ASIAN AMERICANS FOR EQUALITY, INC.
AND SUBSIDIARIES

Consolidated Financial Statements
(Together with Independent Auditors' Report)

Years Ended December 31, 2023 and 2022

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Asian Americans for Equality, Inc. and Subsidiaries
New York, NY

Opinion

We have audited the consolidated financial statements of Asian Americans for Equality, Inc. and Subsidiaries (collectively, the "Agency"), which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

We did not audit the 2023 and 2022 financial statements of Hardesty Renaissance Economic Development Corporation, Inc. ("Hardesty"), a subsidiary, which statements reflect total assets of $4,579,874 and $4,600,521 as of December 31, 2023 and 2022, respectively, and total revenues of $648 and $1,316, respectively, for the years then ended, or 2.5% and 0.0% for 2023, and 2.6% and 0.0% for 2022, respectively, for the years then ended. We also did not audit the financial statements of One Hardesty, LLC D/B/A Hardesty Storage ("One Hardesty"), a subsidiary, which statements reflect total assets of $5,993,747 and $5,937,918 as of December 31, 2023 and 2022, respectively, and total revenues of $1,342,301 and $1,361,342, respectively, for the years then ended, or 3.3% and 5.1% for 2023, and 3.3% and 5.0% for 2022, respectively, for the years then ended. We also did not audit the financial statements of Norfolk Apartments Limited Partnership ("Norfolk"), an affiliate of Asian American Housing Development Fund Company, Inc. ("AAHDFC"), which statements reflect total assets of $1,978,585 and $2,118,837 as of December 31, 2023 and 2022, respectively, and total revenues of $336,036 and $324,235, respectively, for the years then ended, or 1.1% and 1.3% for 2023, and 1.2% and 1.2% for 2022, respectively, for the years then ended. We also did not audit the financial statements of Norfolk II Apartments Limited Partnership ("Norfolk II"), an affiliate of AAHDFC, which statements reflect total assets of $4,094,442 and $4,393,088 as of December 31, 2023 and 2022, respectively, and total revenues of $673,281 and $627,978, respectively, for the years then ended, or 2.2% and 2.6% for 2023 and 2.4% and 2.3% for 2022, respectively, for the years then ended. We also did not audit the financial statements of Downtown Manhattan Community Development Corporation ("DMCDC"), a subsidiary, which statements reflect total assets of $2,361,668 and $2,534,936 as of December 31, 2023 and 2022, respectively, and total revenues of $867,279 and $855,851, or 1.3% and 3.3% for 2023, and 1.4% and 3.2% for 2022, respectively, for the years then ended. We also did not audit the financial statements of East Village Homes Owner LLC ("EVHO"), a subsidiary, which statements reflect total assets of $27,082,511 and $27,944,568 as of December 31, 2023 and 2022, respectively, and total revenues of $299,243 and $4,698, or 14.8% and 1.1% for 2023, and 15.5% and 0.0% for 2022, respectively, for the years 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 these entities, is based solely on the reports of the other auditors.

In our opinion, based on our audits and the reports of other auditors, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Agency as of December 31, 2023 and 2022, and the changes in its consolidated net assets and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Mayer Hoffman McCann CPAs

New York, NY
August 12, 2024

ASIAN AMERICANS FOR EQUALITY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2023 AND 2022 (RESTATED)

	2023	(Restated) 2022
ASSETS		
Current assets:		
Cash and cash equivalents (Notes 2B, 3 and 17A)	$ 14,805,286	$ 16,710,331
Cash - designated for credit loss reserve (Notes 2B, 6 and 17A)	569,929	566,116
Cash - designated for lending activity	1,934,007	3,946,088
Cash - designated for technical assistance	-	302,261
Restricted cash	1,963,000	853,264
Tenants' security deposits	-	72,068
Grants and contributions receivable, net (Notes 2D and 5)	1,677,088	2,718,248
Leases and other receivables, net (Note 2L)	1,626,890	1,838,989
Loans receivable, net (Notes 2E, 2N, 6 and 17B)	2,761,663	2,206,820
Real estate held for sale, at cost (Notes 2F, 4 and 7)	-	696,361
Prepaid expenses and other assets	889,521	795,373
Total current assets	26,227,384	30,705,919
Cash and cash equivalents (Notes 2B, 3 and 17A)	2,030,062	3,440,872
Restricted cash	4,640,897	3,712,670
Restricted reserve accounts (Notes 2B, 2R, 10, 11 and 17A)	14,917,357	14,182,439
Tenants' security deposits	753,641	676,725
Loans receivable, net (Notes 2E, 2N, 6 and 17B)	6,471,926	4,421,961
Investments in affiliates (Notes 4 and 8)	744,108	3,700,657
Property and equipment, net (Notes 2G and 9)	121,719,524	114,881,417
Right-of-use asset - operating (Note 16)	2,126,154	2,765,915
Other assets	1,093,252	1,482,461
TOTAL ASSETS	$ 180,724,305	$ 179,971,036
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	$ 3,518,596	$ 1,381,393
Loans payable, net (Note 11)	5,707,316	6,452,840
Mortgages payable, net (Notes 2H and 13)	591,394	9,819,860
Tenants' security deposits	-	72,068
Lease liability - operating (Note 16)	324,827	320,040
Other liability	92,333	168,208
Total current liabilities	10,234,466	18,214,409
Mortgages payable, net (Notes 2H and 13)	75,226,007	73,545,239
Loans payable, net (Note 11)	40,693,322	30,841,345
Bank lines of credit (Note 12)	3,142,923	4,153,787
Refundable advances (Note 2J)	3,965,671	1,765,618
Tenants' security deposits	753,641	676,725
Lease liability - operating (Note 16)	1,858,406	2,483,884
Deferred and other payables (Note 2J)	3,798,032	7,046,768
TOTAL LIABILITIES	139,672,468	138,727,775
COMMITMENTS AND CONTINGENCIES (Note 15)		
NET ASSETS (Note 2C)		
Without donor restrictions:		
Non-controlling member's interest	120,319	452,924
Undesignated	26,783,496	25,274,168
Designated for lending activities	10,755,484	10,755,484
Total net assets without donor restrictions	37,659,299	36,482,576
With donor restrictions (Notes 2C and 14)	3,392,538	4,760,685
TOTAL NET ASSETS	41,051,837	41,243,261
TOTAL LIABILITIES AND NET ASSETS	$ 180,724,305	$ 179,971,036

The accompanying notes are an integral part of these consolidated financial statements.

ASIAN AMERICANS FOR EQUALITY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (RESTATED)

	For the Year Ended December 31, 2023			For the Year Ended December 31, 2022 (Restated)		
	Without Donor Restrictions	With Donor Restrictions	Total 2023	Without Donor Restrictions	With Donor Restrictions	(Restated) Total 2022
PUBLIC SUPPORT, REVENUE AND OTHER:						
Contributions and grants	$ 909,599	$ 2,081,350	$ 2,990,949	$ 896,153	$ 2,636,535	$ 3,532,688
Grants from government agencies (Note 2J)	5,499,276	-	5,499,276	7,266,529	-	7,266,529
Real estate sales (net of cost of real estate sales of $1,387,436 in 2023 and $2,981,991 in 2022)	2,911,964	-	2,911,964	646,559	-	646,559
Interest on loans and investments (Notes 2E and 6)	826,937	-	826,937	551,393	-	551,393
Management, consulting, and marketing fees	953,959	-	953,959	636,066	-	636,066
Leases (net of vacancy loss of $583,669 in 2023 and $256,110 in 2022)	10,253,003	-	10,253,003	9,677,140	-	9,677,140
Program service, incentives and fees	896,860	-	896,860	544,015	-	544,015
Special event income	236,464	-	236,464	308,186	-	308,186
Brownfield redevelopment credit (Note 2J)	-	-	-	1,379,159	-	1,379,159
Loss on defeasance of debt	(29,438)	-	(29,438)	-	-	-
Other income	1,651,829	-	1,651,829	2,574,641	-	2,574,641
Net assets released from restrictions (Note 14)	3,449,497	(3,449,497)	-	2,110,562	(2,110,562)	-
TOTAL PUBLIC SUPPORT, REVENUE AND OTHER	27,559,950	(1,368,147)	26,191,803	26,590,403	525,973	27,116,376
EXPENSES (Note 2K)**:**						
Program services:						
Community outreach and education	2,042,291	-	2,042,291	880,736	-	880,736
Housing, immigration and social services	2,561,155	-	2,561,155	1,812,663	-	1,812,663
Planning and development	2,272,281	-	2,272,281	2,820,898	-	2,820,898
Single family housing development	461,157	-	461,157	606,725	-	606,725
Homeownership loans	286,119	-	286,119	163,947	-	163,947
Homeownership counseling	431,745	-	431,745	445,725	-	445,725
Small business technical assistance and education	1,722,770	-	1,722,770	1,358,246	-	1,358,246
Small business loans	2,187,122	-	2,187,122	1,451,099	-	1,451,099
Affordable housing program services	12,617,060	-	12,617,060	10,076,538	-	10,076,538
Total Program Services	24,581,700	-	24,581,700	19,616,577	-	19,616,577
Supporting services:						
Management and general	4,875,021	-	4,875,021	4,829,722	-	4,829,722
Fundraising	495,685	-	495,685	144,124	-	144,124
TOTAL EXPENSES	29,952,406	-	29,952,406	24,590,423	-	24,590,423
CHANGE IN NET ASSETS (DEFICIT) WITHOUT DONOR RESTRICTIONS BEFORE CHANGE IN AND TRANSFER OF INTEREST	(2,392,456)	(1,368,147)	(3,760,603)	1,999,980	525,973	2,525,953
Change in valuation of investment in affiliate	(2,876,964)		(2,876,964)	-	-	-
Change in non-controlling interest	19,971	-	19,971	(189,777)	-	(189,777)
Transfer of limited partner's interest in Norfolk II	(139,620)	-	(139,620)	-	-	-
Contributions - members capital	6,565,792	-	6,565,792	1,447,774	-	1,447,774
CHANGE IN NET ASSETS	1,176,723	(1,368,147)	(191,424)	3,257,977	525,973	3,783,950
Net assets - beginning of year	36,482,576	4,760,685	41,243,261	33,164,620	4,234,712	37,399,332
Prior period restatement	-	-	-	59,979	-	59,979
Net assets - beginning of year (restated)	36,482,576	4,760,685	41,243,261	33,224,599	4,234,712	37,459,311
NET ASSETS - END OF YEAR	$ 37,659,299	$ 3,392,538	$ 41,051,837	$ 36,482,576	$ 4,760,685	$ 41,243,261

The accompanying notes are an integral part of these consolidated financial statements.

ASIAN AMERICANS FOR EQUALITY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(With Comparative Totals for 2022)

	For the Year Ended December 31, 2023														
	Program Services														
	Community Outreach and Education	Housing, Immigration, and Social Services	Planning and Development	Single Family Housing Development	Homeownership Loans	Homeownership Counseling	Small Business Technical Assistance and Education	Small Business Loans	Affordable Housing Program Services	Total Program Services	Management and General	Fundraising	Consolidating Eliminations	TOTAL 2023	(RESTATED) TOTAL 2022
Salaries	$ 1,077,932	$ 1,023,131	$ 956,720	$ -	$ 125,019	$ 240,199	$ 1,003,918	$ 905,812	$ 2,336,736	$ 7,669,467	$ 1,842,485	$ 324,844	$ -	$ 9,836,796	$ 8,059,560
Payroll taxes and employee benefits (Note 18)	239,950	238,887	99,537	-	37,082	37,973	274,134	247,345	695,657	1,870,565	589,329	73,762	-	2,533,656	2,006,217
Total Salaries and Related Costs	1,317,882	1,262,018	1,056,257	-	162,101	278,172	1,278,052	1,153,157	3,032,393	9,540,032	2,431,814	398,606	-	12,370,452	10,065,777
Consultants and contractual services	89,477	72,361	139,867	176,945	11,431	11,706	202,577	207,230	236,686	1,148,280	652,282	82,098	-	1,882,660	2,126,255
Sub-contractors	-	-	700	-	-	-	-	-	-	700	-	-	-	700	6,400
Stipends	67,306	16,982	-	-	-	-	-	-	-	84,288	-	-	-	84,288	124,825
Supplies	214,034	74,659	24,912	21	26	27	34,359	31,001	39,013	418,052	97,586	-	-	515,638	313,568
Postage	-	-	241	-	16	17	409	369	77	1,129	664	-	-	1,793	3,176
Printing	4,506	1,967	-	-	-	-	10,139	9,148	-	25,760	4,995	-	-	30,755	26,692
Marketing and outreach	5,968	-	-	-	-	-	32,901	29,686	-	68,555	32,145	11,468	-	112,168	132,767
Program equipment	106,245	92,392	39,600	-	-	-	-	-	125	238,362	1,968	3,851	-	244,181	2,555
Equipment and rental	7,952	6,530	2,150	-	1,780	1,823	6,954	6,275	24,066	57,530	20,000	101	-	77,631	91,556
Repairs and maintenance	31,157	5,278	161,760	16,765	3,300	3,379	12,033	10,857	885,018	1,129,547	25,820	30	(617,162)	538,235	439,364
Rent	196,731	285,710	171,020	-	7,800	7,988	87,522	78,969	245,917	1,081,657	224,403	1,272	(1,010,228)	297,104	99,607
Travel and conference	5,488	17,911	1,428	-	80	82	10,015	9,999	-	45,003	17,863	1,037	-	63,903	44,817
Insurance	29,984	3,178	70,541	6,704	7,446	7,625	11,437	10,320	745,498	892,733	57,677	319	-	950,729	850,054
Utilities	17,283	16,598	63,488	-	10,285	10,532	6,979	6,300	1,820,206	1,951,671	28,289	1,496	-	1,981,456	1,981,978
Donations / grants	2,000	73,000	287,232	1,458,967	-	-	-	-	162,624	1,983,823	406,252	-	(2,097,964)	292,111	171,380
Public relations	36,772	55,215	679	-	-	-	-	-	-	92,666	64,485	-	-	157,151	28,265
Dues and subscriptions	4,093	2,934	-	-	-	-	-	-	-	7,027	28,509	-	-	35,536	16,992
Telephone and internet	-	-	-	-	11,180	11,449	11,470	10,349	38,150	82,598	26,018	-	-	108,616	127,863
Interest expense (Notes 2H, 11 and 13)	32,999	423,500	320,534	293,240	28,150	56,633	-	141,587	1,968,059	3,264,702	537,651	-	(687,130)	3,115,223	1,834,269
Administration fees	-	9,858	1,450	600,000	3,657	3,745	54,135	48,844	1,440,007	2,161,696	1,394,875	74,036	(3,630,607)	-	-
Meetings and conferences	-	29,395	4,204	-	-	-	-	-	-	33,599	9,709	-	-	43,308	339,320
Fees	-	37,488	15,458	277	1,201	-	10,390	9,375	221,093	295,282	31,589	-	(49,000)	277,871	320,614
Real estate taxes	-	62,291	117,207	39,559	21,748	-	18,635	18,635	460,074	738,149	126,735	-	-	864,884	732,493
Bad debt	-	28,125	-	-	-	22,270	-	391,880	69,905	512,180	339,303	-	-	851,483	696,121
Depreciation and amortization (Notes 2G and 9)	3,614	-	256,612	76,231	41,391	42,385	54,333	49,024	3,339,074	3,862,664	241,250	-	-	4,103,914	3,490,924
Other	3,600	354,370	18,988	14,515	62	62	22,087	91,930	221,432	727,046	223,421	149	-	950,616	522,791
TOTAL EXPENSES - BEFORE ELIMINATIONS	2,177,091	2,931,760	2,754,328	2,683,224	311,654	457,895	1,864,427	2,314,935	14,949,417	30,444,731	7,025,303	574,463	(8,092,091)	29,952,406	24,590,423
ALLOCATION OF ELIMINATIONS	(134,800)	(370,605)	(482,047)	(2,222,067)	(25,535)	(26,150)	(141,657)	(127,813)	(2,332,357)	(5,863,031)	(2,150,282)	(78,778)	8,092,091	-	-
TOTAL EXPENSES	$ 2,042,291	$ 2,561,155	$ 2,272,281	$ 461,157	$ 286,119	$ 431,745	$ 1,722,770	$ 2,187,122	$ 12,617,060	$ 24,581,700	$ 4,875,021	$ 495,685	$ -	$ 29,952,406	$ 24,590,423

The accompanying notes are an integral part of these consolidated financial statements.

ASIAN AMERICANS FOR EQUALITY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

For the Year Ended December 31, 2022 (Restated)

	Program Services													
	Community Outreach and Education	Housing, Immigration, and Social Services	Planning and Development	Single Family Housing Development	Homeownership Loans	Homeownership Counseling	Small Business Technical Assistance and Education	Small Business Loans	Affordable Housing Program Services	Total Program Services	Management and General	Fundraising	Consolidating Eliminations	(Restated) Total
Salaries	$ 248,290	$ 1,157,419	$ 870,348	$ -	$ 63,127	$ 219,178	$ 917,973	$ 619,771	$ 2,004,227	$ 6,100,333	$ 1,877,225	$ 82,002	$ -	$ 8,059,560
Payroll taxes and employee benefits (Note 18)	69,629	328,020	8,589	-	17,025	34,051	224,702	183,844	604,791	1,470,651	523,232	12,334	-	2,006,217
Total Salaries and Related Costs	317,919	1,485,439	878,937	-	80,152	253,229	1,142,675	803,615	2,609,018	7,570,984	2,400,457	94,336	-	10,065,777
Consultants and contractual services	117,378	9,882	1,019,611	160,806	9,019	17,204	128,770	251,720	175,899	1,890,289	806,966	22,000	(593,000)	2,126,255
Sub-contractors	6,400	-	-	-	-	-	-	-	-	6,400	-	-	-	6,400
Stipends	74,775	11,658	-	-	-	-	-	-	-	86,433	38,392	-	-	124,825
Supplies	119,860	29,719	4,207	17	3,165	8,044	9,080	59,526	15,930	249,548	64,020	-	-	313,568
Postage	-	34	31	-	-	-	149	446	1,733	2,393	783	-	-	3,176
Printing	5,498	5,532	134	-	-	-	6,383	5,008	-	22,555	4,137	-	-	26,692
Marketing and outreach	4,483	8,219	-	-	-	-	24,697	24,697	-	62,096	60,133	10,538	-	132,767
Program equipment	100	981	14	-	-	-	-	-	-	1,095	1,460	-	-	2,555
Equipment and rental	1,684	11,430	27,427	-	861	2,187	1,363	1,596	23,629	70,177	21,379	-	-	91,556
Repairs and maintenance	11,217	44,261	211,614	19,241	898	2,282	-	-	672,933	962,446	49,636	-	(572,718)	439,364
Rent	46,332	321,039	98,201	-	3,877	9,853	86,935	77,735	243,598	887,570	213,205	-	(1,001,168)	99,607
Travel and conference	2,973	13,803	101	-	-	-	7,050	6,895	-	30,822	13,995	-	-	44,817
Insurance	10,116	41,385	62,878	12,217	3,237	8,228	4,545	4,545	627,395	774,546	75,508	-	-	850,054
Utilities	11,918	30,933	60,650	-	4,660	11,843	-	-	1,824,875	1,944,879	37,099	-	-	1,981,978
Donations / grants	1,590	-	-	-	-	-	-	-	168,273	169,863	1,517	-	-	171,380
Public relations	271	-	27,994	-	-	-	-	-	-	28,265	-	-	-	28,265
Dues and subscriptions	4,560	424	-	-	-	-	-	-	-	4,984	12,008	-	-	16,992
Telephone and internet	1,432	7,875	601	-	8,330	21,171	10,920	9,455	28,790	88,574	38,556	733	-	127,863
Interest expense (Notes 2H, 11 and 13)	35,128	-	537,272	261,560	31,182	61,718	10,291	218,228	1,029,841	2,185,220	283,684	-	(634,635)	1,834,269
Administration fees	-	77,404	394	-	-	-	17,500	35,500	1,282,274	1,413,072	740,482	68,000	(2,221,554)	-
Meetings and conferences	169,459	7,314	49,209	-	-	-	-	-	-	225,982	91,993	21,345	-	339,320
Fees	3,953	142,704	24,904	2,663	-	-	602	903	125,694	301,423	121,064	112	(101,985)	320,614
Real estate taxes	1,629	-	72,376	137,904	10,035	25,505	-	-	448,110	695,559	36,934	-	-	732,493
Bad debt	14,813	-	38,916	-	-	-	-	121,174	30,892	205,795	490,326	-	-	696,121
Depreciation and amortization (Notes 2G and 9)	-	369	272,585	101,884	20,953	53,255	21,266	21,266	2,776,907	3,268,485	222,439	-	-	3,490,924
Other	2,085	-	15,012	25,192	1,639	1,161	14,130	27,495	292,638	379,352	143,439	-	-	522,791
TOTAL EXPENSES - BEFORE ELIMINATIONS	965,573	2,250,405	3,403,068	721,484	178,008	475,680	1,486,356	1,669,804	12,378,429	23,528,807	5,969,612	217,064	(5,125,060)	24,590,423
ALLOCATION OF ELIMINATIONS	(84,837)	(437,742)	(582,170)	(114,759)	(14,061)	(29,955)	(128,110)	(218,705)	(2,301,891)	(3,912,230)	(1,139,890)	(72,940)	5,125,060	-
TOTAL EXPENSES	$ 880,736	$ 1,812,663	$ 2,820,898	$ 606,725	$ 163,947	$ 445,725	$ 1,358,246	$ 1,451,099	$ 10,076,538	$ 19,616,577	$ 4,829,722	$ 144,124	$ -	$ 24,590,423

The accompanying notes are an integral part of these consolidated financial statements.

ASIAN AMERICANS FOR EQUALITY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (RESTATED)

	2023	(Restated) 2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ (191,424)	$ 3,783,950
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	4,103,914	3,490,924
Amortization of deferred financing costs	164,073	31,023
Bad debt	851,483	696,121
Loss on defeasance of debt	29,438	-
Forgiveness of PPP loans	-	(1,120,668)
Loss on disposals of property	354,609	-
Gain on sale of real estate	(2,911,964)	(646,559)
Right-of-use asset adjustment	639,761	644,985
Subtotal	3,039,890	6,879,776
Changes in operating assets and liabilities:		
Decrease (increase) in assets:		
Tenants' security deposits	(4,848)	6,549
Grants and contributions receivable	611,640	(102,712)
Rents and other receivables	212,099	(1,386,643)
Investments in affiliates	2,956,549	(49,954)
Prepaid expenses and other assets	(94,148)	99,883
Other assets	389,209	-
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	2,137,203	439,361
Tenants' security deposits	4,848	-
Refundable advances	2,200,053	(625,729)
Operating lease liabilities	(620,691)	(606,976)
Other liability	(75,875)	-
Deferred and other payables	(3,248,736)	3,295,312
Net Cash Provided by Operating Activities	7,507,193	7,948,867
CASH FLOWS FROM INVESTING ACTIVITIES:		
Collection of loans receivable	12,002,035	4,221,930
Disbursement of loans	(15,028,806)	(3,764,254)
Proceeds from sales of real estate and property	4,299,400	3,628,550
Improvements of real estate held for sale	(7,978)	(153,070)
Purchases of property and equipment	(11,979,727)	(17,244,804)
Net Cash Used in Investing Activities	(10,715,076)	(13,311,648)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from loans	10,918,281	14,827,019
Repayments of loans	(1,813,747)	(7,073,502)
Repayments of lines of credit	(1,010,864)	(1,619,837)
Proceeds from mortgages payable	1,160,248	2,692,031
Repayments of mortgages payable	(8,899,538)	(3,340,960)
Net Cash Provided by Financing Activities	354,380	5,484,751
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	(2,853,503)	121,970
Cash and cash equivalents and restricted cash - beginning of year	43,714,041	43,592,071
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH - END OF YEAR	$ 40,860,538	$ 43,714,041
Supplemental Disclosure of Cash Flow Information:		
Interest paid during the year	$ 1,500,663	$ 1,327,164
PPP loan forgiveness	$ -	$ 1,120,668

The amounts reported as cash and cash equivalents and restricted cash consist of the following amounts reported in the consolidated statements of financial position:

	2023	2022
Cash and cash equivalents	$ 16,835,348	$ 20,151,203
Cash - designated for credit loss reserve	569,929	566,116
Cash - designated for lending activity	1,934,007	3,946,088
Cash - designated for technical assistance	-	302,261
Restricted cash	6,603,897	4,565,934
Restricted reserve accounts	14,917,357	14,182,439
	$ 40,860,538	$ 43,714,041

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

The consolidated financial statements include the accounts of Asian Americans for Equality, Inc. ("AAFE") and subsidiaries (collectively, the "Agency") by consolidating the following entities in which AAFE is the sole shareholder or member and/or has a controlling interest maintained through the right to appoint a majority of the entities' Boards of Directors:

- AAFE Community Development Fund, Inc. ("AAFE CDF")
- Asian American Housing Development Fund Company, Inc., and Affiliates ("AAHDFC")
- Chinatown Preservation Housing Development Fund Company, Inc. ("CPHDFC")
- Community Homes Housing Development Fund Company, Inc., and Affiliates ("CHHDFC")
- East Village Homes Owner LLC ("EVHO")
- Queens Housing and Immigration Center Corporation, Inc. ("QHICC")
- Renaissance Economic Development Corporation, Inc. ("REDC")
- Rivington Housing Development Fund Company, Inc. ("Rivington HDFC")
- Stanton Norfolk, Inc. ("Stanton")
- East Chinatown Housing Development Fund Company, Inc. ("ECHDFC")
- Hardesty Renaissance Economic Development Corporation, Inc. ("Hardesty")
- Community Renewal Housing Development Fund Company, Inc. ("CRHDFC")
- Morningside Realty Development, Inc. ("MRD")
- Montgomery Housing Development Fund Company, Inc. ("MHDFC")
- One Hardesty, LLC D/B/A Hardesty Storage ("One Hardesty")
- Flushing 106, LLC ("Flushing")
- El Caribe Housing Development Fund Company, Inc. ("El Caribe")
- Madison Street Housing Development Fund Company, Inc. ("Madison")
- Lower East Side Housing Development Fund Company, Inc. ("LESHDFC")
- Golden Allen, LLC ("Golden")
- 4 NYC Housing, Inc. ("4 NYC")
- AAFE Fair Housing Center, Inc. ("AAFE Fair Housing")
- Downtown Manhattan Community Development Corporation ("DMCDC")
- Bremond King Davis Housing Development Fund Company, Inc. ("BKDHDFC")
- Chelsea Apartments Housing Development Fund Corporation ("Chelsea HDFC")

Upon consolidation, all significant intercompany balances and transactions are eliminated.

Founded in 1974, AAFE is a 501(c)(3) organization (exempt from federal, state and local taxes) that advances the rights of Asian Americans and all those in need through advocacy for civil rights, affordable housing and economic development. AAFE seeks to empower the communities it serves and strives to foster understanding and unity among diverse communities through building coalitions and the formation of collaborations.

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES (Continued)

As a nonprofit organization, the Agency works in partnership with public and private sectors to provide services and programs that cater to the needs of its targeted communities and achieves its mission by:

- Providing immigrant assistance, education related support and social services to minority and low-income communities;
- Planning, developing and managing affordable housing for low-to-moderate income families;
- Providing financial assistance and counseling for minority, immigrant, and low to moderate-income individuals in the areas of home ownership and business ownership;
- Advocating for greater representation and financial support for immigrants and low-income constituents on the issues that most greatly affect those communities; and
- Providing economic development in low-income/high immigrant areas to meet community needs and create jobs.

Descriptions of the Agency's major programs are as follows:

- **Community Outreach and Education** – The Agency empowers community residents, stakeholders and supporters by providing education and information that encourages civic participation by registering voters and mobilizing the Asian American community city-wide to speak out on immigrant housing and quality of life issues. Other program opportunities for ages ranging from elementary school youth to seniors include college readiness initiatives, open access to computers; service learning; computer classes in English, Mandarin, Cantonese, and Spanish; and social activities that bring community members together.
- **Housing, Immigration and Social Services** – Housing, immigration and social services form the backbone of the Agency to the community. Available at storefront locations in Chinatown/Lower East Side and Flushing, these services include housing legal assistance and representation, immigration assistance and naturalization preparation, healthcare access, public assistance benefits counseling, and other services that assist low-income immigrant clients to stabilize their lives.
- **Planning and Development** – AAFE began developing affordable housing in 1986 with the construction of New York City's first Low-Income Housing Tax Credit project called Equality Houses. Since then, the Planning and Development team has leveraged close to $100 million in financing to produce over six hundred units of housing for low-income residents. AAFE successfully continues to work at revitalizing New York City neighborhoods through the preservation of existing low to moderate-income housing stock. In 2012, the program was extended to include economic development.
- **Homeownership Loans** – The Agency provides an affordable loan program to first time homebuyers throughout New York City, which lowers the loan-to-value ratio of their primary mortgage. Other products offered include: Emergency Repair Loans, which enable low and moderate-income families, seniors, the disabled and families living with the disabled, to complete emergency repairs on their homes in a timely and affordable manner, thereby preventing them from becoming predatory lending targets; Rehabilitation Loans, which allow homeowners to complete the rehabilitation of dilapidated and deteriorated homes; and Conversion Loans, which allow homeowners to convert single-family dwellings into legal, safe two and three family dwellings.
- **Homeownership Counseling** – Offering Full-Cycle Homeownership Counseling, AAFE CDF enhances homeownership opportunities for low and moderate-income Asian American, immigrant residents and other minorities in New York City. Among the services offered are: first-time homebuyers training; mortgage referral and origination; homeownership retention; landlord counseling; mortgage delinquency and default resolution; and foreclosure prevention and counseling.
- **Single Family Housing Development** – This program was created to increase and improve New York City's affordable housing stock, while promoting and advancing homeownership to minority, immigrant, low and moderate-income and underserved populations. The Agency initially acquired 36 properties from the City of New York in 2000 and continues to rehabilitate or build new one-to-four family homes. With a strong belief that homeownership will help families build equity as well as generate wealth in the communities, the homes are targeted to be sold to families earning at or below the median income in the area.

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES (Continued)

- **Small Business Technical Assistance and Education** – REDC offers technical assistance to low-income, minority, women and immigrant entrepreneurs, both in concert with, and independent of, its small business loan program. Through individual counseling, group seminars and workshops, and counseling clinics with legal and financial professionals, REDC provides technical assistance on issues such as small business management, financial recordkeeping, marketing, taxation and contract procurement. Over the course of its history, REDC has trained or assisted more than 3,000 clients; the vast majority being minority or women entrepreneurs.

- **Small Business Loans –** This small business loan program is a low cost flexible loan program for pre-revenue start-up and existing businesses that have working capital or start up budget needs. This loan program is especially helpful to those who are not able to access traditional bank financing. Loan funds are flexible and can be used for renovations, inventory, marketing, debt refinance, and working capital.

- **Affordable Housing Program Services** – This program comprises the preservation, maintenance, and management of real estate acquired to provide affordable rental accommodation in New York City. These include essential capital improvements to apartment buildings, high quality and timely maintenance of properties, tenant support services, and effective asset management resulting in providing safe, stable, and good quality homes to AAFE rental clients.

The following subsidiaries are exempt organizations pursuant to the provisions of Section 501(c)(3) of the Internal Revenue Code.

- **AAFE Community Development Fund, Inc.** (“AAFE CDF”) – a community-based development financial institution that provides targeted technical assistance and affordable second mortgage loans to enhance homeownership opportunities for low and moderate-income Asian American and other minority and immigrant residents of New York City.

- **Asian American Housing Development Fund Company, Inc. and Affiliates** (“AAHDFC”) **–** set up for the purposes of affordable housing development and preservation. This is achieved by AAHDFC becoming the replacement partner once the investor limited partners (“ILP”) exit from certain limited partnerships with 15-year low-income housing tax credit projects. Subsequent to becoming the replacement partner, AAHDFC enters into agreements with government agencies to reposition the former tax-credit projects: transferring limited partnership assets and liabilities to the direct ownership of AAHDFC and extending affordability periods out for the long-term. On December 31, 2014, the Limited Partner of Norfolk transferred its 99.9% interest to AAHDFC, a related entity of the General Partner. On December 31, 2019, the Limited Partner of Norfolk II transferred its 99.9% interest to AAHDFC, a related entity of the General Partner.

- **Chinatown Preservation Housing Development Fund Company, Inc.** (“CPHDFC”) **–** was incorporated in 2006 for the purpose of developing and preserving affordable housing projects. CPHDFC was initially organized upon the approval of the New York City Department of Housing Preservation and Development (“HPD”) for a project under the Lower Manhattan Development Corporation’s (“LMDC”) Chinatown/Lower East Side Acquisition Program. Under this program, buildings are purchased at market price for improvement and stabilization as long-term affordable rental housing.

- **Community Homes Housing Development Fund Company, Inc. and Affiliates** (“CHHDFC”) – seeks to increase and improve New York City’s affordable housing stock, while promoting and advancing home ownership for minority, immigrant, low and moderate-income, and underserved populations.

- **Queens Housing and Immigration Center Corporation, Inc.** (“QHICC”) – provides immigrant housing and social services to the Asian American community and other minority and immigrant groups in Queens, New York.

- **Montgomery Housing Development Fund Company, Inc.** (“MHDFC”) – A property (lot) was acquired in Brooklyn, NY for the purpose of creating affordable housing. Potential rehabilitation is being explored to determine the best course of action.

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES (Continued)

- **Renaissance Economic Development Corporation, Inc.** ("REDC") – works to provide affordable loans and targeted technical assistance to low-income entities, minority, women and immigrant entrepreneurs and small business owners in New York City to help them overcome traditional impediments to business growth and success. REDC is a community development financial institution through the U.S. Department of Treasury's Community Development Financial Institutions Fund and is a Small Business Administration-approved ("SBA") Micro-Lender. REDC is also in the SBA Community Advantage Program.

- **Rivington Housing Development Fund Company, Inc.** ("Rivington HDFC") **–** was incorporated in 2006, with AAFE being the sole member, for the purpose of developing a housing project for low-income families. Rivington HDFC was organized by AAFE in anticipation of its designation as the owner and developer of a property on 87 Rivington Street, New York through HPD's Third-Party Transfer Program ("TPT"). The purpose of the City program is to take abandoned or neglected buildings on the City's lien list and transfer them to responsible housing developers. As conditions of the transfer, AAFE has performed a gut-rehabilitation of the physical structure and afterwards maintained affordable rents for the existing tenants. Rivington HDFC received a final certificate of occupancy in October 2012 and currently has commercial and residential tenants.

- **Stanton Norfolk, Inc.** ("Stanton") – manages the Agency's entire affordable housing portfolio. Currently, Stanton oversees 850 affordable housing units located in Lower Manhattan and Queens. AAFE's subsidiaries have entered into several property management agreements with Stanton to provide for, among other matters, tenant services, property administration and rental management and building maintenance.

- **East Chinatown Housing Development Fund Company, Inc.** ("ECHDFC") – was established to provide low-income housing in New York City and promote affordable housing by assisting tenants to obtain and maintain qualification for government and private housing assistance programs, acting as liaison between tenants and building owners, and crafting solutions to allow tenants with financial or other problems to avoid eviction. The buildings consist of 60 residential units.

- **Hardesty Renaissance Economic Development Corporation, Inc.** ("Hardesty") – is a Missouri nonprofit corporation formed in 2011. The overarching vision is to complete a long-term development of a former Federal Complex at Hardesty and Independence Avenues, Kansas City, Missouri, that will meet the needs of the community and create jobs.

- **Community Renewal Housing Development Fund Company, Inc.** ("CRHDFC") – was incorporated on December 11, 2012 and started operations on January 1, 2013, with AAFE being the sole member, for the purpose of rehabilitating and conversion to cooperative ownership, on a non-profit basis, a housing project for persons of low-income.

- **El Caribe Housing Development Fund Company, Inc.** ("El Caribe") – was formed in February 2016 as a New York not-for-profit corporation duly organized as a housing development fund company. El Caribe acquired from a partnership a low-income project consisting of five buildings with 49 residential rental dwellings and six commercial units.

- **Madison Street Housing Development Fund Company, Inc.** ("Madison") – was formed in February 2016 as a New York not-for-profit corporation duly organized as a housing development fund company. On August 17, 2016, AAHDFC, a related party, transferred the rights of 81 Madison Street. The building is comprised of 20 residential rental dwellings.

- **Lower East Side Housing Development Fund Company, Inc.** ("LESHDFC") – was formed in May 2016 as a New York not-for-profit corporation duly organized as a housing development fund company.

- **AAFE Fair Housing Center, Inc.** ("AAFE Fair Housing") – is a not-for-profit corporation that was formed in 1998 to lease office space in the Jackson Heights neighborhood of Queens.

- **Downtown Manhattan Community Development Corporation** ("DMCDC") – was incorporated in July 1994 and changed to its current legal name in 2002. DMCDC conducts educational activities that address slum living and blight employment conditions that affect residents of the Lower East Side and Chinatown neighborhoods of Manhattan. DMCDC is also involved in developing, rebuilding and preserving its community.

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES (Continued)

- **4 NYC Housing, Inc.** ("4 NYC") – was established in May 2017 to promote common good and welfare and economic development in New York.
- **East Village Homes Owner LLC** ("East Village Homes") – was formed on September 4, 2018 under Section 2023 of the New York State Limited Liability Company Law for the purpose of developing and operating a residential housing project in compliance with the Section 42 of the Internal Revenue Code. It has a managing member with 0.1% ownership and investor member with 99.99% ownership.
- **Bremond King Davis Housing Development Fund Company, Inc.** ("BKDHDFC") - formed on May 29, 2015 as a New York not-for-profit corporation duly organized as a housing development fund company pursuant to the provisions of Article XI of the Private Finance Housing Law of the State of New York. Asian Americans for Equality is the majority owner of Bremond King Davis HDFC.
- **Chelsea Apartments Housing Development Fund Corporation** ("Chelsea HDFC") – formed on January 10, 2022 as a New York not-for-profit duly organized as a housing development fund corporation pursuant to the provisions of Article XI of the Private Finance Housing Law of the State of New York. Asian Americans for Equality is the sole member of the corporation.

The following subsidiaries are for-profit organizations established by AAFE to support its mission:

- **Morningside Realty Development, Inc**. ("MRD") – was incorporated in August 2011 as a New York State corporation by AAFE in support of its affording housing management and development activities. MRD has remained inactive since its incorporation and is expected to be dissolved in 2024.
- **One Hardesty, LLC D/B/A Hardesty Storage** ("One Hardesty") – is a Missouri Limited Liability Company formed in 2016. It purchased the land, building and equipment, as well as the storage business, at Hardesty and Independence Avenues in Kansas City, MO on June 30, 2016. It began operations D/B/A Hardesty Storage, a month-to-month storage rental operation and a U-Haul rental business on July 1, 2016.
- **Flushing 106, LLC** ("Flushing") – was established on November 29, 2017 under Section 203 of the Limited Liability Company Law for the purpose of being the transferee/grantee entity of the property from Harmony. Flushing is a single member LLC and is 100% owned by CHHDFC. Flushing will continue the renovation of the transferred property and supports the housing development projects run by CHHDFC.
- **Lower East Side 8th Street LLC** ("LES 8th Street LLC") **–** was established on August 21, 2017 pursuant to Section 802 of the Limited Liability Company Law of the State of New York for the purpose of developing a housing project for low-income families. Asian Americans for Equality is the sole member of the corporation.
- **Golden Allen, LLC** ("Golden") – was formed in November 2016 as a New York Limited Liability Company. The purpose of the organization is to acquire the 2nd floor condominium at 2 Allen Street in New York City.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. ***Basis of Accounting and Use of Estimates*** – The Agency's consolidated financial statements have been prepared on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America ("U.S. GAAP") as established by the Financial Accounting Standards Board (the "FASB"). The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

b. ***Cash and Cash Equivalents and Restricted Cash*** – The Agency considers all liquid debt instruments purchased with maturities of three months or less to be cash equivalents, except for restricted cash.

c. ***Net Assets –*** Net assets and revenues are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

   (i) *Net Assets Without Donor Restrictions* – represents resources available for support of the Agency's operations over which the Board of Directors (the "Board") has discretionary control and not subject to donor (or certain grantor) restrictions. The Board of AAFE CDF and REDC has designated an amount for lending activities or future operating deficits and other projects.

   Non-controlling members' interest is shown as a component of net assets without donor restrictions and in the consolidated statements of financial position. The share of the income or loss of the consolidated subsidiaries attributed to the non-controlling members' interest is included as other income in accompanying consolidated statements of activities.

   (ii) *Net Assets With Donor Restrictions* – represents net assets resulting from contributions and other inflows of assets whose use by the Agency is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of the Agency pursuant to those stipulations. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reported in the consolidated statements of activities as net assets released from restrictions. However, if a restriction is fulfilled in the same time period in which the gift is received, the Agency reports the support as without donor restrictions.

d. ***Grants and Contributions and Allowance for Uncollectible Amounts*** – Grants and contributions are nonexchange transactions and accounted for under Accounting Standards Codification ("ASC") 2018-08. Unconditional promises to give are recorded as income when the Agency is formally notified of the grants or contributions by the respective donors. Unconditional promises to give that are expected to be collected within one year are recorded at their fair value based upon the present value of their estimated future cash flows. The discounts on those amounts, if material, are computed using risk adjusted interest rates applicable to the years in which the promises are received. The outstanding grants and other receivables as of December 31, 2023 and 2022 are scheduled to be collected within the next year.

   As of December 31, 2023 and 2022, the Agency determined that a credit loss reserve of $57,125 and $21,000, respectively, was necessary for grants and contributions receivable. Such estimate is based on management's evaluation of the creditworthiness of its donors and grantors, as well as current economic conditions and historical information.

e. ***Loans Receivable*** – AAFE CDF and REDC report loans receivable at their outstanding unpaid principal balances, reduced by an allowance for credit losses. AAFE CDF and REDC determine the allowance based on a combination of factors, such as historical bad debt experience, factors related to specific borrowers' ability to pay and current economic trends.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. ***Loans Receivable*** **(Continued)** – AAFE CDF maintains an allowance for credit losses of 5% of the total loan portfolio, which amounted to $38,492 and $35,515 as of December 31, 2023 and 2022, respectively. REDC maintains an allowance for credit losses of approximately 5% - 15% of the total loan portfolio, which amounted to $1,044,337 and $748,677 as of December 31, 2023 and 2022, respectively. In 2022, the Paycheck Protection Program ("PPP") loans were 100% guaranteed by the SBA. REDC's estimated allowance for credit losses is based on the following assumptions: an appreciable percentage of REDC's outstanding loan portfolio is comprised of loans that are larger than its previous loans; a significant portion of the borrowers are located in lower Manhattan south of 14th Street, constituting some geographical risk; a portion of the portfolio is comprised of loans to small businesses that are fairly new with limited repayment histories. In addition, REDC has increased the deployment of its emergency loan fund to assist businesses impacted by local disasters where these borrowers may require deferment of their loan repayments.

Furthermore, AAFE CDF and REDC perform ongoing credit evaluations of their borrowers and an evaluation for potential credit losses. AAFE CDF and REDC write-off loans receivable against the allowance when a balance is determined to be uncollectible. Loans receivable are considered past due starting at 30 days after the payment due date. AAFE CDF and REDC discontinues its accrual of interest on loans that are 120 days past due and were forwarded to attorneys for appropriate legal action. AAFE CDF and REDC apply payments received on past due loans not yet written off against the outstanding loan balances and resume their accrual of interest. Payments on loans already written off are recorded as other income upon receipt. Interest on loans is computed using the effective interest method. Interest earned on loans is considered without donor restrictions revenue and can be used for general operations.

f. ***Real Estate Held for Sale and Real Estate Sales*** – Real estate held for sale is measured at the lower of its carrying amount and fair value less costs to sell and is not depreciated. Rehabilitation costs are capitalized directly to each property. Interest costs on acquisition/construction loans are capitalized and included as cost of real estate held for sale. Interest costs incurred after the completion of construction/rehabilitation of property are recognized as expenses.

Sales of real estate generally are accounted for under the accrual method. Under that method, a sale is recognized when title passes to the buyer and all of the following conditions are met: (a) a sale is consummated, (b) a significant down payment is received, (c) the earnings process is complete, and (d) the collection of any remaining receivables is reasonably assured. Buyers typically finance their purchases with loans from third-party financial institutions.

g. ***Property and Equipment*** – Property and equipment is stated at cost less accumulated depreciation or amortization. These amounts do not purport to represent replacement or realizable values. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. The Agency capitalizes all owned property and equipment having a useful life of greater than one year and a cost ranging from $1,000 to $5,000 (for various consolidated entities). There may be instances where certain expenditures for property and equipment are included in the consolidated financial statements as expenses because the cost of these items was reimbursed by certain governmental funding sources and the contractual agreement specifies that title to these assets rests with the funding sources rather than the Agency. Leasehold improvements are amortized over the lesser of the useful lives of the improvements or the term of the applicable lease.

The Agency reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. There are no assets considered impaired as of December 31, 2023 and 2022.

h. ***Deferred Financing Costs*** – The costs incurred to obtain financing and fees, as well as certain closing costs, have been deferred. Deferred costs amounting to $745,303 and $823,368 as of December 31, 2023 and 2022, respectively, are amortized using the straight-line method ranging from ten to thirty-five years, which is not materially different from the interest method. For the years ended December 31, 2023 and 2022, amortization of debt issuance costs of $48,627 and $25,914, respectively, is reported as interest expense in the accompanying consolidated financial statements and is amortized on the straight-line basis. In 2023, a mortgage was paid off early which resulted in a loss of defeasance of debt totaling $29,438, which is included in the accompanying consolidated statements of activities.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. ***Development and Other Fees*** – Development and other fees are recognized as revenue in the period in which the underlying services are provided or the fees are earned. Development costs are recognized based on construction progress and actual costs incurred.

   The Agency may enter site development and management agreements to manage/develop operations of the property and to conduct and to manage redevelopment of the property as the owner's representative. Certain agreements may create contingencies that could significantly reduce the maximum possible fees ultimately earned by the Agency.

j. ***Government Grants and Other Grants*** – Government and other grants are nonexchange transactions and accounted for under U.S. GAAP. Government and other grants are recognized as revenue when barriers within the contract are overcome and there is no right of return. As of December 31, 2023 and 2022, REDC received conditional grants and contracts from government agencies in the aggregate amounts of $3,700,000 and $1,471,000, respectively, that have not been recorded in the accompanying consolidated financial statements. Such barriers include expending these funds in accordance with their agreements. If such services are not provided, the governmental entities are not obligated to expend the funds allotted under the grants and contracts and the Agency may be required to return the funds already remitted. In addition, from time-to-time, the Agency receives one-time grants and other income as a result of special projects. During the year ended December 31, 2022, AAFE received the Brownfield Redevelopment Tax Credit amounting to $2,574,641, for work previously performed on cleanup and redevelopment of a designated property located in Flushing, NY.

k. ***Functional Allocation of Expenses*** – The costs of providing the various programs and other activities have been summarized on a functional basis. The consolidated statements of functional expenses represent the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited as determined by management. Expenses that can be identified with a specific program are charged directly to the particular program according to their natural expense classification. The Agency uses a step-by-step methodology to allocate costs. First, indirect costs that benefit all program services, but cannot be charged directly to a particular program are pooled together and allocated to the Agency's various programs based on each program's proportionate share of direct costs.

   Through several years of experience, a general and administrative rate has been determined for all expense categories which, when combined, total approximately 50 percent. Thus, 50 percent of pooled general and administrative costs are allocated to the program services and fundraising functions based on each function's proportionate share of the total of direct costs and indirect costs allocated in the first step. Finally, audit expenses are allocated among the administrative and general, program services, and fundraising functions based on each function's proportionate share of costs after performing the first two steps.

l. ***Lease Income*** – Lease income is recognized for apartment rentals as it accrues, reduced by an allowance for doubtful accounts, amounting to approximately $582,000 and $446,000 for the years ended December 31, 2023 and 2022, respectively. The Agency estimates the allowance for bad debt based on historical uncollectible leases, factors related to specific tenants' ability to pay and current economic trends. The Agency writes off leases and other receivables against the allowance when a balance is determined to be uncollectible. Advance receipts of rentals are deferred and classified as liabilities until earned.

m. ***Related-Party Transactions*** – Certain subsidiaries receive and make loans with stated rates of interest that are lower than the prevailing market rates for commercial loans. The Agency accounts for these loans at the stated rates. U.S. GAAP requires that loans with below market interest rates be restated for financial reporting purposes at amounts that reflect the expected cash flows discounted at market rates, with certain exceptions. The management of the Agency believes that certain exceptions are applicable to the Agency, and accordingly, interest rates have not been restated.

n. ***Fair Value Measurements*** – Fair value measurements are based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o. ***Interest Rate Swaps*** – The Agency is subject to risk from adverse fluctuations in interest rates affecting its payments under the mortgage payable at a variable rate. The Agency manages this risk by the use of derivative financial instruments, primarily an interest rate swap. The counterparty to this contract is a financial institution. The Agency is exposed to credit loss in the event of nonperformance by the counterparty. The Agency does not use derivative instruments for trading or speculative purposes. If material, the Agency records the interest rate swap agreement at fair value in the consolidated statements of financial position with the related gain or loss reflected in the consolidated statements of activities (see Note 13).

p. ***Eliminations*** – In preparation of the accompanying consolidated financial statements, all material inter-entity accounts and transactions have been eliminated.

q. ***Recent Accounting Pronouncements*** – FASB Accounting Standards Update ("ASU") No. 2016-13 *Financial Instruments – Credit Losses* (Topic 326): *Measurement of Credit Losses on Financial Instruments* was adopted for the year ended December 31, 2023. This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss ("CECL") methodology. CECL requires an estimate of credit losses for the remaining life of the financial asset using historical experience, current conditions and reasonable and supportable forecasts. Financial assets held by the Agency that are subject to the guidance in ASU 2016-03 include accounts receivable and loans receivable. The adoption of this ASU was not considered material to the consolidated financial statements.

r. ***Reclassifications*** – Certain line items in the 2022 consolidated financial statements including loans and mortgage payables and other income were reclassified to conform to the 2023 presentation. Such reclassification did not have an impact on net assets.

NOTE 3 – LIQUIDITY AND AVAILABILITY

The Agency regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Agency has various sources of liquidity at its disposal, including cash and cash equivalents and lines of credit that provide funding for operations and capital expenditures as needed.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, AAFE considers all expenditures related to its ongoing activities. In addition to financial assets available to meet general expenditures over the next 12 months, the Agency expects to operate at a surplus and anticipates collecting sufficient revenue to cover general expenditures.

As of December 31, the financial assets available to meet general expenditures over the next 12 months were as follows:

	2023	(Restated) 2022
Cash and cash equivalents	$ 14,805,286	$ 16,710,331
Cash – designated for credit loss reserve	569,929	566,116
Cash – designated for lending activity	1,934,007	3,946,088
Cash – designated for technical assistance	-	302,261
Leases and other receivables	1,626,890	1,838,989
Real estate held for sale	-	696,361
Loans receivable, due in one year	2,761,663	2,206,820
Grants and contributions receivable, net	1,677,088	2,718,248
Less: net assets with donor restrictions included in cash and cash equivalents	(110,000)	(45,000)
Less: grants receivables with donor restrictions	(215,000)	(135,000)
Less: net assets with donor restrictions	(1,252,476)	(1,274,813)
	$ 21,797,387	$ 27,530,401

In addition, the Agency has lines of credit totaling $3,142,923 as of December 31, 2023 with financial institutions, which can be drawn upon if needed (see Note 12).

NOTE 4 – FAIR VALUE MEASUREMENTS

In determining fair value, the Agency utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible in its assessment of fair value.

The fair value hierarchy defines three levels as follows:

Level 1: Valuations based on quoted prices in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Valuations based on observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Valuations based on unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

The fair value of investments in affiliates has been estimated using the NAV. U.S. GAAP guidance provides for the use of NAV as a "Practical Expedient" for estimating fair value of investments in affiliates. NAV, member's capital, partner's capital, or any investor ownership amount reported by the investment in affiliates is used as a practical expedient to estimate the fair value of the Agency's interest therein.

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the end of the reporting period. For the years ended December 31, 2023 and 2022, there were no transfers in or out of Levels 1, 2 or 3.

Financial assets carried at fair value as of December 31, 2023 are classified as follows:

	NAV	2023 Total
Assets:		
Investments in affiliates	$ 744,108	$ 744,108
Total Investments	$ 744,108	$ 744,108

Financial assets and liabilities carried at fair value as of December 31, 2022 are classified as follows:

	NAV	(Restated) 2022 Total
Assets:		
Investments in affiliates	$3,700,657	$ 3,700,657
Total Investments	$3,700,657	$ 3,700,657

The following table sets forth additional disclosures of the Agency's investments in affiliates whose fair value is estimated using NAV per share (or its equivalent) as of December 31, 2023.

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Investments in affiliates using NAV as a practical expedient	$ 744,108	$ -	Unknown	Unknown

NOTE 5 – GRANTS AND CONTRIBUTIONS RECEIVABLE

Grants and contributions receivable consist of the following as of December 31:

	2023	2022
Government grants	$ 1,378,586	$ 2,321,360
Contributions and other receivables	355,627	417,888
	1,734,213	2,739,248
Less: credit loss reserve:	(57,125)	(21,000)
	$ 1,677,088	$ 2,718,248

All grants and contributions receivable are due in full within one year.

NOTE 6 – LOANS RECEIVABLE, NET

The outstanding loans receivable as of December 31 were funded as follows:

Funding Source	2023	2022	Number of Loans Outstanding 2023		Number of Loans Outstanding 2022	
			AAFE CDF	REDC	AAFE CDF	REDC
Funding from loans:						
Capital One NA	$ 18,201	$ 55,923	1	-	4	-
East West Bank	72,349	91,335	5	-	5	-
Federal - Community Development Financial Institutions Fund ("CDFI")	34,584	45,210	3	-	4	-
United International Bank	1,089	7,476	1	-	1	-
State Bank of India	18,325	30,436	-	2	-	2
Dime Community Bank	251,558	412,336	-	27	-	32
Empire State Development Corp.	1,198,938	154,211	-	44	-	22
ESBRLF COVID-19 (**a**)	270,976	620,846	-	38	-	82
Cathay Bank	98,951	-	2	-	-	-
ICBC LOC	118,008	143,022	-	2	-	4
Small Business Administration	3,298,232	3,262,709	-	161	-	166
	5,381,211	4,823,504	12	274	14	308
Funding from grants:						
Empire State Development Corp.	35,776	158,860	-	11	-	24
Federal CDFI Cap Lending	1,330,894	1,113,747	-	48	-	41
NeighborWorks	646,438	661,572	27	7	27	10
Chase PRO Neighborhood	396,287	467,921	-	15	-	19
Federal CDFI ERP 2023	215,978	-	-	6	-	-
	2,625,373	2,402,100	27	87	27	94
Funding from cash designated for lending:						
REDC NYC Opp Loan (**b**)	1,082,795	-	-	128	-	-
REDC Loan Fund	1,000,000	-	-	31	-	-
REDC Intermediary Lending Program	227,039	187,369	-	3	-	2
	2,309,834	187,369	-	162	-	2
Gross loans receivable	10,316,418	7,412,973	39	523	41	404
Less: allowance for credit losses	(1,082,829)	(784,192)				
Loans receivable, net	$ 9,233,589	$ 6,628,781				

NOTE 6 – LOANS RECEIVABLE, NET (Continued)

AAFE CDF loans range from $6,200 to $64,000 and carry interest rates ranging from 2.5% to 6.5%. AAFE CDF holds a second lien position on the property held as collateral for these loans. REDC loans range from $5,000 to $250,000 with interest rates ranging from 4% to 8%. Repayment terms on these loans range from 24 to 60 months. Personal guarantees from business owners who have significant ownership in the businesses and a security interest in the customer's business assets are held as security for the loans.

a. On March 27, 2020, due to the novel coronavirus ("COVID-19") pandemic, REDC launched an Emergency Small Business Relief Loan Fund ("ESBRLF") providing small businesses impacted by the pandemic with immediate working capital. The ESBRLF was initially capitalized with REDC net assets without donor restrictions and then later with debt instruments from New York Community Bank ("NYCB") and Industrial and Commercial Bank of China ("ICBC"), designated specifically for COVID-19 relief. The program ended in 2021. These emergency loans have a dedicated cash loan loss reserve of 30% due to the high-risk nature of these loans during the time of the pandemic.

b. In 2023, REDC was one of the 8 CDFI organizations that participated in the NYC Small Business Opportunity Fund, which was NYC's Mayor Eric Adams creation of a $75 million Small Business loan fund. Participating CDFI would originate the small business loan, close and fund the loan, then sell 95% of the loan to NYC. The participating CDFI would retain 5% of the loan on their balance sheet. REDC funded these loans using their unrestricted net assets. Participating CDFI would also get a 4% loan origination fee and 1.25% loan servicing fee per annum or a minimum servicing fee of $500 per annum. For the year ended December 31, 2023, REDC recognized $423,242 in loan origination fees, which is included in other income in the consolidated statement of activities. The NYC Small Business Opportunity Fund product term was loan amounts up to $250,000 at a 4% fixed interest rate up to 72 month terms for small businesses located in NYC. Under the NYC Small Business Opportunity Fund, Renaissance originated and closed $10,415,000 by the end of December 2023 when this program ended.

Aging of loan receivables as classified per credit risk exposure, based on payment activity, as of December 31 is as follows:

	2023	2022
Performing		
Current	$10,149,616	$ 7,403,901
1-30 days	66,896	75
31-60 days	29,430	6,605
61-90 days	-	797
Nonperforming		
Over 90 days	70,476	1,595
	$10,316,418	$ 7,412,973

The Agency had zero and three loans on nonaccrual status as of December 31, 2023 and 2022, respectively. The past due balances on such loans amounted to $0 and $1,595 as of December 31, 2023 and 2022, respectively. As of both December 31, 2023 and 2022, the Agency had no loans over 120 days past due, that are still accruing interest.

An analysis of the credit loss allowance as of December 31 is as follows:

	2023	2022
Balance at beginning of year	$ 784,192	$ 701,771
Provisions for credit losses	421,963	121,174
Less: loans written off	(123,326)	(38,753)
	$ 1,082,829	$ 784,192

NOTE 6 – LOANS RECEIVABLE, NET (Continued)

As required by certain lenders, AAFE CDF maintains credit loss reserves equivalent to 10% to 25% of the outstanding loans receivable balance in separate cash accounts. As a standard practice, AAFE CDF estimates that 5% of unbilled loans receivable will be classified as bad debt. Historically, there has been no write-offs and internally it was discussed that 5% would be the best option. The estimation originates from the internal budget submitted along with the approved contract. As of December 31, 2023 and 2022, the credit loss reserve funds for AAFE CDF amounted to $80,651 and $84,730, respectively.

REDC's lending policy for monitoring the adequacy of its allowance includes a credit loss reserve process. The credit loss reserves are adjusted as needed based upon loan performance evaluation ratings. Under this policy, the initial cash reserve amounts are based on stipulated percentages ranging from 7% to 15% of the approved loan amounts. In accordance with the SBA agreement, REDC is required to maintain a credit loss reserve fund at a minimum of 15% of the total outstanding principal balance due on all SBA microloan loans receivable, current to 120 days, made under the SBA Microloan Program. As of December 31, 2023 and 2022, the credit loss reserve account (including the amount held in escrow) had a balance of $489,278 and $481,386, respectively. Such amounts are reflected as cash – designated for credit loss reserve in the accompanying consolidated statements of financial position. In addition, REDC is in compliance with the credit loss reserve amount requirements under the SBA Community Advantage Program ("CAP"). As of December 31, 2023 and 2022, REDC has three and five loans applicable to the CAP amounting to $118,008 and $143,022, respectively, and applicable credit loss reserves of $3,358 and $3,358, respectively, included as part of overall credit loss reserve.

Loans receivable are due as follows for the years ending after December 31, 2023:

2024	$ 3,090,248
2025	2,380,866
2026	2,029,269
2027	1,545,084
2028	940,652
Thereafter	330,299
	10,316,418
Less: credit loss allowance	(1,082,829)
	$ 9,233,589

NOTE 7 – SALES AND REAL ESTATE HELD FOR SALE

Flushing 106 LLC had various residential units in 32-56 106th Street Queens, New York. The property was being renovated and developed as an affordable housing project for individuals with low to moderate-income. The carrying value as of December 31, 2022 (restated) amounted to $696,361. During the years ended December 31, 2023 and 2022, Flushing 106 LLC sold one and seven units and one and two parking spaces for an aggregate selling price of $699,400 and $3,628,550, respectively. Total acquisition, rehabilitation and other costs of the sold units amounted to $704,339 and $2,981,991, and are included as costs of real estate sales in the accompanying consolidated statements of activities.

NOTE 8 – INVESTMENTS IN AFFILIATE

Investments in affiliate consisted of the following as of December 31:

	2023	2022
One Flushing NP, LLC	$ 744,108	$ 3,700,657

NOTE 9 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of December 31:

	2023	(Restated) 2022	Estimated Useful Life
Land	$ 9,700,178	$ 9,758,678	
Buildings and improvements	120,699,943	122,090,081	27 ½ - 40 Years
Leasehold improvements	794,885	794,885	5-10 Years
Lease assignment	55,000	55,000	3 Years
Computers	4,500	4,500	5 Years
Software	146,993	71,771	3 Years
Furniture and equipment	2,350,351	1,808,246	5-7 Years
Construction in progress	31,189,273	20,450,764	
	164,941,123	155,033,925	
Less: accumulated depreciation and amortization	(43,221,599)	(40,152,508)	
Net book value	$ 121,719,524	$ 114,881,417	

Depreciation and amortization expense amounted to $4,103,914 and $3,490,924 for the years ended December 31, 2023 and 2022 (restated), respectively. Disposal of fully depreciated items amounted to $0 and $346,818 for the years ended December 31, 2023 and 2022, respectively. For the year ended December 31, 2023, there were sales of buildings and improvements with proceeds of $3,600,000 and gain on sale of $2,565,177.

QHICC's construction in progress was transferred to Magnolia Gardens HDFC in February 2024 and the estimated completion date is November 2024. 4NYC's construction in progress was transferred to Magnolia Gardens HDFC in February 2024 and estimated completion date is February 2026. LESHDFC's construction in progress is estimated to complete in the end of 2024. One Hardesty's construction in progress is related to property that is in contract for sale in August 2024 and the buyer will likely complete construction in 2026. AAHDFC's construction in progress is related to three buildings' exterior façade work and is estimated to be completed in 2026. CPHDFC's construction in progress is related to the 28 Henry St apartment which was completed in May 2024 and the remainder is related to building #191 Madison Street's exterior façade work that is estimated to be completed in November 2024. Montgomery HDFC's construction in progress is estimated to be completed in 2029. Chelsea Apartments' construction in progress is estimated to be completed in July 2025.

NOTE 10 – RESTRICTED RESERVE ACCOUNTS

As provided for in the mortgage agreements, the Agency is required to maintain certain escrow deposits and reserve funds. The reserve requirements have been funded in accordance with the mortgage agreements for the years ended December 31, 2023 and 2022. As of December 31 the balances consist of the following:

	2023	2022
Replacement reserve	$ 5,469,424	$ 5,161,812
Operating reserve	8,473,834	7,779,640
Mortgage escrow	974,099	1,240,987
	$ 14,917,357	$ 14,182,439

NOTE 11 – LOANS PAYABLE

Loans payable consist of the following as of December 31:

Description	2023	2022	Year(s) of Maturity
AAFE:			
To Deutsche Bank. These loans are unsecured and noninterest bearing with the principal payment due at maturity dates.	$ -	$ 40,001	2023
REDC:			
To the Empire State Development Corporation Small Business Revolving Loan Fund (SBRLF) at an interest rate of 1%. Principal repayment will commence four years from the date of the loan. Principal repayment will be on an annual basis equivalent to 33.33% of the principal outstanding balance.	-	166,667	2023
To the Empire State Development Corporation Small Business Revolving Loan Fund (SBRLF) at an interest rate of 1%. Based on a loan amendment in 2015, principal repayment will commence nine years from the date of the loan. Principal repayment will be on an annual basis equivalent to 33.33% of the principal outstanding balance.	-	583,333	2023
To the Small Business Administration at an interest rate of 0.75% during which the first 12 months from the date of the loan interest will be brought down by 2%. No payments of principal or interest are required during the first 12 months from the date of the loan. Payments on the loan, based on the 2% buy down, will be $8,535. The balance of the loan is due at maturity. The loan is secured by REDC's SBA Microloan fund assets and its restricted cash for SBA loan loss reserve.	-	125,543	2023
To the Empire State Development Corporation at an interest rate of 1%. Interest on outstanding principal balance to be paid annually. After the fifth year, any remaining balance will be converted to a five year term loan, to be fully amortized at a rate of 1%. After five years, monthly principal and interest payments will be $6,406. This Minority Revolving Loan Fund (MRLF) is unsecured with the principal payment due based on the term of loan. For the year ended December 31, 2023, REDC failed to meet one of its financial covenants. REDC has received a waiver at the time of the consolidated financial statements issuance.	250,000	250,000	2024
To the Small Business Administration at an interest rate of 1.50% during which the first 12 months from the date of the loan interest will be brought down by 2%. No payments of principal or interest are required during the first 12 months from the date of the loan. Payments on the loan, based on the 2% buy down, will be $6,944. The balance of the loan is due at maturity. The loan is secured by REDC's SBA Microloan fund assets and its restricted cash for SBA credit loss reserve.	125,324	218,400	2025
To the Small Business Administration at an interest rate of 1.25% during which the first 12 months from the date of the loan interest will be brought down by 2%. No payments of principal or interest are required during the first 12 months from the date of the loan. Payments on the loan, based on the 2% buy down, will be $11,574. The balance of the loan is due at maturity. The loan is secured by REDC's SBA Microloan fund assets and its restricted cash for SBA loan loss reserve.	377,415	528,382	2026

NOTE 11 – LOANS PAYABLE (Continued)

Description	2023	2022	Year(s) of Maturity
REDC (Continued):			
To the Small Business Administration at an interest rate of 2% during which the first 12 months from the date of the loan interest will be brought down by 2%. No payments of principal or interest are required during the first 12 months from the date of the loan. Payments on the loan, based on the 2% buy down, will be $11,574. The balance of the loan is due at maturity. The loan is secured by REDC's SBA Microloan fund assets and its restricted cash for SBA loan loss reserve.	$ 526,495	$ 675,077	2027
To the Small Business Administration at an interest rate of 2.75% during which the first 12 months from the date of the loan interest will be brought down by 2%. No payments of principal or interest are required during the first 12 months from the date of the loan. Payments on the loan, based on the 2% buy down, will be $5,615. The balance of the loan is due at maturity. The loan was secured by REDC's SBA Microloan fund assets and its restricted cash for SBA loan loss reserve.	349,219	416,865	2028
To the Small Business Administration at an interest rate of 1.875% during which the first 12 months from the date of the loan interest will be brought down by 2%. No payments of principal or interest are required during the first 12 months from the date of the loan. Payments on the loan, based on the 2% buy down, will be $11,111. The balance of the loan is due at maturity. The loan is secured by REDC's SBA Microloan fund assets and its restricted cash for SBA loan loss reserve.	770,609	903,740	2029
To New York Community Bank at an interest rate of 2%. This is an Equity Equivalent Investment (EQ2). Interest-only payments beginning on the disbursement date shall be payable on a quarterly basis for the ten-year term of the loan. Outstanding principal balance and accrued unpaid interest shall be due on the maturity date.	500,000	500,000	2030
To the Empire State Development Corporation Small Business Revolving Loan Fund 2.0 (SBRLF) at an interest rate of 1%. The principal repayment will commence seven years from the date of the loan. There is an option to renew for another three years. Principal repayment will be on an annual basis equivalent to 33.33% of the principal outstanding balance. For the year ended December 31, 2023, REDC failed one of its financial covenants. REDC has received a waiver at the time of the consolidated financial statements issuance.	1,333,334	-	2030
To the Small Business Administration at an interest rate of .75% during which the first 12 months from the date of the loan interest will be brought down by 2% to 0%. No payments of principal or interest are required during the first 12 months from the date of the loan. Payments on the loan, based on the 2% buy down, will be $9,259 with the balance of the loan due at maturity. The loan is secured by REDC's SBA Microloan fund assets and its restricted cash for SBA loan loss reserve.	879,630	990,741	2031
To Small Business Administration at an interest rate of 4.00% per annum. During the first through the twelfth month, interest will be brought down by 2% points so that interest will accrue on the outstanding balance of the loan at 2.00% per annum. Payments on the note, based on the 2% buy down, will be $10,629. The balance of the loan will be due at maturity.	1,000,000	-	2033

NOTE 11 – LOANS PAYABLE (Continued)

Description	2023	2022	Year(s) of Maturity
REDC (Continued):			
To the Valley National Bank at an interest rate of 4.42%. The interest rate and the amount of the monthly payment will be adjusted on the first day every 60th month after the initial payment date based on index (weekly average yield on U.S. Treasury Securities adjusted to a constant maturity of five years) plus 3.6%. The monthly principal payment is $4,762 with the balance due at maturity. The loan is collateralized by the REDC's mortgaged property at 4721 8th Avenue, Brooklyn, NY.	$ 619,224	$ 647,436	2033
One Hardesty:			
To NeighborWorks Capital Corporation. The loan bears interest at a rate of 7.85%. Principal in the amount of $37,500 is paid quarterly.	4,639,000	4,789,000	2024
East Village Homes Owner LLC:			
To HPD secured by a second deed of trust. The loan bears interest at a rate of 2.25% during the construction period and 2.00% after permanent closing, with all interest deferred and compounded monthly.	7,970,070	7,970,070	2057
QHICC:			
To Low Income Investment Fund. Construction loan secured by the property at 133-04 39th Avenue, Flushing, NY. Total loan amount available for drawdown is $3,729,757. Interest rate is 5.75%.	3,729,757	3,407,337	2024
Hardesty REDC:			
In 2021, HREDC received a $200,000 grant from the U.S. Environmental Protection Agency ("EPA") and a loan from the Kansas City Revolving Loan Fund (KCRLF) for the Building 9 hazardous materials cleanup. The loan bears interest at 3% with a 15-year term amortized over 25 years after the Cleanup Completion date with a balloon payment at maturity.	1,086,578	1,086,577	2036
In December 2013, HREDC entered into an agreement with the City of Kansas City, for $300,000 of funding from the Kansas City Brownfields Revolving Loan Fund program for Building 11. Work commenced and was completed in 2014. The loan is repayable in 60 equal installments commencing with the Cleanup Completion. The loan is noninterest bearing through the maturity date, which is sixty months after the Cleanup Completion date. After the maturity date, or in the event of default, interest accrues at the per annum rate otherwise in effect, plus 2%. Repayment of the loan began in November 2016 with principal payments of $5,000 a month. In March 2017, an additional loan for $504,853 was obtained through this same program for Building 10. This loan is repayable in 60 equal installments beginning on the 10th day of the first month after cleanup completion, which is the issuance of the Letter of Completion by the City of Kansas City, MO. The Letter of Completion was expected to be issued in June 2018. The loan is noninterest bearing until this maturity date, or in the event of default, at which time it is the per annum rate otherwise in effect, plus 2%.	339,375	354,853	2039

NOTE 11 – LOANS PAYABLE (Continued)

Description	2023	2022	Year(s) of Maturity
Chelsea:			
In June 2022, Chelsea HDFC secured an interest-only construction loan from Enterprise Community Loan Fund with a maximum borrowing power of $24,236,639, maturing in 30 months with a six month extension. This loan consists of two parts - $8,171,294 from Enterprise at 5.5% interest per annum, and $16,065,345 from HPD at 0.25% interest per annum. No payments are due.	$ 7,276,727	$ 3,510,751	2025
Lower East Side:			
In June 2021, Lower East Side HDFC obtained an interest-only construction loan from the Local Initiatives Support Corporation for $18,684,230 maturing in 36 months. This loan consists of $9,667,000 from LISC at 5.62% interest per annum, and $9,017,360 from HPD at 0.25% interest per annum.	14,645,638	10,149,088	2024
	46,418,395	37,313,861	
Various affiliates incurred financing costs which are being amortized over the life of the loans using the straight-line basis.	(17,757)	(19,676)	
	$ 46,400,638	$ 37,294,185	

Future approximate annual principal repayments are as follows for the five years ending after December 31, 2023 and thereafter:

2024	$ 23,264,000
2025	7,402,000
2026	377,000
2027	526,000
2028	349,000
Thereafter	14,500,000
	$ 46,418,000

The proceeds from these loans enabled the Agency to make loans to individuals and businesses and expand the Agency's activities. The Agency is required to adhere to certain financial covenants.

The Agency is guided by FASB ASC Topic 470 "Debt." Based on the guidance in FASB ASC 470, the loans would remain recorded as a liability until they are in part or wholly forgiven and legal release is received or the entity pays off the loan. Once the loan is forgiven in part or wholly, and legal release is received, each entity will reduce the liability by the amount forgiven.

NOTE 12 – BANK LINES OF CREDIT

In 2016, the State Bank of India provided REDC with a $3,000,000 unsecured revolving credit line for purposes of lending to small businesses in targeted economic areas. The line is considered unsecured, although the underlying loans are collateralized by REDC's own borrowers. The line bears interest at the fixed rate of 3% per annum. As of both December 31, 2023 and 2022, the outstanding borrowings on the credit line amounted to $3,000,000. The line of credit was due for maturity on June 28, 2021, and was extended through March 30, 2026.

In April 2020, the Industrial and Commercial Bank of China USA provided REDC with a $1,500,000 unsecured revolving credit line for purposes of lending to small businesses in targeted economic areas. The line is considered unsecured, although the underlying loans are collateralized by REDC's own borrowers. The line bears interest at the fixed rate of 3% per annum. As of December 31, 2022, the outstanding borrowings on the credit line amounted to $709,961. There were no outstanding borrowings as of December 31, 2023. The line of credit was set to mature on April 23, 2027, but the line of credit was closed during April 2024.

NOTE 12 – BANK LINES OF CREDIT (Continued)

Local Initiatives Support Corporation provided AAFE with a $175,000 line of credit. The line's interest rate was fixed at 4.5% per annum until it increased to 6.0% as of March 1, 2020 and then increased to 6.25% as of May 1, 2021. As of December 31, 2023 and 2022, the outstanding borrowings on the credit line amounted to $142,923 and $153,826, respectively. The line of credit will mature on February 1, 2025.

Enterprise Community Loan Fund, Inc. provided AAFE with a line of credit. The line was to be disbursed through sub-loans based on the borrower's request and the aggregate principal amount of all outstanding sub-loans cannot exceed $2,500,000. The interest rate for all sub-loans accrued at a fixed rate of 6% per annum until the outstanding balance reached $1,000,000. The interest rate for all disbursements exceeding $1,000,000 accrued at a fixed rate of 5.75% per annum. The sub-loan agreements expired on September 30, 2022 and December 15, 2022, and were not renewed.

SeaChange Capital Projects provided AAFE with a $1,000,000 line of the credit. The line bears interest at the fixed rate of 6.05% per annum. As of December 31, 2022, outstanding borrowings on the credit line amounted to $290,000. The line of credit was set to mature on September 30, 2023, but was paid off in full on July 31, 2023.

NOTE 13 – MORTGAGES PAYABLE

Mortgages payable as of December 31 consist of the following:

Description	2023	2022	Year(s) of Maturity
AAFE:			
To Global Bank at interest rate of 4.25%. The loan is secured by AAFE's assets with interest payable monthly. The principal payment is due in full at maturity in July 2024.	$ 648,619	$ 663,123	2024
CHHDFC:			
To Global Bank at interest rate of 4.00%. This mortgage is secured by two of CHHDFC's properties located in Jackson Heights, New York. The mortgage is amortized based on a 25-year amortization schedule with monthly principal and interest payments of $9,027, and a balloon payment due at maturity.	-	1,610,986	2030
AAHDFC:			
To HPD at interest rate of 1.25% – Mortgage with interest and service fee payable on a monthly basis. Principal is due at maturity. The initial maturity date can be extended for an additional 15 years plus an additional three years based on compliance with the regulatory agreement, making its possible future maturity in 2038.	3,102,418	3,102,418	2038
To HPD at interest rate of 1.00% – Second mortgage with monthly principal and interest payments of $421. Annual minimum principal repayments are $10, and the balance is due at the maturity date. The initial maturity date can be extended for an additional 15 years plus an additional three years based on compliance with the regulatory agreement, making its possible future maturity in 2038.	503,909	503,918	2038

NOTE 13 – MORTGAGES PAYABLE (Continued)

Description	2023	2022	Year(s) of Maturity
AAHDFC (Continued):			
New York State Housing Trust Fund ("HTF") at interest rate of 1.00% – Third mortgage payable in full at the maturity date plus accrued interest. Accrued interest payable as of both December 31, 2023 and 2022 amounted to $73,446. The Company began to pay the interest in 2010. The initial maturity date can be extended for an additional 15 years plus an additional three years based on compliance with the regulatory agreement, making its possible future maturity in 2038.	$ 545,440	$ 545,440	2038
To HPD at interest rate of 1.00% – Equal monthly installments of interest only in the amount of $1,583 commencing on the first installment date, January 1, 2009, and continuing to the maturity date. The principal amount and any and all other amounts of the indebtedness are due at maturity.	2,223,623	2,223,623	2039
To HPD at interest rate of 1.25% – Equal monthly installments of interest only in the amount of $1,442 commencing on the first installment date, August 1, 2008, and continuing to the maturity date. The principal amount and any and all other amounts of the indebtedness are due at maturity.	1,384,684	1,384,684	2039
To HPD at interest rate of 0.25% – Installment of interest only was due on January 1, 2012. A monthly installment of principal and interest in the amount of $417 was due on February 1, 2012 and continuing to the maturity date.	605,166	632,216	2042
To HPD – No regular payments of principal or interest. At the end of the term, the principal amount shall be reduced in its entirety and deemed satisfied if the Mortgagor is in compliance with the terms and conditions of the Regulatory Agreement.	117,940	117,940	2027
To CPC at interest rate of 7.13% – Principal and interest of $1,802 is due monthly commencing on the first installment due date, February 1, 2012, and continuing to the maturity date.	218,683	224,438	2042
To HTF at interest rate of 1.00% – Pursuant to an agreement with the State of New York, acting through its Division of Housing and Community Renewal ("DHCR") and New York State Housing Trust ("HTF"). HTF has committed to provide a loan to finance the construction of Norfolk's building. The interest rate for the loan is 1%. Interest payment is due annually and is paid from excess income as defined in the mortgage agreement.	1,800,000	1,800,000	2030
To HTF at interest rate of 1.00% – Pursuant to an agreement with the State of New York, acting through its Division of Housing and Community Renewal ("DHCR") and New York State Housing Trust ("HTF"). HTF has committed to provide a loan to finance the construction of Norfolk II's building. The interest rate for the loan is 1%. Interest payment is due annually and is paid from excess income as defined in the mortgage agreement.	1,800,000	1,800,000	2034
CPHDFC:			
To Bellwether - This loan is secured by the real property of the Company. Principal and an interest payment of $54,036 is due monthly, with any outstanding balance due in full at maturity. The loan was refinanced in July 2021 to reduce the interest rate.	11,723,249	12,073,830	2048

NOTE 13 – MORTGAGES PAYABLE (Continued)

Description	2023	2022	Year(s) of Maturity
CPHDFC (Continued):			
To HPD – First mortgage consisting of four separate mortgages that require no payment of principal or interest. Will be deemed satisfied at maturity if the Company is in compliance with the terms and conditions of the regulatory agreement.	$ 14,250,000	$ 14,250,000	2036
To HPD at interest rate of 0.25% – Second mortgage requires monthly interest accrual only. Will be deemed satisfied at maturity if the Company is in compliance with the terms and conditions of the regulatory agreement.	667,748	667,748	2024
To HPD – Third mortgage with interest and principal payable in full at maturity date. Will be deemed satisfied at maturity if the Company is in compliance with the terms and conditions of the regulatory	831,950	831,950	2026
ECHDFC:			
To New York City HDC at interest rate of 1.25% – the note requires no monthly payments of principal until the note becomes due in 2046. Interest is due and payable in equal monthly installments commencing on July 1, 2016. A service fee in the amount of .25% of the principal amount or $60 monthly is also due and payable commencing on July 1, 2016.	287,091	287,091	2046
To HPD Building Loan – the note requires no monthly payments of principal or interest and will be forgiven at the end of the term provided there have been no defaults thereunder and the project has met all applicable requirements.	334,332	334,332	2045
First mortgage to the Housing Trust Fund Corporation ("HTFC") at interest rate of 1.00% – the note requires no monthly payments of principal until the note becomes due. Interest is payable annually on the principal balance advanced and outstanding, commencing on the 30th day of June 2011, and continuing annually thereafter until June 30, 2046. Interest payments shall be due and payable on an annual basis solely to the extent of net cash flow as defined in the promissory note.	2,290,000	2,290,000	2046
Rivington HDFC:			
To CPC at interest rate of 7.44% – First mortgage loan with principal and interest payable monthly commencing July 2014 and on the first day of each and every month thereafter until maturity.	775,762	808,288	2037
To HPD at interest rate of 1.00% – Second mortgage loan. Beginning on July 1, 2014, an installment of principal and interest in the amount of approximately $880 is due, and a like installment is due on the first day of each month thereafter until and including June 1, 2037. Beginning July 1, 2037, installment of principal and interest in the amount of approximately $8,510 is due, and a like installment is due on the first day of each month thereafter until and including June 1,	574,231	579,097	2042
To HPD – No payments of principal or interest. At the end of the term, the principal amount shall be reduced in its entirety and deemed satisfied if the mortgagor is in compliance with the terms and conditions of the Regulatory Agreement.	527,000	527,000	2044

NOTE 13 – MORTGAGES PAYABLE (Continued)

Description	2023	2022	Year(s) of Maturity
Madison HDFC:			
First mortgage to the Enterprise Community at interest rate of 5.25% – the borrower shall make a principal and interest payment of $7,017 due the first date of each month until maturity. Effective September 2020, payments were deferred by Enterprise and resumed January 2021.	$ 1,102,970	$ 1,127,758	2043
Second mortgage to HPD – no payments of principal or interest. At the end of the term, the principal amount shall be reduced in its entirety and deemed satisfied if the mortgagor is in compliance with the terms and conditions of the Regulatory Agreement.	2,000,000	2,000,000	2042
Third mortgage to HPD – the borrower shall make interest payments of 1% inclusive of a 0.25% servicing fee. No payments of principal shall be payable by the borrower. Monthly interest payments in the amount of $685 are payable by the borrower. The principal balance and any accrued interest will be due upon maturity.	802,977	822,505	2046
Fourth mortgage to HPD – the borrower shall have no payments of principal. Servicing fee shall be payable at 0.25%. This loan is forgivable if the mortgagor is in compliance with the terms and conditions of the Regulatory Agreement.	131,787	170,000	2046
El Caribe HDFC:			
First mortgage to HPD – The loan shall be due and payable on December 1, 2045. No interest shall be due or payable on the loan.	1,754,543	1,754,543	2045
Second mortgage to HPD – The loan shall be due and payable on December 1, 2045. No interest shall be due and payable on the Community Development Block Grants Loan.	210,000	210,000	2045
Third mortgage to HDC at interest rate of 1.00% – The Article 8 loan shall be due and payable on September 25, 2029. Interest on the Article 8 Loan shall be payable at the rate of 0.75% per annum in equal monthly installments of interest only in the amount of $385 on the first day of each and every month, together with a servicing fee in the amount of 0.25% per annum on the Article 8 Loan and payable monthly in the amount of $128.	716,100	716,100	2029
Fourth mortgage to HDC at interest rate of 1.00% – The Article 8 loan shall be due and payable on May 31, 2028. Interest on the Article 8 Loan shall be payable at the rate of 0.75% per annum in equal monthly installments of interest only in the amount of $18,305 on the first day of each and every month, together with a servicing fee in the amount of 0.25% per annum on the Article 8 Loan and payable monthly in the amount of $61.	292,885	292,885	2028
Golden Allen:			
To TD Bank at interest rate of 4.10%. This mortgage is secured by the real property located at 2 Allen Street, New York, NY, with monthly principal and interest payments of $18,763.	2,315,675	2,396,264	2027

NOTE 13 – MORTGAGES PAYABLE (Continued)

Description	2023	2022	Year(s) of Maturity
Montgomery:			
To Neighborhood Partnership Housing Development Fund Company, Inc. This is a standing loan that does not bear interest or require the payment of installments. The principal balance is due in full at	$ 495,000	$ 495,000	2044
DMCDC:			
To Republic First Bank - In May 2022, DMCDC obtained a mortgage in the amount of $2,750,000. The mortgage will mature June 1, 2029 and carries an interest rate of 3.875% per year. It also requires monthly payment of interest and principal in the amount of $14,412. The real property, rents and leases of DMCDC serve as collateral for the mortgage.	2,644,473	2,717,431	2029
CDF:			
To Cathay Bank - principal amount of $1,513,912 and a maturity date of January 1, 2030. The annual interest rate for the initial five year period is a fixed rate equal to 4.01%. The annual interest rate for the five year period following the initial term will be a floating rate, changing daily, equal to 50 basis points above the Prime Rate as published in The Wall Street Journal. The mortgage loan is amortized using a 25-year amortization schedule over a 10- year period with monthly principal and interest payments in the amount of $8,048 commenced on February 1, 2020, and will continue to January 1, 2025. The outstanding principal and any unpaid interest are to be paid in full at maturity.	1,365,617	1,405,767	2030
LES:			
To Local Initiatives Support Corporation (LISC) at interest rate of 5.62% - Loan issued to finance the construction of three properties of the Lower East Housing Development Financing Corporation and is secured by those properties. Interest is paid monthly. Maturity occurs at the earlier of the first day of the first month after construction completion or the intital maturity date of July 1, 2024.	3,386,617	2,226,369	2024
EVHO:			
To Low Income Investment Fund at interest rate of 6.30%. The construction loan is secured by the property at 302 East 2nd Street NY, NY, and was paid down by $6,537,000 in 2023.	8,504,351	15,051,948	2057
BKDHDFC:			
To HDC at interest rate of 0.25% – Mortgage with interest payable on a monthly basis. Principal is due at maturity on June 1, 2022. Based on the letter received in March 2023, it is HDC's intention to extend the loan currently due beyond its existing maturity date.	1,996,084	1,996,084	2024

NOTE 13 – MORTGAGES PAYABLE (Continued)

Description	2023	2022	Year(s) of Maturity
BKDHDFC (Continued):			
To HDC at interest rate of 1.25% – Mortgage with interest payable on a monthly basis. Principal is due at maturity on June 1, 2022. Based on the letter received in March 2023, it is HDC's intention to extend the loan currently due beyond its existing maturity date.	$ 249,511	$ 249,511	2024
To HPD at interest rate of 1.00% – The Home Permanent loan bears interest at the rate of 1% per annum. Principal is due at maturity on October 31, 2031.	644,623	644,623	2031
To HPD – No regular payments of principal, interest or serviceing fees shall be payable on the construction loan. At the end of the term, the principal amount shall be reduced in its entirety and deemed satisfied if the borrower is in compliance with terms and conditions of the regulatory agreement.	2,947,422	2,947,422	2029
	76,772,480	84,482,332	
Less: unamortized debt issuance costs	(955,079)	(1,117,233)	
	$ 75,817,401	$ 83,365,099	

Golden Allen, LLC entered into a derivative transaction ("swap") with a notional amount that changes over time to correspond to the outstanding principal based on the agreed schedule for the mortgage. The notional amount of the derivative is the basis for calculating the volume of the transactions and does not represent the amount at risk. The market values of the swap can vary depending on movements in interest rates. The transaction creates off-balance sheet risk in that Golden Allen, LLC could potentially lose more on the swaps than the amounts at which these instruments are carried in the consolidated statements of financial position. The transaction had not been designated as a hedge. The counterparty is a New York financial institution. Golden Allen, LLC was obligated to pay an effective fixed interest rate of 3.11% on the notional amount (same as the principal balance). When taken together with the mortgage payable, the effect of the derivative transaction is to substantially convert the variable rate (subject to the risk of going to a level higher than the current fixed rate) to a fixed rate mortgage payable that is subject to a 4.2% maximum rate. Effective April 1, 2023, the fixed rate paid remained unchanged except the floating rate option is USD-SOFR CME Term with a designated maturity of one month and the spread is original spread plus 7bps.

As of December 31, 2023 and 2022, the estimated fair value of the swap agreement amounted to $90,790 and $125,731, which was deemed immaterial to the consolidated financial statements taken as a whole. Accordingly, the accompanying consolidated financial statements did not reflect such amounts.

Future approximate mortgage repayments for the five years ending after December 31, 2023 and thereafter are as follows:

2024	$ 6,949,000
2025	-
2026	832,000
2027	2,410,000
2028	293,000
Thereafter	66,288 ,000
	$ 76,772,000

NOTE 14 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available for the following purposes as of December 31:

	2023	2022
With donor restrictions:		
Loan loss reserve	$ 1,714,000	$ 2,214,000
Small business lending and technical assistance	426,062	762,554
Other programs (including COVID-19 related)	1,252,476	1,784,131
	$ 3,392,538	$ 4,760,685

During the years ended December 31, 2023 and 2022, net assets with donor restrictions which amounted to $3,449,497 and $2,110,562, respectively, were released from donor restrictions by incurring expenses (or the passage of time), thus satisfying the donor restrictions.

The Agency's net assets with donor restrictions include funds received from NeighborWorks America ("NWA") restricted for use as a revolving loan and capital projects fund.

The investment of funds received from NWA is governed by the NeighborWorks America Investment and Grant Agreement (the "Agreement"). Under the Agreement, the restricted capital grant funds shall be used for purposes that will build assets for the Agency and the community in which it operates. As noted above, the funds received from NWA were used as capital lending funds and for the rehabilitation of residential multifamily rental buildings. Interest on loans as well as proceeds on capital projects in excess of the total amount of restricted capital grant funds provided by NWA invested or otherwise used to fund such projects may be transferred to net assets without donor restrictions, to be used for purposes of furthering the Agency's mission. Cash from any restricted capital funds provided by NWA, and not expended according to the terms of the agreement, shall be fully invested in securities either of the United States government or that are guaranteed by the United States government, or exclusively deposited in federally insured or state insured accounts. For the years ended December 31, 2023 and 2022, there were no unspent capital funds.

NOTE 15 – COMMITMENTS AND CONTINGENCIES

A. Certain grants and contracts may be subject to audit by the funding sources. Such audits might result in disallowances of costs submitted for reimbursement. Management is of the opinion that such cost disallowances, if any, will not have a material effect on the accompanying consolidated financial statements.

B. REDC is involved in several legal actions to recover monetary losses resulting from the default on loans by certain borrowers. No amounts for estimated recoveries have been included in the accompanying consolidated financial statements. REDC will recognize other income in the event any recoveries are made.

C. As the developer and a member in the East Village Homes Owner LLC mixed use affordable housing development AAFE is obligated under certain financial and non-financial guarantees associated with the developing and operation of the project. Such guarantees are not reflected in the accompanying consolidated financial statements as they appear to be administrative in nature and deemed immaterial.

D. Madison HDFC had a net deficit of $548,936 and $437,706 as of December 31, 2023 and 2022, respectively, because of the nature of their operations concentrated in rent regulated tenants. The net deficit primarily relates to rental rates allowed by HPD and HUD that are designed to be sufficient to reimburse project owners for reasonable operating costs of which depreciation expense is not reimbursed.

E. CPHDFC had a net deficit of $2,989,033 and $2,632,476 as of December 31, 2023 and 2022, respectively, because of the nature of their operations concentrated in rent regulated tenants. The net deficit primarily relates to rental rates allowed by HPD and HUD that are designed to be sufficient to reimburse project owners for reasonable operating costs of which depreciation expense is not reimbursed.

NOTE 15 – COMMITMENTS AND CONTINGENCIES

F. The Agency believes it had no uncertain income tax positions as of December 31, 2023 and 2022 in accordance with ASC Topic 740 ("Income Taxes"), which provides standards for establishing and classifying any tax provisions for uncertain tax positions.

G. The Agency subleases real property to tenants at 176-180 Eldridge Street, 1 Pike Street, 111 Norfolk Street, 133-04 39th Avenue and 108 Norfolk Street in New York City. Rental income from subleases amounted to $971,402 and $886,794 for the years ended December 31, 2023 and 2022, respectively.

NOTE 16 – LEASES

AAFE and Stanton are obligated pursuant to various lease agreements. AAFE and Stanton adopted FASB ASC 842 as of January 1, 2022.

As of December 31, 2023, the right-of-use ("ROU") asset and lease liability had a balance of $2,126,154 and $2,183,233, respectively, as shown in the consolidated statements of financial position. As of December 31, 2022, the ROU asset and lease liability had a balance of $2,765,915 and $2,803,924, respectively, as shown in the consolidated statements of financial position. The ROU asset and liability were calculated utilizing risk-free rates (ranging from 1.04%-4.58%) for both years, according to AAFE's and Stanton's elected policy. There is no option to renew the leases beyond their stated terms. Sublease income related to these leases is reported in the consolidated statements of activities as commercial rent.

Future approximate minimum payments for non-cancelable subleases for the years ending after December 31, 2023 and thereafter are as follows:

2024	$ 598,000
2025	606,000
2026	490,000
2027	290,000
2028	158,000
Thereafter	41,000
Total sublease payments	$ 2,183,000

The following summarizes the line items in the consolidated statements of functional expenses which include the components of lease expense for the years ended December 31:

	2023	2022
Operating lease expense included in occupancy costs	$ 772,571	$ 769,479

The following summarizes cash flow information related to leases for the years ended December 31:

	2023	2022
Cash paid for amounts included in measurement of lease liabilities:		
Operating cash flows from operating leases	$ 620,691	$ 606,976
Noncash financing and investing cash flow		
ROU assets obtained in exchange for new lease liabilities		
Operating leases	$ 53,893	$ 3,489,335

The weighted average of the remaining lease term is approximately 6.9 years and the weighted average discount rate is 3.76%.

NOTE 16 – LEASES (Continued)

Future approximate minimum payments for non-cancelable operating leases for the years ending after December 31, 2023 and thereafter are as follows:

2024	$ 630,000
2025	480,000
2026	257,000
2027	163,000
2028	152,000
Thereafter	860,000
Total lease payments	2,542,000
Less: present value discount	(359,000)
Lease obligations	$ 2,183,000

NOTE 17 – CONCENTRATIONS

A. Cash and cash equivalents that potentially subject the Agency to a concentration of credit risk include cash accounts with banks that exceed the Federal Deposit Insurance Corporation ("FDIC") insurance limits by approximately $17,206,000 and $21,540,000 as of December 31, 2023 and 2022, respectively. Cash accounts with participating banks are insured up to $250,000 per depositor.

B. REDC lends money to small businesses in its target communities. Many of these small business borrowers operate businesses in the retail, wholesale, restaurant and certain personal service industries with their primary business operations located in Manhattan, Queens and Brooklyn. Funding for these loans is obtained by REDC in the form of loans, grants and credit lines from various organizations.

C. For the years ended December 31, 2023 and 2022, ECHDFC received approximately 10% and 11%, respectively, of its residential revenue from 10 of its residential units in the form of Section 8 subsidies and the Senior Citizen Rent Increase Exemption program subsidies administered by HPD and the New York City Department of Finance, respectively. The balance of the rent is received from tenants, many of whom receive public assistance.

D. For the years ended December 31, 2023 and 2022, AAHDFC received approximately 22% and 21%, respectively, of its residential income in the form of Section 8 subsidies and the Senior Citizen Rent Increase Exemption program subsidies administered by HPD and the New York City Department of Finance, respectively. The balance of the rent is received from tenants, many of whom receive public assistance.

E. For the years ended December 31, 2023 and 2022, El Caribe received approximately 21% and 23%, respectively, of its residential income in the form of Section 8 subsidies and the Senior Citizen Rent Increase Exemption program subsidies administered by HPD and the New York City Department of Finance. The balance of the rent is received from tenants, many of whom receive public assistance.

F. For each of the years ended December 31, 2023 and 2022, BKDHDFC received approximately 17% of its residential income in the form of Section 8 subsidies and the Senior Citizen Rent Increase Exemption program subsidies administered by HPD and the New York City Department of Finance, respectively. The balance of the rent is received from tenants, many of whom receive public assistance.

G. For the years ended December 31, 2023 and 2022, Rivington received approximately 50% of its commercial rent from one tenant.

NOTE 18 – PENSION PLAN

In 2016, the Agency established a 403(b) plan (the "Plan"). All employees over age 21 of AAFE, or any affiliate who has adopted the Plan, with three consecutive months of continuous service are eligible to participate. The Plan has a discretionary match, which is a maximum of 2% for those employees contributing a minimum of 2% to the Plan. In addition, the Plan provides a 1% employer annual contribution for each participant who meets the following requirements:

- Employees who have worked at least 500 hours for the year, OR
- Employees who are still in "active" employee status at the end of the Plan year

Effective January 1, 2021, the Plan was amended to reflect revised eligibility requirements for the 1% employer annual contribution as follows:

- Employees who have worked at least 500 hours for the year, AND
- Employees who are still in "active" employee status at the end of the Plan year

The employer match is deposited to the Plan every pay period while the employer annual contribution is deposited to the Plan after the end of the Plan year. On January 1, 2023, the employer matching contribution increased from 2% to 3% and the annual discretionary contribution remained at 1%. For the years ended December 31, 2023 and 2022, total employer contributions amounted to $267,280 and $144,871, respectively.

NOTE 19 – RESTATEMENT

During the year ended December 31, 2023, it was identified that the following errors occurred resulting in a prior period restatement to opening net assets as of January 1, 2022:

- Buildings along with land were not recorded when they were donated to CHHDFC.
- The related building improvements were capitalized to real estate held for sale even though the building was being actively used.
- Accumulated depreciation and depreciation expense was not recorded on either of the above.

The effect of the restatement on the 2022 consolidated statement of financial position, statement of activities, statement of functional expenses and statement of cash flows is as follows:

	2022		
	As Previously Reported	Adjustment	Restated
Statement of financial position:			
Real estate held for sale, at cost	$ 3,539,324	$(2,842,963)	$ 696,361
Property and equipment, net	$ -	$ 2,801,058	$ 2,801,058
Statement of functional expenses and statement of cash flows:			
Depreciation	$ -	$ 101,884	$ 101,884
Statement of activities:			
Total expenses	$ 684,138	$ 101,884	$ 786,022
Change in net assets without donor restrictions	$ 416,911	$ (101,884)	$ 315,027
Net assets beginning of year	$ 5,818,423	$ 59,979	$ 5,878,402
Net assets end of year	$ 6,235,334	$ (41,905)	$ 6,193,429

NOTE 20 – SUBSEQUENT EVENTS

Management has evaluated, for potential recognition and disclosure, events subsequent to the date of the consolidated statement of financial position through August 12, 2024, the date the consolidated financial statements were available to be issued.

On January 25, 2024, Flushing 106 LLC signed a six-year lease agreement with a commercial tenant to lease out the unit at 32-60 106th Street, East Elmhurst, New York 11369.

On February 26, 2024, a settlement in the amount of $72,000 was paid to a plaintiff by REDC to issue a no fault lawsuit.

REDC applied for a loan under the Microloan program. The loan was approved in the amount of $800,000, payable over ten years with a base interest rate of 4.125% per annum, but there is a 2% buy down the initial year making the interest rate 2.125%. There are no payments made in the first year of the loan. REDC is required to pay back the loan to the U.S. SBA.

In March 2024, QHICC closed on the sale of property located at 133-04 39th Avenue, Flushing, NY for $19,300,000. Management plans to dissolve QHICC Corp. in 2024.

In May 2024, AAFE formed 345 Ovington Avenue Housing Development Fund Corporation, a New York not-for-profit, a wholly owned subsidiary of AAFE. 345 Ovington Avenue HFDC purchased the property at 345 Ovington Avenue for $10,275,000. The purchase was funded from the New York City Acquisition Fund, c/o Enterprise Community Loan Fund for $12,090,000 with AAFE as the guarantor of the loan. As part of the settlement a down payment of $785,000 was required. 345 Ovington Avenue HFDC borrowed the downpayment from AAFE under a loan agreement with interest at 0%; ballon principal payment due on May 22, 2026. Additional closing and miscellaneous costs were funded from a loan to 345 Ovington Avenue HFDC from Community Homes HFDC, an affiliate of AAFE for $700,000, interest at 4%; balloon principal payment or the outstanding balance due on May 22, 2025.

In June 2024, AAFE paid off a loan to Global Bank in the amount of $642,360 and refinanced the note with Renaissance Economic Development Corp. in the amount of $647,900. Interest only payments on the unpaid principal balance of the loan, in the amount of $6,480, due quarterly with the unpaid principal balance due June 1, 2027.