



Gorfine Schiller Gardyn

Certified Public Accountants and Consultants



**REBUILD METRO, INC.
AND SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

REBUILD METRO, INC. AND SUBSIDIARIES
TABLE OF CONTENTS
December 31, 2020 and 2019

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	3
CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated Statements of Financial Position	6
Consolidated Statements of Activities and Changes in Net Assets	7
Consolidated Statements of Cash Flows	9
Notes to Consolidated Financial Statements	10
SUPPLEMENTAL INFORMATION	
Consolidating Schedules of Financial Position	32
Consolidating Schedules of Activities and Changes in Net Assets	36



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INDEPENDENT AUDITORS' REPORT

**To The Board of Directors
ReBuild Metro, Inc. and Subsidiaries
Baltimore, Maryland**

We have audited the accompanying consolidated financial statements of ReBuild Metro, Inc. and Subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, and the related consolidated statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of ReBuild Metro, Inc. and Subsidiaries as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating schedules are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Morino, Schiller & Galdyn, P.A.

June 28, 2021
Owings Mills, Maryland

CONSOLIDATED FINANCIAL STATEMENTS

REBUILD METRO, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31, 2020 and 2019

ASSETS

	2020	2019
CURRENT ASSETS		
Cash and cash equivalents	\$ 3,792,520	\$ 2,889,406
Accounts receivable, net of allowance	301,833	329,778
Grants and contributions receivable	616,821	1,125,760
Prepaid expenses	385,370	239,156
Other current assets	29,498	29,498
Total current assets	5,126,042	4,613,598
PROPERTY AND EQUIPMENT		
Office equipment, net of accumulated depreciation	13,950	28,146
Rental property, net of accumulated depreciation	34,465,016	34,717,873
Vehicle, net of accumulated depreciation	-	22,354
Total property and equipment, net	34,478,966	34,768,373
OTHER ASSETS		
Loans receivable, net of allowance	1,117,155	1,121,900
Property held for development or sale	41,788	873,199
Restricted cash	3,021,005	1,388,599
Other non-current assets	157,445	162,215
Total other assets	4,337,393	3,545,913
TOTAL ASSETS	\$ 43,942,401	\$ 42,927,884

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 659,951	\$ 738,767
Accrued interest payable, current	62,687	52,241
Current maturities of loans payable	4,080,958	6,199,065
Prepaid rent	27,275	22,557
Total current liabilities	4,830,871	7,012,630
NON-CURRENT LIABILITIES		
Escrow payable and due to third parties	188,424	204,794
Accrued interest payable	693,194	571,976
Deferred revenue, net	1,714,277	1,796,392
Loans payable, net	29,884,999	27,007,883
Total non-current liabilities	32,480,894	29,581,045
Total liabilities	37,311,765	36,593,675
NET ASSETS		
Net assets without donor restrictions		
Unrestricted	2,151,660	1,065,429
Non-controlling interest	2,978,976	3,768,780
Total net assets without donor restrictions	5,130,636	4,834,209
Net assets with donor restrictions	1,500,000	1,500,000
Total net assets	6,630,636	6,334,209
TOTAL LIABILITIES AND NET ASSETS	\$ 43,942,401	\$ 42,927,884

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

REBUILD METRO, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Years Ended December 31, 2020 and 2019

	2020				2019			
	Net Assets Without Donor Restrictions		Net Assets with Donor Restrictions	Total	Net Assets Without Donor Restrictions		Net Assets with Donor Restrictions	Total
	Controlling	Non-Controlling			Controlling	Non-Controlling		
REVENUE								
Rental income								
Gross potential rent	\$ 2,497,710	\$ 439,500	\$ -	\$ 2,937,210	\$ 2,242,687	\$ 430,338	\$ -	\$ 2,673,025
Vacancies	(408,568)	(2,984)	-	(411,552)	(365,591)	(8,670)	-	(374,261)
Other rental income	200,237	10,102	-	210,339	187,858	11,707	-	199,565
Master lease rent - related parties	(1,110,918)	1,110,918	-	-	(1,025,500)	1,025,500	-	-
Net rental income	<u>1,178,461</u>	<u>1,557,536</u>	<u>-</u>	<u>2,735,997</u>	<u>1,039,454</u>	<u>1,458,875</u>	<u>-</u>	<u>2,498,329</u>
Rental expenses								
Bad debt expense	114,476	279	-	114,755	45,892	28	-	45,920
Consultants	-	150	-	150	-	150	-	150
Insurance	131,946	15,539	-	147,485	115,114	16,188	-	131,302
Legal and professional fees	236	-	-	236	1,408	960	-	2,368
Management fee	8,364	53,867	-	62,231	8,367	52,701	-	61,068
Office expense	20,655	27,074	-	47,729	22,798	25,741	-	48,539
Other rental expenses	46,105	21	-	46,126	46,139	950	-	47,089
Rental interest expense	173,745	585,301	-	759,046	223,877	524,438	-	748,315
Rental interest expense - related parties	(122,155)	122,155	-	-	(146,064)	146,064	-	-
Repairs and maintenance	247,596	56,586	-	304,182	308,327	53,860	-	362,187
Salaries and related expenses	265,539	111,052	-	376,591	343,959	120,061	-	464,020
Taxes - other	114,837	26,991	-	141,828	101,968	24,710	-	126,678
Utilities	183,004	37,328	-	220,332	174,770	36,599	-	211,369
Total rental expenses	<u>1,184,348</u>	<u>1,036,343</u>	<u>-</u>	<u>2,220,691</u>	<u>1,246,555</u>	<u>1,002,450</u>	<u>-</u>	<u>2,249,005</u>
Net operating rental (loss) income	<u>(5,887)</u>	<u>521,193</u>	<u>-</u>	<u>515,306</u>	<u>(207,101)</u>	<u>456,425</u>	<u>-</u>	<u>249,324</u>
CONSTRUCTION INCOME								
Contractor fee income, net	320,974	-	-	320,974	-	-	-	-
SALES								
Gross sales	65,817	-	-	65,817	5,279,824	-	-	5,279,824
Cost of goods sold	(48,427)	-	-	(48,427)	(5,363,330)	-	-	(5,363,330)
Warranty costs	(109,151)	-	-	(109,151)	(56,883)	-	-	(56,883)
Net loss from sales	<u>(91,761)</u>	<u>-</u>	<u>-</u>	<u>(91,761)</u>	<u>(140,389)</u>	<u>-</u>	<u>-</u>	<u>(140,389)</u>
Net sales and construction income (loss)	<u>\$ 229,213</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 229,213</u>	<u>\$ (140,389)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (140,389)</u>

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

REBUILD METRO, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS - Continued
For the Years Ended December 31, 2020 and 2019

	2020				2019			
	Net Assets Without Donor Restrictions		Net Assets with Donor Restrictions		Net Assets Without Donor Restrictions		Net Assets with Donor Restrictions	
	Controlling	Non-Controlling	Restrictions	Total	Controlling	Non-Controlling	Restrictions	Total
OTHER REVENUE AND SUPPORT								
Developer fee income	\$ -	\$ -	\$ -	\$ -	\$ 215,803	\$ -	\$ -	\$ 215,803
Earnings from subsidiary	7	(7)	-	-	8	(8)	-	-
Grants and contributions	2,497,866	-	-	2,497,866	2,738,161	-	1,500,000	4,238,161
Management fee income - related parties	(12,859)	12,859	-	-	(12,859)	12,859	-	-
Other income	819,124	2,724	-	821,848	630,025	51,171	-	681,196
Net assets released from restrictions	-	-	-	-	175,000	-	(175,000)	-
Total other revenue and support	<u>3,304,138</u>	<u>15,576</u>	<u>-</u>	<u>3,319,714</u>	<u>3,746,138</u>	<u>64,022</u>	<u>1,325,000</u>	<u>5,135,160</u>
PROGRAM AND GENERAL EXPENSES								
Consultants	93,567	-	-	93,567	138,973	-	-	138,973
Insurance	57,750	-	-	57,750	47,194	-	-	47,194
Legal and professional fees	171,136	61,811	-	232,947	200,092	74,572	-	274,664
Management fee - related parties	(53,016)	53,016	-	-	(53,015)	53,015	-	-
Miscellaneous expenses	8,500	(18)	-	8,482	9,590	-	-	9,590
Occupancy and facility cost	290,806	(100)	-	290,706	168,216	18,117	-	186,333
Office expense	64,222	1,118	-	65,340	48,582	6,895	-	55,477
Predevelopment costs	1,000	-	-	1,000	199,221	-	-	199,221
Program expense	147,558	-	-	147,558	70,911	-	-	70,911
Salaries and related expenses	1,314,510	-	-	1,314,510	1,309,310	-	-	1,309,310
Staff expense	10,313	-	-	10,313	104,053	-	-	104,053
Total program and general expenses	<u>2,106,346</u>	<u>115,827</u>	<u>-</u>	<u>2,222,173</u>	<u>2,243,127</u>	<u>152,599</u>	<u>-</u>	<u>2,395,726</u>
Net operating income	<u>1,421,118</u>	<u>420,942</u>	<u>-</u>	<u>1,842,060</u>	<u>1,155,521</u>	<u>367,848</u>	<u>1,325,000</u>	<u>2,848,369</u>
OTHER INCOME (EXPENSE)								
Interest income	9,462	101	-	9,563	5,309	73	-	5,382
Interest expense	(248,661)	(87,007)	-	(335,668)	(233,678)	(72,034)	-	(305,712)
Interest expense - related parties	68,227	(68,227)	-	-	68,227	(68,227)	-	-
Forgiveness of loan receivable	-	(4,745)	-	(4,745)	-	-	-	-
Depreciation expense	(402,824)	(1,318,168)	-	(1,720,992)	(403,267)	(1,166,178)	-	(1,569,445)
Depreciation expense - related parties	238,909	(238,909)	-	-	214,777	(214,777)	-	-
Net other expense	<u>(334,887)</u>	<u>(1,716,955)</u>	<u>-</u>	<u>(2,051,842)</u>	<u>(348,632)</u>	<u>(1,521,143)</u>	<u>-</u>	<u>(1,869,775)</u>
NET INCOME (LOSS)	<u>1,086,231</u>	<u>(1,296,013)</u>	<u>-</u>	<u>(209,782)</u>	<u>806,889</u>	<u>(1,153,295)</u>	<u>1,325,000</u>	<u>978,594</u>
NET ASSETS - Beginning of year	1,065,429	3,768,780	1,500,000	6,334,209	258,540	4,487,996	175,000	4,921,536
Distributions	-	(8,948)	-	(8,948)	-	(8,948)	-	(8,948)
Contributions	-	515,157	-	515,157	-	443,027	-	443,027
NET ASSETS - End of year	<u>\$ 2,151,660</u>	<u>\$ 2,978,976</u>	<u>\$ 1,500,000</u>	<u>\$ 6,630,636</u>	<u>\$ 1,065,429</u>	<u>\$ 3,768,780</u>	<u>\$ 1,500,000</u>	<u>\$ 6,334,209</u>

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

REBUILD METRO, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) income	\$ (209,782)	\$ 978,594
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Accretion income	(79,627)	(104,853)
Depreciation and amortization expense	1,720,992	1,569,445
Amortization of debt issuance costs included as interest expense	92,834	62,561
Forgiveness of debt	-	(388,176)
Forgiveness of loan receivable	4,745	-
Loss on disposal of property and equipment	9,687	-
Changes in operating assets and liabilities:		
Accounts receivable, net	27,945	(208,977)
Grants and contributions receivable	508,939	(742,967)
Prepaid expenses	(146,214)	(20,690)
Other current assets	-	38,006
Property held for development or sale, net	(535,760)	2,661,282
Other non-current assets	4,770	(34,858)
Accounts payable and accrued expenses	(78,816)	(1,229,344)
Prepaid rent	4,718	5,471
Escrow payable and due to third parties	(16,370)	40,483
Accrued interest payable	131,664	52,846
Deferred revenue	(2,488)	87,988
Net cash provided by operating activities	1,437,237	2,766,811
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(74,101)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Distributions	(8,948)	(8,948)
Contributions	515,157	443,027
Principal payments on notes payable	(609,825)	(4,534,332)
Proceeds from notes payable	1,276,000	2,405,723
Net cash provided by (used in) financing activities	1,172,384	(1,694,530)
NET CHANGES IN CASH AND CASH EQUIVALENTS	2,535,520	1,072,281
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - Beginning of year	4,278,005	3,205,724
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - End of year	\$ 6,813,525	\$ 4,278,005
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the year for interest, net of amount capitalized	\$ 784,224	\$ 762,447
Non-cash transfers from property held for development to rental property	\$ 1,367,171	\$ 5,002,022

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

REBUILD METRO, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE A – NATURE OF ACTIVITIES

ReBuild Metro, Inc. (RBMI) (formerly TRF Development Partners, Inc.) is a Pennsylvania not-for-profit Corporation that was formed on March 15, 2007 to redevelop land, participate in real estate transactions and build affordable homes in communities throughout the Mid-Atlantic region, concentrating in areas where it can create opportunities for working families. RBMI seeks to create wealth and opportunity for the communities it serves by making real estate investments that reinforce community assets, revitalize downward markets and create suitable environments for market growth. Its investment process seeks long-term sustainable change and requires effective partnerships with neighborhood organizations, local governments and private developers.

RBMI and Subsidiaries (the Company) is comprised of:

<u>Entity Name</u>	<u>Abbreviation</u>
ReBuild Metro, Inc.	RBMI
ReBuild Metro- Baltimore, LLC	Baltimore
ReBuild Metro- Philadelphia, LLC	Philadelphia
ReBuild Metro Property Management, LLC	Property Management
East Baltimore Managing Member, Inc.	EBMM1
East Baltimore Master Tenant, Inc.	EBMT1
East Baltimore Managing Member II, Inc.	EBMM2
East Baltimore Master Tenant Manager II, Inc.	EBMTM2
East Baltimore Managing Member III, Inc.	EBMM3
East Baltimore Master Tenant Manager III, Inc.	EBMTM3
ReBuild Metro- Buford Manlove Manor, LLC	Manor
ReBuild Metro- Jackson Green, LLC	Jackson Green
ReBuild Metro- Ridge Avenue, LLC	Ridge
ReBuild Metro Mount Holly Urban Renewal, LLC	Mount Holly
ReBuild Metro- Scotland Commons, Inc.	Scotland
ReBuild Metro Baltimore 2, LLC	Baltimore 2
ReBuild Metro- Greenmount, Inc.	Greenmount
ReBuild Johnston Square Partners, LLC	Johnston Square

RBMI is the sole-member in all first-tier subsidiaries. Some subsidiaries have second-tier subsidiaries with outside members (see Note B-2).

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Accounting

The Company maintains its accounts and the consolidated financial statements have been prepared on the accrual basis of accounting, which conforms to accounting principles generally accepted in the United States of America (U.S. GAAP). The Company follows Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958, *Not-for Profit Entities* (FASB ASC 958). Under FASB ASC 958, the Company is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

1. Basis of Accounting – Continued

Net assets with donor restrictions include all gifts from grantors that are restricted in some manner to their use or time. This restriction can be temporarily restricted or permanently restricted. Net assets with permanent donor restrictions would be designated by the donors to be invested in perpetuity. The Company did not have any net assets with permanent donor restrictions as of December 31, 2020 and 2019.

2. Basis of Consolidation

The consolidated financial statements of RBMI include the accounts of all subsidiaries (see Note A). Certain subsidiaries also have second-tier subsidiaries and their accounts are included. These second-tier subsidiaries are:

<u>First-Tier Subsidiary</u>	<u>Second-Tier Subsidiary Name</u>	<u>Abbreviation</u>
Baltimore	East Side Partners, LLC	ESP
Baltimore	ReBuild Metro- 1500, LLC	1500
Baltimore	ReBuild Metro- 1700, LLC	1700
Baltimore	ReBuild Metro- 8, LLC	RBM8
Baltimore	ReBuild Metro- Oliver, LLC	Oliver
Baltimore	ReBuild Metro- Holdings, LLC	Holdings
EBMM1	East Baltimore Historic I, LLC	EBH1
EBMT1	East Baltimore Master Tenant, LLC	EBMT1LLC
EBMM2	East Baltimore Historic II, LLC	EBH2
EBMTM2	East Baltimore Master Tenant II, LLC	EBMT2
EBMM3	East Baltimore Historic III, LLC	EBH3
EBMTM3	East Baltimore Master Tenant III, LLC	EBMT3
Manor	Buford Manlove Members, LLC	Members
Members	Buford Manlove, LLC	Buford

All intercompany accounts and transactions have been eliminated in consolidation. The consolidated net assets includes the non-controlling interest for EBH1, EBH2, EBH3, Members, and Buford.

3. Use of Estimates

The preparation of 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

4. Revenue and Expense Recognition

The Company adopted ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606), on January 1, 2019, using the modified retrospective method. There was no cumulative effect of applying this ASU to prior periods. Under ASU 2014-09, a five-step process is implemented whereby contracts with customers are identified, the contract price is allocated among performance obligations identified within the contract, and revenue is recognized when the performance obligations have been satisfied.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

4. Revenue and Expense Recognition – Continued

Contracts with customers for sales of properties or developer rights are considered to have a single performance obligation, to transfer title to the customer. The transfer of title occurs when a house is fully developed and a buyer is determined. Warranties provided under the Company's contracts with customers are assurance-type and are included as elements of the single performance obligation. Historically, warranty costs have been immaterial to the consolidated financial statements and therefore, the Company records warranty costs as incurred instead of estimated when the revenue is recognized. No liability for warranties has been included in the consolidated financial statements.

Contracts with customers for contractor and developer fee revenue are also considered to have a single performance obligation. Revenue is recognized when the property is developed and either available for sale or placed in the rental portfolio.

The Company recognizes rental revenue in the period it is earned. Rents received in advance of when earned are deferred until earned. All leases between the Company and the tenants of the properties are operating leases and are generally for one year.

Contributions are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of donor restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as releases of restrictions between the applicable classes of net assets.

5. Fair Value Measurements

The Company determines the fair value of certain assets and liabilities through the application of FASB ASC 820, *Fair Value Measurements and Disclosures*. The standard clarifies that fair value is the amount that would be exchanged to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date.

6. Cash and Cash Equivalents

For financial reporting purposes, the Company considers all highly liquid debt instruments purchased with an original maturity of three months or less, and with no restrictions, to be cash equivalents. U.S. GAAP requires that restricted cash be included in cash and cash equivalents on the consolidated statements of cash flows.

7. Credit Risk

Financial instruments, which potentially subject the Company to concentration of credit risks, consist primarily of cash and cash equivalents. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Company had approximately \$4,000,000 of uninsured deposits at December 31, 2020. The Company has not experienced any losses and believes it is not exposed to any significant credit risk as a result of these deposits.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

8. Accounts Receivable and Bad Debt Policy

Tenant rent charges for the current month are due on the first of the month. Tenants who are evicted or move-out are charged with damages or cleaning fees, if applicable. Tenant receivables consist of amounts due for rent or the charges for damages and cleaning fees. The Company does not accrue interest on the tenant receivable balances. Tenant receivables are reported net of an allowance for doubtful accounts. Management's estimate of the allowance is based on historical collection and a review of the current status of tenant accounts receivable. At December 31, 2020 and 2019, the allowance for doubtful accounts was \$23,447.

9. Property and Equipment

Property and equipment with a cost in excess of \$5,000 is capitalized and depreciated over its estimated useful life. Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the useful lives of the assets. All property and equipment have an estimated useful life of between five and 27.5 years. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. As of December 31, 2020 and 2019, 213 and 207 units, respectively, were included within the six rental properties.

10. Loans Receivable

Loans receivable are stated at the principal amount outstanding. Interest income on loans is accrued at the principal outstanding at the loans' stated interest.

11. Property Held for Development or Sale

Residential property held for development or sale is stated at cost. Cost includes land, land approval and improvement costs, direct construction costs, construction overhead costs, interest and other indirect costs of development and construction. Housing construction and related costs are charged to cost of housing sales, generally under the specific identification method.

Held for sale units are measured at the lower of its carrying amount or net realizable value and a loss is recognized for any carrying amount greater than the fair value less cost to sell. Fair value measurements of held for sale units are considered Level 2 measurements in the fair value hierarchy. The estimated fair value for held for sale units is based on quoted prices for similar units in similar active markets.

12. Impairment of Long-Lived Assets

In accordance with FASB ASC 360 *Impairment or Disposal of Long-Lived Assets*, the Company reviews its investment in rental real estate for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or net realizable value. The Company did not have any impairment charges as of and for the years ended December 31, 2020 and 2019.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

13. Restricted Cash

Restricted cash represents cash held for house deposits, security deposits and replacement reserves. Restricted cash also includes cash in escrow for insurance, taxes or interest on loans payable. Restricted cash is included within other assets.

14. Other Non-current Assets

Included in non-current assets are costs incurred in connection with obtaining tax credits, which are being amortized over a term of 15 years using the straight-line method in accordance with the tax credit compliance period. Also included in non-current assets are developer rights, which are capitalized into inventory when parcels of land are acquired for redevelopment. Subsequent to year-end, Mount Holly reached an agreement with the township of Mount Holly, New Jersey and the contractor to sell the development rights to the contractor for \$822,000. The development rights, net of subsidies are included in other non-current assets at \$119,643 as of December 31, 2020 and 2019.

15. Deferred Revenue

The Company has received various project funding from different sources to offset their construction costs. While units are in the process of being constructed or held for sale, this funding is recorded net within the balance of residential property held for development or sale. When a unit is sold, this funding offsets a portion of the costs of units sold. Funding allocated to units that have been designated as rental units is recorded as deferred revenue and is accreted over the estimated useful life of the rental units. This funding was from various grants, contracts or forgivable loans. Included in other income on the consolidated statement of activities for the years ended December 31, 2020 and 2019 is accretion income of \$83,263 and \$108,489, respectively.

16. Debt Issuance Costs

Debt issuance costs, net of accumulated amortization, are reported as a direct deduction from the face amount of the loans payable to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense and is computed using the straight-line method on the related loan. U.S. GAAP requires that the effective interest rate method be used to amortize debt issuance costs; however, the effect of using the straight-line method is not material to the consolidated financial statements for the years ended December 31, 2020 and 2019.

17. Warranty Costs

The Company provides a limited warranty on the homes it sells as set forth in its agreement of sale with the buyer. The Company's standard warranty requires the Company or their subcontractors to repair or replace construction defects during such warranty period, during the first year after the sale, at no cost to the home buyer provided that the home buyer did not create the defect. In addition, the Company, through a third party, provides the buyer with a ten-year warranty for a new home and a three-year warranty for a rehabilitated home. Warranty expense for the years ended December 31, 2020 and 2019 was \$109,151 and \$56,883, respectively.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

18. Income Taxes

The Company is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code (the Code) and comparable state law, and contributions to it are tax deductible within the limitations prescribed by the Code. The Company has been classified as a publicly-supported organization, which is not a private foundation under Section 509(a) of the Code.

RBMI files a consolidated income tax return and pass-through income tax returns are filed for 1700, EBMM1, EBMT1, EBMM2, EBMTM2, EBMM3, EBMTM3, Scotland, Buford and Members (the other entities are disregarded entities for income tax purposes) in the United States federal jurisdiction and various states. FASB ASC 740, *Accounting for Income Taxes*, requires the Company to recognize or disclose any tax positions that would result in unrecognized tax benefits. The Company has no positions that would require disclosure or recognition under the topic.

19. Functional Expenses

The costs of providing program, administrative, and fundraising activities have been summarized on a functional basis in the notes (see Note K). Certain costs have been allocated among the programs and supporting services benefited. Occupancy, depreciation, and repairs and maintenance are allocated based on estimated square footage and usage of the assets. Salaries, payroll taxes and related costs are allocated based on estimates of time and effort. Other expenses are allocated based on estimates of actual use.

20. Recent Accounting Pronouncements

In February 2016, FASB issued ASU 2016-02, *Accounting for Leases (Topic 842)*, which requires that all leases greater than twelve months be presented on the balance sheet, and, as amended, is effective for the year ending December 31, 2022. The Company will evaluate the effect that implementation of the new standard will have on its combined financial statements.

21. Reclassifications

Certain 2019 amounts have been reclassified to conform to the 2020 presentation. These classifications had no effect on previously reported changes in net assets.

22. Subsequent Events

The Company has evaluated subsequent events through June 28, 2021, which is the date the consolidated financial statements were available to be issued. See Notes B-14, C, G, M and R.

NOTE C – LOANS RECEIVABLE

RBMI loaned \$800,000 and \$300,000 to Manalapan, a third party, in July 2011 and January 2013, respectively. The loans accrue interest at 1% compounded annually. The loans are due in July 2041 and January 2043, respectively. As of December 31, 2020 and 2019, the loans and accrued interest receivable totaled \$1,200,347 and \$1,211,247, respectively with an allowance for doubtful collection of \$100,347 and \$89,347, respectively.

NOTE C – LOANS RECEIVABLE – Continued

EBH1 owns houses under the Neighborhood Stabilization Program (NSP). Under this program, when a house is sold, 10% of the sales price is held back and only receivable if the buyer moves out within the first ten years. When a house in the NSP program is sold, EBH1 records a loan receivable and releases a portion of the loan over ten years until the balance is reduced to zero. As of December 31, 2020 and 2019, the loan receivable net of forgiveness was \$17,155 and \$21,900, respectively. Loan forgiveness during the years ended December 31, 2020 and 2019 was \$4,745 and \$-0-, respectively.

Subsequent to year-end, RBMI signed a promissory note up to a total of \$2,700,000 to a partner to finance the development work on a project. The loan receivable is non-interest bearing and will mature forty years after the loan is converted to a permanent loan. The loan is secured by the property to be developed on this project.

NOTE D – FAIR VALUE MEASUREMENT

FASB ASC 820 requires financial assets and liabilities to be valued and disclosed based on the following structure:

Level I – Investments included in this designation are values based on quoted prices for identical assets in active markets as of the reporting date.

Level II – Investments included in this designation are valued based on observable market based inputs for the same asset in an inactive market or a similar asset in an active market. These inputs include:

- a) Quoted prices for similar assets or liabilities in active markets;
- b) Quoted prices for identical or similar assets in markets that are not active, that is markets in which there are few transactions for the asset, the prices are not current, or price quotations vary substantially either over time or among market makers, or in which little information is released publically;
- c) Inputs other than quoted prices that are observable for the asset; or
- d) Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Fair values for property held for sale units are determined using Level 2 inputs. Fair value for property held for sale was \$-0- and \$749,699 as of December 31, 2020 and 2019, respectively.

Level III – Investments included in this designation are valued based on unobservable inputs that are significant to the valuation of a particular investment. The inputs into the determination of fair value in this level require significant management judgment or estimates and is done by management.

In determining the appropriate levels for each valuation, management performs a detailed analysis of the assets that are subject to FASB ASC 820. In some instances, an asset may be valued using a combination of inputs. In such instances, the asset is to be classified based on the lowest significant level used in the valuation. Managements' assessment of the significance of a particular input in the fair value measurement of an investment requires judgment and considers factors specific to the asset.

NOTE E – PROJECT FUNDING AND DEFERRED REVENUE

As of December 31, 2020 and 2019, the balances of project funding subsidies included in deferred revenue are summarized as follows:

<u>Company</u>	<u>2020</u>	<u>2019</u>
Oliver	\$ 2,103,998	\$ 2,103,998
EBH1	74,924	74,924
Holdings	<u>140,791</u>	<u>140,791</u>
Total project funding	2,319,713	2,319,713
Less: accumulated accretion	<u>(725,239)</u>	<u>(641,976)</u>
Deferred accretion revenue, net	<u>\$ 1,594,474</u>	<u>\$ 1,677,737</u>

NOTE F – DEBT ISSUANCE COSTS

Debt issuance costs are included as a reduction to the related loans payable and are amortized over the life of the loan. If a project is still in development, the amortized costs are capitalized to development. At December 31, 2020 and 2019, the details of debt issuance costs are as follows:

	<u>2020</u>	<u>2019</u>
Debt issuance costs	\$ 504,845	\$ 523,300
Less: accumulated amortization	<u>(297,871)</u>	<u>(219,648)</u>
Debt issuance costs, net	<u>\$ 206,974</u>	<u>\$ 303,652</u>

For the years ended December 31, 2020 and 2019, amortization expense of and \$92,834 and \$62,561, respectively was included as a component of interest.

Future amortization expense from deferred financing costs to be included with interest expense is as follows for the next five years and thereafter for years ending December 31:

2021	\$ 58,846
2022	39,646
2023	28,461
2024	6,661
2025	3,215
Thereafter	<u>70,145</u>
Future amortization	<u>\$ 206,974</u>

NOTE G – LOANS PAYABLE

Loans payable – RBMI

Liberty Bank – RBMI has mortgage loans for Affordable Housing Program funds from the Federal Home Loan Bank (FHLB), which are secured by a fourth mortgage lien on the fixed assets and the land of an affordable housing project named Manalapan in Manalapan, New Jersey.

As of December 31, 2020 and 2019, the outstanding balances were \$800,000 and \$300,000, respectively. The term of the loans are 30 years from July 29, 2011 and January 13, 2013, respectively, and accrue 0% interest per annum. The funds were loaned to the Manalapan project at 1% interest per annum compounded annually and are due in July 2041 and January 2043, respectively (see Note C).

Mayor and City Council – In May 2016, RBMI and The Mayor and City Council of Baltimore entered into a loan agreement on behalf of The East Baltimore Historic III project. The loan in the amount of \$2,000,000 was acquired for supporting a portion of the hard construction costs of the project named East Baltimore Historic III. During the construction loan period, interest shall not accrue on the advanced loan proceeds. As of December 31, 2020 and 2019, the outstanding balance was \$1,998,438 and \$1,955,005, respectively.

During the permanent loan period, which is a ten-year period commencing immediately upon the end of the construction loan period, interest shall accrue on the proceeds at 0% per annum. The maturity date is the last day of the permanent loan period. Upon the completion of the permanent loan period, if RBMI follows all terms and conditions of the loan documents, the loan shall be forgiven upon the expiration date. The project finished construction during the year ended December 31, 2020.

Robert W. Deutsch Foundation – In May 2016, RBMI obtained a loan of \$500,000 from Robert W. Deutsch Foundation. The loan, acquired to continue investment activities in East Baltimore Historic III, is subordinate to all other creditors of RBMI. During the year ended December 31, 2020, the loan was paid in full. As of December 31, 2020 and 2019, the outstanding balance was \$-0- and \$250,000, respectively.

Ford – In December 2017, RBMI acquired a 2016 Ford F150 pickup truck. The loan accrued interest at 3.9%. Monthly principal and interest of \$366 were due through October 2023. During the year ended December 31, 2020, the vehicle was disposed of and the loan paid in full. As of December 31, 2020 and 2019, the outstanding balance was \$-0- and \$15,534, respectively.

Loans payable – Baltimore

Disability Opportunity Fund – In August 2007 and June 2009, Baltimore obtained financing from the Tzedec Economic Development Fund in the amounts of \$600,000 (Loan 1) and \$600,000 (Loan 2), respectively, maturing on December 31, 2024. The loans bear interest at 2% per annum, with interest only due until the maturity date with no prepayment penalty. During 2017, both loans were transferred from the Tzedec Economic Development Fund to the Disability Opportunity Fund. At December 31, 2020 and 2019, the outstanding balances were \$490,469 (Loan 1) and \$490,469 (Loan 2).

Subscription Notes – Between September 2006 and September 2009, Baltimore sold promissory notes (subscription notes) to private investors. The subscription notes are general obligations of Baltimore and are supported solely by Baltimore’s promise to pay. The subscription notes bear interest at 2% per annum, due bi-annually and have no prepayment penalty. The subscription notes are not secured by any specific asset of Baltimore and are subordinate to project-related senior debt and all operation costs of Baltimore. Subscription notes mature between September 2024 and June 2037. At December 31, 2020 and 2019, the outstanding balance was \$6,727,636.

NOTE G – LOANS PAYABLE – Continued

Loans payable – Baltimore – Continued

Mayor and City Council of Baltimore – In November 2009, Baltimore obtained a loan with the Mayor and City Council of Baltimore to be assigned to home buyers in the amount of \$1,300,000. The loan bears interest at 3% per annum and matures in March 2043. The debt is secured by a second mortgage lien position. At December 31, 2020 and 2019, the outstanding balance was \$697,223.

The Reinvestment Fund (TRF) – In June 2017, Baltimore, acquired an unsecured loan of \$250,000 from TRF. The loan, acquired to continue investment activities, is subordinate to all other creditors of Baltimore. The loan creates no equity investment in Baltimore and is supported solely by Baltimore’s promise to pay.

The amount outstanding under this loan is due and payable on June 30, 2027. Baltimore may prepay the loan at any time without penalty or premium. Interest shall accrue at a rate of two percent (2%) per annum. Interest will be paid on the maturity date as well as on an annual basis on or about December 31 of each calendar year up to the time of the maturity date, provided that Baltimore, in its sole reasonable discretion, has determined that sufficient funds are available to pay. At December 31, 2020 and 2019, the outstanding balance was \$250,000.

Metro IAF – In June 2017, Baltimore acquired an unsecured loan of \$750,000 from Metro IAF. The loan, acquired to continue investment activities, is subordinate to all other creditors of Baltimore.

The amount outstanding under this loan is due and payable on June 30, 2027. Baltimore may prepay the loan at any time without penalty or premium. Interest shall accrue at a rate of two percent (2%) per annum. Interest will be paid on the maturity date as well as on an annual basis on or about December 31, of each calendar year up to the time of the maturity date, provided that Baltimore, in its sole reasonable discretion, has determined that sufficient funds are available to pay. At December 31, 2020 and 2019, the outstanding balance was \$750,000.

Loans payable – Oliver (a Subsidiary of Baltimore)

Cinnaire Corporation – In September 2013, Oliver acquired a construction loan from Cinnaire Corporation, formerly Great Lakes Capital Fund Nonprofit Housing Corporation, in the amount of \$4,200,000. The loan payable to Cinnaire Corporation is secured by the rental units owned by Oliver. The loan is payable in monthly installments of \$24,510, including interest at 5.75% per annum through October 2023, at which time a balloon payment of approximately \$3,500,000 is due and payable. The guarantor of the loan is RBMI. At December 31, 2020 and 2019, the outstanding balance was \$3,734,673 and \$3,811,632, respectively.

Loans payable – EBH1 (a Subsidiary of EBMM1)

TD Bank Tranche 1 – In February 2013, EBH1 acquired a mortgage loan of \$1,250,000 with TD Bank, an affiliate of the non-controlling member. The loan was extended in November 2020. The loan is secured by a deed of trust, security agreement and fixture filing. The loan bears interest at 3.77% with monthly principal and interest payments of \$6,862 due through February 2023 when a balloon payment of approximately \$726,000 is due. At December 31, 2020 and 2019, the outstanding balance was \$835,937 and \$864,627, respectively.

TD Bank Tranche 2 – In October 2013, EBH1 acquired a mortgage loan of \$1,250,000 with TD Bank, an affiliate of the non-controlling member. The loan was extended in November 2020. The loan is secured by a deed of trust, security agreement and fixture filing. The loan bears interest at 2.9% with monthly principal and interest payments of \$7,596 due through November 2023 when a balloon payment of approximately \$872,000 is due. At December 31, 2020 and 2019, the outstanding balance was \$1,045,431 and \$1,071,985, respectively.

NOTE G – LOANS PAYABLE – Continued

Loans payable – EBH1 (a Subsidiary of EBMM1) – Continued

TD Bank Tranche 3 – In November 2013, EBH1 acquired a mortgage loan of \$1,150,000 with TD Bank, an affiliate of the non-controlling member. The loan was extended in November 2020. The loan is secured by a deed of trust, security agreement and fixture filing. The loan bears interest at 2.91% with monthly principal and interest payments of \$6,950 due through December 2023 when a balloon payment of approximately \$786,000 is due. At December 31, 2020 and 2019, the outstanding balance was \$954,137 and \$980,853, respectively.

TD Bank Tranche 4 – In July 2014, EBH1 acquired a mortgage loan of \$1,100,000 with TD Bank, an affiliate of the non-controlling member. The loan is secured by a deed of trust, security agreement and fixture filing. The loan bears interest at 4.34% with monthly principal and interest of \$6,102 due through July 2021 when a balloon payment of approximately \$926,000 is due. At December 31, 2020 and 2019, the outstanding balance was \$945,018 and \$973,429, respectively. The mortgage has one additional two-year option to extend, subject to certain conditions.

Subsequent to year-end, the Company is working to negotiate or extend the EBH1 TD Bank mortgages.

Loans payable – EBH2 (a Subsidiary of EBMM2)

TD Bank Tranche 1 – In December 2014, EBH2 acquired a mortgage loan of \$709,284 with TD Bank, an affiliate of the non-controlling member. The loan was extended in December 2020. The loan is secured by a deed of trust, security agreement, and fixture filing. The loan bears interest at 2.73% with monthly principal and interest of \$3,980 due through June 2021 when a balloon payment of approximately \$607,000 is due. At December 31, 2020 and 2019, the outstanding balance was \$619,184 and \$633,301, respectively. The mortgage has two additional options to extend the term totaling four more years, subject to certain conditions.

TD Bank Tranche 2 – In December 2014, EBH2 acquired a mortgage loan of \$649,577 with TD Bank, an affiliate of the non-controlling member. The loan was extended in December 2020. The loan is secured by a deed of trust, security agreement, and fixture filing. The loan bears interest at 2.73% with monthly principal and interest of \$3,645 due through June 2021 when a balloon payment of approximately \$556,000 is due. At December 31, 2020 and 2019, the outstanding balance was \$567,061 and \$579,990, respectively. The mortgage has two additional options to extend the term totaling four more years, subject to certain conditions.

TD Bank Tranche 3 – In April 2015, EBH2 acquired a mortgage loan of \$745,601 with TD Bank, an affiliate of the non-controlling member. The loan was extended in December 2020. The loan is secured by a deed of trust, security agreement, and fixture filing. The loan bears interest at 2.63% with monthly principal and interest of \$4,602 due through October 2021 when a balloon payment of approximately \$588,000 is due. At December 31, 2020 and 2019, the outstanding balance was \$615,814 and \$637,324, respectively. The mortgage has two additional options to extend the term totaling four more years, subject to certain conditions.

TD Bank Tranche 4 – In May 2015, EBH2 acquired a mortgage loan of \$582,677 with TD Bank, an affiliate of the non-controlling member. The loan was extended in December 2020. The loan is secured by a deed of trust, security agreement, and fixture filing. The loan bears interest at 2.64% with monthly principal and interest of \$3,200 due through November 2021 when a balloon payment of approximately \$493,000 is due. At December 31, 2020 and 2019, the outstanding balance was \$512,263 and \$525,251, respectively. The mortgage has two additional options to extend the term totaling four more years, subject to certain conditions.

NOTE G – LOANS PAYABLE – Continued

Loans payable – EBH2 (a Subsidiary of EBMM2) – Continued

TD Bank Tranche 5 – In July 2015, EBH2 acquired a mortgage loan of \$442,403 with TD Bank, an affiliate of the non-controlling member. The loan was extended in December 2020. The loan is secured by a deed of trust, security agreement, and fixture filing. The loan bears interest at 2.63% with monthly principal and interest of \$2,452 due through January 2022 when a balloon payment of approximately \$371,000 is due. At December 31, 2020 and 2019, the outstanding balance was \$389,435 and \$401,111, respectively. The mortgage has two additional options to extend the term totaling four more years, subject to certain conditions.

TD Bank Tranche 6 – In July 2015, EBH2 acquired a mortgage loan of \$470,458 with TD Bank, an affiliate of the non-controlling member. The loan was extended in December 2020. The loan is secured by a deed of trust, security agreement, and fixture filing. The loan bears interest at 2.63% with monthly principal and interest of \$2,607 due through January 2022 when a balloon payment of approximately \$395,000 is due. At December 31, 2020 and 2019, the outstanding balance was \$414,143 and \$426,559, respectively. The mortgage has two additional options to extend the term totaling four more years, subject to certain conditions.

Community Development Administration (CDA) – In November 2015, EBH2 acquired a loan commitment of \$1,000,000 from the CDA, a unit of the Division of Development Finance of the Department of Housing and Community Development within the State of Maryland. The loan is secured by the property and is subordinate to the first mortgage. The loan bears interest at a rate of 2% per annum, commencing April 1, 2016, and matures April 1, 2056. Principal and interest are payable annually from 50% of available surplus cash until the deferred developer fee has been paid in full, at which time principal and interest are payable annually from 75% of surplus cash. At December 31, 2020 and 2019, the outstanding balance was \$950,000.

Loans payable – EBH3 (a Subsidiary of EBMM3)

TD Bank Tranche 1 – In January 2018, EBH3 acquired a mortgage of \$1,176,966 with TD Bank. The mortgage includes variable interest and payments due. The interest was 2.60475% and 4.4815% as of December 31, 2020 and 2019, respectively, with monthly principal and interest due through May 2022 when a balloon payment of approximately \$1,052,000 is due. The loan is secured by a deed of trust, security agreement and fixture filing. At December 31, 2020 and 2019, the outstanding balance was \$1,092,216 and \$1,122,349, respectively. The mortgage has three additional options to extend the term totaling five more years, subject to certain conditions.

TD Bank Tranche 2 – In March 2019, EBH3 acquired a mortgage of \$1,025,886 with TD Bank. The mortgage includes variable interest and payments due. The interest was 2.60475% and 4.4815% as of December 31, 2020 and 2019, respectively, with monthly principal and interest due through June 2023 when a balloon payment of approximately \$920,000 is due. The loan is secured by a deed of trust, security agreement and fixture filing. At December 31, 2020 and 2019, the outstanding balance was \$982,177 and \$1,007,586, respectively. The mortgage has three additional options to extend the term totaling five more years, subject to certain conditions.

TD Bank Tranche 3 – In March 2019, EBH3 acquired a mortgage of \$1,264,943 with TD Bank. The mortgage includes variable interest and payments due. The interest was 2.60475% and 4.4815% as of December 31, 2020 and 2019, respectively, with monthly principal and interest due through July 2023 when a balloon payment of approximately \$1,130,000 is due. The loan is secured by a deed of trust, security agreement and fixture filing. At December 31, 2020 and 2019, the outstanding balance was \$1,211,641 and \$1,242,628, respectively. The mortgage has three additional options to extend the term totaling five more years, subject to certain conditions.

NOTE G – LOANS PAYABLE – Continued

Loans payable – EBH3 (a Subsidiary of EBMM3) – Continued

TD Bank Tranche 4 – In May 2019, EBH3 acquired a mortgage of \$296,619 with TD Bank. The mortgage includes variable interest and payments due. The interest was 2.60475% and 4.4815% as of December 31, 2020 and 2019, respectively, with monthly principal and interest due through May 2024 when a balloon payment of approximately \$261,000 is due. The loan is secured by a deed of trust, security agreement and fixture filing. At December 31, 2018, the outstanding balances was \$285,777 and \$292,721, respectively. The mortgage has three additional options to extend the term totaling five more years, subject to certain conditions.

Community Development Administration (CDA) – In June 2016, EBH3 acquired a loan commitment of \$1,683,240 from the CDA, a unit of the Division of Development Finance of the Department of Housing and Community Development within the State of Maryland. The loan is secured by a second deed of trust, security agreement and assignment of rents. The loan bears interest at a rate of 0% per annum during construction, and thereafter bears interest at a rate of 2% per annum through maturity, which is 40 years from the conversion date. During the construction period, no payments shall be made on the principal balance. During the permanent loan period, principal and interest are payable annually in an amount equal to the lesser of the principal and interest which would have been due if the loan had been amortized in equal annual installments, or 75% of available surplus cash. At December 31, 2020 and 2019, the outstanding balance was \$1,514,916.

Mayor and City Council of Baltimore – In May 2016, EBH3 entered into a loan agreement for \$550,000 with the Mayor and City Council of Baltimore through the Department of Housing and Community Development. The loan is non-interest bearing. During the construction loan period, no payments of principal shall be required. During the permanent loan period, which has a term of 40 years from the conversion date, principal is payable annually in an amount equal to the lesser of the principal which would have been due if the loan had been amortized in equal annual installments, or 25% of available surplus cash. The loan is secured by a fourth deed of trust. At December 31, 2020 and 2019, the outstanding balance was \$550,000.

Loans payable – Mount Holly

Self-Help Ventures – In November 2013, RBMI entered into a promissory agreement with Self-Help Ventures for the benefit of Mount Holly and subsequently assigned the agreement to Mount Holly. The \$400,000 loan bears interest at a simple rate of 6% per annum. No payments are required under the promissory agreement. All unpaid principal and interest was due on the maturity date of April 1, 2020. At December 31, 2020 and 2019, the outstanding balance was \$400,000. Subsequent to year-end, the Company negotiated the pay off with Self-Help Ventures. Mount Holly will pay \$150,000 to pay off the principal and accrued interest. The remaining liability of approximately \$380,000 will be donated back to RBMI for operations.

Loans payable – Baltimore 2

Subscription Notes – Between January 2020 and subsequent to year-end in March 2021, Baltimore 2 sold promissory notes (subscription notes) to private investors up to \$10,000,000. The subscription notes are general obligations of Baltimore 2 and are supported solely by Baltimore 2's promise to pay. The subscription notes bear interest at 2% per annum, due bi-annually and have no prepayment penalty. The subscription notes are not secured by any specific asset of Baltimore 2 and are subordinate to project-related senior debt and all operation costs of Baltimore 2. Subscription notes mature between January 2030 and March 2031, with two five year extension periods. At December 31, 2020 and 2019, the outstanding balance was \$1,276,000 and \$0-, respectively.

NOTE G – LOANS PAYABLE – Continued

Loans payable – Buford (a Subsidiary of Manor)

Citibank, N.A. – In April 2014, Buford entered into a permanent first mortgage with Citibank, N.A. for \$550,000. The loan bears interest at 4.93% and has prepayment premiums if repaid before October 2028. Monthly principal and interest payments of \$2,929 are due through April 2034. At December 31, 2020 and 2019, the outstanding balance was \$487,672 and \$498,487, respectively.

State of Delaware’s Housing Development Preservation Fund (HDF Preservation) – In July 2012, Buford entered into a construction loan that was converted into a permanent second mortgage in April 2014, with the State of Delaware’s HDF Preservation for \$1,100,000. The loan bore interest at 3% per annum during construction. After the conversion, interest accrues at 1% and principal and interest payments shall be paid from operating receipts after payment of all operating expenses, as defined in the regulatory agreement. The maturity date is April 2044. At December 31, 2020 and 2019, the outstanding balance was \$900,280 and \$914,596, respectively.

HOME Program (HOME) – In July 2012, Buford entered into a construction loan that was converted into a permanent third mortgage in April 2014, with the State of Delaware’s HOME Program in the original amount of \$1,500,000. The loan bore interest at 3% per annum during construction. After the conversion, interest accrues at 1% and principal and interest payments shall be paid from operating receipts after payment of all operating expenses, as defined in the regulatory agreement. The maturity date is April 2044. At December 31, 2020 and 2019, the outstanding balance was \$1,150,000.

Delaware State Housing Authority (DSHA) ARHP – In July 2012, Buford entered into a construction loan that was converted into a permanent fourth mortgage in April 2014, with DSHA in the original amount of \$950,000. The loan bore interest at 3% per annum during construction and required a minimum pay down of \$782,693 at conversion. After the conversion, interest accrues at 1% and principal and interest payments shall be paid from operating receipts after payment of all operating expenses, as defined in the regulatory agreement. The maturity date is April 2044. At December 31, 2020 and 2019, the outstanding balance was \$84,920.

New Castle County HOME – Buford entered into a HOME Loan agreement with New Castle County for \$150,000. The loan bears interest at 4% with a maturity date of August 2041. Principal and interest payments begin in May 2034, based on a 30-year amortization with the unpaid principal and interest payments due upon maturity. At December 31, 2020 and 2019, the outstanding balance was \$150,000.

For the year ended December 31, 2020 and 2019, interest expensed on the loans payable was \$1,094,714 and \$1,054,027, respectively. The interest capitalized into the cost of property held for development or sale was \$-0- and \$83,433, respectively.

NOTE G – LOANS PAYABLE – Continued

Future payments under all loans payable for the next five years and thereafter are as follows for years ending December 31:

2021	\$ 4,080,958
2022	2,162,281
2023	8,159,084
2024	6,210,136
2025	13,831
Thereafter	<u>13,546,641</u>
Total future payments	\$ 34,172,931
Less: current maturities	(4,080,958)
Less: debt issuance costs, net	<u>(206,974)</u>
Loans payable, net	<u>\$ 29,884,999</u>

NOTE H – RESTRICTED NET ASSETS

Restricted net assets of \$1,500,000 as of December 31, 2020 and 2019 are restricted for the Greenmount project. The net assets will be released when the funds have been spent.

NOTE I – RELATED PARTY TRANSACTIONS

RBMI and Subsidiaries are related through common ownership. Within the group, various related party transactions occur such as: management fees, loans payable / receivable, interest, leases and development costs. Some entities also provide financial assistance to other entities when necessary. These transactions are all eliminated on the consolidated financial statements.

Some subsidiaries have subsidiaries who do business with parties that are related to their non-controlling member. TD Bank is an affiliate of the investing members of EBH1, EBH2 and EBH3. In total, the outstanding debt owed to TD Bank was \$10,470,235 and \$10,759,714 as of December 31, 2020 and 2019, respectively.

NOTE J – LIQUIDITY

The Company's financial assets available within one year of the balance sheet date for general expenditures are as follows as of December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Cash	\$ 3,792,520	\$ 2,889,406
Accounts receivable, net	301,833	329,628
Grants and contributions receivable	<u>616,821</u>	<u>1,125,760</u>
	4,711,174	4,344,794
Less amounts with donor restrictions	<u>(1,500,000)</u>	<u>(1,500,000)</u>
Total	<u>\$ 3,211,174</u>	<u>\$ 2,844,794</u>

The Company has a policy to structure its financial assets, typically consisting of cash and receivables, to be available as its general expenditures, liabilities, and other obligations become due.

NOTE J – LIQUIDITY – Continued

The Company anticipates that as notes payable by EBH1 and EBH2 mature, they will be refinanced and partially repaid. The intent of the EBH structure was to sell some of these units and refinancing the balance of the units. The project financing structure includes language offering initial loans with a five year maturity and renewals after years two, four and five. This structure is specifically designed to meet the Company's programmatic goals of creating a sustainable real estate market. The financial design has multiple expiration and extension possibilities, which allows for both the sale of homes and the continued leasing of homes based on market demand, rather than it being based on a single date certain time horizon within the initial loan structure. As each loan nears its maturity, the Company will both extend the loan and sell properties secured by the loan to ensure proper liquidity.

In addition to the EBH1 and EBH2 structures, the Company has land holding and development rights in New Jersey. Mount Holly has subsequently sold their development rights to properties for \$822,000 per the Mount Holly Settlement Agreement. In addition, Mount Holly has negotiated for \$300,000 of the Self-Help Venture's \$400,000 debt to be forgiven in the form of a grant back to RBMI. In 2020, RBMI sold its development rights in Jersey City which included a \$542,000 payment in February 2020 and additional payments in 2021-2022 of \$500,000. Collectively the New Jersey projects are anticipated to generate approximately \$1,600,000 from its NJ fees, sale proceeds (\$1,300,000) and debt assignments (\$300,000).

NOTE K – FUNCTIONAL EXPENSE ALLOCATION

The Company's expenses allocated by both natural and functional classification are as follows for the year ended December 31, 2020:

	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Bad debt expense	\$ 114,755	\$ -	\$ -	\$ 114,755
Consultants	4,828	88,889	-	93,717
Depreciation expense	1,634,942	86,050	-	1,720,992
Forgiveness of loan	4,745	-	-	4,745
Insurance	156,148	49,087	-	205,235
Interest expense	816,110	278,604	-	1,094,714
Legal and professional fees	209,813	23,295	-	233,108
Management fee	62,306	-	-	62,306
Miscellaneous expenses	-	8,482	-	8,482
Occupancy and facility costs	238,379	37,792	14,535	290,706
Office expense	101,308	8,494	3,267	113,069
Other rental expenses	46,126	-	-	46,126
Predevelopment costs	1,000	-	-	1,000
Program expense	147,558	-	-	147,558
Rental taxes	141,828	-	-	141,828
Rental utilities	220,332	-	-	220,332
Repairs and maintenance	304,182	-	-	304,182
Salaries and related expenses	1,382,904	223,853	84,344	1,691,101
Staff expenses	2,063	7,735	515	10,313
	<u>\$ 5,589,327</u>	<u>\$ 812,281</u>	<u>\$ 102,661</u>	<u>\$ 6,504,269</u>

NOTE K – FUNCTIONAL EXPENSE ALLOCATION – Continued

The Company's expenses allocated by both natural and functional classification are as follows for the year ended December 31, 2019:

	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Bad debt expense	\$ 45,920	\$ -	\$ -	\$ 45,920
Consultants	7,099	132,024	-	139,123
Depreciation expense	1,490,973	78,472	-	1,569,445
Insurance	131,302	47,194	-	178,496
Interest expense	800,286	253,741	-	1,054,027
Legal and professional fees	249,566	27,466	-	277,032
Management fee	61,068	-	-	61,068
Miscellaneous expenses	-	9,590	-	9,590
Occupancy and facility costs	74,533	109,936	1,863	186,332
Office expense	70,730	32,731	556	104,017
Other rental expenses	47,089	-	-	47,089
Predevelopment costs	199,221	-	-	199,221
Program expense	46,092	24,819	-	70,911
Rental taxes	126,678	-	-	126,678
Rental utilities	211,369	-	-	211,369
Repairs and maintenance	362,187	-	-	362,187
Salaries and related expenses	1,015,541	447,054	310,734	1,773,329
Staff expenses	<u>20,811</u>	<u>78,040</u>	<u>5,202</u>	<u>104,053</u>
	<u>\$ 4,960,465</u>	<u>\$ 1,241,067</u>	<u>\$ 318,355</u>	<u>\$ 6,519,887</u>

NOTE L – RECONCILIATION OF CASH, CASH EQUIVALENTS, AND RESTRICTED CASH

The following table provides a reconciliation of amounts reported within the balance sheets to the total cash, cash equivalents, and restricted cash as shown in the statements of cash flows:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 3,792,520	\$ 2,889,406
Restricted cash	<u>3,021,005</u>	<u>1,388,599</u>
	<u>\$ 6,813,525</u>	<u>\$ 4,278,005</u>

NOTE M – PUT / CALL OPTION

EBH1 Put/Call Option

The EBH1 put/call option is a low-cost transfer of all controlling partnership interest in EBH1 from 481 Corp. to RBMI. Under the put/call agreement 481 Corp. has option to sell its EBH1 interest to RBMI (put option) and/or RBMI has the right to purchase the 481 Corp.'s interest (call option).

NOTE M – PUT / CALL OPTION – Continued

EBH1 Put/Call Option – Continued

The purchase price for both options is equal to the greater of: (a) a dollar sum (but not below zero) equal to the Investor Member's Forecasted Historic Tax Credit of \$1,924,675, less the Actual Historic Tax Credit received by 481 Corp. less (i) any funds Historic Tax Credit Adjusters previously credited to or received by 481 Corp., and (ii) any proceeds received by 481 Corp. from the Historic Tax Credit Insurance, and (iii) any payments received by 481 Corp. from RBMI pursuant to that certain HTC Guaranty dated of even date herewith (but not below zero), plus a 10% per annum cash-on-cash return of \$192,468, being the 481 Corp. PI Capital Contribution, less the actual per annum cash-on-cash return (but not below zero), plus \$192,468; or (2) an amount equal to the fair market value of the Subject Interest (net of the Subject Interest's pro rata share of the outstanding indebtedness of the Investment Fund, which includes all related party debt issued by RBMI and deferred developer fees).

Subsequent to year-end in March 2021, RBMI exercised their call option. RBMI will pay 481 Corp. \$192,468 for their remaining membership interests.

EBH2 Put/Call Option

The EBH2 put/call option is a low-cost transfer of all controlling partnership interest in EBH2 from 481 Corp. to RBMI. The EBH2 partnership Put Call Agreement is active until June 16, 2021. Under the put/call agreement 481 Corp. has option to sell its EBH2 interest to RBMI (put option) and/or RBMI has the right to purchase the 481 Corp.'s interest (call option).

The put option price is equal to the lesser of (1) a dollar sum (but not below zero) equal to the Investor Member's Forecasted Historic Tax Credit of \$1,706,236, less the Actual Historic Tax Credit received by 481 Corp. less (i) any funds Historic Tax Credit Adjusters previously credited to or received by 481 Corp. in accordance with section 3.03 of the Investment Fund Agreement, (ii) any proceeds received by 481 Corp. from the Historic Tax Credit Insurance, and (iii) any payments received by 481 Corp. from RBMI pursuant to that certain Historic Tax Credit Guaranty (Bad Acts) dated of even date herewith (but not below zero), plus a 10% per annum cash-on-cash return on \$163,799, being the 481 Corp. PI Capital Contribution, less the actual per annum cash-on-cash return (but not below zero), plus \$122,849; or (2) an amount equal to the fair market value of the properties.

EBH3 Put/Call Option

The EBH3 put/call option is a low-cost transfer of all controlling partnership interest in EBH3 from 481 Corp. to RBMI. The EBH3 partnership Put Call Agreement is active until January 16, 2025. Under the put/call agreement 481 Corp. has option to sell its EBH3 interest to RBMI (put option) and/or RBMI has the right to purchase the 481 Corp.'s interest (call option).

The put option price is equal to the lesser of (1) a dollar sum (but not below zero) equal to (a) the Investor Member's Forecasted Historic Tax Credit of \$2,461,562, less the Actual Historic Tax Credit received by 481 Corp. less (i) any funds Historic Tax Credit Adjusters previously credited to or received by 481 Corp. in accordance with section 3.03 of the Investment Fund Agreement, (ii) any proceeds received by 481 Corp. from the Historic Tax Credit Insurance, and (iii) any payments received by 481 Corp. from RBMI pursuant to that certain Historic Tax Credit Guaranty (Bad Acts) dated of even date herewith (but not below zero), (b) plus a seven percent (7%) per annum cash-on-cash return on \$236,310, being the 481 Corp. PI Capital Contribution, less the actual per annum cash-on-cash return (but not below zero), (c) plus any accrued but unpaid Investor Services Fee,

NOTE M – PUT / CALL OPTION – Continued

EBH3 Put/Call Option – Continued

(d) plus \$236,310, and (e) plus an amount equal to any state and/or federal tax liability that would be imposed on the Investor Member and its partners, shareholders, and members (as applicable) from the receipt of the Put Exercise Price, assuming all such persons are subject to a combined federal and state income tax at a rate of thirty-five percent (35%) and/or the highest marginal capital gains rates, as applicable, or (2) an amount equal to the fair market value of the properties.

NOTE N – THIRD PARTY MANAGEMENT AGREEMENT

Buford is managed by a third party management company, Ingerman Management Company (the Agent). The management agent certification provides for a management fee of 7.45% of effective gross income, as defined in the management agent certification. For the year ended December 31, 2020 and 2019, \$32,631 and \$31,463 was charged to operations.

Pursuant to the company incentive management agreement, Buford is to pay Ingerman Management Company and Members a non-cumulative annual incentive management fee equal to 89.99% of net cash flow available for distribution. This fee is for services in connection with administration of company affairs and is payable in the priority and manner defined in the operating agreement. For the year ended December 31, 2020 and 2019, \$53,481 was charged to operations.

The Agent pays expenditures (primarily payroll, office expense, and advertising) on behalf of Buford and is reimbursed the following month. During the year ended December 31, 2020 and 2019, total expenditures were \$117,464 and \$119,510, respectively.

NOTE O – MEMBERS EQUITY AND CASH FLOW DISTRIBUTION

EBH1, EBH2, EBH3, Buford, and Members all have non-controlling interests. Managing and Investor Members' contributions are generally recorded as received. Profits and losses are allocated to the members in the order of priority defined in the operating agreements (generally based on ownership percentages). Net cash flow, to the extent available, shall be distributed within ninety days after the close of each fiscal year based on various guidelines as set forth in the operating agreements.

NOTE P – BUSINESS RISK

The Company is the developer of subsidized housing to benefit low-to-moderate income households. The subsidies significantly lower the sales price of the houses, which makes the houses more affordable and available to qualified buyers. This subsidy lowers the market and performance risk compared to traditional for-sale housing. Measures taken by management include careful selection of site management and advisory personnel, attention to planning and marketing and development activities, and selection of contractors that have demonstrated knowledge and expertise in previous real estate activities. Property Management is the management company for all subsidiaries under RBMI's control.

NOTE Q – COMMITMENTS AND CONTINGENCIES

Development and sale of real property creates a potential for environmental liability on the part of the developer, owner, or any mortgage lender for its own acts or omissions, as well as those of current or prior owners of the subject property or adjacent parcels. If hazardous substances are discovered on or emanating from any of the Company's properties, the owner or operator of the property (including the prior owners) may be held strictly liable for all costs and liabilities relating to such hazardous substances. The Company undertakes environmental studies in connection with property acquisitions. The Company is not aware of any material environmental liabilities associated with any of its projects.

Baltimore has a loan with Baltimore Housing through the Department of Housing and Community Development (DHCD). This loan is to be used to pass to home buyers as a second mortgage. The loan is in the amount of \$1,300,000, of which all has been received and \$602,777 has been assigned to home buyers, cumulatively as of December 31, 2020 and 2019, respectively. Certain units sold by Baltimore to qualified home buyers are required to be owned by a qualified home buyer for a period as defined within the project funding agreements with certain grantors. These project funding agreements allocate portions of the award to the units named per the agreement. Baltimore transfers the obligation for the unit to be maintained by a qualified home buyer at the time the unit is sold. Baltimore is contingently liable for the repayment of the award to the grantor if the qualified home buyer does not remain compliant with the terms of the agreement through the date defined.

Certain properties owned by subsidiaries are eligible for investment tax credits for qualifying rehabilitation expenditures pursuant to Section 47 of the Internal Revenue Code. These subsidiaries are required to comply with various rules and regulations and failure to comply with these or other requirements could result in the recapture of already taken tax credits.

As of December 31, 2016, The Reinvestment Fund (TRF) and RBMI executed a Support and Services Agreement (the Agreement) as part of a restructuring. TRF forgave \$1,250,998 of indebtedness owed by RBMI, effective December 31, 2016. Likewise, the existing \$500,000 line of credit from TRF to RBMI, which had a zero balance, had been canceled effective December 31, 2016. In addition, TRF made a grant of \$325,000 to RBMI upon execution of the Agreement and completion of the restructuring.

Effective January 1, 2017, TRF shall provide RBMI with the following support:

- Over three years, TRF shall provide a reimbursement grant for expenses incurred in staffing costs in the aggregate amount of \$615,000, not to exceed \$205,000 per year. The reimbursement grant funds shall be awarded upon meeting the reimbursement criteria.
- Upon meeting the matching criteria defined in the Agreement, matching grants totaling \$1,425,000 shall be awarded to RBMI through 2020 as outlined below: up to a maximum amount of \$600,000 in 2017, up to a maximum amount of \$450,000 in 2018, up to a maximum amount of \$300,000 in 2019, and up to a maximum amount of \$75,000 in 2020.
- Beginning January 1, 2017, and continuing through December 31, 2017, TRF shall provide to RBMI back office support, however RBMI may elect to discontinue such services as defined in the Agreement. Starting January 1, 2018 and continuing through December 31, 2019, TRF shall reimburse RBMI for costs of such services in the form of a reimbursement grant not to exceed \$450,000 annually.
- TRF has agreed to purchase from RBMI a subscription note in the principal amount of \$250,000, contingent upon criteria as defined in the Agreement.

NOTE Q – COMMITMENTS AND CONTINGENCIES – Continued

In the normal course of business, the Company is subject to various pending or threatened litigation. In the opinion of management, the ultimate resolution of such litigation will not have a material adverse effect on the Company's consolidated financial statements.

NOTE R – COVID-19 IMPACT

The Company's business is operating in an environment in which a pandemic exists in relation to the novel coronavirus, COVID-19. The Company has obtained an SBA Loan through the Paycheck Protection Plan (PPP loan) of \$295,207, which was recognized as income during the year ended December 31, 2020. Management has applied for forgiveness of the PPP loan and expects it to be fully forgiven during the year ending December 31, 2021. If the loan is not forgiven, the loan accrues interest at 1%, has monthly payments of principal and interest, and matures in April 2022. As of the date of these consolidated financial statements, the Company does not have any additional liabilities resulting from COVID-19 and its operations have not been significantly impacted by the virus. The impact of COVID-19 on future financial conditions and results of operations cannot be reasonably estimated.

SUPPLEMENTAL INFORMATION

REBUILD METRO, INC. AND SUBSIDIARIES
CONSOLIDATING SCHEDULES OF FINANCIAL POSITION
December 31, 2020

	ASSETS										
	ReBuild Metro, Inc.	Baltimore - Consolidated	Philadelphia	EBMM1 and EBMT1 - Combined	EBMM2 and EBMTM2 - Combined	EBMM3 and EBMTM3 - Combined	Manor - Consolidated	Mount Holly	All Other Subsidiaries Combined	Eliminations and Reclassifications	ReBuild Metro, Inc. Consolidated
CURRENT ASSETS											
Cash and cash equivalents	\$ 1,314,749	\$ 467,863	\$ 12	\$ 291,031	\$ 229,395	\$ 61,601	\$ 148,982	\$ 3,735	\$ 1,275,152	\$ -	\$ 3,792,520
Accounts receivable, net of allowance	72,124	95,062	-	50,208	54,815	29,624	-	-	-	-	301,833
Accounts receivable (payable) - related parties, net of allowance	12,084,321	(5,208,157)	(1,255,756)	(856,311)	(1,009,166)	(2,526,657)	(29,265)	(43,367)	(1,089,352)	(66,290)	-
Interest receivable - related parties	74,173	1,322,905	-	-	39,080	-	-	-	-	(1,436,158)	-
Grants and contributions receivable	616,821	-	-	-	-	-	-	-	-	-	616,821
Prepaid expenses	279,334	49,654	(25,104)	17,689	5,971	(146)	26,321	-	31,651	-	385,370
Other current assets	-	-	29,498	-	-	-	-	-	-	-	29,498
Total current assets	<u>14,441,522</u>	<u>(3,272,673)</u>	<u>(1,251,350)</u>	<u>(497,383)</u>	<u>(679,905)</u>	<u>(2,435,578)</u>	<u>146,038</u>	<u>(39,632)</u>	<u>217,451</u>	<u>(1,502,448)</u>	<u>5,126,042</u>
PROPERTY AND EQUIPMENT											
Office equipment, net of accumulated depreciation	13,950	-	-	-	-	-	-	-	-	-	13,950
Rental property, net of accumulated depreciation	-	7,721,930	-	7,855,234	7,176,725	13,029,790	4,799,123	-	-	(6,117,786)	34,465,016
Total property and equipment, net	<u>13,950</u>	<u>7,721,930</u>	<u>-</u>	<u>7,855,234</u>	<u>7,176,725</u>	<u>13,029,790</u>	<u>4,799,123</u>	<u>-</u>	<u>-</u>	<u>(6,117,786)</u>	<u>34,478,966</u>
OTHER ASSETS											
Loans receivable, net of allowance	1,100,000	-	-	17,155	-	-	-	-	-	-	1,117,155
Loans receivable - related parties	3,601,098	7,493,350	-	-	392,000	-	-	-	-	(11,486,448)	-
Investment in subsidiaries	(9,966,861)	-	-	-	-	-	-	-	-	9,966,861	-
Property held for development or sale	-	707,110	-	-	-	-	-	-	-	(665,322)	41,788
Restricted cash	1,771,780	267,223	-	923	258,808	290,238	432,033	-	-	-	3,021,005
Other non-current assets	-	(500)	-	-	-	-	38,302	119,643	-	-	157,445
Total other assets	<u>(3,493,983)</u>	<u>8,467,183</u>	<u>-</u>	<u>18,078</u>	<u>650,808</u>	<u>290,238</u>	<u>470,335</u>	<u>119,643</u>	<u>-</u>	<u>(2,184,909)</u>	<u>4,337,393</u>
TOTAL ASSETS	<u>\$ 10,961,489</u>	<u>\$ 12,916,440</u>	<u>\$ (1,251,350)</u>	<u>\$ 7,375,929</u>	<u>\$ 7,147,628</u>	<u>\$ 10,884,450</u>	<u>\$ 5,415,496</u>	<u>\$ 80,011</u>	<u>\$ 217,451</u>	<u>\$ (9,805,143)</u>	<u>\$ 43,942,401</u>

See independent auditors' report.

REBUILD METRO, INC. AND SUBSIDIARIES
CONSOLIDATING SCHEDULES OF FINANCIAL POSITION - Continued
December 31, 2020

LIABILITIES AND NET ASSETS

	ReBuild Metro, Inc.	Baltimore - Consolidated	Philadelphia	EBMM1 and EBMT1 - Combined	EBMM2 and EBMTM2 - Combined	EBMM3 and EBMTM3 - Combined	Manor - Consolidated	Mount Holly	All Other Subsidiaries Combined	Eliminations and Reclassifications	ReBuild Metro, Inc. Consolidated
CURRENT LIABILITIES											
Accounts payable and accrued expenses	\$ 203,150	\$ 127,597	\$ 195,251	\$ 34,459	\$ 45,941	\$ 20,194	\$ 26,176	\$ 2,711	\$ 4,472	\$ -	\$ 659,951
Accrued interest payable, current	-	17,895	-	11,571	18,139	8,011	7,071	-	-	-	62,687
Current maturities of loans payable	-	81,503	-	1,111,313	2,354,089	97,712	36,341	400,000	-	-	4,080,958
Prepaid rent	-	6,504	-	1,375	12,438	6,958	-	-	-	-	27,275
Total current liabilities	<u>203,150</u>	<u>233,499</u>	<u>195,251</u>	<u>1,158,718</u>	<u>2,430,607</u>	<u>132,875</u>	<u>69,588</u>	<u>402,711</u>	<u>4,472</u>	<u>-</u>	<u>4,830,871</u>
NON-CURRENT LIABILITIES											
Escrow payable and due to third parties	(12,750)	72,868	-	43,020	30,993	43,747	10,546	-	-	-	188,424
Accrued interest payable	10,000	288,903	-	-	88,050	45,447	129,688	131,106	-	-	693,194
Accrued interest payable - related parties	-	74,173	-	1,078,255	212,813	70,917	-	-	-	(1,436,158)	-
Deferred revenue, net	-	1,594,653	-	55,625	36,562	-	27,437	-	-	-	1,714,277
Deferred revenue, net - related parties	877,097	246,237	-	1,219,012	358,915	1,425,242	-	-	-	(4,126,503)	-
Loans payable, net	3,098,438	13,044,645	-	2,669,210	1,682,533	5,428,614	2,685,559	-	1,276,000	-	29,884,999
Loans payable - related parties	-	3,601,098	-	3,411,717	2,058,133	2,415,000	-	-	-	(11,485,948)	-
Total non-current liabilities	<u>3,972,785</u>	<u>18,922,577</u>	<u>-</u>	<u>8,476,839</u>	<u>4,467,999</u>	<u>9,428,967</u>	<u>2,853,230</u>	<u>131,106</u>	<u>1,276,000</u>	<u>(17,048,609)</u>	<u>32,480,894</u>
Total liabilities	<u>4,175,935</u>	<u>19,156,076</u>	<u>195,251</u>	<u>9,635,557</u>	<u>6,898,606</u>	<u>9,561,842</u>	<u>2,922,818</u>	<u>533,817</u>	<u>1,280,472</u>	<u>(17,048,609)</u>	<u>37,311,765</u>
NET ASSETS											
Net assets without donor restrictions											
Unrestricted	5,285,554	(6,239,636)	(1,446,601)	(1,066,765)	70,881	(171,742)	(6,670)	(453,806)	(1,063,021)	7,243,466	2,151,660
Non-controlling interest	-	-	-	(1,192,863)	178,141	1,494,350	2,499,348	-	-	-	2,978,976
Total net assets without donor restrictions	<u>5,285,554</u>	<u>(6,239,636)</u>	<u>(1,446,601)</u>	<u>(2,259,628)</u>	<u>249,022</u>	<u>1,322,608</u>	<u>2,492,678</u>	<u>(453,806)</u>	<u>(1,063,021)</u>	<u>7,243,466</u>	<u>5,130,636</u>
Net assets with donor restrictions	<u>1,500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,500,000</u>
Total net assets	<u>6,785,554</u>	<u>(6,239,636)</u>	<u>(1,446,601)</u>	<u>(2,259,628)</u>	<u>249,022</u>	<u>1,322,608</u>	<u>2,492,678</u>	<u>(453,806)</u>	<u>(1,063,021)</u>	<u>7,243,466</u>	<u>6,630,636</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 10,961,489</u>	<u>\$ 12,916,440</u>	<u>\$ (1,251,350)</u>	<u>\$ 7,375,929</u>	<u>\$ 7,147,628</u>	<u>\$ 10,884,450</u>	<u>\$ 5,415,496</u>	<u>\$ 80,011</u>	<u>\$ 217,451</u>	<u>\$ (9,805,143)</u>	<u>\$ 43,942,401</u>

See independent auditors' report.

REBUILD METRO, INC. AND SUBSIDIARIES
CONSOLIDATING SCHEDULES OF FINANCIAL POSITION - Continued
December 31, 2019

	ASSETS										
	ReBuild Metro, Inc.	Baltimore - Consolidated	Philadelphia	EBMM1 and EBMT1 - Combined	EBMM2 and EBMTM2 - Combined	EBMM3 and EBMTM3 - Combined	Manor - Consolidated	Mount Holly	All Other Subsidiaries Combined	Eliminations and Reclassifications	ReBuild Metro, Inc. Consolidated
CURRENT ASSETS											
Cash and cash equivalents	\$ 1,202,540	\$ 564,495	\$ 4,684	\$ 236,619	\$ 93,337	\$ 99,561	\$ 143,125	\$ 162,684	\$ 382,361	\$ -	\$ 2,889,406
Accounts receivable, net of allowance	6,340	63,022	-	30,446	58,937	14,086	617	156,330	-	-	329,778
Accounts receivable (payable) - related parties, net of allowance	11,518,725	(4,479,133)	(881,008)	(821,673)	(885,846)	(2,704,637)	(28,213)	(40,989)	(1,610,935)	(66,291)	-
Interest receivable - related parties	74,173	1,089,289	-	-	-	-	-	-	-	(1,163,462)	-
Grants and contributions receivable	1,125,760	-	-	-	-	-	-	-	-	-	1,125,760
Prepaid expenses	126,377	36,183	(25,105)	19,478	6,021	32,385	26,452	-	17,365	-	239,156
Other current assets	-	-	29,498	-	-	-	-	-	-	-	29,498
Total current assets	<u>14,053,915</u>	<u>(2,726,144)</u>	<u>(871,931)</u>	<u>(535,130)</u>	<u>(727,551)</u>	<u>(2,558,605)</u>	<u>141,981</u>	<u>278,025</u>	<u>(1,211,209)</u>	<u>(1,229,753)</u>	<u>4,613,598</u>
PROPERTY AND EQUIPMENT											
Office equipment, net of accumulated depreciation	28,146	-	-	-	-	-	-	-	-	-	28,146
Rental property, net of accumulated depreciation	-	8,140,901	-	7,385,637	7,509,045	12,858,683	5,001,756	-	-	(6,178,149)	34,717,873
Vehicle, net of accumulated depreciation	22,354	-	-	-	-	-	-	-	-	-	22,354
Total property and equipment, net	<u>50,500</u>	<u>8,140,901</u>	<u>-</u>	<u>7,385,637</u>	<u>7,509,045</u>	<u>12,858,683</u>	<u>5,001,756</u>	<u>-</u>	<u>-</u>	<u>(6,178,149)</u>	<u>34,768,373</u>
OTHER ASSETS											
Loans receivable, net of allowance	1,100,000	-	-	21,900	-	-	-	-	-	-	1,121,900
Loans receivable - related parties	3,556,103	7,448,355	-	-	-	-	-	-	-	(11,004,458)	-
Investment in subsidiaries	(8,660,192)	-	-	-	-	-	-	-	-	8,660,192	-
Property held for development or sale	-	553,115	-	913,826	-	289,212	-	-	-	(882,954)	873,199
Restricted cash	206,987	207,964	-	40,388	272,224	204,271	456,756	-	9	-	1,388,599
Other non-current assets	-	(500)	-	-	-	-	43,072	119,643	-	-	162,215
Total other assets	<u>(3,797,102)</u>	<u>8,208,934</u>	<u>-</u>	<u>976,114</u>	<u>272,224</u>	<u>493,483</u>	<u>499,828</u>	<u>119,643</u>	<u>9</u>	<u>(3,227,220)</u>	<u>3,545,913</u>
TOTAL ASSETS	<u>\$ 10,307,313</u>	<u>\$ 13,623,691</u>	<u>\$ (871,931)</u>	<u>\$ 7,826,621</u>	<u>\$ 7,053,718</u>	<u>\$ 10,793,561</u>	<u>\$ 5,643,565</u>	<u>\$ 397,668</u>	<u>\$ (1,211,200)</u>	<u>\$ (10,635,122)</u>	<u>\$ 42,927,884</u>

See independent auditors' report.

REBUILD METRO, INC. AND SUBSIDIARIES
CONSOLIDATING SCHEDULES OF FINANCIAL POSITION - Continued
December 31, 2019

LIABILITIES AND NET ASSETS											
	ReBuild Metro, Inc.	Baltimore - Consolidated	Philadelphia	EBMM1 and EBMT1 - Combined	EBMM2 and EBMTM2 - Combined	EBMM3 and EBMTM3 - Combined	Manor - Consolidated	Mount Holly	All Other Subsidiaries Combined	Eliminations and Reclassifications	ReBuild Metro, Inc. Consolidated
CURRENT LIABILITIES											
Accounts payable and accrued expenses	\$ 95,286	\$ 305,532	\$ 188,066	\$ 24,259	\$ 46,562	\$ 16,939	\$ 30,095	\$ 2,711	\$ 29,317	\$ -	\$ 738,767
Accrued interest payable, current	-	18,264	-	-	12,108	13,125	8,744	-	-	-	52,241
Current maturities of loans payable	253,676	76,959	-	2,945,878	2,399,959	95,658	26,935	400,000	-	-	6,199,065
Prepaid rent	-	6,206	-	4,521	8,222	3,608	-	-	-	-	22,557
Total current liabilities	<u>348,962</u>	<u>406,961</u>	<u>188,066</u>	<u>2,974,658</u>	<u>2,466,851</u>	<u>129,330</u>	<u>65,774</u>	<u>402,711</u>	<u>29,317</u>	<u>-</u>	<u>7,012,630</u>
NON-CURRENT LIABILITIES											
Escrow payable and due to third parties	5,750	75,086	-	39,891	32,216	41,423	10,428	-	-	-	204,794
Accrued interest payable	10,000	239,958	-	20,673	69,051	15,149	110,039	107,106	-	-	571,976
Accrued interest payable - related parties	-	74,173	-	924,728	140,411	24,150	-	-	-	(1,163,462)	-
Deferred revenue, net	-	1,675,191	-	58,350	36,562	-	26,289	-	-	-	1,796,392
Deferred revenue, net - related parties	877,097	258,965	-	1,219,012	358,915	1,358,952	-	-	-	(4,072,941)	-
Loans payable, net	3,066,863	13,117,249	-	936,637	1,671,488	5,497,799	2,717,847	-	-	-	27,007,883
Loans payable - related parties	-	3,556,103	-	3,411,717	1,666,133	2,415,000	-	-	-	(11,048,953)	-
Total non-current liabilities	<u>3,959,710</u>	<u>18,996,725</u>	<u>-</u>	<u>6,611,008</u>	<u>3,974,776</u>	<u>9,352,473</u>	<u>2,864,603</u>	<u>107,106</u>	<u>-</u>	<u>(16,285,356)</u>	<u>29,581,045</u>
Total liabilities	<u>4,308,672</u>	<u>19,403,686</u>	<u>188,066</u>	<u>9,585,666</u>	<u>6,441,627</u>	<u>9,481,803</u>	<u>2,930,377</u>	<u>509,817</u>	<u>29,317</u>	<u>(16,285,356)</u>	<u>36,593,675</u>
NET ASSETS											
Net assets without donor restrictions											
Unrestricted	4,498,641	(5,779,995)	(1,059,997)	(951,457)	209,155	(142,847)	(5,639)	(112,149)	(1,240,517)	5,650,234	1,065,429
Non-controlling interest	-	-	-	(807,588)	402,936	1,454,605	2,718,827	-	-	-	3,768,780
Total net assets without donor restrictions	<u>4,498,641</u>	<u>(5,779,995)</u>	<u>(1,059,997)</u>	<u>(1,759,045)</u>	<u>612,091</u>	<u>1,311,758</u>	<u>2,713,188</u>	<u>(112,149)</u>	<u>(1,240,517)</u>	<u>5,650,234</u>	<u>4,834,209</u>
Net assets with donor restrictions	<u>1,500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,500,000</u>
Total net assets	<u>5,998,641</u>	<u>(5,779,995)</u>	<u>(1,059,997)</u>	<u>(1,759,045)</u>	<u>612,091</u>	<u>1,311,758</u>	<u>2,713,188</u>	<u>(112,149)</u>	<u>(1,240,517)</u>	<u>5,650,234</u>	<u>6,334,209</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 10,307,313</u>	<u>\$ 13,623,691</u>	<u>\$ (871,931)</u>	<u>\$ 7,826,621</u>	<u>\$ 7,053,718</u>	<u>\$ 10,793,561</u>	<u>\$ 5,643,565</u>	<u>\$ 397,668</u>	<u>\$ (1,211,200)</u>	<u>\$ (10,635,122)</u>	<u>\$ 42,927,884</u>

See independent auditors' report.

REBUILD METRO, INC. AND SUBSIDIARIES
CONSOLIDATING SCHEDULES OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended December 31, 2020

	<u>ReBuild Metro, Inc.</u>	<u>Baltimore - Consolidated</u>	<u>Philadelphia</u>	<u>EBMM1 and EBMT1 - Combined</u>	<u>EBMM2 and EBMT2 - Combined</u>	<u>EBMM3 and EBMT3 - Combined</u>	<u>Manor - Consolidated</u>	<u>Mount Holly</u>	<u>All Other Subsidiaries Combined</u>	<u>Eliminations and Reclassifications</u>	<u>ReBuild Metro, Inc. Consolidated</u>
RENTAL REVENUE											
Rental income											
Gross potential rent	\$ -	\$ 830,174	\$ -	\$ 579,900	\$ 500,892	\$ 586,700	\$ 439,544	\$ -	\$ -	\$ -	\$ 2,937,210
Vacancies	-	(162,322)	-	(58,548)	(92,013)	(95,685)	(2,984)	-	-	-	(411,552)
Other rental income	-	70,140	-	47,495	33,067	49,534	10,103	-	-	-	210,339
Master lease rent - related parties	-	-	-	403,931	361,557	352,612	-	-	-	(1,118,100)	-
Net rental income	<u>-</u>	<u>737,992</u>	<u>-</u>	<u>972,778</u>	<u>803,503</u>	<u>893,161</u>	<u>446,663</u>	<u>-</u>	<u>-</u>	<u>(1,118,100)</u>	<u>2,735,997</u>
Rental expenses											
Bad debt expense	-	36,001	-	42,722	29,150	6,603	279	-	-	-	114,755
Consultants	-	-	-	-	-	-	150	-	-	-	150
Insurance	-	37,452	-	26,136	24,514	29,280	15,541	-	14,562	-	147,485
Legal and professional fees	-	76	-	52	49	59	-	-	-	-	236
Management fee	-	-	-	-	-	-	62,231	-	-	-	62,231
Master lease - related parties	-	-	-	403,931	361,557	352,612	-	-	-	(1,118,100)	-
Office expense	789	11,566	-	2,632	2,879	2,771	27,077	-	15	-	47,729
Other rental expenses	-	14,217	-	15,114	8,067	8,376	21	-	331	-	46,126
Other rental expenses - related parties	-	1,146	-	798	750	896	-	-	-	(3,590)	-
Rental interest expense	-	216,793	-	168,418	143,145	179,883	50,807	-	-	-	759,046
Rental interest expense - related parties	-	-	-	85,293	33,323	46,767	-	-	-	(165,383)	-
Repairs and maintenance	630	75,368	-	60,509	57,076	46,045	56,592	-	7,962	-	304,182
Salaries and related expenses	-	84,731	-	59,105	55,464	66,228	111,063	-	-	-	376,591
Taxes - other	-	61,947	-	30,810	11,666	10,446	26,959	-	-	-	141,828
Utilities	-	76,610	-	37,109	33,403	35,099	37,332	-	779	-	220,332
Total rental expenses	<u>1,419</u>	<u>615,907</u>	<u>-</u>	<u>932,629</u>	<u>761,043</u>	<u>785,065</u>	<u>388,052</u>	<u>-</u>	<u>23,649</u>	<u>(1,287,073)</u>	<u>2,220,691</u>
Net operating rental (loss) income	<u>(1,419)</u>	<u>122,085</u>	<u>-</u>	<u>40,149</u>	<u>42,460</u>	<u>108,096</u>	<u>58,611</u>	<u>-</u>	<u>(23,649)</u>	<u>168,973</u>	<u>515,306</u>
CONSTRUCTION INCOME (EXPENSE)											
Contractor fee income	-	-	320,974	-	-	-	-	-	-	-	320,974
Contractor fee income - related parties	-	-	(17,924)	-	-	-	-	-	-	17,924	-
Net construction income	<u>-</u>	<u>-</u>	<u>303,050</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,924</u>	<u>320,974</u>
SALES											
Gross sales	-	14,067	-	-	-	-	-	-	51,750	-	65,817
Cost of goods sold	-	(34,206)	(98)	-	-	-	-	(3,923)	-	(10,200)	(48,427)
Warranty (costs) recovery	35,395	(2,899)	(85,111)	-	-	-	-	(1,521)	(55,015)	-	(109,151)
Net income (loss) from sales	<u>35,395</u>	<u>(23,038)</u>	<u>(85,209)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,444)</u>	<u>(3,265)</u>	<u>(10,200)</u>	<u>(91,761)</u>
Net sales and construction income (loss)	<u>\$ 35,395</u>	<u>\$ (23,038)</u>	<u>\$ 217,841</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,444)</u>	<u>\$ (3,265)</u>	<u>\$ 7,724</u>	<u>\$ 229,213</u>

See independent auditors' report.

REBUILD METRO, INC. AND SUBSIDIARIES
CONSOLIDATING SCHEDULES OF ACTIVITIES AND CHANGES IN NET ASSETS - Continued
For the Year Ended December 31, 2020

	<u>ReBuild Metro, Inc.</u>	<u>Baltimore - Consolidated</u>	<u>Philadelphia</u>	<u>EBMM1 and EBMT1 - Combined</u>	<u>EBMM2 and EBMTM2 - Combined</u>	<u>EBMM3 and EBMTM3 - Combined</u>	<u>Manor - Consolidated</u>	<u>Mount Holly</u>	<u>All Other Subsidiaries Combined</u>	<u>Eliminations and Reclassifications</u>	<u>ReBuild Metro, Inc. Consolidated</u>
OTHER REVENUE AND SUPPORT											
Developer fee income - related parties	\$ 66,290	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (66,290)	\$ -
Earnings from subsidiary	(1,102,698)	-	-	-	-	-	-	-	-	1,102,698	-
Grants and contributions	2,327,858	25,000	-	-	-	-	-	-	145,008	-	2,497,866
Management fee income - related parties	833,882	-	-	-	-	-	-	-	-	(833,882)	-
Other income	700,280	87,825	-	2,724	-	-	-	-	31,019	-	821,848
Other income - related parties	2,794	12,727	-	-	-	-	-	-	-	(15,521)	-
Total other revenue and support	<u>2,828,406</u>	<u>125,552</u>	<u>-</u>	<u>2,724</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>176,027</u>	<u>187,005</u>	<u>3,319,714</u>
PROGRAM AND GENERAL EXPENSES											
Bad debt expense - related parties	66,290	-	-	-	-	-	-	-	-	(66,290)	-
Consultants	93,462	-	-	-	-	-	-	105	-	-	93,567
Insurance	54,628	3,122	-	-	-	-	-	-	-	-	57,750
Legal and professional fees	97,253	14,879	100	19,026	21,599	34,971	588	35,721	8,810	-	232,947
Management fee - related parties	-	210,000	600,000	-	-	-	23,882	-	-	(833,882)	-
Miscellaneous expenses	8,308	141	33	-	-	-	-	-	-	-	8,482
Occupancy and facility cost	205,308	54,980	4,007	(1,595)	989	2,827	900	16,345	6,945	-	290,706
Office expense	58,200	4,124	305	501	(187)	989	552	617	239	-	65,340
Predevelopment costs	1,000	-	-	-	-	-	-	-	-	-	1,000
Program expense	147,558	-	-	-	-	-	-	-	-	-	147,558
Salaries and related expenses	1,314,510	-	-	-	-	-	-	-	-	-	1,314,510
Staff expenses	10,232	-	-	-	81	-	-	-	-	-	10,313
Total program and general expenses	<u>2,056,749</u>	<u>287,246</u>	<u>604,445</u>	<u>17,932</u>	<u>22,482</u>	<u>38,787</u>	<u>25,922</u>	<u>52,788</u>	<u>15,994</u>	<u>(900,172)</u>	<u>2,222,173</u>
Net operating income (loss)	<u>805,633</u>	<u>(62,647)</u>	<u>(386,604)</u>	<u>24,941</u>	<u>19,978</u>	<u>69,309</u>	<u>32,689</u>	<u>(58,232)</u>	<u>133,119</u>	<u>1,263,874</u>	<u>1,842,060</u>
OTHER INCOME (EXPENSE)											
Interest income	8,773	528	-	64	82	123	(7)	-	-	-	9,563
Interest income - related parties	-	233,618	-	-	-	-	-	-	-	(233,618)	-
Interest expense	(630)	(212,171)	-	(8,379)	(50,809)	(26,342)	(2,249)	(24,000)	(11,088)	-	(335,668)
Interest expense - related parties	-	-	-	(68,234)	-	-	-	-	-	68,234	-
Forgiveness of loan receivable	-	-	-	(4,745)	-	-	-	-	-	-	(4,745)
Depreciation expense	(26,863)	(368,670)	-	(360,375)	(227,519)	(495,570)	(241,995)	-	-	-	(1,720,992)
Depreciation expense - related parties	-	(50,299)	-	(83,855)	(104,801)	(51,827)	-	-	-	290,782	-
Other (expense) income, net	<u>(18,720)</u>	<u>(396,994)</u>	<u>-</u>	<u>(525,524)</u>	<u>(383,047)</u>	<u>(573,616)</u>	<u>(244,251)</u>	<u>(24,000)</u>	<u>(11,088)</u>	<u>125,398</u>	<u>(2,051,842)</u>
NET INCOME (LOSS)	<u>786,913</u>	<u>(459,641)</u>	<u>(386,604)</u>	<u>(500,583)</u>	<u>(363,069)</u>	<u>(504,307)</u>	<u>(211,562)</u>	<u>(82,232)</u>	<u>122,031</u>	<u>1,389,272</u>	<u>(209,782)</u>
NET ASSETS - Beginning of year											
Distributions	5,998,641	(5,779,995)	(1,059,997)	(1,759,045)	612,091	1,311,758	2,713,188	(112,149)	(1,240,517)	5,650,234	6,334,209
Contributions	-	-	-	-	-	-	(8,948)	(259,425)	-	259,425	(8,948)
	-	-	-	-	-	515,157	-	-	55,465	(55,465)	515,157
NET ASSETS - End of year	<u>\$ 6,785,554</u>	<u>\$ (6,239,636)</u>	<u>\$ (1,446,601)</u>	<u>\$ (2,259,628)</u>	<u>\$ 249,022</u>	<u>\$ 1,322,608</u>	<u>\$ 2,492,678</u>	<u>\$ (453,806)</u>	<u>\$ (1,063,021)</u>	<u>\$ 7,243,466</u>	<u>\$ 6,630,636</u>

See independent auditors' report.

REBUILD METRO, INC. AND SUBSIDIARIES
CONSOLIDATING SCHEDULES OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended December 31, 2019

	<u>ReBuild Metro, Inc.</u>	<u>Baltimore - Consolidated</u>	<u>Philadelphia</u>	<u>EBMM1 and EBMT1 - Combined</u>	<u>EBMM2 and EBMTM2 - Combined</u>	<u>EBMM3 and EBMTM3 - Combined</u>	<u>Manor - Consolidated</u>	<u>Mount Holly</u>	<u>All Other Subsidiaries Combined</u>	<u>Eliminations and Reclassifications</u>	<u>ReBuild Metro, Inc. Consolidated</u>
RENTAL REVENUE											
Rental income											
Gross potential rent	\$ -	\$ 823,312	\$ -	\$ 510,549	\$ 494,856	\$ 413,927	\$ 430,381	\$ -	\$ -	\$ -	\$ 2,673,025
Vacancies	-	(152,280)	-	(71,118)	(107,008)	(35,184)	(8,671)	-	-	-	(374,261)
Other rental income	-	71,816	-	44,657	32,047	39,337	11,708	-	-	-	199,565
Master lease rent - related parties	-	-	-	407,564	352,441	271,778	-	-	-	(1,031,783)	-
Net rental income	<u>-</u>	<u>742,848</u>	<u>-</u>	<u>891,652</u>	<u>772,336</u>	<u>689,858</u>	<u>433,418</u>	<u>-</u>	<u>-</u>	<u>(1,031,783)</u>	<u>2,498,329</u>
Rental expenses											
Bad debt expense	-	-	-	(360)	46,382	(130)	28	-	-	-	45,920
Consultants	-	-	-	-	-	-	150	-	-	-	150
Insurance	-	40,375	-	25,819	26,427	22,491	16,190	-	-	-	131,302
Legal and professional fees	-	812	-	1,211	127	218	-	-	-	-	2,368
Management fee	-	-	-	-	-	-	61,068	-	-	-	61,068
Master lease - related parties	-	-	-	407,564	352,441	271,778	-	-	-	(1,031,783)	-
Office expense	-	7,672	-	4,316	7,508	3,299	25,744	-	-	-	48,539
Other rental expenses	-	18,651	-	10,545	10,284	6,659	950	-	-	-	47,089
Other rental expenses - related parties	-	1,431	-	913	936	768	-	-	-	(4,048)	-
Rental interest expense	-	221,104	-	200,390	168,405	106,409	52,007	-	-	-	748,315
Rental interest expense - related parties	-	-	-	85,293	33,323	-	-	-	-	(118,616)	-
Repairs and maintenance	102	130,299	-	71,132	68,220	39,757	52,677	-	-	-	362,187
Salaries and related expenses	-	120,437	-	77,124	78,937	67,449	120,073	-	-	-	464,020
Taxes - other	-	53,311	-	27,872	12,074	8,709	24,712	-	-	-	126,678
Utilities	-	57,914	-	40,674	38,198	37,980	36,603	-	-	-	211,369
Total rental expenses	<u>102</u>	<u>652,006</u>	<u>-</u>	<u>952,493</u>	<u>843,262</u>	<u>565,387</u>	<u>390,202</u>	<u>-</u>	<u>-</u>	<u>(1,154,447)</u>	<u>2,249,005</u>
Net operating rental (loss) income	<u>(102)</u>	<u>90,842</u>	<u>-</u>	<u>(60,841)</u>	<u>(70,926)</u>	<u>124,471</u>	<u>43,216</u>	<u>-</u>	<u>-</u>	<u>122,664</u>	<u>249,324</u>
CONSTRUCTION LOSS											
Contractor fee loss - related parties	-	-	(689,313)	-	-	-	-	-	-	689,313	-
SALES											
Gross sales	-	1,805,250	-	-	-	-	-	2,899,574	575,000	-	5,279,824
Cost of goods sold	-	(2,164,995)	-	-	-	-	-	(2,148,594)	(1,047,798)	(1,943)	(5,363,330)
Predevelopment costs - related parties	-	(200,000)	-	-	-	-	-	(320,000)	-	520,000	-
Warranty costs	-	(26,859)	(29,857)	-	-	-	-	(167)	-	-	(56,883)
Net (loss) income from sales	<u>-</u>	<u>(586,604)</u>	<u>(29,857)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>430,813</u>	<u>(472,798)</u>	<u>518,057</u>	<u>(140,389)</u>
Net sales and construction (loss) income	<u>\$ -</u>	<u>\$ (586,604)</u>	<u>\$ (719,170)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 430,813</u>	<u>\$ (472,798)</u>	<u>\$ 1,207,370</u>	<u>\$ (140,389)</u>

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REBUILD METRO, INC. AND SUBSIDIARIES
CONSOLIDATING SCHEDULES OF ACTIVITIES AND CHANGES IN NET ASSETS - Continued
For the Year Ended December 31, 2019

	<u>ReBuild Metro, Inc.</u>	<u>Baltimore - Consolidated</u>	<u>Philadelphia</u>	<u>EBMM1 and EBMT1 - Combined</u>	<u>EBMM2 and EBMTM2 - Combined</u>	<u>EBMM3 and EBMTM3 - Combined</u>	<u>Manor - Consolidated</u>	<u>Mount Holly</u>	<u>All Other Subsidiaries Combined</u>	<u>Eliminations and Reclassifications</u>	<u>ReBuild Metro, Inc. Consolidated</u>
OTHER REVENUE AND SUPPORT											
Developer fee income	\$ 215,803	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 215,803
Developer fee income - related parties	1,050,322	-	-	-	-	-	-	-	-	(1,050,322)	-
Earnings from subsidiary	(3,037,496)	-	-	-	-	-	-	-	-	3,037,496	-
Grants and contributions	4,238,161	-	-	-	-	-	-	-	-	-	4,238,161
Management fee income - related parties	857,763	-	-	-	-	-	-	-	-	(857,763)	-
Other income	485,888	115,971	-	2,497	49,166	-	-	-	27,674	-	681,196
Other income - related parties	4,191	12,727	-	-	-	-	-	-	-	(16,918)	-
Total other revenue and support	<u>3,814,632</u>	<u>128,698</u>	<u>-</u>	<u>2,497</u>	<u>49,166</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,674</u>	<u>1,112,493</u>	<u>5,135,160</u>
PROGRAM AND GENERAL EXPENSES											
Bad debt expense - related parties	464,032	-	-	-	-	-	-	-	-	(464,032)	-
Consultants	112,279	-	-	-	-	-	-	26,694	-	-	138,973
Insurance	43,471	2,674	-	-	-	-	-	-	1,049	-	47,194
Legal and professional fees	99,699	12,299	498	25,056	41,245	24,921	305	58,007	12,634	-	274,664
Management fee - related parties	-	210,000	600,000	-	-	-	47,763	-	-	(857,763)	-
Miscellaneous expenses	221	(952)	10,321	-	-	-	-	-	-	-	9,590
Occupancy and facility cost	96,994	50,936	9,024	1,434	1,272	17,969	1,200	1,961	5,543	-	186,333
Office expense	37,018	4,980	646	7,484	1,153	1,592	452	1,703	449	-	55,477
Predevelopment costs	199,221	-	-	-	-	-	-	-	-	-	199,221
Program expense	70,911	-	-	-	-	-	-	-	-	-	70,911
Salaries and related expenses	1,309,310	-	-	-	-	-	-	-	-	-	1,309,310
Staff expenses	101,909	-	207	-	-	115	-	1,822	-	-	104,053
Total program and general expenses	<u>2,535,065</u>	<u>279,937</u>	<u>620,696</u>	<u>33,974</u>	<u>43,670</u>	<u>44,597</u>	<u>49,720</u>	<u>90,187</u>	<u>19,675</u>	<u>(1,321,795)</u>	<u>2,395,726</u>
Net operating income (loss)	<u>1,279,465</u>	<u>(647,001)</u>	<u>(1,339,866)</u>	<u>(92,318)</u>	<u>(65,430)</u>	<u>79,874</u>	<u>(6,504)</u>	<u>340,626</u>	<u>(464,799)</u>	<u>3,764,322</u>	<u>2,848,369</u>
OTHER INCOME (EXPENSE)											
Interest income	3,927	1,371	-	73	-	-	-	2	9	-	5,382
Interest income - related parties	-	211,001	-	-	-	-	-	-	-	(211,001)	-
Interest expense	(10,669)	(220,321)	-	(8,380)	(25,240)	(36,785)	(2,250)	(2,067)	-	-	(305,712)
Interest expense - related parties	-	-	-	(68,234)	-	(24,150)	-	-	-	92,384	-
Depreciation expense	(28,354)	(368,369)	-	(287,363)	(227,519)	(421,612)	(236,228)	-	-	-	(1,569,445)
Depreciation expense - related parties	-	(50,299)	-	(67,931)	(104,802)	(43,534)	-	-	-	266,566	-
Other (expense) income, net	<u>(35,096)</u>	<u>(426,617)</u>	<u>-</u>	<u>(431,835)</u>	<u>(357,561)</u>	<u>(526,081)</u>	<u>(238,478)</u>	<u>(2,065)</u>	<u>9</u>	<u>147,949</u>	<u>(1,869,775)</u>
NET INCOME (LOSS)	<u>1,244,369</u>	<u>(1,073,618)</u>	<u>(1,339,866)</u>	<u>(524,153)</u>	<u>(422,991)</u>	<u>(446,207)</u>	<u>(244,982)</u>	<u>338,561</u>	<u>(464,790)</u>	<u>3,912,271</u>	<u>978,594</u>
NET ASSETS - Beginning of year											
Distributions	4,754,272	(4,706,377)	279,869	(1,234,892)	1,035,082	1,314,938	2,967,118	(450,710)	(1,874,596)	2,836,832	4,921,536
Contributions	-	-	-	-	-	-	(8,948)	-	-	-	(8,948)
	-	-	-	-	-	443,027	-	-	1,098,869	(1,098,869)	443,027
NET ASSETS - End of year	<u>\$ 5,998,641</u>	<u>\$ (5,779,995)</u>	<u>\$ (1,059,997)</u>	<u>\$ (1,759,045)</u>	<u>\$ 612,091</u>	<u>\$ 1,311,758</u>	<u>\$ 2,713,188</u>	<u>\$ (112,149)</u>	<u>\$ (1,240,517)</u>	<u>\$ 5,650,234</u>	<u>\$ 6,334,209</u>

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