the lease term. Variable lease costs such as common area maintenance and property taxes are expenses as incurred.

Minimum rental commitments under noncancelable operating real estate leases in effect at December 31, 2021 and expiring at various dates through February 2035 totaled $62,996,625. These amounts exclude future escalation for real estate taxes and building operating expenses. Minimum future rental commitments as of December 31, 2021 are as follows:

2022	$ 6,347,927
2023	5,650,918
2024	4,063,743
2025	4,901,671
2026	4,598,353
Thereafter	37,434,013
Subtotal	62,996,625
Less: effects of discounting	(9,495,831)
Total	$ 53,500,794

Rental expense, inclusive of real estate taxes and operating costs, for the years ended December 31, 2021 and 2020, totaled $7,966,705 and $7,754,519, respectively.

Government contracting

Grant and contract revenue recognized from government agencies are based on actual costs incurred and reimbursable expenses from the respective government agencies. These costs are subject to audit by the Office of the Inspector General or the respective granting agencies and the ultimate revenue recognized is contingent upon the outcome of any such audits. Accordingly, the accompanying consolidating and consolidated financial statements are subject to reflecting provisions for adjustments, if any, which may result from an audit. For the year ended December 31, 2021, no such provisions were necessary.

Note 16 - CDA partnerships - long-term debt, net and notes payable to funds

As of December 31, 2021 and 2020, the CDA Partnerships had an outstanding long-term debt balance of $35,687,915 and $38,646,237, respectively, which consists of mortgage notes held by banks and other lenders. Maturity dates range from 2036 to 2057 and interest rates range from 0% to 5.32% as of December 31, 2021 and 2020, respectively. Debt issuance costs were $472,777 and $510,821 as of December 31, 2021 and 2020, respectively, and are presented net in long-term debt on the consolidating and consolidated statement of financial position.

Annual maturities on long-term debt and notes payable to Funds at December 31, 2021 are as follows:

2022	$	186,418
2023		193,233
2024		200,296
2025		207,619
2026		215,208
Thereafter		36,474,085
Total	$	37,476,859

As of December 31, 2021 and 2020, the CDA Partnerships had outstanding unsecured notes payable to the Funds in the amount of $2,261,721 and $3,131,121, respectively. Interest rates range from 0.98% to 2.86% and the notes are payable out of surplus cash flow as defined in the promissory note.

Note 17 - Due from funds

Due from Funds, includes the syndication and asset management fees from Funds billed but not received as of December 31, 2021 and 2020. At December 31, 2021 and 2020, $9,499,197 and $7,900,995 in fees, respectively were due to NEF. All fees are due within one year.

Note 18 - Project partnerships

Investment in project partnerships

NEF (or its subsidiaries) has nominal (generally 1% or less) general partner or managing member interests in the Funds and other ventures and partnerships. At December 31, 2021 and 2020, NEF's investment balance in the Funds and other ventures and partnerships was $16,130 and $14,530, respectively, and is included in other assets, in the accompanying consolidating and consolidated statement of financial position. NEF accounts for its investments in Funds and other ventures and partnerships using the equity method of accounting, to the extent of its investment plus unrecovered advances. At December 31, 2021 and 2020, deficit balances related to certain of its investments in Funds and other ventures and partnerships were $891,030 and $850,699, respectively, and are included in accounts payable and accrued expenses in the accompanying consolidating and consolidated statement of financial position. NEF recorded $40,331 of equity in losses and $16,960 of equity in income as of December 31, 2021 and 2020, respectively. During 2021, NEF received a $1,892,941 distribution on account of carried interest for its general partner interest in NEF Preservation Fund I LP.

NEF holds limited partner interests in certain Funds in which it manages. The investment balances of these interests are $7,404 and $483,741 as of December 31, 2021 and 2020, respectively. NEF recorded $8,919 and $140,023 of equity in losses as of December 31, 2021 and 2020, respectively. During 2021, NEF received distributions in excess of its investment balance of $403,842.

The CDA entities discussed in Note 1 hold generally a 1% or 0.01% general partnership interest in the CDA Partnerships. Pursuant to U.S. GAAP, CDA is deemed to control the limited partnerships and has, therefore, consolidated all entities in which it served as a general partner or managing member if the limited partners do not overcome the presumption of partnership control. CDA did not assume any general partner interests in 2021 and 2020. CDA transferred its general partner interests in one and four CDA Partnerships to an unrelated third party in 2021 and 2020, resulting in a $1,351,553 loss and $2,728,932 gain on disposition in 2021 and 2020, respectively.

Assignment of project partnership interests
The assignment of Project Partnership interests to a Fund is recognized when the parties are bound by the terms of a contract, all consideration has been exchanged, any permanent financing for which NEF is responsible has been arranged and all conditions precedent to closing have been performed.

Interest rate swaps held by CDA Partnerships
One CDA Partnership is party to a derivative financial instrument to limit its exposure to interest rate fluctuations through the use of interest rate swaps. These instruments are held only for the purpose of hedging or limiting such risks, not for speculation. As the CDA Partnership's derivative financial instrument does not qualify for hedge accounting, the CDA Partnership recorded a $0 and $16,581 gain on interest rate swaps in 2021 and 2020, respectively. This balance is classified within Level 2 of the fair value hierarchy.

Investments in joint venture
CNI owns joint venture interests in the below investees, which are North Carolina limited liability companies that own certain real properties in Charlotte, NC as follows:

Investees	Date	Equity investment	Membership interest
Archdale NOAH, LLC (“Lake Mist”)	12/10/2020	$ 1,600,000	29.71%
Wendover NOAH, LLC (“Wendover”)	9/27/2021	$ 725,000	22.58%
McAlway NOAH, LLC (“McAlway”)	11/3/2021	$ 900,000	26.47%
Shamrock NOAH, LLC (“Noah”)	12/14/2021	$ 3,800,000	29.80%

FASB Accounting Standards Codification Topic 810 addresses how a reporting company should evaluate whether it has a controlling interest in a variable interest entity ("VIE") through means other than voting rights and under what circumstances the reporting company should consolidate the entity. CNI has determined that Lake Mist is a variable entity and CNI is not the primary beneficiary. Consequently, CNI is not required to consolidate its investment in Lake Mist. This conclusion was based on the determination that CNI does not have the power to direct the activities that most significantly impact Lake Mist's economic performance. CNI's maximum exposure to loss as a result of its involvement with the investment remains limited to the current investment balance. During the year ended December 31, 2021, CNI provided no explicit or implicit financial or other support to Lake Mist that was not previously contractually required or intended.

CNI accounts for its investment in the Investees using the equity method of accounting. Under the equity method of accounting, the investment is recorded at cost and adjusted for CNI's share of income or loss of the Investees, additional investments, and cash distributions from the Investees. Since CNI has no obligation to fund liabilities of the Investees beyond its investment, its investment in the Investees may not be reduced below zero. To the extent that equity losses are incurred when CNI's carrying value of its investment in the Investees has reached zero balance, any losses will be suspended to be used against future income.

CNI has adopted the nature of distributions approach for the classification of distributions received from equity method investees in the consolidated statement of cash flows. In accordance with this approach, distributions received from the Investees are classified as either operating or investing cash inflows based on the nature of the activities of the Investees that generated the distributions. Returns on investments are classified as operating activities in the consolidated statement of cash flows, while returns of investment are classified as investing activities.

CNI has implemented policies and practices for assessing impairment for its investment. Periodically, the carrying value is evaluated and CNI records a write down if it is determined that any impairment in value exists. If impairment exists, the carrying value is reduced to its fair value. Fair value is determined based on future cash flows. There were no impairment losses recognized for the years ended December 31, 2021 and 2020.

Note 19 - NMTC award administered

As of December 31, 2021 and 2020, approximately $1.105 billion and $1.066 billion, respectively, of the $1.168 billion of total NMTC authority awarded to LISC had been closed. The following tables show the total allocation received, total QEIs closed, and total allocation remaining by round for the years ended December 31, 2021 and 2020:

	Projects	Allocation received	QEIs closed before 2021	QEIs closed during 2021	Total QEIs closed through December 31, 2021	Allocation remaining as of December 31, 2021
Round 1-9 and 11-12	122	$ 908,000,000	$ 908,000,000	$ -	$ 908,000,000	$ -
Round 13	16	85,000,000	83,828,125	1,171,875	85,000,000	-
Round 15	13	60,000,000	55,255,208	3,607,454	58,862,662	1,137,338
Round 16	8	50,000,000	19,000,000	21,000,000	40,000,000	10,000,000
Round 17	1	65,000,000	-	13,000,000	13,000,000	52,000,000
Total	160	$ 1,168,000,000	$ 1,066,083,333	$ 38,779,329	$ 1,104,862,662	$ 63,137,338

	Projects	Allocation received	QEIs closed before 2020	QEIs closed during 2020	Total QEIs closed through December 31, 2020	Allocation remaining as of December 31, 2020
Round 1-9 and 11-12	122	$ 908,000,000	$ 908,000,000	$ -	$ 908,000,000	$ -
Round 13	15	85,000,000	83,828,125	-	83,828,125	1,171,875
Round 15	12	60,000,000	47,000,000	8,255,208	55,255,208	4,744,792
Round 16	3	50,000,000	-	19,000,000	19,000,000	31,000,000
Total	152	$ 1,103,000,000	$ 1,038,828,125	$ 27,255,208	$ 1,066,083,333	$ 36,916,667

Note 20 - Subsequent events

In connection with the preparation of the consolidating and consolidated financial statements, the Organization evaluated subsequent events after the balance sheet date as of December 31, 2021 through June 28, 2022, which was the date the consolidating and consolidated financial statements were available to be issued, and concluded that other than the subsequent events discussed below, no additional matters have occurred that would require recognition or disclosure in the consolidating and consolidated financial statements.

On November 4, 2021, LISC entered into a letter agreement regarding a proposed sale of immito to a prospective third-party buyer ("Prospective Buyer"). If the SBA approves the Lender Assessment Plan ("LAP") submitted by the Prospective Buyer for review, LISC and the Prospective Buyer will enter into a definitive purchase agreement and the Prospective Buyer will submit an application to the SBA for approval of the definitive purchase agreement and the sale of immito. In the event that the SBA has not approved the LAP by June 30, 2022, LISC has the right to terminate the letter of agreement without further obligation.

As of February 14, 2022, all PPP loans were forgiven and the PPPLF was paid in full.

CohnReznick

ADVISORY • ASSURANCE • TAX

Independent Member of Nexia International

cohnreznick.com