Local Initiatives Support Corporation and Affiliates

Consolidating and Consolidated Financial Statements and Independent Auditor's Report

December 31, 2023
(With Comparative Financial Information
as of and for the Year Ended December 31, 2022)

Local Initiatives Support Corporation and Affiliates

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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, 2023, 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, based on our audit and the reports of other auditors, 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, 2023, 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 $33,552,568 at December 31, 2023 and total change in net assets of ($1,710,411) 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 Consolidating and Consolidated 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 Consolidating and Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Consolidating and Consolidated 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' 2022 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 30, 2023. In our opinion, based on our audit and the reports of other auditors, the summarized comparative information presented herein as of and for the year ended December 31, 2022 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 27, 2024

Local Initiatives Support Corporation and Affiliates

Consolidating and Consolidated Statement of Financial Position
December 31, 2023
(With Summarized Comparative Financial Information for the Year Ended December 31, 2022)

	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 2022 Total**
Cash and cash equivalents (Note 4 and 13)	$ 29,867,037	$ 159,736,712	$ 66,360,677	$ 59,932,596	$ 315,897,022	$ 123,309,036	$ -	$ -	$ 219,536,750	$ 219,669,308	$ 439,206,058	$ 470,647,275
Restricted cash (Note 4 and 13)	-	-	-	-	-	19,207,870	-	-	18,751,682	456,188	19,207,870	22,489,543
Investments (Note 4 and 13)	67,695,685	-	-	40,786,703	108,482,388	17,337,069	-	-	85,032,754	40,786,703	125,819,457	114,943,098
Investments in affiliates	103,181,559	-	-	-	103,181,559	-	-	(103,181,559)	-	-	-	-
Investment in Funds	(6,155,098)				(6,155,098)	-	-	6,155,098	-	-	-	-
Accrued interest receivable	4,821,168	-	-	-	4,821,168	3,917,614	-	-	8,738,782	-	8,738,782	6,366,318
Contributions receivable, net (Note 5)	1,580,207	46,703,640	-	600,000	48,883,847	600,000	-	-	1,580,207	47,903,640	49,483,847	43,348,781
Government grants and contracts receivable (Note 6)	773,260	50,135,351	-	-	50,908,611	-	-	-	773,260	50,135,351	50,908,611	30,747,198
Consulting receivable	18,207,218				18,207,218				18,207,218	-	18,207,218	18,813,688
Notes and other receivables	-	-	-	-	-	1,447,774	-	(372,194)	1,075,580	-	1,075,580	483,908
Due from affiliates	12,096,852	-	-	-	12,096,852	-	-	(12,096,852)	-	-	-	-
Due from funds (Note 17)	44,204	-	-	-	44,204	14,198,525	-	(2,695,596)	11,547,133	-	11,547,133	17,163,832
Loan receivable (Note 7)	-	-	662,305,471	26,248,531	688,554,002	438,123,947	-	(5,834,352)	1,094,595,066	26,248,531	1,120,843,597	897,510,485
Allowance for uncollectible loans	-	-	(27,199,127)	-	(27,199,127)	(40,518,093)	-	-	(67,717,220)	-	(67,717,220)	(48,367,717)
Total loans, net	-	-	635,106,344	26,248,531	661,354,875	397,605,854	-	(5,834,352)	1,026,877,846	26,248,531	1,053,126,377	849,142,768
Recoverable grants to CDPs, net (Note 7)	16,436,821	4,011,387	2,213,275	100,000	22,761,483	-	-	(3,000,000)	15,650,096	4,111,387	19,761,483	17,939,403
Prepaid expenses and other assets (Note 18)	2,840,430	488,795	4,043,827	-	7,373,052	16,639,028	-	-	23,523,285	488,795	24,012,080	22,398,659
Right of use asset (Note 16)	42,236,335	-	-	-	42,236,335	2,199,908	-	-	44,436,243	-	44,436,243	47,548,771
Temporary investment in Project Partnerships (Note 9)	-	-	-	-	-	175,429,932	-	-	175,429,932	-	175,429,932	113,625,948
Investment in Funds	-	-	-	-	-	6,354,476	-	-	6,354,476	-	6,354,476	6,249,995
Investment in Project Partnerships (Note 18)	-	-	-	-	-	11,649,967	-	-	11,649,967	-	11,649,967	11,445,886
Property and equipment, net (Note 10)	5,530,079	-	-	-	5,530,079	1,320,584	-	-	6,850,663	-	6,850,663	30,246,245
Intangible asset	-	-	-	-	-	-	-	-	-	-	-	2,400,000
Total assets	$ 299,155,757	$ 261,075,885	$ 707,724,123	$ 127,667,830	$ 1,395,623,595	$ 791,217,637	$ -	$ (121,025,455)	$ 1,676,015,874	$ 389,799,903	$ 2,065,815,777	$ 1,826,001,316
Liabilities and Net Assets (Deficits)												
Liabilities:												
Accounts payable and accrued expenses (Note 16)	$ 29,236,813	$ 2,446,856	$ 163,226	$ 116,882	$ 31,963,777	$ 36,106,391	$ -	$ (492,303)	$ 65,014,127	2,563,738	$ 67,577,865	$ 58,301,569
Right of use liability (Note 16)	44,916,448	-	-	-	44,916,448	2,750,579	-	-	47,667,027	-	47,667,027	50,812,236
Government contracts and loan-related advances	-	14,533,638	24,505,470	-	39,039,108	-	-	-	24,505,470	14,533,638	39,039,108	48,110,882
Grants payable (Note 8)	5,691,316	70,997,880	-	-	76,689,196	4,500,000	-	(4,500,000)	5,691,316	70,997,880	76,689,196	60,455,056
Due to affiliates	-	-	-	-	-	10,372,067	-	(10,172,340)	199,727	-	199,727	956,945
Capital contributions due to temporary investment in Project Partnerships (Note 9)	-	-	-	-	-	148,850,014	-	-	148,850,014	-	148,850,014	95,121,714
Deferred liabilities	-	-	-	-	-	12,259,504	-	-	12,259,504	-	12,259,504	12,190,430
CDA Partnerships - Long-Term Debt, net (Note 17)	-	-	-	-	-	-	-	-	-	-	-	22,644,654
CDA Partnerships - Notes Payable to Funds (Note 17)	-	-	-	-	-	-	-	-	-	-	-	800,000
Liability for unfunded loan commitments and loan guarantees	-	-	4,269,035	-	4,269,035	4,051,045	-	-	8,320,080	-	8,320,080	616,060
Loans and bond payable, net (Note 12)	6,304,900	-	657,824,687	-	664,129,587	281,023,593	-	(8,834,352)	936,318,828	-	936,318,828	769,933,996
Total liabilities	86,149,477	87,978,374	686,762,418	116,882	861,007,151	499,913,193	-	(23,998,995)	1,248,826,093	88,095,256	1,336,921,349	1,119,943,542
Commitments and contingencies (Note 15)												
Net assets:												
Net assets attributable to the Organization (Note 2)	213,006,280	173,097,511	20,961,705	127,550,948	534,616,444	97,026,460	-	(97,026,460)	232,911,797	301,704,647	534,616,444	548,540,400
Net assets attributable to the noncontrolling in Project Partnerships & Funds	-	-	-	-	-	194,277,984	-	-	194,277,984	-	194,277,984	157,517,374
Total net assets (deficit)	213,006,280	173,097,511	20,961,705	127,550,948	534,616,444	291,304,444	-	(97,026,460)	427,189,781	301,704,647	728,894,428	706,057,774
Total liabilities and net assets	$ 299,155,757	$ 261,075,885	$ 707,724,123	$ 127,667,830	$ 1,395,623,595	$ 791,217,637	$ -	$ (121,025,455)	$ 1,676,015,874	$ 389,799,903	$ 2,065,815,777	$ 1,826,001,316

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, 2023
(With Summarized Comparative Financial Information for the Year Ended December 31, 2022)

	LISC Parent Only								LISC Consolidated 2023			
	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 2022 Total**
Contributions (Note 5)	$ 4,498,302	$ 100,603,313	$ -	$ 3,250,000	$ 108,351,615	$ 1,162,907	$ -	$ (200,000)	$ 4,498,302	$ 104,816,220	$ 109,314,522	$ 120,270,451
Government grants & contracts (Note 6)	6,081,317	119,021,053	-	17,686,039	142,788,409	-	-	-	6,081,317	136,707,092	142,788,409	47,912,769
Interest income on investments	4,609,215	-	-	2,545,101	7,154,316	2,111,899	-	-	6,721,114	2,545,101	9,266,215	4,911,748
Interest income on loans to CDPs (Note 7)	33,628,436	-	-	-	33,628,436	18,355,506	166	41,845	52,025,953	-	52,025,953	41,979,962
Fee income	29,029,458	-	-	-	29,029,458	94,052,955	-	-	123,082,413	-	123,082,413	128,827,395
Other income	6,005,743	-	-	-	6,005,743	13,492,751	223,602	(11,474,415)	8,247,681	-	8,247,681	6,307,509
Equity in earnings of affiliates	29,927,544	-	-	-	29,927,544	-	-	(29,927,544)	-	-	-	-
Equity in earnings of Funds	(24,824,616)				(24,824,616)	-	-	24,824,616	-	-	-	-
Equity in earnings of joint ventures	-	-	-	-	-	(443,727)	-	-	(443,727)	-	(443,727)	-
Net assets released from restrictions	240,392,951	(239,732,947)	5,434,365	(6,094,369)	-	-	-	-	247,238,022	(247,238,022)	-	-
Total support and revenues	329,348,350	(20,108,581)	5,434,365	17,386,771	332,060,905	128,732,291	223,768	(16,735,498)	447,451,075	(3,169,609)	444,281,466	350,209,834
EXPENSES												
Program Services:												
Project development and other program activities	109,757,417	-	-	-	109,757,417	83,768,196	292,263	(8,988,227)	184,829,649	-	184,829,649	169,771,226
Project grants (Note 8)	170,080,829	-	-	-	170,080,829	17,930,023	-	(17,525,000)	170,485,852	-	170,485,852	105,952,038
Project loans:												
Interest	18,225,176	-	-	-	18,225,176	5,209,661	40,642	-	23,475,479	-	23,475,479	17,563,732
Provision for loss on receivable	-	-	-	-	-	4,207,300	8,564	-	4,215,864	-	4,215,864	78,521
Provision for uncollectible loans to CDPs (Note 7)	6,003,352	-	4,211,025	-	10,214,377	12,886,223	-	-	23,100,600	-	23,100,600	15,967,626
Provision for unfunded loan commitments and loan guarantees	-	-	(924,363)	-	(924,363)	1,224,936	-	-	300,573	-	300,573	(39,704)
Provision for uncollectible recoverable grants to CDPs (Note 7)	6,264,874	-	-	-	6,264,874	-	-	-	6,264,874	-	6,264,874	3,103,307
Total program services	310,331,648	-	3,286,662	-	313,618,310	125,226,339	341,469	(26,513,227)	412,672,891	-	412,672,891	312,396,746
Supporting Services:												
Management and general	30,474,212	-	-	-	30,474,212	11,447,165	-	(11,276,580)	30,644,797	-	30,644,797	30,606,431
Fund raising	10,143,118	-	-	-	10,143,118	-	-	-	10,143,118	-	10,143,118	9,346,351
Total supporting services	40,617,330	-	-	-	40,617,330	11,447,165	-	(11,276,580)	40,787,915	-	40,787,915	39,952,782
Total expenses	350,948,978	-	3,286,662	-	354,235,640	136,673,504	341,469	(37,789,807)	453,460,806	-	453,460,806	352,349,528
Change in net assets before gains and losses on investments derivatives, equity in losses of partnership projects and other noncontrolling interest activities	(21,600,628)	(20,108,581)	2,147,703	17,386,771	(22,174,735)	(7,941,213)	(117,701)	21,054,309	(6,009,731)	(3,169,609)	(9,179,340)	(2,139,694)
Realized & unrealized loss on investments	849,094	-	-	207,322	1,056,416	-	-	-	849,094	207,322	1,056,416	(3,381,442)
CDA Partnerships - Gain on Forgiveness of Debt	-	-	-	-	-	-	-	-	-	-	-	3,091,065
Equity in income of temporary investment in project partnerships	-	-	-	-	-	(4,494,413)	-	-	(4,494,413)	-	(4,494,413)	-
Distribution to Partner									-		-	-
Distributions to LISC	-	-	-	-	-	(6,853,572)	-	6,853,572	-	-	-	-
Capital contributions	-	-	-	-	-	2,933,472	-	(2,933,472)	-	-	-	-
Gain on transfer of interest in CDA Partnerships (Note 18)	-	-	-	-	-	-	1,526,544	(5,930)	1,520,614	-	1,520,614	3,167,529
Change in net assets before noncontrolling interest activities	(20,751,534)	(20,108,581)	2,147,703	17,594,093	(21,118,319)	(16,355,726)	1,408,843	24,968,479	(8,134,436)	(2,962,287)	(11,096,723)	737,458
Other noncontrolling interest activities:												
Noncontrolling capital contributions - net of distributions	-	-	-	-	-	46,071,787	-	-	46,071,787	-	46,071,787	68,420,225
Change in net assets before other activities	(20,751,534)	(20,108,581)	2,147,703	17,594,093	(21,118,319)	29,716,061	1,408,843	24,968,479	37,937,351	(2,962,287)	34,975,064	69,157,683
Gain on sale of affiliate	2,208,045	-	-	-	2,208,045	-	-	-	2,208,045	-	2,208,045	-
Change in net assets	(18,543,489)	(20,108,581)	2,147,703	17,594,093	(18,910,274)	29,716,061	1,408,843	24,968,479	40,145,396	(2,962,287)	37,183,109	69,157,683
Net assets (deficit), beginning of year	231,549,769	193,206,092	13,827,684	109,956,855	548,540,400	280,921,156	(1,408,843)	(121,994,939)	401,390,840	304,666,934	706,057,774	636,900,091
Change in accounting policy	-	-	4,986,318	-	4,986,318	(19,332,773)	-	-	(14,346,455)	-	(14,346,455)	-
Net asset (deficit), end of year	$ 213,006,280	$ 173,097,511	$ 20,961,705	$ 127,550,948	$ 534,616,444	$ 291,304,444	$ -	$ (97,026,460)	$ 427,189,781	$ 301,704,647	$ 728,894,428	$ 706,057,774

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, 2023
(With Summarized Comparative Financial Information for the Year Ended December 31, 2022)

	LISC Parent Only				LISC Affiliates & Funds			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries and fringe benefits	$ 62,387,494	$ 23,631,625	$ 8,507,386	$ 94,526,505	$ 48,407,876	$ 7,968,402	$ -	$ 56,376,278
Staff travel and related expenses	1,275,006	482,957	173,865	1,931,828	1,720,310	123,368	-	1,843,678
Professional services, consulting and legal	35,226,216	1,023,243	22,518	36,271,977	4,811,784	584,675	-	5,396,459
Fund Management Fees	-	-	-	-	12,198,643	222,532	-	12,421,175
Office and administrative	-	-	-	-	2,989,777	445,676	-	3,435,453
CDA Partnerships - property expense	-	-	-	-	-	-	-	-
NMSC reimbursable costs	-	-	-	-	242,369	-	-	242,369
Depreciation and amortization	466,743	176,797	63,647	707,187	473,484	85,886	-	559,370
Service fees	-	-	-	-	9,220,379	-	-	9,220,379
Rent and utilities	4,270,647	1,617,673	582,361	6,470,681	1,429,634	360,167	-	1,789,801
Office supplies, postage and messenger	2,716,063	1,028,811	370,373	4,115,247	-	86,558	-	86,558
Bank fees and other financial expenses	-	881,506	-	881,506	137,979	259,322	-	397,301
Accounting and auditing fees	-	440,300	-	440,300	201,013	587,286	-	788,299
Conference and meeting	826,065	312,903	112,647	1,251,615	423,271	151,498	-	574,769
Telephone	517,160	195,894	70,522	783,576	-	-	-	-
Insurance	710,261	269,038	96,854	1,076,153	794,650	121,465	-	916,115
Equipment rental	95,144	36,039	12,974	144,157	-	-	-	-
Board expenses	-	16,397	-	16,397	-	20,000	-	20,000
Printing, annual report and publications	109,999	41,666	15,000	166,665	-	-	-	-
Project grants	170,080,829	-	-	170,080,829	17,930,023	-	-	17,930,023
Interest	18,225,176	-	-	18,225,176	5,157,352	52,309	-	5,209,661
Provision for loss on receivables	-	-	-	-	4,207,300	-	-	4,207,300
Provision for uncollectible recoverable grants to CDCs	6,264,874	-	-	6,264,874	-	-	-	-
Provision for uncollectible loans to CDCs	10,214,377	-	-	10,214,377	12,753,833	132,390	-	12,886,223
Provision for unfunded loan commitments & loan guarantees	(924,363)	-	-	(924,363)	1,224,936	-	-	1,224,936
Miscellaneous	1,156,619	319,363	114,971	1,590,953	901,726	245,631	-	1,147,357
Total	$ 313,618,310	$ 30,474,212	$ 10,143,118	$ 354,235,640	$ 125,226,339	$ 11,447,165	$ -	$ 136,673,504

Local Initiatives Support Corporation and Affiliates

Consolidating and Consolidated Statement of Functional Expenses
Year Ended December 31, 2023
(With Summarized Comparative Financial Information for the Year Ended December 31, 2022)

	CDA Partnerships				Eliminations			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries and fringe benefits	$ -	$ -	$ -	$ -	$ (60)	$ -	$ -	$ (60)
Staff travel and related expenses	-	-	-	-	-	-	-	-
Professional services, consulting and legal	-	-	-	-	-	-	-	-
Fund Management Fees	-	-	-	-	-	(11,231,577)	-	(11,231,577)
Office and administrative	-	-	-	-	-	-	-	-
CDA Partnerships - property expense	202,106	-	-	202,106	-	-	-	-
NMSC reimbursable costs	-	-	-		-	-	-	-
Depreciation and amortization	89,680	-	-	89,680	-	-	-	-
Service fees	477	-	-	477	(8,581,156)	-	-	(8,581,156)
Rent and utilities	-	-	-	-	(164,233)	(45,003)	-	(209,236)
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	-	-	-	-	(17,525,000)	-	-	(17,525,000)
Interest	40,642	-	-	40,642	-	-	-	-
Provision for loss on receivables	8,564	-	-	8,564	-	-	-	-
Provision for uncollectible recoverable grants to CDCs	-	-	-	-	-	-	-	-
Provision for uncollectible loans to CDCs	-	-	-	-	-	-	-	-
Provision for unfunded loan commitments & loan guarantees	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	(242,778)	-	-	(242,778)
Total	$ 341,469	$ -	$ -	$ 341,469	$ (26,513,227)	$ (11,276,580)	$ -	$ (37,789,807)

Local Initiatives Support Corporation and Affiliates

Consolidating and Consolidated Statement of Functional Expenses
Year Ended December 31, 2023
(With Summarized Comparative Financial Information for the Year Ended December 31, 2022)

	LISC Consolidated 2023				LISC Consolidated 2022			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries and fringe benefits	$ 110,795,310	$ 31,600,027	$ 8,507,386	$ 150,902,723	$ 95,457,407	$ 30,648,089	$ 7,674,505	$ 133,780,001
Staff travel and related expenses	2,995,316	606,325	173,865	3,775,506	2,120,694	446,236	111,607	2,678,537
Professional services, consulting and legal	40,038,000	1,607,918	22,518	41,668,436	34,611,152	2,731,500	134,841	37,477,493
Fund Management Fees	12,198,643	(11,009,045)	-	1,189,598	10,767,774	(10,709,490)	-	58,284
Office and administrative	2,989,777	445,676	-	3,435,453	2,381,874	908,057	-	3,289,931
CDA Partnerships - property expense	202,106	-	-	202,106	2,662,909	-	-	2,662,909
NMSC reimbursable costs	242,369	-	-	242,369	4,100,028	-	-	4,100,028
Depreciation and amortization	1,029,907	262,683	63,647	1,356,237	2,412,268	315,001	73,175	2,800,444
Service fees	639,700	-	-	639,700	563,615	-	-	563,615
Rent and utilities	5,536,048	1,932,837	582,361	8,051,246	5,698,829	1,568,890	562,723	7,830,442
Office supplies, postage and messenger	2,716,063	1,115,369	370,373	4,201,805	2,257,426	865,099	307,831	3,430,356
Bank fees and other financial expenses	137,979	1,140,828	-	1,278,807	61,671	1,027,063	-	1,088,734
Accounting and auditing fees	201,013	1,027,586	-	1,228,599	37,900	882,160	-	920,060
Conference and meeting	1,249,336	464,401	112,647	1,826,384	1,110,722	307,895	58,366	1,476,983
Telephone	517,160	195,894	70,522	783,576	951,087	360,260	129,694	1,441,041
Insurance	1,504,911	390,503	96,854	1,992,268	1,333,838	541,029	98,893	1,973,760
Equipment rental	95,144	36,039	12,974	144,157	110,573	41,884	15,078	167,535
Board expenses	-	36,397	-	36,397	-	52,992	-	52,992
Printing, annual report and publications	109,999	41,666	15,000	166,665	69,810	26,443	9,520	105,773
Project grants	170,485,852	-	-	170,485,852	105,952,038	-	-	105,952,038
Interest	23,423,170	52,309	-	23,475,479	17,518,440	45,292	-	17,563,732
Provision for loss on receivables	4,215,864	-	-	4,215,864	78,521	-	-	78,521
Provision for uncollectible recoverable grants to CDCs	6,264,874	-	-	6,264,874	3,103,307	-	-	3,103,307
Provision for uncollectible loans to CDCs	22,968,210	132,390	-	23,100,600	15,967,626	-	-	15,967,626
Provision for unfunded loan commitments & loan guarantees	300,573	-	-	300,573	(39,704)	-	-	(39,704)
Miscellaneous	1,815,567	564,994	114,971	2,495,532	3,106,941	548,031	170,118	3,825,090
Total	$ 412,672,891	$ 30,644,797	$ 10,143,118	$ 453,460,806	$ 312,396,746	$ 30,606,431	$ 9,346,351	$ 352,349,528

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, 2023
(With Summarized Comparative Financial Information for the Year Ended December 31, 2022)

	LISC Parent Only	LISC Affiliates & Funds	CDA Partnerships	Eliminations	2023	2022
Cash flows from operating activities:						
Change in net assets	$ (18,910,274)	$ (7,902,005)	$ 1,408,842	$ 14,306,715	$ (11,096,722)	$ 737,458
Adjustments to reconcile change in net assets to net cash provided by operating activities:						
Equity in earnings of affiliates	(29,927,544)	-	-	29,927,544	-	-
Equity in earnings of Funds	24,824,616	-		(24,824,616)	-	-
Distributions from investment in affiliates	30,894,782	-	-	(30,894,782)	-	-
Gain on sale of affiliate	(2,208,045)	-	-	-	(2,208,045)	-
Interaffiliate revenue and expenses from Funds	249,165	-	-	(249,165)	-	
Recovery of loan losses	-	(208,839)	-	-	(208,839)	(99,880)
Amortization of operating leases	-	117,748	-	-	117,748	-
Gain on forgiveness of debt	-	-	-	-	-	(3,091,065)
Gain on sale of limited partnership interest in Fund	-	-	-	-	-	-
Gain (loss) on transfer of interest in CDA Partnerships	-	-	(1,526,544)	5,930	(1,520,614)	(3,167,529)
Amortization of discounts and issuance costs	658,594	(713,208)	342	-	(54,272)	204,370
Depreciation and amortization	707,187	559,372	89,338	-	1,355,897	2,800,444
Realized and unrealized loss (gain) on investments	(1,056,416)	-	-	-	(1,056,416)	3,381,442
Unrealized gain on interest rate swaps held by Project Partnerships	-	-	-	-	-	-
Equity in income	-	406,261	-	-	406,261	244,972
Provisions for uncollectible loans to CDPs	10,214,377	12,886,223	-	-	23,100,600	15,967,626
Accretion of loan receivables, net	-	-	-	-	-	5,178
Provision for loss on receivables	-	4,207,300	8,564	-	4,215,864	64,145
Provision for uncollectible recoverable grants	6,264,874	-	-	-	6,264,874	3,103,307
Provision for unfunded loan commitments & loan guarantees	(924,363)	1,224,936	-	-	300,573	(39,704)
Change in operating assets and liabilities:						
Origination of SBA 7(a) loans	-	-	-	-	-	(5,518,911)
Proceeds from sale of guaranteed loans, net of repayment	-	-	-	-	-	6,999,346
Principal received from SBA 7(a) loans	-	-	-	-	-	1,113,338
Origination of Payroll Protection Program loans, net		-			-	2,007,847
Accrued interest receivable	495,695	(2,868,159)	-	-	(2,372,464)	(886,602)
Contributions receivable	(6,135,066)	-	-	-	(6,135,066)	8,068,450
Government contracts receivable	(20,161,413)	-	-	-	(20,161,413)	(9,325,077)
Consulting receivable	606,470				606,470	(5,215,418)
Notes and other receivables	-	(2,375,196)	-	372,194	(2,003,002)	(106,940)
Prepaid expenses and other assets	1,930,790	(3,523,094)	-	-	(1,592,304)	(4,516,170)
Accounts payable and accrued expenses	554,350	10,611,823	421,332	1,919,504	13,507,009	1,417,025
Government contracts and loan-related advances	(9,071,774)	-	-	-	(9,071,774)	26,685,017
Due from affiliate	(937,495)	(517,557)	-	1,455,052	-	270,000
Due to affiliate	-	2,139,806	-	(1,382,588)	757,218	(956,945)
Right of use asset/liability	169,192	(15,848)	-	-	153,344	115,530
Due from funds	184,593	3,729,044	-	1,685,070	5,598,707	(7,664,635)
Grants payable	16,234,140	(200,000)	-	200,000	16,234,140	12,757,829
Deferred liabilities	-	87,097	-	-	87,097	2,982,281
Net cash provided by operating activities	4,656,435	17,645,704	401,874	(7,479,142)	15,224,871	48,336,729
Cash flows from investing activities:						
Purchase of investments	(126,053,550)	(5,303,727)	-	-	(131,357,277)	(74,266,748)
Proceeds from sale and maturities of investments	121,537,333	-	-	-	121,537,333	91,941,530
Investment in affiliate	(725,570)	-	-	725,570	-	-
Investment in Funds	(3,133,472)	-	-	3,133,472	-	-
Gross receipt on sale of affiliate	5,000,000	-	-	-	5,000,000	-
Recoverable grants to CDPs	(10,609,835)	-	-	-	(10,609,835)	(7,209,335)
Repayments received on recoverable grants to CDPs	2,522,881	-	-	-	2,522,881	3,778,974
Loans to CDPs	(271,623,880)	(147,589,498)	-	5,834,352	(413,379,026)	(381,120,968)
Repayments of loans to CDPs	140,377,208	37,630,537	-	-	178,007,745	170,281,481
(Increase) in note receivable	-	2,862,091	-	-	2,862,091	(12,250,949)
Contributions to temporary investments in Project Partnerships and Funds	-	(87,050,363)	-	-	(87,050,363)	(87,215,522)
Distributions from investments in Funds	-	1,057,283	-	-	1,057,283	977,758
Proceeds from sale of temporary investment in Project Partnerships and Funds	-	78,974,679	-	-	78,974,679	70,375,977
Contributions to investments in Funds	-	(1,498,821)	-	-	(1,498,821)	(7,110,737)
Investment in Project Partnerships	-	(883,313)	-	-	(883,313)	9,476
Transfer of interest in CDA partnerships	-	-	(816,103)	-	(816,103)	(509,611)
Restricted cash escrow	-	-	-	-	-	146,998
Sale of property and equipment	-	-	-	-	-	-
Purchase of property and equipment	(946,104)	(459,610)	-	-	(1,405,714)	(1,957,293)
Net cash used in investing activities	(143,654,989)	(122,260,742)	(816,103)	9,693,394	(257,038,440)	(234,128,969)

Local Initiatives Support Corporation and Affiliates

Consolidating and Consolidated Statement of Cash Flows
Year Ended December 31, 2023
(With Summarized Comparative Financial Information for the Year Ended December 31, 2022)

	LISC Parent Only	LISC Affiliates & Funds	CDA Partnerships	Eliminations	2023	2022
Cash flows from financing activities:						
Debt issuance costs paid	(575,893)	-	-	-	(575,893)	(325,957)
Loan origination fees paid	(235,000)	-	-	-	(235,000)	-
Proceeds from loans payable	178,027,338	130,987,977	-	(5,834,352)	303,180,963	236,601,854
Repayment of loans payable	(71,454,891)	(65,000,000)	-	-	(136,454,891)	(112,309,148)
Repayment of long-term debt	-	-	-	-	-	(117,762)
Proceeds from notes payable - NEF Funds	-	-	-	-	-	330,985
Capital contribution	-	45,049,367	-	3,620,100	48,669,467	70,713,319
Increase in charter school grant liability	-	-	-	-	-	(175,500)
Distribution to noncontrolling interests	-	(7,092,093)	-	-	(7,092,093)	(2,293,094)
Net cash provided by financing activities	105,761,554	103,945,251	-	(2,214,252)	207,492,553	192,424,697
Net increase (decrease) in cash and cash equivalents	(33,237,000)	(669,787)	(414,229)	-	(34,321,016)	6,632,457
Cash and cash equivalents, beginning of year	349,134,022	143,186,693	414,229	-	492,734,944	486,102,487
Cash and cash equivalents, end of year	$ 315,897,022	$ 142,516,906	$ -	$ -	$ 458,413,928	$ 492,734,944
Supplemental disclosure of cash flow information						
Change in accounting policy	$ 4,986,318	$ (19,332,773)	$ -	$ -	$ (14,346,455)	$ -
Cash paid during the year for:						
Interest on indebtedness	$ 16,700,495	$ 4,681,439	$ -	$ -	$ 21,381,934	$ 16,447,904
Supplemental disclosures of noncash investing activities:						
Disposal of fully appreciated fixed assets	$ 220,976	$ -	$ -	$ -	$ 220,976	$ 495,338
Write-offs against the allowance for uncollectible loans to CDPs	$ 6,445,442	$ (1,783,097)	$ -	$ -	$ 4,662,345	$ 4,673,989
Write-offs against the allowance for recoverable grants to CDPs	$ 1,365,144	$ -	$ -	$ -	$ 1,365,144	$ 846,345
Increase in temporary investments in Project Partnerships: and capital contributions due to temporary investments in Project Partnerships for the acquisition of Project Partnerships	$ -	$ 667,827,350	$ -	$ -	$ 667,827,350	$ 538,973,136
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	$ -	$ 527,048,688	$ -	$ -	$ 527,048,688	$ 399,704,162
Supplemental disclosure of cash and noncash investing activities related to deconsolidation of CDA Partnerships:						
Assets transferred	$ -	$ -	$ (23,914,317)	$ -	$ (23,914,317)	$ (10,335,114)
Liabilities transferred	-	-	26,133,810	-	26,133,810	16,510,759
Noncontrolling interest	-	-	(1,403,390)	-	(1,403,390)	(5,666,034)
Cash disposed, net of cash paid	$ -	$ -	$ 816,103	$ -	$ 816,103	$ 509,611
Supplemental disclosures of noncash financing activities:						
Increase in due from affiliate and capital contributions	$ -	$ 5,330,957	$ -	$ -	$ 5,330,957	$ -

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, 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 265 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:

	2023		2022	
	Unaudited		Unaudited	
Special-purpose entity manager	Assets	Liabilities	Assets	Liabilities
NEF 2009 LLC	$ 4,581,286	$ 3,171,238	$ 4,457,123	$ 3,083,377
National Equity Fund 2011 LLC	10,193,190	5,152,632	9,984,324	4,994,221
NEF 2011 Fund Manager LLC	4,910,956	3,571,674	4,759,547	3,459,421
NEF 2012 Fund Manager LLC	6,201,501	5,198,142	6,019,094	5,061,714
NEF 2013 Fund Manager LLC	5,146,122	4,734,350	5,017,150	4,633,075
NEF 2014 Fund Manager LLC	6,852,779	7,215,560	6,658,819	7,053,312

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 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. NEFCI also manages and invests in a Workforce Housing Fund whose purpose is to provide debt and/or equity financing to acquire, develop, finance, operate, improve, preserve, sell and dispose of high quality investments in innovative affordable housing projects, workforce housing projects, or community facilities across the United States.

NEF or its affiliates also manages and invests in a Pre-Development Loan Fund whose purpose is to promote affordable housing and community development through the financing of eligible pre-development costs for low and moderate-income housing Project Partnerships qualifying for federal low-income housing tax credits.

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, 2023, and 2022, CDA was the general partner of zero and one Project Partnership, 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.

Broadstreet Impact Services, LLC

Broadstreet Impact Services, LLC (“Broadstreet”), formerly known as, 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, 2023, LISC, the sole member of Broadstreet, has received $1.208 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.

Broadstreet 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 Broadstreet suballocates NMTC investment authority to various Limited Liability Companies (LLCs) organized and managed by Broadstreet (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.

Broadstreet 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. Broadstreet also provided management services to LISC unrelated to the NMTC program. Pursuant to various service agreements, Broadstreet assists LISC with fund consulting, modeling and administrative services, and loan servicing administration services for LISC's loan portfolio.

Good Jobs Loan Fund, LLC ("GJLF"), a Delaware limited liability company and a wholly-owned subsidiary of Broadstreet, 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. Broadstreet 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, 2023. Profits, losses and cash distributions are generally allocated to Broadstreet 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 Broadstreet exercising its option under certain redemption agreements, Broadstreet 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, Broadstreet consolidates those balances. Broadstreet intends to dissolve these wholly-owned LLCs when feasible. The consolidated financial statements include the accounts of Broadstreet, GJLF and the wholly-owned LLCs.

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"). LISC formed the wholly-owned subsidiary immito, LLC (previously referred to as LISC SBLC) to make SBA-guaranteed small business loans pursuant to section 7(a) of the Small Business Act ("7(a) loan program"). immito was sold in July 2023 for a net gain of $2,208,045. LISC also wrote off a $634,427 loan to immito.

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"), Southern Opportunity and Resilience Fund LLC ("SOAR"), Entrepreneurs of Color Loan Fund LLC ("EOCLF"), and Dallas Housing Opportunity Fund LLC ("DHOF"), and Charlotte Housing Opportunity Fund II LLC ("CHOIF II"). LFM, as the Manager of these loan funds, has the right to manage, control and conduct the business of each fund. Through a service agreement, LFM provides fund administration, investment management, risk management and advisory services to the Loan Funds.

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 is a Registered Investment Advisor ("RIA") with the Securities and Exchange Commission. LFM does not have custody of any investments for the Loan Funds and NYFLF.

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, 2023, and 2022, capital contributions received by CHOIF from its members totaled $21,000,000 and $17,147,061. LISC's capital contribution as of December 31, 2023, and 2022 was $1,000,000 and $816,528.

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 12/31/2023	Contributed as of 12/31/2022
Local Initiatives Support Corporation	$ 1,000,000	$ 1,000,000	$ 816,528
Barings LLC	1,250,000	1,250,000	1,020,657
Branch Banking and Trust Company	4,000,000	4,000,000	3,266,105
Fifth Third Community Development Company, LLC	3,000,000	3,000,000	2,449,578
Foundations For The Carolinas	2,500,000	2,500,000	2,041,316
Foundations For The Carolinas II	8,000,000	8,000,000	6,532,220
Massachusetts Mutual Life Insurance Company	1,250,000	1,250,000	1,020,657
	$ 21,000,000	$ 21,000,000	$ 17,147,061

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 Mecklenburg County, North Carolina by focusing on naturally occurring affordable housing in Mecklenburg County, North Carolina. As the sole member of CNI, CHOIF has contributed a cumulative $11,275,000 of capital to CNI as of December 31, 2023 and 2022.

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), all of which was contributed to BFF as of December 31, 2022. 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 fulfills 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 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 provide maximum financing commitments of $50,000,000 and LISC provides 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 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 CZF and NEF Investment Partner LLC as additional founding members.

In accordance with the operating agreement for BFF Side Car, CZF, NEF Investment Partner LLC, and LISC (collectively 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, 2022. NEF's capital commitment is $100,000 (0.9900892% ownership interest), which has not been fulfilled. LISC's capital commitment is $100 (0.0009901% ownership interest), all of which was contributed to BFF Side Car as of December 31, 2022. 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.

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, 2023 and 2022, LISC has made capital contributions to AHLF totaling $15,965,002 and $13,215,002, 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.

DHFF Equity Investor LLC (“DHFF”), a consolidated subsidiary of AHLF, was formed as a Delaware limited liability company on January 13, 2021. Pursuant to DHFF’s Limited Liability Company Agreement dated January 13, 2021, DHFF was formed to address the affordable housing crisis in the Target Area by promoting the creation of new affordable housing and the preservation and protection of existing affordable housing in the Target Area. As the sole member of DHFF, AHLF has contributed a cumulative $888,199 and $0, respectively, of capital to DHFF as of December 31, 2023, and 2022.

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, 2023, and 2022, LISC has contributed $730,000 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 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 BEDF Member is as follows:

Member Name	Commitment Amount	Contributed as of 12/31/2023	Contributed as of 12/31/2022
Aflac Incorporated	$ 25,000,000	$ 17,000,000	$ 12,500,000
Costco Wholesale Corporation	25,000,000	17,000,000	12,500,000
Dick's Sporting Goods, Inc.	12,500,000	8,500,000	6,250,000
Dupont de Nemours, Inc.	20,000,000	13,600,000	10,000,000
HubSpot, Inc.	12,500,000	8,500,000	6,250,000
McKinsey & Company, Inc.	15,000,000	10,200,000	7,500,000
Netflix, Inc.	25,000,000	17,000,000	12,500,000
PayPal, Inc.	50,000,000	34,000,000	25,000,000
Square, Inc.	25,000,000	17,000,000	12,500,000
Thermo Fisher Scientific Inc.	20,000,000	13,600,000	10,000,000
Wayfair Inc.	20,000,000	13,600,000	10,000,000
	$ 250,000,000	$ 170,000,000	$ 125,000,000

As of December 31, 2023, and 2022, capital contributions received by BEDF from the BEDF Members totaled $170,000,000 and $125,000,000, respectively.

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, 2023, and 2022, 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.

EOCLF, a Delaware limited liability company was formed December 8, 2020, pursuant to an initial Limited Liability Company Agreement, which was amended and restated on January 6, 2022 (commencement of operations) in its entirety (the "LLC Agreement"). Pursuant to the LLC Agreement, EOCLF was formed to accomplish its charitable purpose of providing racial and ethnic minority entrepreneurs with improved access to capital in order to incentivize economic activity and wealth building opportunities in communities of color in the United States. In doing so, EOCLF creates additional paths to wealth creation, promotes more stable environments for minority owned businesses, provides more equal access to economic opportunity, and contributes to the elimination of racial and ethnic discrimination. EOCLF shall seek to contribute to its charitable purpose by purchasing eligible loans originated by community development financial institutions. LISC is the sole Member (100% ownership interest) of EOCLF. As of December 31, 2023, and 2022, LISC has made capital contributions to EOCLF totaling $100.

The term of EOCLF 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 of EOCLF'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.

DHOF, a Delaware limited liability company, was formed November 29, 2021 (commencement of Operations) pursuant to an initial Limited Liability Company Agreement (the "Initial Agreement"). At the time of its initial formation, LISC was the founding and sole member. The Initial Agreement was amended and restated on September 22, 2022, in its entirety (the "LLC Agreement"). Pursuant to the LLC Agreement, DHOF was formed to address the affordable housing crisis in the city of Dallas, Texas by promoting the creation of new affordable housing and the preservation and protection of existing affordable housing in the Target Area and in doing so, help relieve the poor and distressed, eliminate racial discrimination, combat community deterioration, enhance community engagement, and lessen the burdens of government. DHOF works with TREC Community Investors ("DHOF Originator"), a Texas nonprofit corporation, to lead the origination of DHOF's investments in housing development.

Pursuant to DHOF's LLC Agreement and the Certificate of Admission dated September 22, 2022, Sunflower Bank, N.A. was admitted as a member to DHOF with a capital commitment of $2,500,000. As of December 31, 2023, and 2022, no capital commitments were received by DHOF.

The term of DHOF 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) the decision of LFM because it has reasonably determined that changes in any applicable law or regulation would have a material adverse effect on the charitable purpose of DHOF;

(b) the expiration of the term of DHOF and the final sale of all of DHOF's assets for cash;

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

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

CHOIF II, a Delaware limited liability company, was formed April 5, 2022, 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 23, 2022, in its entirety (the "LLC Agreement"). Pursuant to the LLC Agreement, CHOIF II was formed to address the affordable housing crisis in the City of Charlotte and in the surrounding area of Mecklenburg County, North Carolina (the "Target Area") by promoting the creation of new affordable housing and the preservation and protection of existing affordable housing in the Target Area. In doing so, to help to relieve the poor and distressed, eliminate racial discrimination, combat community deterioration, enhance community engagement, and lessen the burdens of government.

Pursuant to the LLC Agreement and various Subscription Agreements, the capital commitment for the Member, Fifth Third Community Development Corporation, LLC, is $3,000,000. As of December 31, 2023, no capital commitments were received by CHOIF II. CHOIF received a capital commitment of February 2024 from LISC for $1,000,000.

The term of CHOIF II will continue in full force and effect until the sixteenth anniversary of the expiration or termination of the Investment Period, as defined in the LLC Agreement. LFM shall have the right to extend the term of CHOIF II for up to two additional consecutive two-year periods and thereafter with the consent of CHOIF II's advisory committee.

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, Broadstreet and its affiliates, RRN, NP, LFM, AHLF, CHF, BFF, BFF Side Car, BEDF, CHOIF, SOAR, EOCLF, DHOF and CHOIF II (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, 2023, and 2022, 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
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, 2023 and 2022, NEF recorded a receivable in the amount of $9,553,438 and $9,517,296, respectively, and is included in prepaid expenses and other assets in the accompanying consolidating and consolidated statement of financial position, 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.

Broadstreet 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. Broadstreet 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 Broadstreet provides the service (generally over a seven-year period). From these asset management and investment fund management fees, Broadstreet pays audit, tax, registration and filing fees and other expenses on behalf of certain LLCs. Broadstreet 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.

Broadstreet 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 Broadstreet renders the service. This revenue is classified as fund administration revenue. Additionally, Broadstreet earns revenue from software licensing and related services that includes all fees earned from granting customers the right to use the software. Broadstreet 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.

Broadstreet also earns revenue by contracting with unrelated third parties to provide impact advisory consulting services which include, but are not limited to, impact strategy development, creating impact measurement and management systems, market scans, and customized research. Fees for such services are recognized as revenue as performance obligation milestones are met. The revenue is classified as advisory revenue.

LFM earns management fees pursuant to the management agreements with the various Loan Funds and NYFLF. The management fee earned is typically a percent of aggregate capital commitments and/or invested capital of the various Loan Funds and NYFLF.

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. During 2023 and 2022, no new members were admitted to BEDF.

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, 2023, and 2022, NEF had total restricted cash of $8,390,118 and $0, respectively, which has been designated for pass through distributions to investors on behalf of Funds in the process of dissolution. In addition, as of December 31, 2023, and 2022, NEF also has restricted cash of $456,892 and $1,347,735, respectively, pursuant to terms of certain agreements.

Broadstreet 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, Broadstreet recognizes a liability to the related or third-party lenders concurrent with its receipt of the debt service payments. As of December 31, 2023, and 2022, the balance of these amounts were $2,036 and $44,987, respectively.

Broadstreet 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, Broadstreet 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 Broadstreet to grant to qualifying charter schools and as such is recorded as restricted cash and a charter school grant liability on the accompanying consolidated statement of financial position. As of December 31, 2023, and 2022, the balance of these amounts were $1,903,481 and $1,864,632, respectively.

Broadstreet acts as a fiduciary agent and collects debt service payments from borrowers on behalf of related or third-party lenders. Debt service payments are deposited into restricted cash accounts and are disbursed monthly to the related third-party lenders. As the agent, Broadstreet recognizes a liability to the related or third-party lenders concurrent with its receipt of the debt service payments. As of December 31, 2023, and 2022, restricted cash does not include any debt service payments.

immito's restricted cash included 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, 2022, restricted cash held by immito was $686,814.

As of December 31, 2023, and 2022, BFF's restricted cash of $258,306 and $7,741,010 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, 2023, and 2022, 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, 2023, and 2022, the balance in the loan loss reserve account was $1,939,999 and $1,910,704, respectively.

As of December 31, 2023, and 2022, the balance in CHOIF's reserve account was $16,476 and $17,249 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, 2023, and 2022, the CDFI loan loss reserve was funded in accordance with the Loan Purchase Agreement. As of December 31, 2023, and 2022, the balance in the CDFI loan loss reserve account was $26,696 and $161,272, respectively. Deposits into the CDFI loan loss reserve account during 2023 and 2022 were $0 and $150,000, respectively, and the 2023 and 2022 year-end account balances include 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, 2023, and 2022, SOAR's loan loss reserve was funded in accordance with the Loan and Security Agreement. As of December 31, 2023, and 2022, the balance in SOAR's loan loss reserve account was $772,643 and $3,145,651, respectively. Deposits into SOAR’s loan loss reserve account during 2023 and 2022 were $0 and $2,850,000, respectively, and the 2023 and 2022 year-end account balances are net of interest income earned on cash balances and bank fees that management plans to reimburse in 2023.

Pursuant to a loan agreement between EOCLF, LFM and various lenders dated January 13, 2022, an EOCLF loan loss reserve is to be funded in an amount to equal or exceed 5.0% of the aggregate principal amount of outstanding loans, defined as “Class A Loans” in a loan and security agreement. As of December 31, 2023, and 2022, EOCLF’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, 2023, and 2022, the balance in EOCLF’s loan loss reserve account was $5,142,068 and $5,022,706, respectively. The original funding amount into EOCLF’s loan loss reserve account of $5,000,000, as well as the interest income earned on the cash balance.

DHOF received deposits from borrowers requesting financing. The deposits are held by DHOF in bank accounts until the loans close, at which point the deposits may be used to pay customary costs and fees associated with the underwriting and due diligence on the loan. As of December 31, 2023, and 2022, deposits held by DHOF totaled $80,000 and $60,000, respectively.

DHOF was awarded and received a recoverable grant of $6,000,000 from the City of Dallas. The grant award funds are to be used for the purposes described in the conditional agreement. Accordingly, the undisbursed funds are included in restricted cash. As of December 31, 2023, and 2022, recoverable grant award funds included in restricted cash totaled $219,155 and $486,783, respectively.

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 and Project Partnerships (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 $21,073,625 and $26,650,186 as of December 2023 and 2022, respectively and is included in due from funds in the amount of $11,520,187 and $17,132,890 and prepaid expenses and other assets in the amount of $9,553,438 and $9,517,296 as of December 2023 and 2022, respectively. NEF evaluates impairment on contract-related assets annually. For the years ended December 31, 2023, and 2022, 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, BFF, CHOIF, ALHF, BEDF, and DHOF.

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, since debtors experience financial difficulties. The amount of the allowance is based on management's evaluation of the collectability of the loans. Prior to LISC's adoption of ASC 326 on January 1, 2023, the allowance was 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 90 days. Loans are written off when repayment is not expected to occur.

Subsequent to LISC's adoption of ASC 326 on January 1, 2023, LISC’s allowance for loan loss is based on a net loss-rate method which incorporates an assessment of historical losses on settled loans between 2000 and 2012, and loans settled since 2013 to date. Settled loans include all approved core loans that are no longer subject to future losses. Loans to LISC affiliates are excluded from the calculation. A historical net loss rate (HNLR) is calculated based on the historical assessment of settled loans during these two time periods. The two time periods represent fundamental differences in how the loans were underwritten. In response to the global financial crisis, LISC further refined its underwriting practices in 2008. Most loans underwritten prior to that were settled by 2012. The result of the stricter underwriting guidelines resulted in lower write-offs and net loss rates by more than 50% compared to loans settled between 2000 and 2012. In addition, most of the loans (>99.5%) currently in LISC’s portfolio were approved after 2012.

Expected net loss rates (ENLR) for each portfolio segment is developed based on HNLR along with other factors such as: recent changes in underwriting guidelines, introduction of new products, changes to overall portfolio risk profile, assessments of the current and projected macroeconomic environment (rising inflation and interest rates, 2023 banking crisis), changes to average loan terms, etc., at the discretion of LISC management. ELNR are then applied to the estimated assets subject to credit losses to arrive at the required reserve level for the loan portfolio.

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.

To monitor the likelihood of losses to its loan portfolio, LISC, BFF, CHF, CHOIF, ALHF, BEDF, and DHOF 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.

In furtherance of its charitable purposes, EOCLF promotes the success of small business owners serving communities of color. EOCLF is designed to get much-needed capital directly into the hands of small business owners serving communities of color, as well as provide business coaching and technical support. This program deploys small business loans, from microloans up to $50,000, to non-small business administration loans from $50,000 to $500,000, to larger commercial real estate acquisition loans from $500,000 and above.

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

1. Commercial real estate loans ("CRE")
2. Microloans
3. Non-Small Business Administration ("Non-SBA")

SOAR targets small businesses and nonprofits with 50 employees and fewer, with an explicit focus on historically under-resourced communities, including organizations in low-income areas and businesses owned by women and people of color.

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

1. Microloans: Financing for-profit businesses with a maximum loan/ investment amount of $50,000. This financing is for the purpose of working capital or equipment.
2. Non-SBA: Financing for-profit businesses in an amount of greater than $50,000 for the purpose of expansion, working capital, equipment purchase/rental or leasehold improvement.

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. Per the origination and servicing agreement, payment of any originator fee shall be conditioned upon approval by CZF. Origination fees were fully paid in 2021.The fee is recognized ratably over each annual period to which it relates. For the years ended December 31, 2023, and 2022, originator fees of $0 and $174,242, respectively, were expensed.

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 Impact Partners ("CIP") 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 years ended December 31, 2023, and 2022, CHF incurred $139,667 and $110,257, respectively, of servicing fees and $279,353 and $220,414, respectively, of asset management fees due to the Originators. As of December 31, 2023, and 2022, Lending Facility Fees of $211,936 and $146,824, respectively, 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.

SOAR entered into a servicing agreement with CDFI originators dated April 22, 2021, whereby SOAR incurs an annual servicing fee equal to the greater of 1.00% of the aggregate outstanding principal amount of each portfolio loan, or $360. For the years ended December 31, 2023, and 2022, SOAR incurred $547,653 and $401,133, respectively, of servicing fees due to CDFI Originators. As of December 31, 2023, and 2022, servicing fees payable total $162,701 and $76,885, respectively, and are included in accounts payable and expenses on the accompanying consolidating and consolidated statement of financial position.

EOCLF entered into a servicing agreement with the CDFI originators dated December 22, 2021, whereby EOCLF incurs an annual servicing fee equal to the greater of 1.00% of the aggregate outstanding amount of each portfolio loan, or $120. For the year ended December 31, 2023, and the period January 6, 2022 (commencement of operations) to December 31, 2022, EOCLF incurred $59,695 and $1,260, respectively, of servicing fees due to the CDFI originators. As of December 31, 2023, and 2022, servicing fees payable total $5,753 and $513, respectively, and are included in accounts payable and accrued expenses on the accompanying consolidating and consolidated statement of financial position.

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.

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.

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 2023 or 2022.

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, 2023, and 2022. Unrelated business income tax liabilities for the years ended December 31, 2023, and 2022 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 2020 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.

Broadstreet, NP, RRN, LFM, AHLF, SOAR, EOCLF 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. The federal tax status for BFF and BFF Side Car, as a pass-through entity, is based on their legal status as a limited liability company. Accordingly, BFF and BFF Side Car are not required to take any tax provisions in order to qualify as a pass-through entity. BFF and BFF Side Car are 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 and BFF Side Car have no other tax positions which must be considered for disclosure. Income tax returns filed by BFF and BFF Side Car are subject to examination by the Internal Revenue Service for a period of three years.

CHOIF and CHOIF II are 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). CHF has complied with its filing requirements with federal and state taxing authorities as of its year of formation in 2020. Those filings are subject to examination for a period of three years.

BEDF and DHOF are treated as partnerships for income tax purposes. All income and expenses of BEDF and DHOF 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 June 2016, the FASB issued 2016-13, 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 2016-13 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 2016-13 and providing transition relief, was effective for fiscal years beginning after December 15, 2022.

As of January 1, 2023, the Organization adopted ASU No. 2016-13 and recorded a cumulative net adjustment in relation to the change in accounting principle of $14,346,455, consisting of a increase on loan loss reserve for loan receivable of $6,943,008 and decrease of for the reserve for loan guarantees of $393,560 and an increase for a reserve for unfunded loan commitments of $7,797,007.

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, 2023, net assets with donor restrictions were $301,704,647 ($174,153,699 donor-restricted operating funds and $127,550,948 donor-restricted loan funds) and included the following components: (1) Charter School Financing - approximately $60.9 million of donor-restricted funds are available to support quality public charter and alternative schools in low income neighborhoods, included in this amount is $650,000 designated for operating and programmatic support and $60.3 million is related to grants awarded by the U.S. Department of Education ("DOE") 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 - approximately $67.3 million, (3) Operating and Programmatic Support - approximately $172.4 million of donor-restricted funds available to support operating and a multitude of specifically defined projects in the local/regional offices and national programs, and (4) NEF Housing Charities, an affiliate of NEF, reported net assets with donor restrictions of $1,056,188 to fund the Pay It Forward program which supports the next generation of emerging Black, Indigenous, and People of Color (BIPOC) Developers in the affordable housing industry.)

Note 3 - Availability and liquidity

The table below represents financial assets available for operating funds expenditures within one year at December 31, 2023, and 2022. 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 12. As of December 31, 2023, and 2022, $25,000,000 and $30,000,000, respectively, of the undrawn line of credit can be used for operating funds expenditures:

	2023	2022
Financial assets at period end		
Cash and cash equivalents	$ 312,912,785	$ 337,283,921
Restricted cash	19,207,870	39,685,873
Investments	85,032,754	87,637,171
Accrued interest receivable	8,738,782	6,385,597
Contributions receivable, gross	48,883,847	42,678,121
Government grants and contracts receivable	50,908,611	30,747,198
Due from funds	11,547,133	11,419,096
Recoverable grants to CDPs, gross	47,356,191	40,634,382
Prepaid expenses and other assets	11,994,844	14,380,694
Temporary investment in Project Partnerships, net of capital contributions due to temporary investments in project partnerships	26,579,918	18,504,234
Total financial assets	$ 623,162,735	$ 629,356,287
Less amounts not available to be used within one year		
Cash and cash equivalents	(25,014,368)	(41,212,780)
Investments	(13,567,978)	(13,215,428)
Contributions receivable, gross	(13,756,466)	(15,473,739)
Government grants and contracts receivable	(46,308,638)	(28,234,347)
Recoverable grants to CDPs, gross	(47,356,191)	(40,634,382)
Prepaid expenses and other assets	(5,315,942)	(7,333,060)
Financial assets not available to be used within one year	(151,319,583)	(146,103,736)
Financial assets available to meet operating fund expenditures over the next 12 months	$ 471,843,152	$ 483,252,551

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, 2023, and 2022, LISC was in compliance with its financial covenants.

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

At December 31, 2023, and 2022, the Organization's total portfolio of cash, cash equivalents, restricted cash, and investments consisted of the following:

	Fair value 2023	Fair value 2022
Cash, cash equivalents, and restricted cash	$ 458,413,928	$ 493,136,818
Investments:		
Cash held for investment		
Corporate bonds and fixed income funds	30,351,221	28,360,926
U.S. government agencies	60,290,693	57,686,956
Certificates of deposit	21,609,565	15,679,788
Alternative investments:		
Real estate investment trust	4,733,365	4,481,586
Hedge funds	-	35,316
Private equity funds	8,834,613	8,698,526
	125,819,457	114,943,098
Total cash, cash equivalents, restricted cash, and investments	$ 584,233,385	$ 608,079,916

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, 2023, and 2022:

	2023	2022
Cash and cash equivalents	$ 439,206,058	$ 470,647,275
Restricted Cash:		
Broadstreet Loan servicing accounts	2,036	44,987
Broadstreet Funds reserved for Charter School grants	1,903,481	1,864,632
immito lending funds	-	686,814
BFF funds	258,306	7,741,010
CDA Partnerships - reserves/deposits/escrows	-	440,248
NEF Project level agreements	704	3,500
NEF pass through distributions to investors	8,390,118	-
NEF Grant Agreements	456,188	903,987
CHOIF reserve	16,476	17,249
AHLF loan loss reserve	1,939,999	1,910,704
SOAR loan loss reserve	799,339	3,306,923
DHOF deposits	80,000	60,000
DHOF grant agreement	219,155	486,783
EOCLF loan loss reserve	5,142,068	5,022,706
Total cash, cash equivalents, and restricted cash		
Consolidating and consolidated statements of financial position	458,413,928	493,136,818
Less: CDA Partnerships - reserves/deposits/escrow	-	(401,874)
Total cash, cash equivalents, and restricted cash		
Consolidating and consolidated statements of cash flows	$ 458,413,928	$ 492,734,944

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, 2023, and 2022, cash and cash equivalents include approximately $14.3 million and $31.6 million, respectively, held in escrow-like arrangements with loan participants and $8.8 million and $7.7 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, 2023, and 2022, the following table summarizes the composition of such investments by the various redemption provisions:

	Fair value		Redemption	Redemption
Alternative investments	**2023**	**2022**	**frequency**	**notice period**
Real estate investment trust (A)	$ 4,733,365	$ 4,481,586	Lock-up	Not applicable
Credit-focused hedge fund (B)	-	35,316	Lock-up	Not applicable
Private equity funds (C)	8,834,613	8,698,526	Lock-up	Not applicable
	$ 13,567,978	$ 13,215,428		

As of December 31, 2023, and 2022, the Organization had $4,676,233 and $5,907,127 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. *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.

3. *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, 2023, and 2022, the Organization had contributions receivable with expected receipts as follows:

	2023	2022
Due within one year	$ 39,005,939	$ 30,841,539
Due in one to five years	13,756,466	15,473,739
	52,762,405	46,315,278
Less discount (0.10%–5.00%)	(2,454,558)	(2,194,497)
Less allowance for uncollectible contributions receivable	(824,000)	(772,000)
Total contributions receivable, net	$ 49,483,847	$ 43,348,781

At December 31, 2023, and 2022, approximately 21.57% and 38.06%, respectively, of the Organization's contributions receivable were from one donor.

At December 31, 2023, and 2022, approximately 33.45% and 35.66%, respectively, of the Organization's contributions revenue were from five donors.

Note 6 - Government grants and contracts

At December 31, 2023, and 2022, the Organization had grant commitments from various government agencies of approximately $114.2 million and $132.4 million, respectively, with expiring term dates ranging from 2024 to 2029. 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, 2023, and 2022, government grants and contracts receivable were $50.9 million and $30.8 million, respectively. Approximately $10.4 million and $7.0 million of government grants receivable at December 31, 2023, and 2022, and approximately $64.3 million and $11.4 million of government grants and contracts revenue for the years ended December 31, 2023 and 2022, 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 8.35% and repayment terms range from 1 year to 36 years. Delinquent loans, measured as those loans whose payment is greater than 90 days past due, totaled $19,599,012 and $5,913,899, respectively, at December 31, 2023, and 2022. The portion of the allowance dedicated to the delinquent loans totaled $5,691,594 and $443,542 at December 31, 2023, and 2022, respectively. At December 31, 2023, loan principal of $206,986,394 is due to LISC within one year, of which $125,807,992 is due to LISC within the next six months.

Loans receivable, by class and credit quality category, as of December 31, 2023, and 2022, are as follows:

	2023							
	Excellent	Strong	Good	Acceptable	Close Follow	Substandard	Doubtful	Total
Acquisition	$ -	$ 7,014,988	$ 193,326,701	$ 141,878,092	$ 29,638,366	$ 6,532,688	$ -	$ 378,390,835
Predevelopment and pre-credit loans	-	-	23,385,364	68,257,115	1,735,101	4,700,510	-	98,078,090
Construction	-	23,175,254	75,373,638	111,284,728	15,980,536	-	6,300,759	232,114,915
Other	8,990	41,031,538	189,263,866	139,963,555	15,081,677	6,983,866	19,926,265	412,259,757
Total	$ 8,990	$ 71,221,780	$ 481,349,569	$ 461,383,490	$ 62,435,680	$ 18,217,064	$ 26,227,024	$ 1,120,843,597

	2022							
	Excellent	Strong	Good	Acceptable	Close Follow	Substandard	Doubtful	Total
Acquisition	$ -	$ 4,109,976	$ 48,273,741	$ 265,135,722	$ 9,158,515	$ 3,008,398	$ -	$ 329,686,352
Predevelopment and pre-credit loans	-	-	10,069,295	57,190,478	535,990	-	-	67,795,763
Construction	-	-	42,084,862	110,382,808	11,567,246	2,058,657	-	166,093,573
Other	35,167	35,023,004	83,530,401	202,085,790	13,260,435	-	-	333,934,797
Total	$ 35,167	$ 39,132,980	$ 183,958,299	$ 634,794,798	$ 34,522,186	$ 5,067,055	$ -	$ 897,510,485

The activity in the allowance for uncollectible loans for the years ended December 31, 2023, and 2022 is as follows:

2023	Acquisition	Predevelopment	Construction	Other	Total
Allowance for uncollectible loans, beginning of the year	$ (27,361,602)	$ (5,795,406)	$ (6,924,141)	$ (8,286,568)	$ (48,367,717)
Cumulative effect of changes in accounting principle	16,006,012	3,229,838	(903,860)	(25,274,998)	$ (6,943,008)
Write-offs	3,597,391	2,340,850	1,945,603	3,252,351	11,136,195
Recoveries	(7,126)	(188,000)	(246,964)	-	(442,090)
Provision	(12,161,644)	(4,729,027)	(5,415,990)	(793,939)	(23,100,600)
Allowance for uncollectible loans, end of the year	$ (19,926,969)	$ (5,141,745)	$ (11,545,352)	$ (31,103,154)	$ (67,717,220)

2022	Acquisition	Predevelopment	Construction	Other	Total
Allowance for uncollectible loans, beginning of the year	$ (21,114,451)	$ (4,809,293)	$ (4,689,124)	$ (3,798,293)	$ (34,411,161)
Write-offs	2,100,000	287,000	1,599,191	974,798	4,960,989
Recoveries	(129,550)	(1,784,382)	(194,544)	(841,443)	(2,949,919)
Provision	(8,217,601)	511,269	(3,639,664)	(4,621,630)	(15,967,626)
Allowance for uncollectible loans, end of the year	$ (27,361,602)	$ (5,795,406)	$ (6,924,141)	$ (8,286,568)	$ (48,367,717)

The following tables provide an analysis of the aging of loan receivables as of December 31, 2023, and 2022:

	2023					
	31–60 days past due	61–90 days past due	Greater than 90 days past due	Total past due	Current	Total gross loans receivable
Acquistion	$ 3,978,173	$ -	$ 13,963,669	17,941,842	$ 360,448,993	$ 378,390,835
Predevelopment and pre-credit loans	-	-	3,200,510	3,200,510	94,877,580	98,078,090
Construction	-	-	73,328	73,328	232,041,587	232,114,915
Other	3,929,077	3,064,459	24,373,893	31,367,429	380,892,328	412,259,757
Total	$ 7,907,250	$ 3,064,459	$ 41,611,400	$ 52,583,109	$ 1,068,260,488	$ 1,120,843,597

	2022					
	31–60 days past due	61–90 days past due	Greater than 90 days past due	Total past due	Current	Total gross loans receivable
Acquistion	$ 1,350,000	$ -	$ 5,913,899	$ 7,263,899	$ 322,422,453	$ 329,686,352
Predevelopment and pre-credit loans	729,084	-	-	729,084	67,066,679	67,795,763
Construction	-	-	-	-	166,093,573	166,093,573
Other	8,892,020	-	-	8,892,020	325,042,777	333,934,797
Total	$ 10,971,104	$ -	$ 5,913,899	$ 16,885,003	$ 880,625,482	$ 897,510,485

Recoverable grants to CDPs-sponsored projects
In furtherance of its charitable purposes, the Organization makes recoverable grants directly to CDPs. Recoverable grant activity for 2023 and 2022 is summarized as follows:

	2023	2022
Gross recoverable grants beginning of year	$ 40,634,381	$ 35,050,365
New recoverable grants made	7,609,835	7,209,335
Write-offs	(1,365,144)	(846,345)
Repayments	(2,522,881)	(3,778,974)
Gross recoverable grants end of year	44,356,191	37,634,381
Allowance for uncollectible recoverable grants, end of year	(24,594,708)	(19,694,978)
Recoverable grants receivable, net, end of year	$ 19,761,483	$ 17,939,403

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, 2023, and 2022 is summarized below:

	2023	2022
Grants payable, beginning of year	$ 60,455,056	$ 47,697,227
New project grants made	170,113,302	105,965,176
Disbursements on commitments	(153,879,162)	(93,207,347)
Grants payable, end of year	$ 76,689,196	$ 60,455,056

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, 2023, and 2022, NEF was holding temporary investments in Project Partnerships of $175,429,932 and $113,625,948, respectively, in which NEF contributed $25,375,826 and $17,637,679, respectively, to the Project Partnerships and entered into promissory notes for future contributions of $148,850,014 and $95,121,714, respectively. As of December 31, 2023, and 2022, NEF also includes preacquisition costs of $1,204,092 and $866,555, respectively, in temporary investments in Project Partnerships.

Note 10 - Property and equipment

Property and equipment consist of the following at December 31, 2023, and 2022:

	2023	2022
Furniture, equipment, computer software, and leasehold improvements	$ 18,103,205	$ 18,332,178
Land, buildings, and improvements	-	38,996,181
Gross property and equipment	18,103,205	57,328,359
Less accumulated depreciation and amortization	(11,252,542)	(27,082,114)
Total property and equipment, net	$ 6,850,663	$ 30,246,245

Related to the CDA entities, as of December 31, 2022, the consolidating and consolidated financial statements include $38,996,181 in land, buildings and improvements and $1,437,842 in furniture, equipment, and leasehold improvements. Accumulated depreciation was $16,896,228 as of December 31, 2022.

Note 11 – Acquisition of Mountain Plains Equity Group, Inc.

On October 24, 2023, NEF acquired the general partner interest in six Funds from Mountain Plains Equity Group, Inc. ("MPEG"), a housing tax credit syndicator based in Billings, Montana. The acquisition of MPEG Funds was accounted for in accordance with FASB ASC Topic 805, *Business Combinations*. Upon acquisition, NEF allocated the purchase price based on the fair value of the acquired assets, including other identifiable intangible assets such as acquired in-place contracts and customer relationship value, and assumed liabilities. NEF estimated fair value based on discounted cash flow analysis. As a result, determining the fair value involved assumptions and estimates, including discount rates and collectability.

NEF allocated purchase price to the following identifiable intangible assets, which are included in prepaid expenses and other assets, in the accompanying consolidated statements of financial position and assumed liabilities, which are included in accounts payable and other accrued expenses in the accompanying consolidated statements of financial position. The identifiable intangible assets acquired will be amortized over a period of 15 years. Amortization expense recorded for the next five years will be $997,950.

	2023
In-Place Contracts	$ 352,544
Customer Relationship	2,693,059
Identifiable Intangible Assets Required	3,045,603
Contingent Consideration	(1,000,000)
Acquisition-related costs	(203,185)
Cash paid	$ 1,842,418

Note 12 - Loans and bond payable

At December 31, 2023, and 2022, loans and bond payable consisted of the following:

	Maturities	Interest rates	2023	2022
Financial institutions and insurance companies	2024-2035	0.00%-6.00%	$ 307,938,195	$ 265,557,424
Sustainability Bonds and Impact Notes	2024-2037	0.50%-5.85%	248,117,000	176,912,000
Foundations	2025-2033	0.00%-4.00%	102,669,265	90,290,971
Public agencies/entities and retirement funds	2025-2043	0.00%-3.61%	52,281,817	54,392,372
Nonprofit and other institutions	2025-2037	0.00%-4.50%	227,856,184	185,172,563
Total			938,862,461	772,325,330
Less: Unamortized Discount and deferred costs (*)			(2,543,633)	(2,391,334)
Loans and Bonds Payable, net			$ 936,318,828	$ 769,933,996

Loans and bonds payable maturities

Loans payable are scheduled to be repaid as of December 31, 2023, as follows:

	Principal
2024	$ 105,255,322
2025	122,518,008
2026	108,808,795
2027	107,310,198
2028	49,811,408
Thereafter	445,158,730
Total	$ 938,862,461

In November 2020, LISC launched an Impact Notes (Notes) program for up to $150,000,000. In October 2023, the program has increased to $250,000,000. 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, 2023, LISC issued $173,117,000 in Notes as follows:

Maturities	Interest rates	2023
February 15, 2024	0.50%	$ 5,000,000
October 15, 2024	5.85%	4,975,000
November 15, 2024	5.50%	11,945,000
December 15, 2024	5.65%	6,859,000
January 15, 2025	5.60%	2,591,000
March 15, 2025	2.60%	2,153,000
March 15, 2025	5.75%	1,862,000
April 15, 2025	3.10%	2,308,000
May 15, 2025	5.30%	7,443,000
July 15, 2025	5.60%	13,022,000
November 15, 2025	5.85%	5,342,000
November 15, 2025	1.00%	19,880,000
December 15, 2025	0.95%	9,111,000
January 15, 2026	0.95%	8,250,000
February 15, 2026	4.00%	6,193,000
March 15, 2026	1.25%	7,002,000
April 15, 2026	5.15%	3,241,000
May 15, 2026	1.30%	7,550,000
August 15, 2026	1.25%	7,945,000
August 15, 2026	5.70%	3,645,000
December 15, 2026	4.90%	4,340,000
March 15, 2027	2.50%	2,023,000
March 15, 2027	2.90%	3,420,000
April 15, 2027	3.35%	1,341,000
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%	6,881,000
July 15, 2028	1.60%	122,000
September 15, 2028	1.65%	607,000
December 15, 2028	2.00%	953,000
January 15, 2029	2.15%	212,000
December 15, 2030	1.70%	1,788,000
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%	3,992,000
		$ 173,117,000

The Notes were issued at a discount of $1,751,144 and LISC incurred debt issuance costs of $1,487,367. As of December 31, 2023, and 2022, the unamortized discount and debt issuance costs were $1,842,860 and $1,878,203, 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. As of December 31, 2023, the outstanding balance of the Sustainability Bonds was $75,000,000. The Sustainability Bonds were issued at a discount of $731,478, and LISC incurred debt issuance costs of $126,811. As of December 31, 2023, and 2022, the unauthorized discount and debt issuance costs were $465,774 and $513,131, respectively.

At December 31, 2023, LISC had $175,880,000 of available undrawn sources of funding with maturities ranging from 2024 to 2033. Interest rates range from 0.00% to 4.50% fixed rate ($123,880,000) and floating rate range from Daily SOFR to SOFR + 2.30% ($49,000,000), and PRIME - 1.00% ($3,000,000).

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 12/31/2023	Balance as of 12/31/2022
September 25, 2020	Chase New Markets Corporation	$ 12,500,000	$ 5,000,000	$ 5,000,000
September 25, 2020	Citizens Bank, N.A.	3,000,000	1,200,000	1,200,000
September 25, 2020	First Independence Bank	2,500,000	1,000,000	1,000,000
September 25, 2020	Flagstar Bank, FSB	2,500,000	1,000,000	1,000,000
December 16, 2020	PNC Community Development Company, LLC	5,000,000	2,000,000	2,000,000
May 14, 2021	CIBC Bank USA	2,500,000	1,000,000	1,000,000
December 6, 2021	Keybank National Association	10,000,000	4,000,000	4,000,000
		$ 38,000,000	$ 15,200,000	$ 15,200,000

Each loan has a non-revolving advance period expiring five years after the respective Closing Date, followed by a ten-year non-revolving term. The loans mature 10 years after the respective Closing 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 Closing Date. Accrued interest is due and payable quarterly through maturity, beginning with the first calendar quarter-end date following the first full quarter interest is accrued. Principal payments are due quarterly beginning five years after the respective Closing 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. AHLF 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, 2023, and 2022, interest expense incurred and paid on the loans was $308,250 and $151,494, respectively.

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 12/31/2023	Balance as of 12/31/2022
August 3, 2020	First Republic Bank ("FRB")	$ 5,000,000	$ 1,500,000	$ 1,500,000
August 13, 2020	The San Francisco Foundation ("SFF")	5,000,000	1,500,000	1,500,000
August 19, 2020	Silicon Valley Community Foundation ("SVCF")	1,000,000	300,000	300,000
October 29, 2020	Chase New Markets Corporation ("CNMC")	15,000,000	4,500,000	4,500,000
January 21, 2021	The Ford Foundation ("FF")	10,000,000	3,000,000	3,000,000
October 22, 2021	The David and Lucile Packard Foundation ("DLPF")	3,000,000	900,000	900,000
		$ 39,000,000	$ 11,700,000	$ 11,700,000

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, 2023, and 2022, 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 BFF. For the years ended December 31, 2023, and 2022 interest expense incurred on the loans was $235,729 and $123,117, respectively, and accrued interest as of December 31, 2023, and 2022 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 12/31/2023	Balance as of 12/31/2022
September 3, 2019	Banc of America Community Development Corp	$ 2,500,000	$ 2,500,000	$ 2,167,526
September 20, 2019	Foundation For The Carolinas	2,500,000	2,500,000	2,168,262
December 20, 2019	Duke Energy Corporation	2,000,000	2,000,000	1,733,293
December 20, 2019	The Presbyterian Hospital	6,000,000	6,000,000	5,201,954
December 24, 2019	Ally Bank	5,000,000	5,000,000	4,335,703
March 2, 2020	Truist Bank	4,000,000	4,000,000	3,468,545
		$ 22,000,000	$ 22,000,000	$ 19,075,283

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 capitalizing on the loans until 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, 2023, and 2022, the outstanding balance of the loans was $22,000,000 and $19,075,283, respectively, and accrued interest was $387,916 and $188,941, respectively. For the years ended December 31, 2023, and 2022, respectively, interest expense on the loans was $198,975 and $131,770.

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, 2023, and 2022, the outstanding balance was $106,895,160 and $91,445,160, respectively, and accrued interest was $0. For the years ended December 31, 2023, and 2022, interest expense on the loan was $1,062,759 and $912,708, respectively.

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 12/31/2023	Balance as of 12/31/2022
Class A	Mercy Investment Services, Inc.	$ 1,500,000	$ 1,100,835	$ 1,340,704
Class A	Microsoft Corporation	20,000,000	14,677,947	17,876,107
Class A	The Grove Foundation	500,000	366,943	446,915
Class A	Isenberg Family Charitable Foundation, Inc.	1,250,000	917,373	1,117,247
Class A	Heifer International Foundation	2,500,000	1,834,759	2,234,532
Class A	Chase New Markets Corporation	10,000,000	7,338,973	8,938,041
Class A	The David and Lucile Packard Foundation	5,000,000	3,669,479	4,469,026
Class A	Winrock International Foundation LLC	500,000	366,942	446,914
Class A	Woodforest National Bank	1,000,000	733,885	893,790
Class A	Gary Chartrand GRAT II Exempt Trust	1,000,000	733,885	893,790
Class A	Gary R. Chartrand Revocable Trust	1,000,000	733,885	893,790
Class A	Millennium Trust Company, LLC cust. FBO Amy Brakeman IRA	1,000,000	733,885	893,790
Class A	WoodNext Foundation	2,000,000	1,467,857	1,873,075
Class B	Arbitblit Suttie 2010 Trust	250,000	250,000	250,000
Class B	The Grove Foundation	500,000	500,000	500,000
Class B	Isenberg Family Charitable Foundation, Inc.	750,000	750,000	750,000
Class B	Mercy Investment Services, Inc.	500,000	500,000	500,000
Class B	Mighty Arrow Family Foundation	250,000	250,000	250,000
Class B	The Roger I. & Ruth B. MacFarlane Foundation	250,000	250,000	250,000
Class B	Ms. Foundation for Women, Inc.	250,000	250,000	250,000
Class B	Kristin Leimkuhler Trust UAD 12/11/2017	250,000	250,000	250,000
Class B	ImpactAssets Inc., FBO Excelsior Impact Fund	250,000	250,000	250,000
Class B	Visa Foundation	5,000,000	5,000,000	5,000,000
Class B	Compton Foundation, Inc.	500,000	500,000	500,000
Class B	W.K. Kellogg Foundation	3,000,000	3,000,000	3,000,000
Class B	Jewish Community Federation of San Francisco, The Peninsula, Marin and Sonoma Counties	1,000,000	1,000,000	1,000,000
Class B	Kermit G. Phillips II Charitable Trust	250,000	250,000	250,000
Class B	The Community Foundation for Greater Atlanta,	500,000	500,000	500,000
		$ 60,750,000	$ 48,176,648	$ 55,817,721

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, 2023, and 2022, the outstanding balance of loans payable was $48,176,648 and $55,817,721, respectively, and accrued interest payable was $77,177 and $90,072, respectively. For the year ended December 31, 2023, and 2022, interest expense on the loans was $1,126,429 and $714,186, respectively.

EOCLF entered into a loan and a joinder agreement with lenders listed below dated January 13, 2022, and April 29, 2022, respectively, to make loans to EOCLF in the aggregate principal amounts as follows:

Class	Lender	Loan Commitment	Balance as of 12/31/2023	Balance as of 12/31/2022
Class A	JPMorgan Chase Bank, N.A.	$ 20,000,000	$ 6,105,267	$ -
Class A	Block, Inc.	10,000,000	3,052,631	-
Class A	Costco Wholesale Corporation	10,000,000	3,052,631	-
Class A	Amalgamated Bank	10,000,000	3,052,631	-
Class A	Forbright Bank	10,000,000	3,052,631	-
Class A	Rippleworks, Inc.	5,000,000	1,526,315	-
Class B	Chase New Markets Corporation	30,000,000	15,482,894	1,325,000
		$ 95,000,000	$ 35,325,000	$ 1,325,000

Pursuant to the loan agreement, interest accrues on the outstanding principal balance of the loans payable at a rate of 4.00% per annum for Class A loans and 2.00% per annum for Class B loans. Interest is due on the 15th of each month for each loan beginning 180 days after the disbursement date through maturity. The Class A loans are due and payable on January 13, 2032, unless LFM exercises the one-year maturity date extension option pursuant to the loan agreement. The Class B loans are due and payable on the earlier of January 13, 2033, or the date of any acceleration of the loans pursuant to the loan agreement. As of December 31, 2023, and 2022, the outstanding balance of loans payable was $35,325,000 and $1,325,000, respectively, and accrued interest payable was $220,134 and $11,483, respectively. For the year ended December 31, 2023, and for the period January 6, 2022 (commencement of operations) to December 31, 2022, interest expense on the loans was $342,448 and $11,483, respectively.

DHOF entered into a Loan Agreement with Sunflower Bank, N.A. dated September 22, 2022. Pursuant to the Loan Agreement, Sunflower Bank, N.A. shall make advances to DHOF up to an aggregate principal amount of $5,000,000. Interest accrues on the outstanding principal balance of the loan payable at a rate of 1.00% per annum. Interest is due quarterly through the maturity date. Each advance is due and payable five years following the initial disbursement. As of December 31, 2023, and 2022, the outstanding balance of the loan payable was $3,600,000 and $1,600,000, respectively, and accrued interest payable was $26,333 and $578, respectively. For the year ended December 31, 2023, and for the period November 29, 2021 (commencement of operations) to December 31, 2022, interest expense on the loan was $25,755 and $578, respectively.

DHOF entered into a loan agreement with Truist Bank dated March 14, 2023. Pursuant to the loan agreement, Truist Bank shall make advances to DHOF up to an aggregate principal amount of $10,000,000. Interest accrues on the outstanding principal balance of the loan payable at a rate of 1.00% per annum. Interest is due quarterly through the maturity date. Each advance is due and payable five years following the initial disbursement. As of December 31, 2023, and 2022, the outstanding balance of the loan payable was $7,200,000 and $0, respectively, and accrued interest payable was $42,578 and $0. For the year ended December 31, 2023, and the period November 29, 2021 (commencement of operations) to December 31, 2022, interest expense on the loan was $42,578 and $0, respectively.

DHOF was awarded a recoverable grant payable of up to $6,000,000 by the City of Dallas. The recoverable grant funds are available to DHOF to grow and administer an Affordable Housing Fund established to produce at least 1,500 units of housing on or before December 31, 2031, in compliance with the Affordable Housing Program Guidelines. No principal or interest payments on the recoverable grant shall be due and payable unless there is an event of default. The principal amount of the recoverable grant will be forgiven in 1/15 increments as each 100 affordable housing units is produced. As of December 31, 2023, and 2022, the recoverable grant payable balance was $6,000,000.

Pledged assets
LISC has pledged certain assets as collateral to lenders to secure (1) nonrecourse indebtedness to LISC totaling $0 as of December 31, 2023, and 2022, and (2) $41,615,219 and $43,151,871 of collateral assets for the recourse indebtedness under the Community Development Financial Institution Bond Guarantee Program ("CDFI BGP Loan") totaling $39,578,572 and $41,137,061, as of December 31, 2023 and 2022, respectively.

Subordinated debt
At December 31, 2023, LISC has subordinated debt in loans and bonds payable totaling $53.1 million in the form of twelve equity equivalent investments from eight financial institutions and one patient capital loan from one financial institution. At December 31, 2022, LISC had subordinated debt included in loans and bonds payable totaling $40.1 million in the form of twelve equity equivalent investments from seven financial institutions.

Lines of credit
At December 31, 2023, and 2022, LISC had available bank lines of credit of $60,000,000, which expire between March 18, 2024 and May 28, 2027, with interest rates ranging from SOFR + 1.50% to SOFR + 1.90%. At December 31, 2023, and 2022, the outstanding balance included in loans and bonds payable was $0, respectively.

As of December 31, 2023, and 2022, NEF had revolving credit lines totaling $80,000,000 and $60,000,000, respectively, available to meet cash flow needs.

NEF has a $20,000,000 revolving credit facility with a 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 NEF’s core business activities. During 2023, the revolving credit facility amount was increased to $30,000,000. The current maturity date is November 30, 2024. Interest on any outstanding amounts is due monthly calculated at the greater of Prime plus 25 basis points or 2.5%. The interest rates ranged from 8% to 8.75% in 2023 and was 3.5% to 7.75% in 2022. NEF borrowed $30,000,000 and repaid $30,000,000 in 2023 and borrowed $12,500,000 and repaid $12,500,000 in 2022. The outstanding balance as of December 31, 2023, and 2022 was $0.

During 2022, NEF had 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 NEF’s core business activities. During 2023, the revolving credit facility amount was increased to $30,000,000. The current maturity date is January 31, 2025. Interest on any outstanding amounts is due quarterly calculated at Prime less 90 basis points. The interest rate ranged from 6.85% to 7.6% in 2023 and was 2.60% to

6.60% in 2022. NEF borrowed $35,000,000 and repaid $35,000,000 in 2023 and borrowed $12,500,000 and repaid $12,500,000 in 2022. The outstanding balance at December 31, 2023, and 2022 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.

Covenants
In accordance with the terms of loan agreements with certain lenders, LISC and Affiliates are required to meet several financial covenants. LISC and Affiliates are in compliance with their financial covenants at December 31, 2023.

Note 13 - 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, 2023, and 2022, was $4,339,456 and $3,835,921, respectively.

LISC, NEF, and Broadstreet 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 Broadstreet, respectively. Beginning in 2023, NEF established a 457(f) plan for key executives. Total thrift plan expense for the years ended December 31, 2023, and 2022 was $3,726,115 and $2,957,544, respectively.

Note 14 - 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. Financial exposure related to these commitments is reported as liability for unfunded commitments and loan guarantees on the consolidated statement of financial position and provision for unfunded commitments and loan guarantees on the consolidated statement of activities, respectively. The liability for unfunded commitments and loan guarantees is reclassified as a component of loans receivables, net of allowance for loan loss as the commitments convert to performing loans receivable on the statement of financial position.

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:

	2023 Contract amount	2022 Contract amount
Financial instruments whose contract amounts represent credit risk:		
Financial guarantees	$ 5,900,000	$ 5,900,000
Loan commitments outstanding	277,565,941	297,392,926
Total	$ 283,465,941	$ 303,292,926

With the adoption of CECL, requiring a reserve for off-balance sheet credit exposure, the organization has recorded a reserve of $8,320,080 as of December 31, 2023.

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, 2023, and 2022, LISC has interest rate swap agreements with notional amounts in the aggregate of $10,000,000, respectively. At December 31, 2023, and 2022, the fair value of the interest rate swaps was $297,690 and $548,937, 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, 2023, and 2022:

	December 31, 2023		
	Total	Level 1	Level 2
Cash and cash equivalents, and restricted cash escrow	$ 458,413,928	$ 458,413,928	$ -
Investments:			
Corporate bonds and fixed income funds	$ 30,351,221	$ 30,351,221	$ -
U.S. government agencies	60,290,693	59,620,958	669,735
Certificates of deposit	21,609,565	-	21,609,565
	$ 112,251,479	$ 89,972,179	$ 22,279,300
Alternative investments:			
Real estate investment trust	$ 4,733,365		
Hedge funds	-		
Private equity funds	8,834,613		
	13,567,978		
Total investments	$ 125,819,457		
Interest rate swap held by LISC	$ 297,690	$ -	$ 297,690
Total interest rate swaps	$ 297,690	$ -	$ 297,690
Loan guarantee - LISC	$ (225,000)	$ -	$ (225,000)

	December 31, 2022		
	Total	Level 1	Level 2
Cash and cash equivalents, and restricted cash escrow	$ 493,136,818	$ 493,136,818	$ -
Investments:			
Corporate bonds and fixed income funds	$ 28,360,926	$ 28,246,037	$ 114,889
U.S. government agencies	57,686,956	56,764,892	922,064
Certificates of deposit	15,679,788	-	15,679,788
	$ 101,727,670	$ 85,010,929	$ 16,716,741
Alternative investments:			
Real estate investment trust	$ 4,481,586		
Hedge funds	35,316		
Private equity funds	8,698,526		
	13,215,428		
Total investments	$ 114,943,098		
Interest rate swap held by LISC	$ 548,937	$ -	$ 548,937
Total interest rate swaps	$ 548,937	$ -	$ 548,937
Loan guarantee - LISC	$ (616,060)	$ -	$ (616,060)

Note 15 - 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 and CHOIF II’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 and CHOIF II'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 and EOCLF's major assets are loan receivables from borrowers with operations throughout the United States. BEDF's and EOCLF'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.

DHOF's major assets are loans receivable from borrowers with operations concentrated in Dallas, Texas. 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.

Note 16 - Commitments and contingencies

Project Partnership guarantees and financial 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, 2023.

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, 2023.

In connection with NEF Predevelopment Loan Fund I LP, NEF entered into a guaranty agreement with the limited partners of the Fund. NEF has agreed to provide up to $4,000,000 in capital contributions upon the occurrence of a Realized Loss Event as defined in the NEF Predevelopment Loan Fund I LP limited partnership agreement. NEF has not accrued any contingent liability as a loss is neither probable nor estimable as of December 31, 2023.

In connection with NEF Emerging Minority Developers Fund LP, the NEF entered into a loan agreement with the state investor member of one Project Partnership. NEF has agreed to provide a loan in the amount of $1,292,748 to finance the state investor member's equity investment in the Project Partnership. NEF is expected to advance the funds in 2025 in conjunction with payment of the third equity installment for the Project Partnership. This loan is secured by the assignment of all membership or partnership interests in the state tax credits and a guarantee from an affiliate of the borrower. NEF has not accrued any provision for loss on receivables as NEF does not expect a credit loss over the lifetime of this loan as of December 31, 2023.

During 2023, the city of Los Angeles placed Skid Row Housing Trust's portfolio into a Health and Safety Receivership due to financial difficulties. The Funds have investments in nine Project Partnerships in this portfolio, six of which had achieved stabilized operations and three of which were pre-stabilized. To effectuate the transfer of the stabilized Project Partnerships to a new general partner, NEF entered into commitment letters to make one or more unsecured workout loans to the Funds. The total commitment was $2,848,678 of which $1,371,774 was funded in 2023. The remaining $1,476,904 was accrued in 2023. $1,289,837 was funded in 2024 related to this commitment.

NEF Support Corporation, a subsidiary of NEF, entered into seven California state tax credit purchase and transfer agreements with unrelated third parties. NEF Support Corporation agreed to purchase the state tax credits associated with seven project partnerships when they become available and immediately assign the state tax credits to Funds or investors. The cumulative estimated purchase price is $36,219,212. As of December 31, 2023, a $1,099,022 payment was made in relation to one of the Project Partnerships. Per the agreements, upon assignment, the Funds or investors will assume the responsibility for paying the purchase price or reimbursing NEF for any amounts advanced. It is expected that the majority of the purchase price will be payable after the assignment has been made to the Funds or investors.

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 $7,441,977 and $5,723,998 as of December 31, 2023, and 2022, respectively. NEF has not accrued any contingent liability as a loss is neither probable nor estimable as of December 31, 2023.

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).

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 and paid for each of the years ended December 31, 2023, and 2022 was $7,500.

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, 2023, and 2022, 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 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.

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 $44,436,243 and $47,548,771 as of December 31, 2023 and 2022, 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 5.27%, as of December 31, 2023 and rates ranging from 1.54% to 4.77% as of December 31, 2022. 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, 2023, 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, 2023, are as follows:

2024	$ 5,090,916
2025	5,771,825
2026	5,221,398
2027	4,799,234
2028	4,820,560
Thereafter	29,207,163
Subtotal	54,911,096
Less: Effects of discounting	(7,244,069)
Total	$ 47,667,027

Rental expense, inclusive of real estate taxes and operating costs, for the years ended December 31, 2023, and 2022, totaled $8,051,246 and $7,830,442, 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, 2023 and 2022, no such provisions were necessary.

Note 17 - CDA partnerships - long-term debt, net and notes payable to funds

As of December 31, 2023, and 2022 the CDA Partnerships had an outstanding long-term debt balance of $0 and $22,758,710, respectively, which consists of mortgage notes held by banks and other lenders. Maturity dates range from 2046 to 2057 and interest rates range from 0% to 3.66% in 2022. Debt issuance costs were $0 and $114,056 as of December 31, 2023, and 2022, respectively, and are presented net in long-term debt on the consolidating and consolidated statement of financial position.

As of December 31, 2023, and 2022, the CDA Partnerships had outstanding unsecured notes payable to the Funds in the amount of $0 and $800,000, respectively. Interest rates range from 1.68% to 2.86% in 2022. The notes were payable out of surplus cash flow as defined in the promissory note.

Note 18 - Due from funds

Due from Funds, includes the syndication and asset management fees from Funds billed but not received as of December 31, 2023, and 2022. At December 31, 2023, and 2022, $11,547,133 and $17,163,832 in fees, respectively. All fees are due within one year.

Note 19 - 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, 2023, and 2022, NEF's investment balance in the Funds and other ventures and partnerships was $32,430 and is included in prepaid expenses and 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, 2023, and 2022, deficit balances related to certain of its investments in Funds and other ventures and partnerships were $960,575 and $947,191, respectively, and are included in accounts payable and accrued expenses in the accompanying consolidating and consolidated statement of financial position. NEF recorded $13,384 and $56,161 of equity in losses as of December 31, 2023, and 2022, respectively.

NEF holds limited partner interests in certain Funds and Project Partnerships. The investment balances of these interests are $701,259 and $66,694 as of December 31, 2023, and 2022, respectively, and are included in prepaid expense and other assets, in the accompanying consolidating and consolidated statement of financial position. NEF recorded $50,850 and $2,832 of equity in income as of December 31, 2023, and 2022, respectively.

During 2022, an affiliate of NEF entered into a purchase agreement with The Community Preservation Corporation, a New York not-for-profit corporation, to purchase a 15% interest in CPC Mortgage Company, LLC, a national mortgage lending company specializing in multifamily Agency finance products with the intent to expand and preserve affordable housing. The purchase price was $6,000,000. NEF accounts for this investment at cost as NEF does not have the ability to exercise significant influence over the operating and financial policies of the investee. NEF evaluates impairment annually. For the year ended December 31, 2023, no impairment loss was recognized.

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 2023 or 2022. CDA transferred its general partner interests in one and two CDA Partnerships to an unrelated third party in 2023 and 2022, resulting in a $1,520,614 gain and $3,167,529 gain on disposition in 2023 and 2022, respectively. There are no more CDA Partnerships remaining in the portfolio as of December 31, 2023.

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.

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 (collectively, the “Investees”) 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%
Central NOAH, LLC ("Peppertree")	11/2/2022	$ 4,700,000	26.49%

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 the Investees are variable entities and CNI is not the primary beneficiary. Consequently, CNI is not required to consolidate its investment in the Investees. This conclusion was based on the determination that CNI does not have the power to direct the activities that most significantly impact the Investees’ 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 years ended December 31, 2023 and 2022, CNI provided no explicit or implicit financial or other support to the Investees 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 consolidating and consolidated statements 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 consolidating and consolidated statements 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, 2023, and 2022.

In 2023 and 2022, CNI made a total of $0 and $4,700,000, respectively, of equity investments to acquire membership interest in the Investees. The Investees were formed to purchase, own, hold, maintain, finance, refinance, lease, renovate, repair market, and sell apartment buildings and other improvements in Charlotte, NC. For the years ended December 31, 2023, and 2022, loss and equity in income from the Investees was $460,157 and $191,643, respectively.

DHFF owns joint venture interests in the below investees, which are Michigan limited liability companies that own certain real properties in Detroit, MI (collectively, the “Investees”) as follows:

Investees	Date	Equity Investment	Membership Interest
Ribbon Leverage Lender, LLC	3/29/2023	$ 338,199	5.00%
The Beauton LLC	5/12/2023	$ 550,000	23.67%

In 2023, DHHF made a total of $888,199 of equity investments to acquire membership interest in the investees. The investees were formed to purchase, own, hold, maintain, finance, refinance, lease, renovate, repair market, and sell apartment buildings and other improvements in Detroit, MI. For the year ended December 31, 2023, equity in income from the investees was $16,430.

DHFF has determined that the Investees are variable interest entities and DHFF is not the primary beneficiary. Consequently, DHFF is not required to consolidate its investment in the Investees. This conclusion was based on the determination that DHFF does not have the power to direct the activities that most significantly impact the Investees’ economic performance.

DHFF’s maximum exposure to loss as a result of its involvement with the investments remains limited to the current investment balance. During the years ended December 31, 2023, and 2022, DHFF provided no explicit or implicit financial or other support to the Investees that was not previously contractually required or intended.

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

DHFF has adopted the nature of distributions approach for the classification of distributions received from equity method investees in the consolidating and consolidated statements 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 consolidating and consolidated statements of cash flows, while returns of investment are classified as investing activities.

DHFF has implemented policies and practices for assessing impairment for its investments. Periodically, the carrying value is evaluated and DHFF 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, 2023, and 2022.

Note 20 - NMTC award administered

As of December 31, 2023, and 2022, approximately $1.195 billion and $1.155 billion, respectively, of the $1.208 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, 2023, and 2022:

	Projects	Allocation received	QEIs closed before 2023	QEIs closed during 2023	Total QEIs closed through December 31, 2023	Allocation remaining as of December 31, 2023
Round 1-9, 11-13, and 15	156	$ 1,053,000,000	$ 1,053,000,000	$ -	$ 1,053,000,000	$ -
Round 16	10	50,000,000	49,000,000	1,000,000	50,000,000	-
Round 17	12	65,000,000	53,000,000	8,500,000	61,500,000	3,500,000
Round 18	5	40,000,000	-	30,800,000	30,800,000	9,200,000
Total	183	$ 1,208,000,000	$ 1,155,000,000	$ 40,300,000	$ 1,195,300,000	$ 12,700,000

	Projects	Allocation received	QEIs closed before 2022	QEIs closed during 2022	Total QEIs closed through December 31, 2022	Allocation remaining as of December 31, 2022
Round 1-9 and 11-13	138	$ 993,000,000	$ 993,000,000	$ -	$ 993,000,000	$ -
Round 15	18	60,000,000	58,862,662	1,137,338	60,000,000	-
Round 16	9	50,000,000	40,000,000	9,000,000	49,000,000	1,000,000
Round 17	10	65,000,000	13,000,000	40,000,000	53,000,000	12,000,000
Round 18	-	40,000,000	-	-	-	40,000,000
Total	175	$ 1,208,000,000	$ 1,104,862,662	$ 50,137,338	$ 1,155,000,000	$ 53,000,000

Note 21 - Subsequent events

In connection with the preparation of the consolidating and consolidated financial statements, the Organization evaluated subsequent events after the balance sheet date of December 31, 2023 through June 30, 2024 which was the date the consolidating and consolidated financial statements were available to be issued, and concluded that no additional matters have occurred that would require recognition or disclosure in the consolidating and consolidated financial statements.