Gorfine Schiller Gardyn
Certified Public Accountants and Consultants

ReBUILD METRO

RADICAL \ RESTORATIVE \ REGENERATIVE

REBUILD METRO, INC.
AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
UNIFORM GUIDANCE
DECEMBER 31, 2022 AND 2021

REBUILD METRO, INC. AND SUBSIDIARIES
TABLE OF CONTENTS
December 31, 2022 and 2021

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Consolidated Financial Statements

Opinion

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, 2022 and 2021, 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.

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, 2022 and 2021, 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.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of 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.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Other Matters

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying Consolidated Schedule of Expenditures of Federal Awards on page 40 is presented for purposes of additional analysis as required by the Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is not a required part of the consolidated financial statements. The accompanying consolidating schedules are presented for additional analysis and are not a required part of the consolidated financial statements. The above described supplemental 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. Such information has been subjected to the auditing procedures applied in the audit 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 Consolidated Schedule of Expenditures of Federal Awards and other supplementary information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2023 on our consideration of ReBuild Metro, Inc. and Subsidiaries' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of ReBuild Metro, Inc. and Subsidiaries' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering ReBuild Metro, Inc. and Subsidiaries' internal control over financial reporting.

Gorfine, Schiller & Gardyn, P.A.

June 8, 2023
Owings Mills, Maryland

CONSOLIDATED FINANCIAL STATEMENTS

REBUILD METRO, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31, 2022 and 2021

ASSETS

	2022	2021
CURRENT ASSETS		
Cash and cash equivalents	$ 10,637,818	$ 4,377,736
Accounts receivable, net of allowance	169,754	119,436
Grants and contributions receivable	66,222	44,233
Prepaid expenses	307,487	381,507
Other current assets	29,499	29,499
Total current assets	11,210,780	4,952,411
PROPERTY AND EQUIPMENT		
Office equipment, net of accumulated depreciation	328	328
Rental property, net of accumulated depreciation	31,642,239	33,265,491
Total property and equipment, net	31,642,567	33,265,819
OTHER ASSETS		
Loans receivable, net of allowance	3,813,140	3,815,330
Property held for development or sale	1,600,141	744,422
Restricted cash	2,968,189	2,091,038
Derivative financial instrument	168,173	-
Other non-current assets	4,116	4,116
Total other assets	8,553,759	6,654,906
TOTAL ASSETS	$ 51,407,106	$ 44,873,136

LIABILITIES AND NET ASSETS

	2022	2021
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 1,334,763	$ 832,959
Accrued interest payable, current	22,014	76,121
Current maturities of loans payable	6,155,043	6,264,949
Prepaid rent	124,053	31,146
Total current liabilities	7,635,873	7,205,175
NON-CURRENT LIABILITIES		
Escrow payable and due to third parties	266,637	280,766
Accrued interest payable	1,067,346	639,514
Deferred revenue, net	1,510,087	1,603,242
Loans payable, net	35,809,391	29,418,902
Total non-current liabilities	38,653,461	31,942,424
Total liabilities	46,289,334	39,147,599
NET ASSETS		
Net assets without donor restrictions		
Controlling interest	1,960,830	2,390,152
Non-controlling interest	2,636,109	3,335,385
Total net assets without donor restrictions	4,596,939	5,725,537
Net assets with donor restrictions	520,833	-
Total net assets	5,117,772	5,725,537
TOTAL LIABILITIES AND NET ASSETS	$ 51,407,106	$ 44,873,136

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

REBUILD METRO, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Years Ended December 31, 2022 and 2021

	2022				2021			
	Net Assets Without Donor Restrictions		Net Assets with Donor Restrictions		Net Assets Without Donor Restrictions		Net Assets with Donor Restrictions	
	Controlling	Non-Controlling		Total	Controlling	Non-Controlling		Total
REVENUE								
Rental income								
Gross potential rent	$ 1,828,516	$ 460,309	$ -	$ 2,288,825	$ 2,136,309	$ 450,586	$ -	$ 2,586,895
Vacancies	(119,274)	(4,598)	-	(123,872)	(55,795)	(5,494)	-	(61,289)
Other rental income	201,544	11,900	-	213,444	276,038	8,067	-	284,105
Master lease rent - related parties	(369,539)	369,539	-	-	(684,464)	684,464	-	-
Net rental income	1,541,247	837,150	-	2,378,397	1,672,088	1,137,623	-	2,809,711
Rental expenses								
Bad debt expense	153,558	2,358	-	155,916	222,558	-	-	222,558
Consultants	-	-	-	-	-	120	-	120
Insurance	140,205	16,317	-	156,522	128,531	15,523	-	144,054
Legal and professional fees	8,444	2,775	-	11,219	-	276	-	276
Management fee	19,242	44,120	-	63,362	19,242	43,430	-	62,672
Office expense	45,666	36,418	-	82,084	6,527	28,387	-	34,914
Other rental expenses	21,870	657	-	22,527	14,708	283	-	14,991
Rental interest expense	315,457	299,495	-	614,952	282,988	422,352	-	705,340
Rental interest expense - related parties	-	-	-	-	(43,015)	43,015	-	-
Repairs and maintenance	498,006	60,388	-	558,394	276,264	47,892	-	324,156
Salaries and related expenses	275,853	109,764	-	385,617	304,152	105,230	-	409,382
Taxes - other	168,302	24,840	-	193,142	133,121	25,046	-	158,167
Utilities	460,586	44,538	-	505,124	239,094	42,932	-	282,026
Total rental expenses	2,107,189	641,670	-	2,748,859	1,584,170	774,486	-	2,358,656
Net operating rental (loss) income	(565,942)	195,480	-	(370,462)	87,918	363,137	-	451,055
SALES								
Gross sales	2,585,912	-	-	2,585,912	462,400	-	-	462,400
Cost of goods sold	(2,708,704)	(338)	-	(2,709,042)	(563,569)	-	-	(563,569)
Predevelopment costs - related party	(121,942)	-	-	(121,942)	-	-	-	-
Warranty costs	(17,614)	-	-	(17,614)	(85,168)	-	-	(85,168)
Net loss from sales	(262,348)	(338)	-	(262,686)	(186,337)	-	-	(186,337)
Net sales and construction income	$ (241,848)	$ (338)	$ -	$ (242,186)	$ (186,337)	$ -	$ -	$ (186,337)

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

REBUILD METRO, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS - Continued
For the Years Ended December 31, 2022 and 2021

	2022				2021			
	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	$ 373,639	$ -	$ -	$ 373,639	$ 321,679	$ -	$ -	$ 321,679
Earnings (losses) from subsidiary	7	(7)	-	-	8	(8)	-	-
Grants and contributions	4,469,477	-	520,833	4,990,310	1,400,086	-	-	1,400,086
Settlement income	-	-	-	-	822,000	-	-	822,000
Management fee income - related parties	(18,718)	18,718	-	-	(18,718)	18,718	-	-
Forgiveness of PPP loan	-	-	-	-	284,828	-	-	284,828
Forgiveness of debt	-	-	-	-	387,106	-	-	387,106
Other income	149,387	-	-	149,387	219,984	61,285	-	281,269
Net assets released from restrictions	-	-	-	-	1,500,000	-	(1,500,000)	-
Total other revenue and support	4,973,792	18,711	520,833	5,513,336	4,916,973	79,995	(1,500,000)	3,496,968
PROGRAM AND GENERAL EXPENSES								
Consultants	479,134	-	-	479,134	151,753	-	-	151,753
Insurance	156,136	-	-	156,136	87,468	-	-	87,468
Legal and professional fees	258,079	20,042	-	278,121	170,656	36,091	-	206,747
Master lease	19,968	-	-	19,968	-	-	-	-
Miscellaneous expenses	254,799	9,236	-	264,035	53,164	-	-	53,164
Occupancy and facility cost	211,900	406	-	212,306	200,361	1,992	-	202,353
Office expense	96,773	600	-	97,373	79,309	11,937	-	91,246
Program expense	499,717	-	-	499,717	434,211	-	-	434,211
Salaries and related expenses	1,276,291	-	-	1,276,291	1,192,633	-	-	1,192,633
Staff expense	43,362	-	-	43,362	13,411	-	-	13,411
Total program and general expenses	3,234,324	92,119	-	3,326,443	2,313,211	119,775	-	2,432,986
Net operating income	931,678	121,734	520,833	1,574,245	2,505,343	323,357	(1,500,000)	1,328,700
OTHER INCOME (EXPENSE)								
Interest income	48,768	-	-	48,768	5,280	-	-	5,280
Interest expense	(506,125)	(41,298)	-	(547,423)	(233,808)	(40,081)	-	(273,889)
Forgiveness of loan receivable	(2,190)	-	-	(2,190)	(2,190)	-	-	(2,190)
Unrealized gain on derivative financial instrument	-	168,173	-	168,173	-	-	-	-
Depreciation expense	(981,604)	(741,313)	-	(1,722,917)	(764,918)	(1,004,098)	-	(1,769,016)
Depreciation expense - related parties	59,860	(59,860)	-	-	180,906	(180,906)	-	-
Net other expense	(1,381,291)	(674,298)	-	(2,055,589)	(814,730)	(1,225,085)	-	(2,039,815)
NET (LOSS) INCOME	(449,613)	(552,564)	520,833	(481,344)	1,690,613	(901,728)	(1,500,000)	(711,115)
NET ASSETS - Beginning of year	2,390,152	3,335,385	-	5,725,537	2,151,660	2,978,976	1,500,000	6,630,636
Acquisition of member interest	146,712	(146,712)	-	-	(1,192,863)	1,192,863	-	-
Distributions to members	(126,421)	-	-	(126,421)	(259,258)	(8,948)	-	(268,206)
Contributions from members	-	-	-	-	-	74,222	-	74,222
NET ASSETS - End of year	$ 1,960,830	$ 2,636,109	$ 520,833	$ 5,117,772	$ 2,390,152	$ 3,335,385	$ -	$ 5,725,537

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

REBUILD METRO, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (481,344)	$ (711,115)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Accretion income	(82,790)	(84,053)
Depreciation expense	1,722,917	1,769,016
Amortization of debt issuance costs included as interest expense	42,516	42,516
Bad debt	155,916	222,558
Forgiveness of PPP loan	-	(284,888)
Forgiveness of loan payable	-	(387,106)
Forgiveness of loan receivable	2,190	2,190
Gain on derivative financial instrument	(168,173)	-
Losses (gains) on home sales	68,952	(15,593)
Changes in operating assets and liabilities:		
Accounts receivable, net	(206,234)	(40,161)
Grants and contributions receivable	(21,989)	572,588
Prepaid expenses	74,020	3,863
Property held for development or sale, net	(2,395,665)	(1,168,223)
Other non-current assets	-	153,329
Accounts payable and accrued expenses	501,804	173,008
Prepaid rent	92,907	3,871
Escrow payable and due to third parties	(14,129)	92,342
Accrued interest payable	373,725	(40,246)
Deferred revenue	(10,365)	(26,982)
Net cash (used in) provided by operating activities	(345,742)	276,914
CASH FLOWS FROM INVESTING ACTIVITIES		
Issuance of loans receivable	-	(2,700,365)
Proceeds from home sales	596,381	36,856
Purchase of property and equipment	(238,799)	(145,730)
Net cash provided by (used in) investing activities	357,582	(2,809,239)
CASH FLOWS FROM FINANCING ACTIVITIES		
Distributions to members	(126,421)	(268,206)
Contributions from members	-	74,222
Principal payments on notes payable	(7,509,815)	(706,692)
Proceeds from PPP loan	-	284,888
Proceeds from notes payable	14,761,629	2,803,362
Net cash provided by financing activities	7,125,393	2,187,574
NET CHANGES IN CASH AND CASH EQUIVALENTS	7,137,233	(344,751)
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - Beginning of year	6,468,774	6,813,525
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - End of year	$ 13,606,007	$ 6,468,774
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the year for interest	$ 530,299	$ 946,786
Payment on mortgages payable in lieu of proceeds from home sales	$ 1,539,946	$ 465,589

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

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:

Entity Name	Abbreviation
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
ReBuild Johnston Square Phase 1, LLC	Johnston Square P1
ReBuild Johnston Square LIHTC, LLC	Johnston Square LIHTC

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 donor restrictions as of December 31, 2021 but did have net assets with donor restrictions as of December 31, 2022.

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 also included. These second-tier subsidiaries are:

First-Tier Subsidiary	Second-Tier Subsidiary Name	Abbreviation
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
Manor	Buford Manlove, LLC	Buford

All intercompany accounts and transactions have been eliminated in consolidation. The consolidated net assets includes the non-controlling interest for EBH3, Members, and Buford as of December 31, 2022, and EBH2, EBH3, Members, and Buford as of December 31, 2021.

3. Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

4. Revenue and Expense Recognition

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. Restricted contributions and releases that occur during the same year are treated as contributions without donor restrictions for financial statement purposes.

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 $7,000,000 of uninsured deposits at December 31, 2022. The Company has not experienced any losses and believes it is not exposed to any significant credit risk as a result of these deposits.

8. Accounts Receivable and Bad Debt

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. The Company policy of evicting tenants, who have fallen behind on their rent payments, was altered by the COVID eviction moratorium, which functionally extended the moratorium throughout 2021 and 2022. In response to these conditions, the Company is working on obtaining assistance for tenants who are behind on their rent but were not evicted during the moratorium. At December 31, 2022 and 2021, the allowance for doubtful accounts was $405,636 and $246,189, respectively.

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, 2022 and 2021, 208 and 204 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. Fair value is higher than cost so no units are carried at fair value.

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, 2022 and 2021.

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. The development rights, net of subsidies, were included in other non-current assets at $119,643 as of December 31, 2020. During the year ended December 31, 2021, 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.

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, 2022 and 2021 is accretion income of $82,790 and $84,053, 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 over the life of 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, 2022 and 2021.

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, 2022 and 2021 was $17,614 and $110,273, respectively.

18. Derivative Financial Instrument

The Company recognizes all derivative financial instruments in the consolidated financial statements at their fair value. The Company participates in interest rate swap contracts that are considered derivative financial instruments. Changes in the fair value of the derivative financial instruments are recognized in the consolidated statements of activities and changes in net assets as unrealized gain or loss on derivative financial instrument.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

19. 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.

20. Functional Expenses

The costs of providing program, administrative, and fundraising activities have been summarized on a functional basis in the notes to the consolidated financial statements (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.

21. Reclassifications

Certain 2021 amounts have been reclassified to conform to the 2022 presentation. These reclassifications had no effect on previously reported changes in net assets.

22. Subsequent Events

The Company has evaluated subsequent events through June 8, 2023, which is the date the consolidated financial statements were available to be issued.

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, 2022 and 2021, the loans and accrued interest receivable totaled $1,222,347, and $1,211,347, respectively, with an allowance for doubtful collection of $122,347 and $111,347, respectively. 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, 2022 and 2021, the loan receivable net of forgiveness was $13,140 and $15,330, respectively. Loan forgiveness during each of the years ended December 31, 2022 and 2021 was $2,190.

During 2021, RBMI signed a promissory note, on behalf of Greenmount, up to a total of $2,700,000 to an unrelated 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. The balance at December 31, 2022 and 2021 was $2,700,000.

NOTE D – PROJECT FUNDING AND DEFERRED REVENUE

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

Company	2022	2021
Oliver	$2,103,998	$2,103,998
EBH1	74,924	74,924
Holdings	140,791	140,791
Total project funding	2,319,713	2,319,713
Less: accumulated accretion	(901,992)	(808,837)
Deferred accretion revenue, net	$1,417,721	$1,510,876

Other, non-project funding related, deferred revenues included in the deferred revenue are amounts which, net balance are minor and insignificant.

NOTE E – 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, the details of debt issuance costs are as follows:

	2022	2021
Debt issuance costs	$ 483,437	$ 539,031
Less: accumulated amortization	(243,557)	(340,387)
Debt issuance costs, net	$ 239,880	$ 198,644

For the years ended December 31, 2022 and 2021, amortization expense of and $58,539 and $42,516, 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:

2023	$ 21,368
2024	12,592
2025	12,592
2026	12,592
2027	12,592
Thereafter	168,144
Future amortization	$ 239,880

NOTE F – LOANS PAYABLE

Loans payable – RBMI

Liberty Bank – RBMI has two 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, 2022 and 2021, the outstanding balances were $800,000 and $300,000. 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, 2022 and 2021, the outstanding balance was $2,000,000.

The permanent loan period is a ten-year period commencing immediately upon the end of the construction loan period. No payments or interest shall be accrued. 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.

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, both loans 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, the outstanding balances were $490,469 (Loan 1) and $490,469 (Loan 2). During the year ended December 31, 2021, the loans were paid in full.

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, 2022 and 2021, the outstanding balance was $6,353,841 and $7,708,574, respectively.

Sherman Foundation – In April 2022, Baltimore obtained a note from The Sherman Family Foundation in the amount of $1,000,000, loan maturing on April 30, 2025. The loan bears interest at 2% per annum, with accrued unpaid interest only due annually on or about December 31 of each year until the maturity date with no prepayment penalty. At December 31, 2022, the outstanding balance was $1,000,000.

NOTE F – 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, 2022 and 2021, 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, 2022 and 2021, 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, 2022 and 2021, 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, 2022 and 2021, the outstanding balance was $3,566,855 and $3,653,169, respectively. As of the date of this report, Oliver is starting the process of refinancing this loan with the bank.

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 modified in November 2020. The loan was secured by a deed of trust, security agreement and fixture filing. The loan bore interest at 2.88% with monthly principal and interest payments of $5,461 due through February 2023 when a balloon payment of approximately $581,000 was due. At December 31, 2021, the outstanding balance was $458,374. See below for loan consolidation and refinance information.

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 modified in November 2020. The loan was secured by a deed of trust, security agreement and fixture filing. The loan bore interest at 2.88% with monthly principal and interest payments of $6,218 due through October 2023 when a balloon payment of approximately $918,000 was due. At December 31, 2021, the outstanding balance was $1,008,184. See below for loan consolidation and refinance information.

NOTE F – 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 modified in November 2020. The loan was secured by a deed of trust, security agreement and fixture filing. The loan bore interest at 2.88% with monthly principal and interest payments of $5,694 due through November 2023 when a balloon payment of approximately $838,000 was due. At December 31, 2021, the outstanding balance was $919,950. See below for loan consolidation and refinance information.

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 was secured by a deed of trust, security agreement and fixture filing. The loan bore interest at 4.34% with monthly principal and interest of $6,102 due through October 2021 when a balloon payment of approximately $885,000 was due. EBH1 made no payments until the re-finance referenced below. At December 31, 2021, the outstanding balance was $920,967. The mortgage had one additional two-year option to extend, subject to certain conditions. See below for loan consolidation and refinance information.

Loan Consolidation and Refinance - In March 2022, these mortgage loans were consolidated and re-financed as follows:

TD Bank - The four tranches of the TD Bank loan were refinanced with a $2,100,000 loan from First National Bank (FNB) with the remaining balance due being consolidated into one TD Bank loan in the amount of $1,250,000. The new TD Bank loan bears an interest rate of 4.04%. The monthly payment is $6,667 and it matures in March 2024. At December 31, 2022, the outstanding balance was $1,226,412.

FNB - The FNB loan bears an interest rate of 4.68%. The monthly payment is $11,992 and it matures in March 2032. At December 31, 2022, the outstanding balance was $2,066,607.

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. The loan was modified in December 2020. The loan was secured by a deed of trust, security agreement, and fixture filing. The loan bore interest at 2.64% with monthly principal and interest of $3,980 due through December 2021 when a balloon payment of approximately $602,000 was due. At December 31, 2021, the outstanding balance was $609,295. The mortgage had two additional options to extend the term totaling four more years, subject to certain conditions. See below for loan consolidation and refinance information.

TD Bank Tranche 2 – In December 2014, EBH2 acquired a mortgage loan of $649,577 with TD Bank. The loan was modified in December 2020. The loan was secured by a deed of trust, security agreement, and fixture filing. The loan bore interest at 2.64% with monthly principal and interest of $3,645 due through December 2021 when a balloon payment of approximately $551,000 was due. At December 31, 2021, the outstanding balance was $558,001. The mortgage had two additional options to extend the term totaling four more years, subject to certain conditions. See below for loan consolidation and refinance information.

TD Bank Tranche 3 – In April 2015, EBH2 acquired a mortgage loan of $745,601 with TD Bank. The loan was modified in December 2020. The loan was secured by a deed of trust, security agreement, and fixture filing. The loan bore interest at 2.64% with monthly principal and interest of $4,602 due through December 2021 when a balloon payment of approximately $590,000 was due. At December 31, 2021, the outstanding balance was $602,215. The mortgage had two additional options to extend the term totaling four more years, subject to certain conditions. See below for loan consolidation and refinance information.

TD Bank Tranche 4 – In May 2015, EBH2 acquired a mortgage loan of $582,677 with TD Bank. The loan was modified in December 2020. The loan was secured by a deed of trust, security agreement, and fixture filing. The loan bore interest at 2.65% with monthly principal and interest of $3,200 due through December 2021 when a balloon payment of approximately $487,000 was due. At December 31, 2021, the outstanding balance was $499,328. The mortgage had two additional options to extend the term totaling four more years, subject to certain conditions. See below for loan consolidation and refinance information.

NOTE F – 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. The loan was modified in December 2020. The loan was secured by a deed of trust, security agreement, and fixture filing. The loan bore interest at 2.65% with monthly principal and interest of $2,452 due through January 2022 when a balloon payment of approximately $376,000 was due. At December 31, 2021, the outstanding balance was $375,005. The mortgage had two additional options to extend the term totaling four more years, subject to certain conditions. See below for loan consolidation and refinance information.

TD Bank Tranche 6 – In July 2015, EBH2 acquired a mortgage loan of $470,458 with TD Bank. The loan was modified in December 2020. The loan was secured by a deed of trust, security agreement, and fixture filing. The loan bore interest at 2.65% with monthly principal and interest of $2,607 due through January 2022 when a balloon payment of approximately $402,000 was due. At December 31, 2021, the outstanding balance was $400,800. The mortgage had two additional options to extend the term totaling four more years, subject to certain conditions. See below for loan consolidation and refinance information.

Loan Consolidation and Refinance - In March 2022, these mortgage loans were consolidated and re-financed as follows:

FNB - The new loan with FNB is $3,000,000 and bears an interest rate of 4.68%. the monthly payment is $17,103 and it matures in March 2032. A balloon payment in the amount of $1,724,519 is due March 11, 2032 when the mortgage matures. The mortgage is secured by a deed of trust on 34 properties, is guaranteed by EMBTII and RBMI and has various covenants. Outstanding balance due as of December 31, 2022 is $2,671,049. This mortgage was obtained and used to pay in full the first mortgage with TD Bank Tranches 1-6.

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, 2022 and 2021, the outstanding balance was $1,000,000.

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 LIBOR plus 145 points as of December 31, 2021, with monthly principal and interest of $4,943 due through December 2022 when a balloon payment of approximately $1,015,000 was due. In July 2022, this mortgage was amended to extend the maturity date to August 2022 and increase the monthly payments of principal and interest to $8,172. In September 2022, this mortgage was further amended to extend the maturity date to May 31, 2023 and the interest rate was amended to be Secured Overnight Financing Rate (SOFR) plus 245 points (5.47% as of December 31, 2022).The loan is secured by a deed of trust, security agreement and fixture filing. At December 31, 2022 and 2021, the outstanding balance was $1,028,470 and $1,060,375, respectively.

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 LIBOR plus 145 points as of December 31, 2021, with monthly principal and interest of $ 4,302 due through December 2023 when a balloon payment of approximately $905,000 is due. The loan is secured by a deed of trust, security agreement and fixture filing. At December 31, 2022 and 2021, the outstanding balance was $941,741 and $955,544, respectively. The mortgage has three additional options to extend the term totaling five more years, subject to certain conditions. In November 2022, the interest rate was amended to be SOFR plus 245 points. All other terms remained the same.

NOTE F – LOANS PAYABLE – Continued

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

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 LIBOR plus 145 points as of December 31, 2021, with monthly principal and interest of $4,213 due through May 2024 when a balloon payment of approximately $1,110,000 is due. The loan is secured by a deed of trust, security agreement and fixture filing. At December 31, 2022 and 2021, the outstanding balance was $1,145,269 and $1,179,160, respectively. The mortgage has three additional options to extend the term totaling five more years, subject to certain conditions. In November 2022, the interest rate was amended to be SOFR plus 245 points. All other terms remained the same.

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 LIBOR plus 145 points as of December 31, 2021, with monthly principal and interest of $1,680 due through May 2024 when a balloon payment of approximately $249,000 is due. The loan is secured by a deed of trust, security agreement and fixture filing. At December 31, 2022 and 2021, the outstanding balances was $270,901 and $278,233, respectively. The mortgage has three additional options to extend the term totaling five more years, subject to certain conditions. In November 2022, the interest rate was amended to be SOFR plus 245 points. All other terms remained the same.

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. EBH3 is currently in the construction period. 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, 2022 and 2021, the outstanding balance was $1,683,240.

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. EBH3 is currently in the construction period. 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, 2022 and 2021, 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, the outstanding balance was $400,000. During 2021, the Company negotiated the pay off with Self-Help Ventures. Mount Holly paid $150,000 to pay off the principal and accrued interest. The remaining liability plus accrued interest totaling $387,106 was donated back to RBMI during 2021 to help support their mission of affordability.

Loans payable – Baltimore 2

Subscription Notes – Between January 2020 and December 2022, 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.

NOTE F – LOANS PAYABLE – Continued

Loans payable – Baltimore 2 – Continued

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 January 2032, with two five year extension periods. At December 31, 2022 and 2021, the outstanding balance was $9,574,600 and $3,927,800, respectively.

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, 2022 and 2021, the outstanding balance was $464,378 and $475,243, 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, 2022 and 2021, the outstanding balance was $843,012 and $876,369, 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, 2022 and 2021, 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, 2022 and 2021, 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, 2022 and 2021, the outstanding balance was $150,000.

Loan payable – Holdings

Department of Housing and Community Development (DHCD) – In July 2022, Holdings entered into a promissory note for $750,000. The loan bears interest at 2% and requires monthly payments of principal and interest in the amount of $2,772. It matures September 2052. At December 31, 2022, the outstanding balance was $724,191.

Loan payable – ESP

Baltimore Community Lending, Inc. (BCL) – In March 2021, ESP entered into a promissory note for up to $1,250,000 in advances. The loan bears interest at 2% above the prime rate, subject to a 6% minimum and requires all advances to be paid back by maturity. It matures March 2023 and is guaranteed by RBMI. At December 31, 2022 and 2021, the outstanding balance was $874,306 and $346,272, respectively.

For the year ended December 31, 2022 and 2021, interest expensed on the loans payable was $1,131,252 and $979,229, respectively.

NOTE F – LOANS PAYABLE – Continued

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

2022	$ 6,155,043
2023	9,696,298
2024	1,173,844
2025	181,058
2026	188,924
Thereafter	24,809,147
Total future payments	$ 42,204,314
Less: current maturities	(6,155,043)
Less: debt issuance costs, net	(239,880)
Loans payable, net	$ 35,809,391

NOTE G – DERIVATIVE FINANCIAL INSTRUMENT

The Company makes use of derivative instruments for the purpose of managing interest rate risks. The Company has entered into an interest rate swap agreement (Swap) to reduce the impact of changes in interest rates on a portion of its floating rate debt. On May 31, 2016, as a result of the interest rate amendment of TD Bank First Mortgage (see Note F), the Company entered into an agreement for a Swap to reduce the impact of changes in interest rates on a portion of its floating rate debt with an original notional amount of $453,086. The notional amount increased to $4,422,500 as a result of additional drawings on the loan. The Swap matures November 1, 2024. The Swap requires payments of a fixed rate of interest (1.75%) and the receipt of a variable rate of interest of 1 month LIBOR through October 2022 then (after a November 2022 amendment) 9.75 basis points above 1 month SOFR (4.22% as of December 31, 2022) on the notional amount of indebtedness. At December 31, 2022, the notional amount was $3,371,617. The cash flow effects of the Swap arrangement are included in interest expense on the consolidated statements of activities and changes in net assets. The effect for the year ended December 31, 2022, was to increase total interest expense by $10,541. The effect for the year ended December 31, 2022 of the unrealized fluctuation in in the fair value of the Swap included in the consolidated statements of activities and changes in net assets was an unrealized gain of $168,173. The derivative financial instrument totaled an asset of $168,173 at December 31, 2022. The Company is exposed to credit loss in the event of nonperformance by the other party to the interest rate Swap agreement. However, the Company does not anticipate nonperformance by the counterparty.

The Company's purpose in entering into this Swap arrangement was to hedge the risk of interest rate increases on the related variable rate debt. Accordingly, the Swap arrangement was designated as a cash flow hedging activity and represented a derivative financial instrument. This derivative financial instrument was not held for trading purposes. The Company accounts for this derivative financial instrument by presenting it on the consolidated statements of financial position at its fair value. Since this instrument was designated as a hedging activity, changes in the fair value of this instrument were recognized in the consolidated statements of activities and changes in net assets. The cash flow effects of the Swap arrangement are included in interest expense on the consolidated statements of activities and changes in net assets.

NOTE H – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions of $1,500,000 as of December 31, 2020 was restricted for the Greenmount project. The net assets were released during the year ended December 31, 2021. The project is complete and the funds have been spent. Net asset with donor restrictions of $520,833 as of December 31, 2022 is restricted for the Johnston Square project. This is part of the American Rescue Plan Act (ARPA) funding disclosed in Note Q.

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 EBH3 as of December 31, 2022 and EBH2 and EBH3 as of December 31, 2021. In total, the outstanding debt owed to TD Bank was $4,612,793 and $9,825,694 as of December 31, 2022 and 2021, respectively.

NOTE J – LIQUIDITY

The Company's financial assets available within one year of the consolidated statements of financial position date for general expenditures are as follows as of December 31:

	2022	2021
Cash	$ 10,637,818	$ 4,377,736
Accounts receivable, net	169,754	119,436
Grants and contributions receivable	66,222	44,233
Total	$ 10,873,794	$ 4,541,405

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.

The Company refinanced notes payable for EBH1 and EBH2 during the year ended December 31, 2022. The intent of the EBH structure was to sell some of these units and refinance 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. In 2021, the Company sold its development rights to properties in Mt Holly, New Jersey for $822,000 per the Mount Holly Settlement Agreement. In addition, Mount Holly paid $150,000 of the Self-Help Venture Debt ($400,000) and negotiated for the balance of the loan and accrued interest (totaling $433,950) to be forgiven in the form of a grant back to RBMI to be used to increase affordability for the individual homeowners in the Mt Holly project. In 2018, RBMI sold its development rights in Jersey City which included a $542,000 payment in February 2020 and additional payments equal to 25% of the project's $3,038,000 developer fee to be paid out of the project's permanent financing proceeds and/or project cash flow. Collectively, the New Jersey projects are anticipated to generate approximately $1,600,000 from fees/sale proceeds and $433,950 in debt assignments. In 2021, the company realized $822,000 in sale proceeds and $433,950 in debt assignments and anticipates future fees of $759,000 from the Jersey City project. There was no activity on this project in 2022.

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, 2022:

	Program	General and Administrative	Fundraising	Total
Bad debt expense	$ 155,916	$ -	$ -	$ 155,916
Consultants	407,264	71,870	-	479,134
Depreciation expense	1,636,771	86,146	-	1,722,917
Donations	-	149,523	-	149,523
Forgiveness of loan	2,190	-	-	2,190
Insurance	179,943	132,715	-	312,658
Interest expense	1,162,375	-	-	1,162,375
Legal and professional fees	258,785	30,555	-	289,340
Management fee	63,362	-	-	63,362
Miscellaneous expenses	-	114,512	-	114,512
Occupancy and facility costs	194,386	27,364	10,524	232,274
Office expense	159,631	14,319	5,507	179,457
Other rental expenses	22,527	-	-	22,527
Program expense	499,717	-	-	499,717
Rental taxes	193,142	-	-	193,142
Rental utilities	505,124	-	-	505,124
Repairs and maintenance	558,394	-	-	558,394
Salaries and related expenses	1,518,460	52,307	91,141	1,661,908
Staff expenses	8,673	32,522	2,167	43,362
	$ 7,526,660	$ 711,833	$ 109,339	$ 8,347,832

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, 2021:

	Program	General and Administrative	Fundraising	Total
Bad debt expense	$ 222,558	$ -	$ -	$ 222,558
Consultants	129,092	22,781	-	151,873
Depreciation expense	1,680,565	88,451	-	1,769,016
Donations	-	35,500	-	35,500
Forgiveness of loan	2,190	-	-	2,190
Insurance	157,175	74,347	-	231,522
Interest expense	979,229	-	-	979,229
Legal and professional fees	186,106	20,917	-	207,023
Management fee	62,672	-	-	62,672
Miscellaneous expenses	-	17,664	-	17,664
Occupancy and facility costs	170,885	22,727	8,741	202,353
Office expense	108,998	12,395	4,767	126,160
Other rental expenses	14,991	-	-	14,991
Program expense	434,211	-	-	434,211
Rental taxes	158,167	-	-	158,167
Rental utilities	282,026	-	-	282,026
Repairs and maintenance	324,156	-	-	324,156
Salaries and related expenses	1,332,508	185,179	84,328	1,602,015
Staff expenses	2,683	10,058	670	13,411
	$ 6,248,212	$ 490,019	$ 98,506	$ 6,836,737

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

The following table provides a reconciliation of amounts reported within the consolidated statements of financial position to the total cash, cash equivalents, and restricted cash as reported in the consolidated statements of cash flows:

	2022	2021
Cash and cash equivalents	$ 10,637,818	$ 4,377,736
Restricted cash	2,968,189	2,091,038
	$ 13,606,007	$ 6,468,774

NOTE M – PUT / CALL OPTION

EBH1 Put/Call Option

During the year ended December 31, 2021, the Managing Member paid to the Investor Member (481 Corp.) $192,470 to exercise the put option described below. 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 the 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 481 Corp.'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 $192,470, being the 481 Corp. PI Capital Contribution, less the actual per annum cash-on-cash return (but not below zero), plus $192,470; 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). During the year ended December 31, 2021, the put option was exercised and EBMMI acquired the member interest of 481 Corp, thereby owning 100% of EBH1.

EBH2 Put/Call Option

During the year ended December 31, 2022, the Managing Member paid to the Investor Member $126,421 to exercise the put option described below. 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 was 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 481 Corp.'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. During the current year, the put option was exercised and EBMMII acquired the member interest of 481 Corp. thereby owning 100% of EBH2.

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) 481 Corp.'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, (d) plus $236,310, and (e) plus an amount equal to any state and/or federal tax liability that would be imposed on 481 Corp. 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 years ended December 31, 2022 and 2021, $33,763 and $33,073, respectively, was charged to operations.

Pursuant to the company incentive management agreement, Buford is to pay the Agent 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 each of the years ended December 31, 2022 and 2021, $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 years ended December 31, 2022 and 2021, total expenditures were $114,177 and $110,720, respectively.

NOTE O – MEMBERS EQUITY AND CASH FLOW DISTRIBUTION

EBH3, Buford, and Members all had non-controlling interests in 2022. EBH2, EBH3, Buford, and Members all had non-controlling interests in 2021. Managing and 481 Corp.'s 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 $697,223 and $602,777 has been assigned to home buyers, cumulatively as of December 31, 2022 and 2021, 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.

NOTE Q – COMMITMENTS AND CONTINGENCIES – Continued

Certain properties owned by subsidiaries are eligible for investment tax credits for qualifying rehabilitation expenditures pursuant to Section 47 of the 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.

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.

In November 2022, the Company was awarded $2,000,000 in ARPA funding for the Johnson Square project through December 31, 2024. As of December 31, 2022, no funds have been expended but $520,833 was advanced and included in restricted grants and contributions on the consolidated statements of activities and changes in net assets. See also Note H.

NOTE R – FAIR VALUE MEASUREMENTS

FASB, *Fair Value Measurements and Disclosures* topic establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Company has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Derivative financial instrument: Valued is based on quotes from an investment broker. The Company's interest rate swap is a pay-fixed, receive-variable interest rate swap based on SOFR swap rate.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Company believes the valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The derivative financial instrument is classified as level two within the fair value hierarchy.

SUPPLEMENTAL INFORMATION

REBUILD METRO, INC. AND SUBSIDIARIES
CONSOLIDATING SCHEDULES OF FINANCIAL POSITION
December 31, 2022

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	$ 702,570	$ 1,244,534	$ 122	$ 194,170	$ 134,099	$ 156,237	$ 151,091	$ -	$ 8,054,995	$ -	$ 10,637,818
Accounts receivable, net of allowance	7,000	57,918	-	18,900	48,110	37,836	(10)	-	-	-	169,754
Accounts receivable (payable) - related parties, net of allowance	15,281,502	(8,061,504)	(1,928,220)	(883,240)	(992,234)	(2,520,706)	40,247	-	603,423	(1,539,268)	-
Interest receivable - related parties	74,173	3,684,534	-	-	27,379	-	-	-	-	(3,786,086)	-
Grants and contributions receivable	66,222	-	-	-	-	-	-	-	-	-	66,222
Prepaid expenses	226,062	23,755	-	15,738	6,343	4,937	22,431	-	8,221	-	307,487
Other current assets	-	-	29,499	-	-	-	-	-	-	-	29,499
Total current assets	16,357,529	(3,050,763)	(1,898,599)	(654,432)	(776,303)	(2,321,696)	213,759	-	8,666,639	(5,325,354)	11,210,780
PROPERTY AND EQUIPMENT											
Office equipment, net of accumulated depreciation	328	-	-	-	-	-	-	-	-	-	328
Rental property, net of accumulated depreciation	-	5,643,449	-	3,640,480	5,281,964	11,610,558	4,331,398	-	-	1,134,390	31,642,239
Total property and equipment, net	328	5,643,449	-	3,640,480	5,281,964	11,610,558	4,331,398	-	-	1,134,390	31,642,567
OTHER ASSETS											
Loans receivable, net of allowance	1,100,000	-	-	13,140	-	-	-	-	2,700,000	-	3,813,140
Loans receivable - related parties	6,301,098	14,673,939	-	-	196,000	-	-	-	-	(21,171,037)	-
Investment in subsidiaries	(12,483,456)	-	-	-	-	-	-	-	-	12,483,456	-
Property held for development or sale	-	2,867,104	17,389	-	-	-	-	-	-	(1,284,352)	1,600,141
Restricted cash	1,765,119	348,972	-	3,000	92,168	293,127	465,803	-	-	-	2,968,189
Derivative financial instrument	-	-	-	-	-	168,173	-	-	-	-	168,173
Other non-current assets	-	-	-	-	-	-	4,116	-	-	-	4,116
Total other assets	(3,317,239)	17,890,015	17,389	16,140	288,168	461,300	469,919	-	2,700,000	(9,971,933)	8,553,759
TOTAL ASSETS	$ 13,040,618	$ 20,482,701	$ (1,881,210)	$ 3,002,188	$ 4,793,829	$ 9,750,162	$ 5,015,076	$ -	$ 11,366,639	$ (14,162,897)	$ 51,407,106

See independent auditors' report.

REBUILD METRO, INC. AND SUBSIDIARIES
CONSOLIDATING SCHEDULES OF FINANCIAL POSITION - Continued
December 31, 2022

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	$ 535,167	$ 504,173	$ 177,039	$ 10,279	$ 23,402	$ 15,967	$ 54,080	$ -	$ 14,656	$ -	$ 1,334,763
Accrued interest payable, current	-	-	-	8,040	13,974	-	-	-	-	-	22,014
Current maturities of loans payable	-	4,459,711	-	616,198	81,413	985,186	12,535	-	-	-	6,155,043
Prepaid rent	-	20,140	-	18,930	53,885	31,098	-	-	-	-	124,053
Total current liabilities	535,167	4,984,024	177,039	653,447	172,674	1,032,251	66,615	-	14,656	-	7,635,873
NON-CURRENT LIABILITIES											
Escrow payable and due to third parties	87,250	68,169	-	34,280	20,491	44,845	11,602	-	-	-	266,637
Accrued interest payable	10,000	545,168	-	-	112,076	106,044	176,025	-	118,033	-	1,067,346
Accrued interest payable - related parties	-	1,983,901	-	1,385,310	267,758	149,117	-	-	-	(3,786,086)	-
Deferred revenue, net	-	1,423,349	-	50,176	36,562	-	-	-	-	-	1,510,087
Deferred revenue, net - related parties	877,097	220,783	-	1,119,012	303,359	1,391,208	-	-	-	(3,911,459)	-
Loans payable, net	3,100,000	9,775,039	-	2,629,376	3,541,186	4,576,394	2,612,796	-	9,574,600	-	35,809,391
Loans payable - related parties	-	10,932,116	-	3,411,717	1,862,133	2,415,000	-	-	2,700,000	(21,320,966)	-
Total non-current liabilities	4,074,347	24,948,525	-	8,629,871	6,143,565	8,682,608	2,800,423	-	12,392,633	(29,018,511)	38,653,461
Total liabilities	4,609,514	29,932,549	177,039	9,283,318	6,316,239	9,714,859	2,867,038	-	12,407,289	(29,018,511)	46,289,334
NET ASSETS											
Net assets without donor restrictions											
Controlling interest	7,910,271	(9,449,848)	(2,058,249)	(6,281,130)	(1,522,410)	(517,952)	65,184	-	(1,040,650)	14,855,614	1,960,830
Non-controlling interest	-	-	-	-	-	553,255	2,082,854	-	-	-	2,636,109
Total net assets without donor restrictions	7,910,271	(9,449,848)	(2,058,249)	(6,281,130)	(1,522,410)	35,303	2,148,038	-	(1,040,650)	14,855,614	4,596,939
Net assets with donor restrictions	520,833	-	-	-	-	-	-	-	-	-	520,833
Total net assets	8,431,104	(9,449,848)	(2,058,249)	(6,281,130)	(1,522,410)	35,303	2,148,038	-	(1,040,650)	14,855,614	5,117,772
TOTAL LIABILITIES AND NET ASSETS	$ 13,040,618	$ 20,482,701	$ (1,881,210)	$ 3,002,188	$ 4,793,829	$ 9,750,162	$ 5,015,076	$ -	$ 11,366,639	$ (14,162,897)	$ 51,407,106

See independent auditors' report.

REBUILD METRO, INC. AND SUBSIDIARIES
CONSOLIDATING SCHEDULES OF FINANCIAL POSITION - Continued
December 31, 2021

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	$ 321,657	$ -	$ 720	$ 162,123	$ 206,732	$ 142,447	$ 155,965	$ -	$ 3,388,092	$ -	$ 4,377,736
Accounts receivable, net of allowance	1,500	56,390	-	24,841	24,223	12,465	17	-	-	-	119,436
Accounts receivable (payable) - related parties, net of allowance	13,080,228	(6,141,286)	(1,946,166)	(867,546)	(922,381)	(2,407,028)	17,342	227,151	(529,690)	(510,624)	-
Interest receivable - related parties	74,173	3,265,609	-	-	23,459	-	-	-	-	(3,363,241)	-
Grants and contributions receivable	44,233	-	-	-	-	-	-	-	-	-	44,233
Prepaid expenses	249,085	69,786	-	15,138	6,549	4,416	24,047	-	12,486	-	381,507
Other current assets	-	-	29,499	-	-	-	-	-	-	-	29,499
Total current assets	13,770,876	(2,749,501)	(1,915,947)	(665,444)	(661,418)	(2,247,700)	197,371	227,151	2,870,888	(3,873,865)	4,952,411
PROPERTY AND EQUIPMENT											
Office equipment, net of accumulated depreciation	328	-	-	-	-	-	-	-	-	-	328
Rental property, net of accumulated depreciation	-	6,551,780	-	7,044,832	6,505,328	12,448,001	4,567,369	-	-	(3,851,819)	33,265,491
Total property and equipment, net	328	6,551,780	-	7,044,832	6,505,328	12,448,001	4,567,369	-	-	(3,851,819)	33,265,819
OTHER ASSETS											
Loans receivable, net of allowance	1,100,000	-	-	15,330	-	-	-	-	2,700,000	-	3,815,330
Loans receivable - related parties	6,301,098	14,410,606	-	-	196,000	-	-	-	-	(20,907,704)	-
Investment in subsidiaries	(10,788,230)	-	-	-	-	-	-	-	-	10,788,230	-
Property held for development or sale	-	1,954,620	18,300	-	-	-	-	-	-	(1,228,498)	744,422
Restricted cash	835,739	260,776	-	-	269,077	276,378	449,068	-	-	-	2,091,038
Other non-current assets	-	-	-	-	-	-	4,116	-	-	-	4,116
Total other assets	(2,551,393)	16,626,002	18,300	15,330	465,077	276,378	453,184	-	2,700,000	(11,347,972)	6,654,906
TOTAL ASSETS	$ 11,219,811	$ 20,428,281	$ (1,897,647)	$ 6,394,718	$ 6,308,987	$ 10,476,679	$ 5,217,924	$ 227,151	$ 5,570,888	$ (19,073,656)	$ 44,873,136

See independent auditors' report.

REBUILD METRO, INC. AND SUBSIDIARIES
CONSOLIDATING SCHEDULES OF FINANCIAL POSITION - Continued
December 31, 2021

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	$ 184,380	$ 387,901	$ 179,339	$ 13,192	$ 10,972	$ 4,935	$ 48,971	$ -	$ 3,269	$ -	$ 832,959
Accrued interest payable, current	-	34,826	-	8,040	13,974	5,783	13,498	-	-	-	76,121
Current maturities of loans payable	-	86,315	-	1,050,928	3,049,802	2,077,904	-	-	-	-	6,264,949
Prepaid rent	-	9,226	-	1,749	13,308	6,863	-	-	-	-	31,146
Total current liabilities	184,380	518,268	179,339	1,073,909	3,088,056	2,095,485	62,469	-	3,269	-	7,205,175
NON-CURRENT LIABILITIES											
Escrow payable and due to third parties	87,250	71,408	-	44,820	24,463	41,114	11,711	-	-	-	280,766
Accrued interest payable	10,000	305,776	-	-	107,050	69,962	146,726	-	-	-	639,514
Accrued interest payable - related parties	-	1,791,381	-	1,231,783	230,515	110,017	-	-	-	(3,363,696)	-
Deferred revenue, net	-	1,513,779	-	52,901	36,562	-	-	-	-	-	1,603,242
Deferred revenue, net - related parties	877,097	233,510	-	1,219,012	358,915	1,391,208	-	-	-	(4,079,742)	-
Loans payable, net	3,100,000	12,963,384	-	2,256,547	963,560	3,545,077	2,662,534	-	3,927,800	-	29,418,902
Loans payable - related parties	-	10,518,355	-	3,411,717	1,862,133	2,415,000	-	-	2,700,000	(20,907,205)	-
Total non-current liabilities	4,074,347	27,397,593	-	8,216,780	3,583,198	7,572,378	2,820,971	-	6,627,800	(28,350,643)	31,942,424
Total liabilities	4,258,727	27,915,861	179,339	9,290,689	6,671,254	9,667,863	2,883,440	-	6,631,069	(28,350,643)	39,147,599
NET ASSETS											
Net assets without donor restrictions											
Controlling interest	6,961,084	(7,487,580)	(2,076,986)	(2,895,971)	(341,976)	(252,144)	39,768	227,151	(1,060,181)	9,276,987	2,390,152
Non-controlling interest	-	-	-	-	(20,291)	1,060,960	2,294,716	-	-	-	3,335,385
Total net assets without donor restrictions	6,961,084	(7,487,580)	(2,076,986)	(2,895,971)	(362,267)	808,816	2,334,484	227,151	(1,060,181)	9,276,987	5,725,537
TOTAL LIABILITIES AND NET ASSETS	$ 11,219,811	$ 20,428,281	$ (1,897,647)	$ 6,394,718	$ 6,308,987	$ 10,476,679	$ 5,217,924	$ 227,151	$ 5,570,888	$ (19,073,656)	$ 44,873,136

See independent auditors' report.

REBUILD METRO, INC. AND SUBSIDIARIES
CONSOLIDATING SCHEDULES OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended December 31, 2022

	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
RENTAL REVENUE											
Rental income											
Gross potential rent	$ -	$ 692,255	$ -	$ 209,475	$ 396,935	$ 529,805	$ 460,355	$ -	$ -	$ -	$ 2,288,825
Vacancies	-	(34,624)	-	(36,700)	(13,600)	(34,350)	(4,598)	-	-	-	(123,872)
Other rental income	-	61,791	-	43,979	31,184	42,009	11,901	-	22,580	-	213,444
Master lease rent - related parties	-	-	-	281,856	375,027	373,272	-	-	-	(1,030,155)	-
Net rental income	-	719,422	-	498,610	789,546	910,736	467,658	-	22,580	(1,030,155)	2,378,397
Rental expenses											
Bad debt expense	-	68,503	-	24,570	22,123	38,546	2,174	-	-	-	155,916
Insurance	-	44,573	-	31,607	29,175	34,848	16,319	-	-	-	156,522
Legal and professional fees	-	5,750	-	1,425	1,315	1,571	1,158	-	-	-	11,219
Management fee	-	-	-	-	-	-	63,362	-	-	-	63,362
Master lease - related parties	-	-	-	281,856	375,027	373,272	-	-	-	(1,030,155)	-
Office expense	-	4,183	-	20,686	2,008	18,785	36,422	-	-	-	82,084
Other rental expenses	-	8,268	-	5,196	4,312	4,094	657	-	-	-	22,527
Rental interest expense	-	207,392	-	105,257	45,901	206,333	50,069	-	-	-	614,952
Rental interest expense - related parties	-	89,065	-	99,508	43,449	45,617	-	-	-	(277,639)	-
Repairs and maintenance	-	189,105	-	146,528	52,265	109,918	60,578	-	-	-	558,394
Salaries and related expenses	-	87,658	-	62,201	57,363	68,620	109,775	-	-	-	385,617
Taxes - other	-	116,665	-	30,934	11,411	9,300	24,832	-	-	-	193,142
Utilities	-	173,618	-	72,592	98,329	116,043	44,542	-	-	-	505,124
Total rental expenses	-	994,780	-	882,360	742,678	1,026,947	409,888	-	-	(1,307,794)	2,748,859
Net operating rental (loss) income	-	(275,358)	-	(383,750)	46,868	(116,211)	57,770	-	22,580	277,639	(370,462)
SALES											
Gross sales	-	1,496,112	-	689,900	399,900	-	-	-	-	-	2,585,912
Cost of goods sold	-	(1,541,056)	(427)	(733,612)	(433,947)	-	-	-	-	-	(2,709,042)
Predevelopment costs - related party	-	(121,942)	-	-	-	-	-	-	-	-	(121,942)
Warranty costs	(50)	(16,351)	(295)	-	(918)	-	-	-	-	-	(17,614)
Net loss from sales	(50)	(183,237)	(722)	(43,712)	(34,965)	-	-	-	-	-	(262,686)
Net sales and construction income (loss)	$ (50)	$ (183,237)	$ 19,778	$ (43,712)	$ (34,965)	$ -	$ -	$ -	$ -	$ -	$ (242,186)

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, 2022

	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
OTHER REVENUE AND SUPPORT											
Developer fee income	$ 373,639	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 373,639
Developer fee income - related parties	240,000	-	-	-	-	-	-	-	-	(240,000)	-
(Losses) earnings from subsidiary	(1,695,228)	(927,011)	-	(2,393,319)	(499,196)	(204,566)	(249)	-	-	5,719,569	-
Grants and contributions	4,965,310	-	-	-	-	-	-	-	25,000	-	4,990,310
Management fee income - related parties	210,000	-	-	-	8,000	-	77,363	-	-	(295,363)	-
Other income (loss)	281,034	98,282	-	116,557	19,301	22,429	-	(227,151)	66,086	(227,151)	149,387
Other income - related parties	-	12,727	-	-	-	-	-	-	-	(12,727)	-
Total other revenue and support	4,374,755	(816,002)	-	(2,276,762)	(471,895)	(182,137)	77,114	(227,151)	91,086	4,944,328	5,513,336
PROGRAM AND GENERAL EXPENSES											
Bad debt expense - related parties	-	-	-	-	-	-	-	-	-	-	-
Consultants	479,134	-	-	-	-	-	-	-	-	-	479,134
Insurance	120,269	35,867	-	-	-	-	-	-	-	-	156,136
Legal and professional fees	145,341	34,866	30	31,713	33,837	26,593	431	-	5,310	-	278,121
Management fee - related parties	-	210,000	-	-	8,000	-	77,363	-	-	(295,363)	-
Master lease	8,449	-	-	2,190	-	9,329	-	-	-	-	19,968
Miscellaneous expenses	147,840	(2,272)	-	57,061	46,584	(178)	-	-	15,000	-	264,035
Occupancy and facility cost	145,326	57,850	703	3,635	1,212	1,212	606	-	1,762	-	212,306
Office expense	38,484	9,497	308	523	6,039	31,049	11,472	-	1	-	97,373
Program expense	499,717	-	-	-	-	-	-	-	-	-	499,717
Salaries and related expenses	1,276,291	-	-	-	-	-	-	-	-	-	1,276,291
Staff expenses	43,362	-	-	-	-	-	-	-	-	-	43,362
Total program and general expenses	2,904,213	345,808	1,041	95,122	95,672	68,005	89,872	-	22,073	(295,363)	3,326,443
Net operating income (loss)	1,470,492	(1,620,405)	18,737	(2,799,346)	(555,664)	(366,353)	45,012	(227,151)	91,593	5,517,330	1,574,245
OTHER INCOME (EXPENSE)											
Interest income	-	33	-	-	17	160	-	-	48,558	-	48,768
Interest income - related parties	-	431,804	-	-	3,920	-	-	-	24,131	(459,855)	-
Interest expense	(472)	(221,369)	-	(74,555)	(106,276)	-	-	-	(144,751)	-	(547,423)
Interest expense - related parties	-	(116,788)	-	(79,607)	-	-	-	-	-	196,395	-
Forgiveness of loan receivable	-	-	-	(2,190)	-	-	-	-	-	-	(2,190)
Unrealized gain on derivative financial instrument	-	-	-	-	-	168,173	-	-	-	-	168,173
Depreciation expense	-	(372,387)	-	(346,514)	(257,530)	(515,028)	(231,458)	-	-	-	(1,722,917)
Depreciation expense - related parties	-	(63,156)	-	(82,947)	(118,189)	(60,465)	-	-	-	324,757	-
Other (expense) income, net	(472)	(341,863)	-	(585,813)	(478,058)	(407,160)	(231,458)	-	(72,062)	61,297	(2,055,589)
NET INCOME (LOSS)	1,470,020	(1,962,268)	18,737	(3,385,159)	(1,033,722)	(773,513)	(186,446)	(227,151)	19,531	5,578,627	(481,344)
NET ASSETS - Beginning of year	6,961,084	(7,487,580)	(2,076,986)	(2,895,971)	(362,267)	808,816	2,334,484	227,151	(1,060,181)	9,276,987	5,725,537
Distributions to members	-	-	-	-	(126,421)	-	-	-	-	-	(126,421)
Contributions from members	-	-	-	-	-	-	-	-	-	-	-
NET ASSETS - End of year	$ 8,431,104	$ (9,449,848)	$ (2,058,249)	$ (6,281,130)	$ (1,522,410)	$ 35,303	$ 2,148,038	$ -	$ (1,040,650)	$ 14,855,614	$ 5,117,772

See independent auditors' report.

REBUILD METRO, INC. AND SUBSIDIARIES
CONSOLIDATING SCHEDULES OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended December 31, 2021

	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
RENTAL REVENUE											
Rental income											
Gross potential rent	$ -	$ 673,583	$ -	$ 525,979	$ 407,722	$ 528,980	$ 450,631	$ -	$ -	$ -	$ 2,586,895
Vacancies	-	(25,900)	-	(7,400)	(4,794)	(17,700)	(5,495)	-	-	-	(61,289)
Other rental income	-	105,915	-	43,352	58,661	45,529	8,068	-	22,580	-	284,105
Master lease rent - related parties	-	-	-	403,848	327,628	363,749	-	-	-	(1,095,225)	-
Net rental income	-	753,598	-	965,779	789,217	920,558	453,204	-	22,580	(1,095,225)	2,809,711
Rental expenses											
Bad debt expense (recovery)	-	106,938	-	51,034	45,467	19,303	(184)	-	-	-	222,558
Consultants	-	-	-	-	-	-	120	-	-	-	120
Insurance	-	40,306	-	28,631	26,382	33,210	15,525	-	-	-	144,054
Legal and professional fees	-	-	-	-	-	276	-	-	-	-	276
Management fee	-	-	-	-	-	-	62,672	-	-	-	62,672
Master lease - related parties	-	-	-	403,848	327,628	363,749	-	-	-	(1,095,225)	-
Office expense	-	4,128	-	935	947	514	28,390	-	-	-	34,914
Other rental expenses	-	4,859	-	4,587	2,427	2,835	283	-	-	-	14,991
Rental interest expense	-	212,227	-	112,646	124,063	203,023	53,381	-	-	-	705,340
Rental interest expense - related parties	-	75,732	-	99,508	43,449	45,617	-	-	-	(264,306)	-
Repairs and maintenance	405	136,874	-	59,470	34,245	45,081	48,081	-	-	-	324,156
Salaries and related expenses	-	96,677	-	68,570	63,274	75,620	105,241	-	-	-	409,382
Taxes - other	-	87,142	-	30,916	12,056	3,038	25,015	-	-	-	158,167
Utilities	-	103,431	-	54,856	23,358	57,445	42,936	-	-	-	282,026
Total rental expenses	405	868,314	-	915,001	703,296	849,711	381,460	-	-	(1,359,531)	2,358,656
Net operating rental (loss) income	(405)	(114,716)	-	50,778	85,921	70,847	71,744	-	22,580	264,306	451,055
SALES											
Gross sales	-	-	-	462,400	-	-	-	-	-	-	462,400
Cost of goods sold	-	-	-	(443,927)	-	-	-	(119,642)	-	-	(563,569)
Warranty costs	-	-	(29,653)	-	-	-	-	(50)	(55,465)	-	(85,168)
Net (loss) income from sales	-	-	(29,653)	18,473	-	-	-	(119,692)	(55,465)	-	(186,337)
Net sales and construction (loss) income	$ -	$ -	$ (29,653)	$ 18,473	$ -	$ -	$ -	$ (119,692)	$ (55,465)	$ -	$ (186,337)

See independent auditors' report.

	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
OTHER REVENUE AND SUPPORT											
Developer fee income	$ 321,679	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 321,679
(Loss) earnings from subsidiary	(821,371)	(570,133)	-	(123,606)	(79,821)	(37,301)	23,585	-	-	1,608,647	-
Grants and contributions	1,400,086	-	-	-	-	-	-	-	-	-	1,400,086
Settlement income	-	-	-	-	-	-	-	822,000	-	-	822,000
Management fee income - related parties	810,000	-	-	-	8,000	-	77,363	-	-	(895,363)	-
Forgiveness of PPP loan	284,828	-	-	-	-	-	-	-	-	-	284,828
Forgiveness of debt	387,106	-	-	-	-	-	-	-	-	-	387,106
Other income (loss)	24,712	93,056	-	17,431	63,024	16,415	-	-	66,631	-	281,269
Other income - related parties	-	12,727	-	-	-	-	-	-	-	(12,727)	-
Total other revenue and support	2,407,040	(464,350)	-	(106,175)	(8,797)	(20,886)	100,948	822,000	66,631	700,557	3,496,968
PROGRAM AND GENERAL EXPENSES											
Bad debt expense - related parties	66,290	-	-	-	-	-	-	-	-	(66,290)	-
Consultants	151,753	-	-	-	-	-	-	-	-	-	151,753
Insurance	73,974	13,494	-	-	-	-	-	-	-	-	87,468
Legal and professional fees	94,317	19,971	99	22,969	23,850	24,100	700	15,036	5,705	-	206,747
Management fee - related parties	-	210,000	600,000	-	8,000	-	77,363	-	-	(895,363)	-
Miscellaneous expenses	38,251	5,196	-	3,372	3,167	3,178	-	-	-	-	53,164
Occupancy and facility cost	127,582	68,286	300	669	1,262	2,754	900	-	600	-	202,353
Office expense	26,095	7,592	333	2,331	9,116	33,948	11,516	315	-	-	91,246
Program expense	434,211	-	-	-	-	-	-	-	-	-	434,211
Salaries and related expenses	1,192,633	-	-	-	-	-	-	-	-	-	1,192,633
Staff expenses	12,836	575	-	-	-	-	-	-	-	-	13,411
Total program and general expenses	2,217,942	325,114	600,732	29,341	45,395	63,980	90,479	15,351	6,305	(961,653)	2,432,986
Net operating income (loss)	188,693	(904,180)	(630,385)	(66,265)	31,729	(14,019)	82,213	686,957	27,441	1,926,516	1,328,700
OTHER INCOME (EXPENSE)											
Interest income	1,674	62	-	32	27	1,498	-	-	1,987	-	5,280
Interest income - related parties	-	419,620	-	-	3,920	-	-	-	-	(423,540)	-
Interest expense	(1,215)	(208,324)	-	(31,762)	-	-	-	(6,000)	(26,588)	-	(273,889)
Interest expense - related parties	-	(117,937)	-	(79,607)	-	-	-	-	-	197,544	-
Forgiveness of loan receivable	-	-	-	(2,190)	-	-	-	-	-	-	(2,190)
Depreciation expense	(13,622)	(373,646)	-	(369,823)	(265,439)	(515,028)	(231,458)	-	-	-	(1,769,016)
Depreciation expense - related parties	-	(63,539)	-	(86,728)	(122,269)	(60,465)	-	-	-	333,001	-
Other (expense) income, net	(13,163)	(343,764)	-	(570,078)	(383,761)	(573,995)	(231,458)	(6,000)	(24,601)	107,005	(2,039,815)
NET INCOME (LOSS)	175,530	(1,247,944)	(630,385)	(636,343)	(352,032)	(588,014)	(149,245)	680,957	2,840	2,033,521	(711,115)
NET ASSETS - Beginning of year	6,785,554	(6,239,636)	(1,446,601)	(2,259,628)	249,022	1,322,608	2,492,678	(453,806)	(1,063,021)	7,243,466	6,630,636
Distributions to members	-	-	-	-	(259,257)	-	(8,949)	-	-	-	(268,206)
Contributions from members	-	-	-	-	-	74,222	-	-	-	-	74,222
NET ASSETS - End of year	$ 6,961,084	$ (7,487,580)	$ (2,076,986)	$ (2,895,971)	$ (362,267)	$ 808,816	$ 2,334,484	$ 227,151	$ (1,060,181)	$ 9,276,987	$ 5,725,537

See independent auditors' report.

CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

REBUILD METRO, INC. AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2022

EIN: 23-2671667 (ReBuild Metro, Inc.)
EIN: 20-4974859 (ReBuild Metro- Baltimore, LLC)
EIN: 46-5304349 (East Baltimore Historic III, LLC)

Federal Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Program or Award Amount		Federal Disbursements/ Expenditures (Allowable)	
ReBuild Metro, Inc.					
U.S. Department of Housing and Urban Development					
Pass-Through Mayor and City Council of Baltimore					
Community Development Block Grants/Entitlement Grants Cluster					
Community Development Block Grant Program	14.218	2,000,000	*	2,000,000	**
ReBuild Metro- Baltimore, LLC					
U.S. Department of Housing and Urban Development					
Pass-Through Mayor and City Council of Baltimore					
HOME Investment Partnerships Program *					
HOME Loan	14.239	$ 813,000		697,223	**
East Baltimore Historic III, LLC					
U.S. Department of Housing and Urban Development					
Pass-Through Mayor and City Council of Baltimore					
HOME Investment Partnerships Program *					
HOME Loan	14.239	$ 550,000		550,000	**
Total Federal Awards				$ 3,247,223	

* Major Program
** Represents the outstanding loans payable balance as of January 1, 2022 plus amounts received in 2022

See Notes to Consolidated Schedule of Expenditures of Federal Awards.

NOTE A – BASIS OF PRESENTATION

The accompanying consolidated schedule of expenditures of federal awards includes the federal grant activity of ReBuild Metro, Inc. and Subsidiaries and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of the Federal Regulations Part 200, *Uniform Guidance Administrative Requirements, Cost Principles, and Audit Requirements for Federal and Non-Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from the amounts presented in, or used in the presentation of, the basic consolidated financial statements.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. The Company did not elect to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE C – LOANS PAYABLE BALANCES

The accompanying consolidated schedule of expenditures of federal awards shows the balances as of January 1, 2022 plus amounts received during 2022 for the loans payable. The following is a summary of the loan balances as of December 31, 2022:

Federal Program Title	Federal CFDA Number	Amounts
Community Development Block Grants	14.218	$ 2,000,000
HOME Investment Partnerships Program	14.239	1,247,223
		$ 3,247,223

GSG Gorfine Schiller Gardyn
Certified Public Accountants and Consultants

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated financial statements of ReBuild Metro, Inc. and Subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2022, and the related consolidated statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the consolidated financial statements and have issued our report thereon dated June 8, 2023.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered ReBuild Metro, Inc. and Subsidiaries' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of ReBuild Metro, Inc. and Subsidiaries' internal control. Accordingly, we do not express an opinion on the effectiveness of ReBuild Metro, Inc. and Subsidiaries' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether ReBuild Metro, Inc. and Subsidiaries' consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance, and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Gorfine, Schiller + Gardyn, P.A.

June 8, 2023
Owings Mills, Maryland

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited ReBuild Metro, Inc. and Subsidiaries' compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of ReBuild Metro, Inc. and Subsidiaries' major federal programs for the year ended December 31, 2022. ReBuild Metro, Inc. and Subsidiaries' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of ReBuild Metro, Inc. and Subsidiaries' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about ReBuild Metro, Inc. and Subsidiaries' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of ReBuild Metro, Inc. and Subsidiaries' compliance.

Opinion on Each Major Federal Program

In our opinion, ReBuild Metro, Inc. and Subsidiaries complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Report on Internal Control over Compliance

Management of ReBuild Metro, Inc. and Subsidiaries is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered ReBuild Metro, Inc. and Subsidiaries' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of ReBuild Metro, Inc. and Subsidiaries' internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Gorfine, Schiller + Gardyn, P.A.

June 8, 2023
Owings Mills, Maryland

REBUILD METRO, INC. AND SUBSIDIARIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2022

Summary of Auditors' Results

Financial Statements:

Type of auditors' report issued:	Unmodified			
Internal control over financial reporting:				
Material weakness(es) identified?		Yes	X	No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?		Yes	X	No
Noncompliance material to financial statements noted?		Yes	X	No

Federal Awards:

Internal control over major programs:				
Material weakness(es) identified?		Yes	X	No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?		Yes	X	No
Type of auditors' report issued on compliance for major federal programs:	Unmodified			
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?		Yes	X	No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
14.218	*CDBG Entitlement Grants Cluster*

Dollar threshold used to distinguish between type A and type B programs:	$750,000			
Auditee qualified as low-risk auditee?	X	Yes		No

A. FINDINGS – FINANCIAL STATEMENTS AUDIT

No Findings.

B. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

No Findings.