

COMMUNITY RENEWAL TEAM, INC. AND AFFILIATES
Combined Financial Statements and Supplemental Schedules
and
Report of Independent Certified Public Accountants

December 31, 2023 and 2022



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COMMUNITY RENEWAL TEAM, INC. AND AFFILIATES
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Community Renewal Team, Inc.
Hartford, Connecticut

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying combined financial statements of Community Renewal Team, Inc. and Affiliates (a nonprofit organization), which comprise the combined statements of financial position as of December 31, 2023 and 2022, and the related combined statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Community Renewal Team, Inc. and Affiliates as of December 31, 2023 and 2022, 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 audit 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 Financial Statements section of our report. We are required to be independent of Community Renewal Team, Inc. and Affiliates and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Community Renewal Team, Inc. and Affiliates' ability to continue as a going concern within one year after the date that the combined financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined 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 and *Government Auditing Standards* 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 financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 Community Renewal Team, Inc. and Affiliates' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Community Renewal Team, Inc. and Affiliates' ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included in Schedule 1 - Statement of Operations - Jackie Schaeffer Apartments, Schedule 2 - Computation of Surplus Cash, Distributions and Residual Receipts - Jackie Schaeffer Apartments, Schedule 3 - Computation of Net Operating Income - Jackie Schaeffer Apartments, Schedule 4 – 3236 South Limited Partnership Statement of Financial Position, Schedule 5 – 3236 South Limited Partnership Statement of Activities, Schedule 6 – Statement of Operations – Wethersfield Commons Apartments are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the 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 January 2, 2025, on our consideration of Community Renewal Team, Inc. and Affiliates' 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 Community Renewal Team, Inc. and Affiliates' 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 Community Renewal Team, Inc. and Affiliates' internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

West Hartford, Connecticut
January 2, 2025

COMMUNITY RENEWAL TEAM, INC. AND AFFILIATES

Combined Statements of Financial Position As of December 31, 2023 and 2022

| | <u>2023</u> | <u>2022</u> |
|---|----------------------|----------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 8,702,358 | \$ 13,341,953 |
| Investments | 5,693,108 | 5,275,987 |
| Grants and contracts receivable, net of expected credit losses of \$76,434 as of December 31, 2023 and 2022 | 5,994,250 | 4,495,275 |
| Other receivables, net of expected credit losses of \$100,577 and 106,672 as of December 31, 2023 and 2022 | 1,368,717 | 797,603 |
| Escrow cash reserves | 15,356 | 13,891 |
| Property and equipment, net | 12,717,376 | 11,774,021 |
| Other assets | 1,214,865 | 1,079,581 |
| Goodwill | <u>1,239,919</u> | <u>1,239,919</u> |
| Total assets | <u>\$ 36,945,949</u> | <u>\$ 38,018,230</u> |
| LIABILITIES AND NET ASSETS | | |
| LIABILITIES | | |
| Accounts payable and accrued expenses | \$ 3,458,839 | \$ 3,669,527 |
| Due to funding sources | 1,564,677 | 1,571,886 |
| Deferred grant and contract revenue | 4,365,777 | 6,820,260 |
| Debt | 727,219 | 727,219 |
| Benefit plans liability | <u>1,133,962</u> | <u>1,021,203</u> |
| Total liabilities | <u>11,250,474</u> | <u>13,810,095</u> |
| NET ASSETS | | |
| Without donor restrictions | 24,706,467 | 23,304,934 |
| With donor restrictions | <u>989,008</u> | <u>903,201</u> |
| Total net assets | <u>25,695,475</u> | <u>24,208,135</u> |
| Total liabilities and net assets | <u>\$ 36,945,949</u> | <u>\$ 38,018,230</u> |

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

COMMUNITY RENEWAL TEAM, INC. AND AFFILIATES

Combined Statements of Activities

For the years ended December 31, 2023 and 2022

| | <u>2023</u> | <u>2022</u> |
|---|----------------------|----------------------|
| Change in Net Assets Without Donor Restrictions | | |
| Support and Revenue | | |
| Grants and contracts | | |
| Federal | \$ 44,120,759 | \$ 43,856,328 |
| State | 5,724,610 | 5,138,175 |
| State - capital projects | 977,125 | 4,053,770 |
| Municipal | 1,080,009 | 626,133 |
| Foundation | 723,476 | - |
| Private weatherization program | 624,961 | 954,595 |
| Contributions | | |
| In-kind | 1,076,431 | 829,451 |
| Fundraising | 174,901 | 226,665 |
| Other revenue | | |
| Education - parent fees and subsidies | 1,013,601 | 960,283 |
| Catering | 259,919 | 255,387 |
| Elderly nutrition meal subsidies | 388,001 | 383,275 |
| Clinical service patient fees | 1,275,818 | 1,260,488 |
| Child and adult care food program subsidies (CACFP) | 58,844 | 75,103 |
| Housing services | 2,405,841 | 2,210,080 |
| Rent income | 186,266 | 86,328 |
| Interest and investment earnings (losses) | 350,739 | (507,741) |
| Sale of property | 50,000 | 679,093 |
| Other income | 955,453 | 465,851 |
| Net assets released from restriction | - | - |
| Total support and revenue | <u>61,446,754</u> | <u>61,553,264</u> |
| Expenses | | |
| Program | 57,203,915 | 54,938,062 |
| Management and general | 2,680,040 | 2,535,570 |
| Fundraising | 161,266 | 192,624 |
| Total expenses | <u>60,045,221</u> | <u>57,666,256</u> |
| Increase in net assets without donor restrictions | 1,401,533 | 3,887,008 |
| Change in Net Assets With Donor Restrictions | | |
| Interest and investment earnings (losses) | 59,288 | (91,640) |
| Contributions | 26,519 | - |
| Increase (decrease) in net assets with donor restrictions | <u>85,807</u> | <u>(91,640)</u> |
| Net Increase in Net Assets | <u>1,487,340</u> | <u>3,795,368</u> |
| Net Assets, Beginning of Year | <u>24,208,135</u> | <u>20,412,767</u> |
| Net Assets, End of Year | <u>\$ 25,695,475</u> | <u>\$ 24,208,135</u> |

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

COMMUNITY RENEWAL TEAM, INC. AND AFFILIATES

Combined Statement of Functional Expenses For the year ended December 31, 2023

| | Program Services | | | | | | | | Support Services | | | Total | |
|--------------------------------------|---------------------|---------------------------|-------------------------|------------------------------|---------------------|---------------------|--------------------------|----------------------------|------------------------|------------------------|-------------------|---------------------|------------------------|
| | Children Services | Alternative Incarceration | Energy Related Services | Housing and Shelter Services | Nutrition Services | Clinical Services | Other Community Services | Job Training and Placement | Total Program Services | Management and General | Fundraising | | Total Support Services |
| Salaries and benefits | \$ 3,173,105 | \$ 455,383 | \$ 2,476,379 | \$ 5,158,298 | \$ 2,961,227 | \$ 3,033,883 | \$ 1,543,226 | \$ 280,795 | \$ 19,082,296 | \$ 309,018 | \$ 88,376 | \$ 397,394 | \$ 19,479,690 |
| Client assistance | 2,213 | 330,438 | 25,934,667 | 1,586,497 | 195 | 146,476 | 510,993 | 123,557 | 28,635,036 | - | 3,000 | 3,000 | 28,638,036 |
| Materials and supplies | 365,197 | 33,670 | 1,438,111 | 334,047 | 2,039,294 | 194,682 | 32,959 | 6,776 | 4,444,736 | 159,029 | 16,164 | 175,193 | 4,619,929 |
| Contractual services | 43,271 | 12,068 | 1,019,839 | 152,057 | 88,599 | 236,370 | 9,048 | 28,057 | 1,589,309 | 1,036,006 | 3,253 | 1,039,259 | 2,628,568 |
| Occupancy | 488,086 | 15,567 | 244,439 | 710,344 | 254,148 | 100,708 | 271,147 | 52,096 | 2,136,535 | 472,389 | - | 472,389 | 2,608,924 |
| Depreciation | 107,759 | 5,631 | 45,113 | 147,948 | 70,392 | 25,020 | 22,279 | 19,788 | 443,930 | 242,918 | - | 242,918 | 686,848 |
| Other expenses | 32,484 | 12,901 | 19,756 | 50,775 | 25,594 | 123,577 | 12,502 | 17,017 | 294,606 | 383,301 | 50,473 | 433,774 | 728,380 |
| Transportation and fleet maintenance | 2,601 | 10,540 | 18,657 | 25,920 | 293,705 | 20,100 | 52,477 | 938 | 424,938 | 77,379 | - | 77,379 | 502,317 |
| Delegate agencies | - | - | - | - | - | 107,006 | - | - | 107,006 | - | - | - | 107,006 |
| Interest expense | - | - | - | 45,523 | - | - | - | - | 45,523 | - | - | - | 45,523 |
| Total | \$ 4,214,716 | \$ 876,198 | \$ 31,196,961 | \$ 8,211,409 | \$ 5,733,154 | \$ 3,987,822 | \$ 2,454,631 | \$ 529,024 | \$ 57,203,915 | \$ 2,680,040 | \$ 161,266 | \$ 2,841,306 | \$ 60,045,221 |

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

COMMUNITY RENEWAL TEAM, INC. AND AFFILIATES

Combined Statement of Functional Expenses For the year ended December 31, 2022

| | Program Services | | | | | | | | Support Services | | | Total | |
|--------------------------------------|---------------------|---------------------------|-------------------------|------------------------------|---------------------|---------------------|--------------------------|----------------------------|------------------------|------------------------|-------------------|---------------------|------------------------|
| | Children Services | Alternative Incarceration | Energy Related Services | Housing and Shelter Services | Nutrition Services | Clinical Services | Other Community Services | Job Training and Placement | Total Program Services | Management and General | Fundraising | | Total Support Services |
| Salaries and benefits | \$ 2,707,013 | \$ 455,385 | \$ 2,324,092 | \$ 5,049,582 | \$ 2,788,009 | \$ 2,482,727 | \$ 1,949,797 | \$ 411,923 | \$ 18,168,528 | \$ 487,354 | \$ 129,179 | \$ 616,533 | \$ 18,785,061 |
| Client assistance | 2,625 | 250,677 | 23,935,187 | 1,624,112 | - | 48,818 | 1,442,557 | 146,778 | 27,450,754 | 20,045 | 10,341 | 30,386 | 27,481,140 |
| Materials and supplies | 159,116 | 27,213 | 1,546,163 | 198,095 | 2,257,311 | 203,558 | 69,785 | 10,210 | 4,471,451 | 340,982 | 12,796 | 353,778 | 4,825,229 |
| Contractual services | 38,743 | 12,818 | 1,245,467 | 98,737 | 20,924 | 228,071 | 18,817 | 71,532 | 1,735,109 | 535,687 | 1,862 | 537,549 | 2,272,658 |
| Occupancy | 363,632 | 15,586 | 233,470 | 618,705 | 224,885 | 71,685 | 228,617 | 62,955 | 1,819,535 | 557,734 | - | 557,734 | 2,377,269 |
| Depreciation and amortization | 102,283 | 4,416 | 56,217 | 146,046 | 72,741 | 26,764 | 22,946 | 23,491 | 454,904 | 252,531 | - | 252,531 | 707,435 |
| Other expenses | 46,408 | 7,289 | 9,880 | 47,210 | 25,420 | 33,205 | 53,201 | 7,922 | 230,535 | 299,528 | 38,446 | 337,974 | 568,509 |
| Transportation and fleet maintenance | 266 | 46,795 | 19,082 | 26,656 | 324,448 | 77,503 | 43,948 | 7,431 | 546,129 | 41,709 | - | 41,709 | 587,838 |
| Delegate Expenses | - | - | - | - | - | - | 15,077 | - | 15,077 | - | - | - | 15,077 |
| Interest expense | - | - | - | 46,040 | - | - | - | - | 46,040 | - | - | - | 46,040 |
| Total | <u>\$ 3,420,086</u> | <u>\$ 820,179</u> | <u>\$ 29,369,558</u> | <u>\$ 7,855,183</u> | <u>\$ 5,713,738</u> | <u>\$ 3,172,331</u> | <u>\$ 3,844,745</u> | <u>\$ 742,242</u> | <u>\$ 54,938,062</u> | <u>\$ 2,535,570</u> | <u>\$ 192,624</u> | <u>\$ 2,728,194</u> | <u>\$ 57,666,256</u> |

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

COMMUNITY RENEWAL TEAM, INC. AND AFFILIATES
COMBINED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2023 and 2022

| | <u>2023</u> | <u>2022</u> |
|---|---------------------|----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ 1,487,340 | \$ 3,795,368 |
| Adjustments to reconcile the change in net assets to net cash provided by operating activities | | |
| Depreciation, amortization and noncash interest expense | 686,847 | 705,222 |
| Loss on disposition of property and equipment | - | 167,070 |
| Bad debt expense | 197,410 | 60,641 |
| Reinvested investment (income) loss | (390,602) | 616,550 |
| Changes in operating assets and liabilities | | |
| (Increase) decrease in | | |
| Grants and contracts receivable | (1,696,385) | (1,076,253) |
| Other receivables | (571,114) | (128,708) |
| Escrow cash reserves | (1,465) | (1,268) |
| Other assets | (108,750) | (94,599) |
| Increase (decrease) in | | |
| Accounts payable and accrued expenses | (210,688) | 1,167,761 |
| Due to funding sources | (7,209) | 77,228 |
| Deferred grant and contract revenue | (2,454,483) | (740,365) |
| Benefit plans liability | 112,759 | (90,687) |
| Net cash (used in) provided by operating activities | <u>(2,956,340)</u> | <u>4,457,960</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchases of investments - deferred compensation plan | (26,534) | (24,285) |
| Purchases of investments | (26,519) | - |
| Purchases of property and equipment | <u>(1,630,202)</u> | <u>(4,356,286)</u> |
| Net cash used in investing activities | <u>(1,683,255)</u> | <u>(4,380,571)</u> |
| Net increase in cash and cash equivalents | (4,639,595) | 77,389 |
| Cash and cash equivalents, beginning of year | <u>13,341,953</u> | <u>13,264,564</u> |
| Cash and cash equivalents, end of year | <u>\$ 8,702,358</u> | <u>\$ 13,341,953</u> |
| Supplemental disclosure of cash flow information: | | |
| Cash payments for interest | - | - |

COMMUNITY RENEWAL TEAM, INC. AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The accompanying combined financial statements of the Community Renewal Team, Inc. and Affiliates ("CRT") include the accounts of the Community Renewal Team, Inc., The Meadows Real Estate Management and Development Corporation ("Meadows"), ComSouth Corporation ("ComSouth"), 32-36 South Green, LLC ("South Green"), the Retreat G.P. Corporation ("Retreat"), Clark Street Grandfamilies Associates, Inc. ("Generations"), Veterans Landing Corporation ("Veterans") and SEA Park Street, LLC ("Sea Park"). Management of CRT created South Green in 2020, to assume the partnership interest previously held by the limited partners of 3236 South Limited Partnership. South Green has been set up as a sole member LLC entity. Community Renewal Team, Inc. and Meadows are controlled by the same Board of Trustees. ComSouth, Retreat and Veterans are wholly owned subsidiaries of Community Renewal Team, Inc. Community Renewal Team, Inc., is the sole member of Sea Park. All interorganization transactions and balances have been eliminated in the accompanying combined financial statements.

Community Renewal Team, Inc., is a community action program agency that was organized as a nonprofit, nonstock corporation in 1963 for the purpose of serving the greater Hartford community through a variety of social programs including supportive housing, fuel assistance, early care and education, elderly nutrition, daycare, job training and placement, alternative incarceration, behavioral health and various others. Support and revenue consists of federal, state, local government and foundation grants and contracts, individual, corporate and foundation contributions and participant fees received in the operation of certain programs.

Meadows was organized as a nonprofit, nonstock corporation for the purpose of providing affordable housing to low income residents of the greater Hartford community. Coventry Place, Inc. ("Coventry Place"), an affiliate of Meadows, was organized as a nonprofit, nonstock corporation to provide elderly or disabled persons with housing facilities and services specially designed to meet their physical, social and psychological needs and to promote their health, security, happiness and usefulness in longer living. The charges for such facilities and services to be predicated upon the provision, maintenance and operation thereof on a nonprofit basis. Since no economic interest exists between Meadows and Coventry Place, the financial statements of Coventry Place are not combined with those of Meadows. Generations was organized as a for-profit corporation to provide housing for grandparents raising their grandchildren in a positive healthy environment. Generations was organized for the purpose of being the general partner of 35 Clark Street Limited Partnership and holds a 0.01% interest in this Partnership accounted for under the equity method of accounting which totaled approximately \$600 and \$700 at December 31, 2023 and 2022. This Partnership is a Connecticut partnership organized to purchase and operate an apartment complex of 40 units located in Hartford, Connecticut, and qualifies for the low income tax credit established by the Tax Reform Act of 1986. Meadows received management fees of approximately \$26,000 and \$25,000 from 35 Clark Street Limited Partnership during the years ended December 31, 2023 and 2022. The Board of Directors of Coventry Place and Generations shall, at all times, be limited to individuals who have the approval of the Board of Directors of Meadows. Support and revenue of Meadows consists of government grants, rents and management fees.

ComSouth was organized for the purpose of being the general partner of 3236 South Limited Partnership and held a 0.01% interest in this Partnership. This Partnership is a Connecticut partnership organized to purchase and operate an apartment complex of 12 units located in Hartford, Connecticut. On June 16, 2020, the limited partners transferred their 99.99% interest in 3236 South Limited Partnership to South Green for no consideration. As of December 31, 2023 and 2022, the financial statements of 3236 South Limited Partnership have been consolidated into the combined financial statements of CRT. As a result, of the business combination, goodwill in the amount of \$1,239,919 was recorded for the year ended December 31, 2020. Meadows received management and service fees of approximately \$11,000 and \$9,500 from 3236 South Limited

COMMUNITY RENEWAL TEAM, INC. AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS

Partnership during the years ended December 31, 2023 and 2022. 3236 South Limited Partnership recorded revenues of approximately \$188,000 and \$159,000 as of December 31, 2023 and 2022, and reported assets of approximately \$1,850,000 and \$1,886,000 that have been included in the combined financial statements.

Retreat was organized for the purpose of being the general partner of Hartford Assisted Living Limited Partnership and holds a 0.01% interest in this Partnership accounted for under the equity method of accounting which totaled approximately \$1,100 at December 31, 2023 and 2022. This Partnership is a Connecticut partnership organized to acquire, hold, invest in and operate a 100-unit facility in Hartford, Connecticut, to provide assisted living to the elderly. Meadows received management fees of approximately \$105,000 and \$98,000 from Hartford Assisted Living Limited Partnership during the years ended December 31, 2023 and 2022. This Partnership qualifies for low income tax credits established by the Tax Reform Act of 1986.

Veterans was organized in 2013 for the purpose of being the general partner of Newington Veterans Landing Limited Partnership and holds a 99% interest in this Partnership accounted for under the equity method of accounting which totaled \$-0- at December 31, 2023 and 2022. This Partnership is a Connecticut partnership organized to purchase and operate an apartment complex of 103 units located in Newington, Connecticut. Since the Partnership was established in 2013, the Meadows received management fees of approximately \$-0- from Newington Veterans Landing Limited Partnership during the years ended December 31, 2023 and 2022. This Partnership qualifies for the low income tax credit established by the Tax Reform Act of 1986.

Sea Park was organized on March 2, 2001 as a Connecticut limited liability company for the purpose of acquiring property at 1921 Park Street, Hartford, Connecticut.

Adoption of New Accounting Standards

CRT adopted FASB ASU 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, as amended, which modifies the measurement of expected credit losses. CRT adopted this new guidance utilizing the modified retrospective transition method. The adoption of this Standard did not have a material impact on CRT's combined financial statements.

Use of Estimates

The preparation of combined financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates and assumptions that affect the reported amounts and disclosures in the combined financial statements. Actual results could differ from those estimates.

Net Asset Categories

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of CRT and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions represent resources relating to membership and other activities that are not subject to donor-imposed restrictions, or for which restrictions have expired. In December 2022, CRT's Board of Trustees set up a board designation of \$846,163 for future facility improvements. This balance is comprised of the cash proceeds received from the sale of CRT's property in Middletown, Connecticut.

COMMUNITY RENEWAL TEAM, INC. AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS

Net Assets With Donor Restrictions

Net asset with donor restrictions represent resources that are restricted as to time and/or purpose by donors or grantors. Such net assets are reclassified to net assets without donor restrictions and are reported in the combined statement of activities as net assets released from restrictions in the period in which the requirements are met. During 2023, CRT received donor restricted contributions of \$26,519 for veterans services. CRT did not receive any donor restricted contributions in 2022. During the years ending December 31, 2023 and 2022, CRT did not incur qualifying expenditures for veterans service or women's empowerment services, therefore there were no net assets with donor restrictions released from restriction. CRT had net assets with donor restrictions for veterans services in the amount of \$695,889 and \$626,603 and women's empowerment services of \$293,119 and \$276,598, as of December 31, 2023 and 2022.

Support and Revenue

Pledges and Contributions, Including Governmental Grants and Contracts

In accordance with ASU 2018-08, certain governmental grants and contracts received by a not-for-profit, including certain awards to fund capital expenditures, are generally considered to be contributions rather than exchange transactions since there is no commensurate value transferred between the resource provider and the organization. Promises to give that are subject to donor-imposed conditions (i.e., a donor stipulation that includes a barrier that must be overcome and a right of return of assets) are recognized when the conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional. Unconditional contributions are recognized when promised or received, as applicable, and are considered to be available for unrestricted use unless specifically restricted by the donor.

CRT reports contributions of cash and other assets as donor-restricted support if they are received with donor stipulations that limit their use. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying combined statements of activities as net assets released from restrictions. Contributions received whose restrictions are met in the same period are presented as net assets without donor restrictions. Transfers of assets from a resource provider received before the barriers are overcome are reported as deferred revenue on the accompanying combined statements of financial position.

Conditional government grants and contracts not recognized as revenue as of December 31, 2023 and 2022 totaled \$27,996,867 and \$40,308,822, respectively. Government grants and contracts are conditioned on incurring qualified program expenses.

Recognition of Support and Revenue

Net Patient Fees, Program Fees and Subsidies

CRT recognizes revenue at an amount that reflects the consideration to which CRT expects to be entitled in exchange for transferring goods or services to its customers using the following five-step process:

1. Identify the contract(s) with the customer
2. Identify the performance obligation(s) in the contract
3. Determine the transaction price
4. Allocate the transaction price to performance obligations in the contract
5. Recognize revenue when (or as) CRT satisfies a performance obligation

COMMUNITY RENEWAL TEAM, INC. AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS

See Note 2 for details on how the above five-step process is applied to CRT's contracts with customers.

Donated Assets

Donated assets, including the usage of assets such as rent, are recognized at their estimated fair market value. CRT reports gifts of land, buildings, and equipment as contributions without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as donor-restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, CRT reports expirations of donor restrictions in full when the donated or acquired long-lived assets are placed in service.

Donated Services

CRT recognizes donated services if they create or enhance nonfinancial assets or require specialized skills and would typically be purchased if not provided by donation. General volunteer services do not meet this criteria for recognition in the combined financial statements. However, a substantial number of volunteers have donated significant amounts of time to CRT's programs.

Cash Equivalents

CRT considers all highly liquid investments with an original maturity of three months or less to be cash equivalents, exclusive of escrow cash reserves (Note 4).

Investment Valuation and Income Recognition

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 6 for a discussion of fair value measurements.

Purchases and sales of securities are recorded on the trade date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Realized and unrealized gains include CRT's gains and losses on investments bought and sold as well as held during the year.

The Board of Trustees determines CRT's valuation policies and procedures utilizing information provided by investment managers.

Property and Equipment

Property and equipment acquisitions and improvements thereon that individually exceed \$5,000 are capitalized at cost and depreciated on a straight-line basis over their estimated service lives ranging from 3 to 40 years. Leasehold improvements exceeding \$5,000 are capitalized at cost and amortized over the life of the asset or the remaining lease term (including extensions), whichever is shorter. Maintenance and repairs are charged to expense as incurred.

Funding sources retain a reversionary right to property acquired with grant funds. However CRT has not received any requests from funding sources that would require disposition of such property utilized for particular programs in accordance with applicable grant requirements.

Goodwill

Goodwill arises from business combinations and is generally determined as the excess of the fair value of the consideration transferred over the fair value of the net assets acquired and liabilities assumed as of the acquisition date. Goodwill acquired in a purchase business combination and determined to have an indefinite useful life is not amortized, but tested for impairment at least

COMMUNITY RENEWAL TEAM, INC. AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS

annually or more frequently if events and circumstances exist that indicate that a goodwill impairment test should be performed. CRT has selected December 31 as the date to perform the annual impairment test.

Income Taxes

CRT and Meadows are not-for-profit organizations described in Section 501(c)(3) of the Internal Revenue Code, as amended (the "Code"), and are generally exempt from income taxes pursuant to Section 501(a) of the Code.

Sea Park, as a single member limited liability company, reports all of its taxable income or loss directly through and fully consolidated with CRT.

ComSouth, South Green, Retreat, Generations and Veterans are taxable subsidiaries of CRT, filing their own tax returns. The income tax consequences from Sea Park, ComSouth, Retreat, Generations and Veterans, if any, are reflected in the combined financial statements and do not have a material effect, individually or in the aggregate, upon CRT's combined financial statements.

CRT and its affiliates are required to assess uncertain tax positions and have determined that there were no such positions that are material to the combined financial statements.

Leases

CRT leases certain office equipment and determines if the arrangement is a lease at inception.

ROU assets represent CRT's right to use an underlying asset for the lease term and lease liabilities represent CRT's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As most leases do not provide an implicit rate, CRT uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that CRT will exercise that option. Lease expenses for lease payments is recognized on a straight-line basis over the lease term.

Due to the immateriality of leases as of the date of adoption, CRT has elected to recognize the payments as incurred and these leases are not included as lease liabilities or right of use assets on the combined statements of financial position.

Expenses by Function

The cost of providing the various programs and supporting services have been summarized on a functional basis in the combined statements of functional expenses. Certain categories or expenses that are attributable to more than one program or supporting function require allocation on a reasonable basis that is consistently applied and determined by management. The expenses that are allocated based upon time and effort include salaries and benefits and transportation and fleet maintenance. The expenses related to materials and supplies, occupancy, and depreciation and amortization are allocated based upon square footage.

2. REVENUES FROM CONTRACTS WITH CUSTOMERS

Education Parent Fees and Subsidies

CRT enters into written contracts with the parents or guardian seeking to enroll their child into CRT's Early Care and Education programs. Contracts are created for each child that is enrolled in order to secure their place in the program. At contract inception, CRT assesses the services promised in its contracts with each parent or guardian and identifies a performance obligation for each promise to

COMMUNITY RENEWAL TEAM, INC. AND AFFILIATES NOTES TO COMBINED FINANCIAL STATEMENTS

transfer to the parent or guardian a service. To identify the performance obligations, CRT considers all of the services promised in the contract regardless of whether they are explicitly stated or implied by customary business practices. CRT satisfies its performance obligations for programs at the point in time when the program is held.

Parent fees and subsidies are paid on a routine basis for the duration that the child remains enrolled in CRT's program.

A full refund will be issued for withdrawals only if payment for a future week's enrollment is made and the child is withdrawn prior to the start of the week that was paid for prior to withdrawal.

CRT recognized revenue for parent fees and subsidies over time of \$1,013,601 and \$960,283 for the years ended December 31, 2023 and 2022.

Catering and CACFP Subsidies

CRT's catering and CACFP subsidies are comprised of meal delivery services to homebound senior citizens and to child care centers in the region. Depending on which program the individual or entity is looking to enroll into, CRT will either enter into a written contract with the individual or entity or is provided with a referral form from the Connecticut Department of Social Services that authorizes the service to commence. At contract inception, CRT assesses the services promised in its contracts with each individual or entity and identifies a performance obligation for each promise to transfer to the individual or entity a service. To identify the performance obligations, CRT considers all of the services promised in the contract regardless of whether they are explicitly stated or implied by customary business practices. CRT satisfies its performance obligations at the point in time when the service is provided to the individual or entity.

The catering fees and CACFP subsidies are paid upon the completion of the service that is provided during the duration of the contract period. Refunds are not allowed as the payments are received after the service has been provided. CRT recognized catering billings of \$259,919 and \$255,387 and CACFP subsidies of \$58,844 and \$75,103 for the years ended December 31, 2023 and 2022.

Clinical Service Patient Fees

CRT enters into contracts with each individual that is provided a behavioral health service. Contracts are created at the time the individual schedules their appointment. At contract inception, CRT assesses the services promised in its contracts with the individuals and identifies a performance obligation for each promise to transfer to the individual a service. To identify the performance obligations, CRT considers all of the services promised in the contract regardless of whether they are explicitly stated or implied customary business practices. CRT satisfies its performance obligations at the point in time when the service is provided to the individual.

The clinical service patient fees are paid upon the completion of the service that is provided. Refunds are not allowed as the payments are received after the service has been provided. CRT recognized clinical service patient fees of \$1,275,818 and \$1,260,488 for the years ended December 31, 2023 and 2022.

Housing Services

CRT provides maintenance, management and administrative services to certain entities that own housing facilities that provide housing to low income individuals. The payment terms and conditions vary by entity based on the individual contract. At contract inception, CRT assesses the services promised in its contracts with the entity and identifies performance obligations for each promise to transfer to the customer a service that is distinct. To identify the performance obligations, CRT considers all of the services promised in the contract regardless of whether they are explicitly stated

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or implied by customary business practices. CRT satisfies its performance obligations at the point in time when the service is provided to the entity.

Housing services are paid upon completion of the service that is provided. Refunds are not allowed as the payments are received after the service has been provided. CRT recognized housing service revenues of \$2,405,841 and \$2,210,080 for the years ended December 31, 2023 and 2022.

The opening and closing balances of CRT program fees accounts receivable are as follows:

| | Program Fees Receivables Balances |
|-----------------------------|--|
| Opening (January 1, 2022) | \$ 1,068,663 |
| Closing (December 31, 2022) | 1,397,892 |
| Increase | <u>329,229</u> |
| Opening (January 1, 2023) | 1,397,892 |
| Closing (December 31, 2023) | 2,015,020 |
| Increase | <u>617,128</u> |

As of December 31, 2023 and 2022, CRT did not have any refundable advances.

3. LIQUIDITY AND AVAILABILITY

CRT's financial assets available within one year of the combined statement of financial position for general expenditure are as follows as of December 31, 2023 and 2022:

| | <u>2023</u> | <u>2022</u> |
|---|----------------------|----------------------|
| Cash and cash equivalents | \$ 8,702,358 | \$ 13,301,953 |
| Investments | 4,744,100 | 4,412,786 |
| Grants and contracts receivable to be collected during the year | 5,994,250 | 4,495,275 |
| Other receivables to be collected during the year | <u>1,368,717</u> | <u>797,603</u> |
| | <u>\$ 20,809,425</u> | <u>\$ 23,007,617</u> |

As part of its liquidity management, CRT structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, CRT invests cash in excess of daily requirements in short-term investments. To help manage unanticipated liquidity needs, CRT has available a line of credit in the amount of \$5,000,000, which it could draw upon. For the year ended December 31, 2022, CRT's Board of Trustees has designated \$846,163 for future facility improvements. These funds remain available and may be spent at the discretion of the Board. There were no additional board designated net assets as of December 31, 2023.

4. CONCENTRATIONS

Concentrations of Credit Risk

CRT's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents, escrow cash reserves, investments, grants and contracts receivable and other receivables.

COMMUNITY RENEWAL TEAM, INC. AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS

- Cash and cash equivalents - CRT places its cash in highly rated financial institutions, which are periodically reviewed by senior management for financial stability. Generally CRT's cash and cash equivalents in interest-bearing accounts exceeds financial depository insurance limits. However, CRT has not experienced any losses in such accounts and believes that its cash is not exposed to significant credit risk.
- Escrow cash reserves - Escrow cash reserves are items required by the State of Connecticut (Note 5), and rental security deposit agreements and are uninsured.
- Investments - Management considers investments in equity securities and mutual funds to be sufficiently diversified to minimize individual investment and industry concentration risks. However, all investments are subject to the risks of the securities market as a whole.
- Grants and contracts receivable and other receivables - Receivables consist primarily of amounts due under grants and contracts with a variety of federal, state and local governments and other miscellaneous receivables. Receivables from six funding agencies comprised approximately 76% and 68% of CRT's total receivables as of December 31, 2023 and 2022. Receivables are considered delinquent and written off when all attempts to collect from payor have been exhausted. Management uses historical loss information based on the aging of receivables as the basis to determine expected credit losses and believes that the composition of receivables at year-end is consistent with historical conditions as credit terms and practices and the customer base has not changed significantly. Future conditions also do not show significant changes expected to impact the collectability of receivables. Management has estimated allowance for credit losses in the amount of \$177,000 and \$183,000 as of December 31, 2023 and 2022.

Support and Revenue Concentrations

CRT receives a significant part of its grants and contracts from the U.S. Department of Health and Human Services and the State of Connecticut. As with all governmental funding, these grants and contracts are subject to reduction or termination in future years. Any significant reduction in these grants and contracts could have a negative impact on CRT's program services.

Unionized Labor Concentrations

CRT's Early Childhood Education (ECE) union contract was effective through June 30, 2018 and is currently under negotiation. As of December 31, 2023, approximately thirteen percent of CRT employees were working under this union contract.

CRT's Nutrition Department union contract is effective through December 31, 2023. As of December 31, 2023, approximately six percent of CRT's employees were working under this union contract.

5. ESCROW CASH RESERVES

For certain state grant programs, the state established special bank accounts into which the state deposits grant proceeds. Disbursements from these accounts are restricted to allowable grant expenditures.

6. FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, as of the measurement date. Authoritative guidance establishes a hierarchy of valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions other market participants would use based upon market

COMMUNITY RENEWAL TEAM, INC. AND AFFILIATES

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data obtained from independent sources (also referred to as observable inputs). The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1), and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the asset or liability fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the asset or liability.

The following summarizes the fair value hierarchy:

- Level 1 - These are assets or liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that CRT has the ability to access.
- Level 2 - These are assets or liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the assets or liabilities such as interest rates and yield curves that are observable at commonly quoted intervals.
- Level 3 - These are assets or liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect assumptions of management about assumptions market participants would use in pricing the assets or liabilities. Valuation techniques based on unobservable inputs are highly subjective and require judgments regarding significant matters such as the amount and timing of future cash flows and the selection of discount rates that may appropriately reflect market and credit risks. Changes in these judgments often have a material impact on the fair value estimates. In addition, since these estimates are as of a specific point in time, they are susceptible to material near-term changes.

COMMUNITY RENEWAL TEAM, INC. AND AFFILIATES

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The fair value measurements of CRT's investments that are reported at fair value in the accompanying combined statements of financial position as of December 31, 2023 and 2022 were as follows:

| | <u>2023</u> <u>Level 1</u> | <u>2022</u> <u>Level 1</u> |
|--------------------------|-------------------------------|-------------------------------|
| Equity securities | \$ 342,758 | \$ 283,701 |
| U.S. Treasury Bills | 553,717 | - |
| Mutual funds | 4,236,651 | 3,935,195 |
| Municipal Securities | <u>48,515</u> | <u>47,410</u> |
| | 5,181,641 | 4,266,306 |
| Certificates of deposit* | <u>511,467</u> | <u>1,009,681</u> |
| | <u>\$ 5,693,108</u> | <u>\$ 5,275,987</u> |

* CRT's certificates of deposit do not qualify as securities as defined by ASC 320, *Investments - Debt and Equity Securities* and, as such, have not been categorized in the fair value hierarchy.

7. NET INVESTMENT INCOME

Net investment income is comprised of the following for the years ended December 31, 2023 and 2022:

| | <u>2023</u> | <u>2022</u> |
|--------------------------------|-------------------|---------------------|
| Interest and dividends | \$ 213,846 | \$ 174,099 |
| Investment gains (losses), net | <u>196,181</u> | <u>(681,840)</u> |
| | <u>\$ 410,027</u> | <u>\$ (507,741)</u> |

COMMUNITY RENEWAL TEAM, INC. AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS

8. PROPERTY AND EQUIPMENT

A summary of property and equipment is as follows:

| | <u>2023</u> | <u>2022</u> |
|--------------------------------|----------------------|----------------------|
| Buildings and improvements | \$ 23,650,359 | \$ 23,052,599 |
| Transportation equipment | 1,777,121 | 1,689,664 |
| Computer equipment | 404,559 | 404,559 |
| Furniture | 207,246 | 181,823 |
| Land and improvements | 934,283 | 934,283 |
| Construction In Progress | 5,033,243 | 4,168,927 |
| Other equipment | <u>558,547</u> | <u>503,300</u> |
| | 32,565,358 | 30,935,155 |
| Less: Accumulated depreciation | <u>19,847,982</u> | <u>19,161,134</u> |
| | <u>\$ 12,717,376</u> | <u>\$ 11,774,021</u> |

9. DEBT

Mortgage Payable

In connection with the assignment of partnership interest in 3236 South Limited Partnership on June 16, 2020, CRT is responsible for the following mortgage payables:

| | <u>2023</u> | <u>2022</u> |
|---|-------------------|-------------------|
| State of Connecticut Department of Economic and Community Development for \$735,000 | \$ 735,000 | \$ 735,000 |
| Less: deferred loan financing costs | <u>7,781</u> | <u>7,781</u> |
| Net mortgage payable | <u>\$ 727,219</u> | <u>\$ 727,219</u> |

The mortgage has a maturity date of March 2031 and does not required principal or interest payments to be made until the maturity date. The mortgage has an interest rate of 5.72% over the term of the loan and for the years ended December 31, 2023 and 2022, incurred interest expense of \$50,265 and \$47,738. The mortgage is secured by assets of CRT.

Line of Credit

CRT entered into a revolving line of credit on May 14, 2015, with a bank with an interest rate of LIBOR plus 1.5% (5.83% as of December 31, 2022). On January 18, 2023, CRT entered into a modification agreement that replaces the interest rate of LIBOR plus 1.5% to an interest rate of SOFR (Secured Overnight Financing Rate) plus 1.5% (6.84% as of December 31, 2023). This modification is effective February 1, 2023. The line of credit allows borrowings up to \$5,000,000 and matures on August 31, 2025. Certain property is pledged as collateral for the line of credit. As of December 31, 2023 and 2022, CRT had no borrowings on the line of credit.

COMMUNITY RENEWAL TEAM, INC. AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS

10. DEFERRED GRANT AND CONTRACT REVENUE

Deferred grant and contract revenue will be recognized within one year upon incurring expenditures or achieving performance goals in the following areas:

| | <u>2023</u> | <u>2022</u> |
|------------------------------|---------------------|---------------------|
| Energy services | \$ 2,242,248 | \$ 5,550,659 |
| Children services | 807,149 | 373,324 |
| Community services | 320,307 | 350,822 |
| Clinical services | 146,665 | 216,769 |
| Nutrition services | 685,932 | 86,119 |
| Job training services | 540 | 540 |
| Housing and shelter services | <u>162,936</u> | <u>242,027</u> |
| | <u>\$ 4,365,777</u> | <u>\$ 6,820,260</u> |

11. IN-KIND CONTRIBUTIONS

For the years ended December 31, 2023 and 2022, contributed nonfinancial assets recognized within the statements of activities included:

| | <u>2023</u> | <u>2022</u> |
|-------------------|---------------------|-------------------|
| Delivery services | \$ 582,188 | \$ 419,010 |
| Housing services | 323,647 | 323,636 |
| Office space | 142,300 | 62,211 |
| Travel | <u>28,296</u> | <u>24,594</u> |
| | <u>\$ 1,076,431</u> | <u>\$ 829,451</u> |

CRT recognized contributed nonfinancial assets within revenue, including services, office space, travel, and food. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

Contributed delivery services were utilized by the elderly nutrition program. Contributed housing services were utilized by the HUD housing program. The contributed delivery services and contributed housing services are valued and are reported at the estimated fair value in the combined financials based on current rates for similar related services.

The contributed office space was utilized by the retired senior volunteer program (RSVP) for program staff to work from. The office space is located in Bloomfield, Connecticut and the value of the space utilized has been determined by utilizing occupancy costs provided by the landlord and allocating based on the utilized square footage compared to the total square footage of the building.

Contributed travel was utilized for the RSVP program for program volunteers providing rides for clients in need. Contributed travel is valued and reported based on IRS mileage reimbursement rates.

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12. OPERATING LEASES

CRT leases office space and various facilities throughout the central Connecticut area to conduct their programs. CRT's leases as of December 31, 2023 and 2022 are not material to the combined financial statements and therefore, ASC 842 has not been applied to the existing leases.

13. EMPLOYEE BENEFIT PLANS

CRT has agreements in place to provide and maintain a deferred compensation plan, pension and postemployment health care benefit plan, and a defined contribution plan for current and former employees.

Deferred Compensation Plan

CRT's deferred compensation plan is intended to comply with all of the requirements for an eligible deferred compensation plan sponsored by a tax-exempt CRT under Section 457(b) of the Code and the regulations thereunder. The plan is also intended to qualify as a "top-hat plan" maintained for a select group of CRT's management or highly compensated employees pursuant to Sections 201(2), 301(a)(3) and 401(a)(1) of the Employee Retirement Income Security Act of 1974 ("ERISA"). The purpose of the plan is to enable an eligible employee who is so designated by CRT's Board of Trustees to enhance his or her retirement security by permitting such eligible employee to enter into an agreement with CRT to defer a portion of his or her compensation and receive benefits at retirement, death or in the event of financial hardship due to unforeseeable emergencies. The plan also allows for the possibility of employer discretionary contributions to be made to the plan on behalf of certain designated eligible employees. Participation in this plan shall not be construed to establish or create an employment contract between any eligible employee and CRT. CRT may but shall not be obligated to make a contribution to the plan in the form of an employer contribution to a participant's employer contribution account on behalf of any one or more participants, in an amount or amounts determined by CRT's Board of Trustees in its sole and absolute discretion; except to the extent the amount is specified in a written employment agreement between CRT and a participant. Such employer contributions, if any, shall be subject to certain Internal Revenue Service ("IRS") limits and may be made in different amounts for different participants. CRT has a fully funded accrued liability for its deferred compensation plan totaling approximately \$859,000 and \$738,000 at December 31, 2023 and 2022. Assets are included in other assets in the combined statements of financial position at December 31, 2023 and 2022. Employer contributions totaled approximately \$27,000 and \$24,000 for the years ended December 31, 2023 and 2022.

Postemployment Health Care Benefit Plan

During 2012, the postemployment health care benefit plan was amended. This amendment did not have a significant impact on CRT. Management's estimate of the accumulated benefit obligation was based on the IRS 417(e) group mortality table. CRT's unfunded post employment health care plan totaled approximately \$307,000 as of December 31, 2019. Estimated future annual benefit payments expected beginning January 1, 2013 to continue through 2024 for the postemployment health care benefit plan is estimated to be approximately \$6,000. For the years ended December 31, 2023 and 2022, the expense for this plan consisted of net periodic benefit costs of approximately \$7,300 and \$7,000. The discount rate used to determine the benefit obligation for the pension plan and postemployment health care plan at December 31, 2023 and 2022 was 3.50% and the health care cost trend rate was 3.5% for the postemployment health care plan. CRT does not anticipate contributing any amounts to the postemployment health care plan during 2024.

Defined Contribution Plan

CRT maintains a defined contribution Section 401(k) employee benefit plan in which all permanent employees are eligible to participate after having completed one year of service. Employee contributions under the plan are determined by the participating employees, subject to certain IRS

COMMUNITY RENEWAL TEAM, INC. AND AFFILIATES NOTES TO COMBINED FINANCIAL STATEMENTS

limitations, and CRT matches employee contributions at a rate of 100%, up to a maximum of 6% of compensation. Employees are always 100% vested in employee salary deferrals. Employees are always 100% vested in the first 4% of employer matching contributions and vest 20% per year in employer matching contributions above 4%. Employer contributions totaled approximately \$292,000 and \$288,000 in 2023 and 2022.

14. RELATED PARTY TRANSACTIONS

The Connecticut Association for Community Action, Inc. ("CAFCA") is a nonprofit, state association. CAFCA's Board of Trustees is composed of the chief executives of Connecticut's community action program agencies, including CRT. CRT has served as a delegate agency to operate certain portions of CAFCA programs in prior years. Grant and contract revenue earned by CRT in the performance of CAFCA programs totaled approximately \$405,000 and \$460,000 for the years ended December 31, 2023 and 2022. Amounts due from CAFCA as of December 31, 2023 and 2022 were approximately \$115,000 and \$100,000.

15. COMMITMENTS AND CONTINGENCIES

Commitments

CRT has an annual renewal employment contract with its President and Chief Executive Officer, which provides for compensation and fringe benefits. Prior to the execution of the employment contract, CRT's Board of Trustees, acting through its Compensation Committee, retained an independent compensation consulting firm that performed a compensation study which considered the intermediate sanctions provisions of the Code. Based on the independent compensation consulting firm's work, a certification was issued to CRT's Board of Trustees indicating that the compensation provided under the employment contract was considered reasonable under IRC 4958. The contract may be terminated by mutual consent at any time, by the President with ninety days written notice or by CRT for cause, as defined.

Legal

CRT is involved in certain legal proceedings and is subject to certain lawsuits and claims in the ordinary course of its business. Although the ultimate effect of these matters is often difficult to predict, management believes that their resolution will not have a material adverse effect on CRT's combined financial statements.

16. SUBSEQUENT EVENTS

In preparing these combined financial statements, management has evaluated subsequent events through January 2, 2025, which represents the date the combined financial statements were available to be issued.

STATEMENT OF OPERATIONS

Connecticut Housing Finance Authority
Asset Management - Multifamily Housing

CHFA Form HM 6-50 (Rev. 12/2017--Effective FYE 12/31/2017)

| | |
|---|------------------------------------|
| Project Name: Jackie Schaeffer Apartments | Fiscal Year-End: December 31, 2023 |
| CHFA Number: 1534AM | Beginning Date: January 1, 2023 |
| HUD Number: N/A | Mortgagor: N/A |

| Part I- P&L | Description of Account | HUD Acct. # | SHP Acct. # | Amount* |
|--|---|--------------|-------------|-------------------|
| Rental Income 5100 | Rent Revenue- Gross Potential (Tenant's Portion) | 5120 | 3100 | \$ 37,279 |
| | Rental Income-Excess of Base | 5120.1 | 3100.1 | \$ - |
| | Tenant Assistance Payments (HAP Receipts) | 5121 | | \$ 96,665 |
| | Tenant Assistance Payments (RAP Receipts) | 5121.1 | 2811 | \$ - |
| | Tenant Assistance Payments (ERAP Receipts) | 5121.2 | | \$ - |
| | Tenant Assistance Payments - Congregate | 5121.3 | | \$ - |
| | Rent Revenue- Stores & Commercial | 5140 | | \$ - |
| | Rent Revenue- Garage & Parking | 5170 | 3300 | \$ - |
| | Flexible Subsidy Revenue | 5180 | | \$ - |
| | Miscellaneous Rent Revenue** | 5190 | 3120 & 3300 | \$ - |
| | Excess Rent | 5191 | 3100.1 | \$ (524) |
| | Excess Utilities | 5191.1 | 3110 | \$ - |
| | Rent Revenue- Insurance | 5192 | | \$ - |
| | Special Claims Revenue | 5193 | 3220 | \$ - |
| | Retained Excess Income | 5194 | | \$ - |
| | Total Rent Revenue (GPI @ 100% Occupancy) | 5100T | | \$ 133,420 |
| Vacancies 5200 | Apartments- Vacancy | 5220 | 3210 | \$ - |
| | Stores & Commercial- Vacancy | 5240 | | \$ - |
| | Rental Concessions | 5250 | | \$ - |
| | Garage & Parking- Vacancy | 5270 | | \$ - |
| | Miscellaneous** (other vacancy) | 5290 | | \$ - |
| | Total Vacancies | 5200T | | \$ - |
| | Net Rental Revenue Rent Revenue Less Vacancy | 5125N | | \$ 133,420 |
| | Elderly & Congregate Service Income (attach schedule) | 5300 | | \$ - |
| Financial Revenue 5400 | Financial Revenue - Project Operations | 5410 | 3610 | \$ - |
| | Revenue from Investments - Residual Receipts | 5430 | | \$ - |
| | Revenue from Investments - Replacement Reserves | 5440 | | \$ - |
| | Revenue from Investments - Miscellaneous ** | 5490 | | \$ - |
| | Total Financial Revenue | 5400T | | \$ - |
| Other Revenue 5900 | Laundry & Vending Revenue | 5910 | 3620 | \$ - |
| | Tenant Charges | 5920 | | \$ - |
| | Sales & Service to Tenants (including Cable TV fees) | 5943 | 3510 | \$ - |
| | Interest Reduction Payments | 5945 | | \$ - |
| | Grant Income - Capital Grant - Unrestricted | 5980 | | \$ - |
| | Grant Income - Capital Grant - Temporarily Restricted | 5981 | | \$ - |
| | Miscellaneous Revenue (Specify) ** | 5990 | 6100 | \$ 13,006 |
| | LEGAL, ACCOUNTS RECEIVABLE RECOVERY | | | |
| | Total Other Revenue | 5900T | | \$ 13,006 |
| | Total Revenue | 5000T | | \$ 146,426 |
| Administrative Expenses 6200/6300 | Conventions & Meetings | 6203 | 4153 | \$ - |
| | Management Consultants | 6204 | | \$ - |
| | Advertising & Marketing | 6210 | | \$ - |
| | Apartment Resale Expenses (Coops) | 6235 | | \$ - |
| | Other Renting Expenses | 6250 | 4152 | \$ - |
| | Office Salaries | 6310 | 4120 | \$ - |
| | Salaries - RSC | 6310.1 | | \$ - |
| | Office Expenses | 6311 | | \$ 1,591 |
| | Office or Model Apartment Rent | 6312 | | \$ - |
| | Compensated Absences - Administrative Salaries | 6313 | 4120.1 | \$ - |
| | Management Fee | 6320 | 4132 | \$ 6,668 |
| | Manager or Superintendent Salaries | 6330 | | \$ 8,784 |
| | Administrative Rent Free Unit | 6331 | | \$ - |
| | Legal Expense (Project) | 6340 | 4130 | \$ 1,643 |
| | Audit Expense | 6350 | | \$ - |
| | Bookkeeping Fees/Accounting Services | 6351 | 4131 | \$ - |
| | Bad Debts | 6370 | 4820 | \$ - |
| | State Service Charge - Administrative | 6380 | 4716 | \$ - |
| Miscellaneous Administrative Expenses ** | 6390 | | \$ 15,603 | |
| | Total Administrative Expenses | 6263T | | \$ 34,289 |

Statement of Operations
Part I- Cont.

| | Description of Account | HUD Acct. # | SHP Acct. # | Amount* | |
|--|---|-------------|-------------|---------|------------|
| Utilities Expenses 6400 | Fuel Oil/ Coal | 6420 | 4340 | \$ | - |
| | Electricity | 6450 | 4320 | \$ | 704 |
| | Water | 6451 | 4310 | \$ | 7,174 |
| | Gas | 6452 | 4330 | \$ | - |
| | Sewer | 6453 | 4360 | \$ | - |
| | Cable Television | 6454 | 4350 | \$ | - |
| | Total Utilities Expense | 6400T | | | |
| Operating & Maintenance Expenses 6500 | Payroll | 6510 | 4410 | \$ | 2,752 |
| | Compensated Absences - Maintenance Wages | 6510.1 | 4410.1 | \$ | - |
| | Supplies | 6515 | 4420 | \$ | 297 |
| | Contracts | 6520 | 4430 | \$ | 20,542 |
| | Operating & Maintenance Rent Free Unit | 6521 | | \$ | - |
| | Garbage & Trash Removal | 6525 | 4710 | \$ | 3,210 |
| | Security Payroll/ Contracts | 6530 | | \$ | - |
| | Security Rent Free Unit | 6531 | | \$ | - |
| | Heating/Cooling Repairs & Maintenance | 6546 | | \$ | - |
| | Snow Removal | 6548 | | \$ | 2,448 |
| | Vehicle & Maintenance Equip. Operation & Repair | 6570 | 4440 | \$ | 105 |
| | Miscellaneous Operating & Maintenance ** | 6590 | 6200 | \$ | 5,294 |
| | Total Operating & Maintenance Expenses | 6500T | | | |
| Taxes & Insurance 6700 | Real Estate Tax | 6710 | 4715 | \$ | 24,538 |
| | Payroll Taxes (project share) | 6711 | 4161 | \$ | 1,108 |
| | Property & Liability Insurance | 6720 | 4711 | \$ | 2,698 |
| | Fidelity Bond Insurance | 6721 | | \$ | - |
| | Workmen's Compensation | 6722 | | \$ | 170 |
| | Health Insurance & Other Employee Benefits | 6723 | 4160 | \$ | 274 |
| | Pension Expense | 6724 | | \$ | 70 |
| | Other Post-Employment Benefits Expense | 6725 | | \$ | - |
| | Misc. Taxes, Licenses, Permits & Insurance ** | 6790 | | \$ | 198 |
| | Total Taxes & Insurance | 6700T | | | |
| Financial Expenses 6800 | Interest on Mortgage Payable | 6820 | 4717 | \$ | - |
| | Interest on Capital Improvement Loan | 6821 | | \$ | - |
| | Interest on Other Mortgages | 6825 | | \$ | - |
| | Interest on Notes Payable (Long Term) | 6830 | | \$ | - |
| | Interest on Notes Payable (Short Term) | 6840 | | \$ | - |
| | Mortgage Insurance Premium/ Services Charges | 6850 | | \$ | - |
| | Miscellaneous Financial Expenses ** | 6890 | | \$ | - |
| | Total Financial Expenses | 6800T | | | |
| | Elderly & Congregate Services Exp. (attach schedule) | 6900 | | \$ | - |
| | Total Cost of Operations before Depreciation & Int. | 6000T | | | \$ 105,871 |
| | Profit (Loss) before Depreciation & Int. | 5060T | | | \$ 40,555 |
| | Depreciation Expenses | 6600 | | \$ | 45,332 |
| | Amortization Expense | 6610 | | \$ | - |
| | Total Depreciation & Amortization Expense | | | | \$ 45,332 |
| | Operating Profit (Loss) after Depreciation & Int. | 5060N | | | \$ (4,777) |
| Entity Expenses 7100 | Officer's Salaries | 7110 | | \$ | - |
| | Legal Expenses | 7120 | | \$ | - |
| | Federal, State, and Other Income Taxes | 7130 | | \$ | - |
| | Interest Income | 7140 | | \$ | - |
| | Interest on Notes Payable | 7141 | | \$ | - |
| | Interest on Mortgage Payable | 7142 | | \$ | - |
| | Other Expenses | 7190 | | \$ | - |
| | Net Entity Expenses | 7100T | | | |
| | Net Profit (Loss) | 3250 | | | \$ (4,777) |

* All amounts must be rounded to the nearest dollar, \$.50 and over, round up, \$.49 and below, round down.

** If miscellaneous or Other Income and Expense Accounts exceed the Account Groupings by 10% or more, attach a separate schedule describing or explaining the Income or Expense.

Statement of Operations
Part II- Principal & Reserve

| | | |
|---|----|---|
| 1 Total principal payments required under the mortgage in the audit year (12 monthly payments). This applies to all direct loans and HUD-held and fully insured mortgages. Any HUD approved second mortgages should be included in the figures. | \$ | - |
| 2 Replacement Reserve deposits required by the Regulatory Agreement or Amendments thereto, even if payments may be temporarily suspended or waived. | \$ | - |
| 3 Replacement or Painting Reserve releases which are included as expense items on the Income Statement. | \$ | - |
| 4 Project Improvement Reserve Releases under the Flexible Subsidy Program that are included as expense items on this Income Statement. | \$ | - |

Part III- Income & Expense Sub-Accounts

| | Description of Account | HUD Acct. # | SHP Acct. # | Amount* | |
|------------------------|---|-------------|-------------|-----------|--|
| Tenant Charges 5920 | NSF & Late Charges | 5915 | | \$ - | |
| | Damages & Cleaning Fees | 5930 | | \$ - | |
| | Forfeited Tenant Security Deposits | 5940 | | \$ - | |
| | Tenant Charges | 5920 | | \$ - | |
| Office 6311 | Office Supplies | 6315 | 4151 | \$ 1,591 | |
| | Telephone and Answering Service | 6360 | | \$ - | |
| | Office Expenses | 6311 | | \$ 1,591 | |
| Payroll 6510 | Janitor and Cleaning Payroll | 6511 | | \$ - | |
| | Grounds Payroll | 6535 | | \$ - | |
| | Repairs Payroll | 6540 | | \$ 2,752 | |
| | Payroll | 6510 | | \$ 2,752 | |
| Supplies 6515 | Janitor and Cleaning Supplies | 6516 | | \$ - | |
| | Exterminating Supplies | 6522 | | \$ - | |
| | Ground Supplies | 6536 | | \$ - | |
| | Repairs Material | 6541 | | \$ 297 | |
| | Decorating Supplies | 6561 | | \$ - | |
| | Supplies | 6515 | 4420 | \$ 297 | |
| Contracts 6520 | Janitor and Cleaning Contracts | 6517 | | \$ - | |
| | Exterminating Contracts | 6519 | | \$ 3,276 | |
| | Grounds Contracts | 6537 | | \$ 3,280 | |
| | Repairs Contracts | 6542 | | \$ 13,986 | |
| | Elevator Maintenance Contract | 6545 | | \$ - | |
| | Swimming Pool Maintenance Contract | 6547 | | \$ - | |
| | Decorating (Painting) Contract/Payroll | 6560 | | \$ - | |
| | Contracts | 6520 | 4430 | \$ 20,542 | |
| Misc. 6790 | Miscellaneous Taxes, Licenses, Permits | 6719 | | \$ - | |
| | Other Insurance | 6729 | | \$ 198 | |
| | Miscellaneous Taxes, Permits & Insurance | 6790 | | \$ 198 | |

*** Owner to specify account numbers if not provided

**COMPUTATION OF SURPLUS CASH,
DISTRIBUTIONS, AND RESIDUAL RECEIPTS**

Connecticut Housing Finance Authority
Asset Management - Multifamily Housing

CHFA Form HM 6-51A (Rev. 12/2014)

| | |
|--|---|
| Project Name: <u>Jackie Schaeffer Apartments</u> | Fiscal Year-End: <u>December 31, 2023</u> |
| CHFA Number: <u>1534AM</u> | Beginning Date: <u>January 1, 2023</u> |
| HUD Number: <u>N/A</u> | Mortgagor: <u>N/A</u> |

Part A - COMPUTE SURPLUS CASH

| | | | |
|------------------------|---|-------------------|--|
| CASH | 1. Cash (Accounts 1110, 1120, 1191, 1192) | \$ 6,973 | |
| | 2. Tenant Subsidy vouchers due for period covered by financial statement | \$ - | |
| | 3. Other (describe) | \$ - | |
| | (A) Total Cash (Add Lines 1, 2, and 3) | \$ 6,973 | |
| CURRENT OBLIGATIONS | 4. Accrued mortgage interest payable | \$ - | |
| | 5. Delinquent mortgage principal payments | \$ - | |
| | 6. Delinquent deposits to reserve for replacements | \$ - | |
| | 7. Accounts payable (due within 30 days) | \$ 2,147 | |
| | 8. Loans and notes payable (due within 30 days, if allowed under CHFA loan documents) | \$ - | |
| | 9. Deficient Tax Insurance or MIP Escrow Deposits | \$ - | |
| | 10. Accrued expenses (not escrowed) | \$ - | |
| | 11. Prepaid Rents (Account 2210) | \$ 34 | |
| | 12. Tenant security deposits liability (Account 2191) | \$ 3,374 | |
| | 13. Other (Describe) | \$ 8,948 | |
| | Due to Community Renewal Team, Inc. | | |
| | (B) Less: Total Current Obligations (Add Lines 4 through 13) | \$ 14,503 | |
| | (C) Surplus Cash (Deficiency)(Line (A) minus Line (B)) | \$ (7,530) | |

Part B - COMPUTE DISTRIBUTIONS TO OWNERS AND REQUIRED DEPOSIT TO RESIDUAL RECEIPTS

| | | | |
|---------------------------------|---|------|------------|
| | 1a. Surplus Cash (From Line (C)) | | \$ (7,530) |
| | 1b. Less: Additional Interest Due CHFA, if applicable | | \$ - |
| | 1c. Surplus Cash Available for Distribution | | \$ (7,530) |
| LIMITED DIVIDEND PROJECTS | 2a. Annual Distribution Earned During Fiscal Period Covered by Statement | \$ - | |
| | 2b. Distribution Accrued and Unpaid as of the End of the Fiscal Period | \$ - | |
| | 2c. Distributions Paid During Fiscal Period Covered by Statement | \$ - | |
| | 3. Amount to be Carried on Balance Sheet as Distribution Earned but Unpaid (Line 2a plus 2b minus 2c) | \$ - | |
| | 4. Amount Available for Distribution During Next Fiscal Period | | \$ - |
| | 5. Deposits Due Residual Receipts (Must be deposited with Mortgagee within 60 days after Fiscal Period ends) | | \$ - |

**COMPUTATION OF
NET OPERATING INCOME**

CHFA Form HM 6-52 (Rev. 12/2014)

| | |
|--|---|
| Project Name: <u>Jackie Schaeffer Apartments</u> | Fiscal Year-End: <u>December 31, 2023</u> |
| CHFA Number: <u>1534AM</u> | Beginning Date: <u>January 1, 2023</u> |
| HUD Number: <u>N/A</u> | Mortgagor: <u>N/A</u> |

Part I - COMPUTE NET OPERATING INCOME (Source HM 6-50 "Statement of Operations")

| | Account # | |
|--|------------|-------------------------|
| A. Profit (Loss) before Depreciation | 5060T | \$ <u>40,555</u> |
| B. Less: Revenue from Investments - Residual Receipts | 5430 | \$ <u>-</u> |
| C. Less: Revenue from Investments - Replacement Reserves | 5440 | \$ <u>-</u> |
| D. Less: Revenue from Investments - Miscellaneous (Restricted Accounts Only) | 5490 | \$ <u>-</u> |
| E. Plus: Total Financial Expenses | 6800T | \$ <u>-</u> |
| F. Less: Replacement Reserve Deposits | Part II #2 | \$ <u>-</u> |
| G. Net Operating Income (NOI) | | \$ <u>40,555</u> |

Part II - IDENTIFY SPECIAL FINANCIAL CONDITIONS FOR ADJUSTMENT

A. Replacement Reserves

1) Disbursements from replacement reserve during period covered by the statement \$ -

a) Plus: Pending requests at year-end for the release of funds from the replacement reserve to cover items either expensed or capitalized during the period covered by the statement \$ -

b) Less: Total of funds received from replacement reserve during the period covered by the statement that were expensed or capitalized in prior year \$ -

c) Less: Amount capitalized as increases in fixed assets during the period covered by the statement \$ -

d) Total disbursements from the replacement reserve included as expenses on HM 6-50 \$ -

2) Are there any extraordinary or one-time sources of income and/or expense(s) that are included on the Statement of Operations? (e.g.: Proceeds from Insurance claim not received in the same period as the loss) YES NO

3) If YES, explain reason(s) and amount(s) below:

| | |
|--|-------------|
| | \$ <u>-</u> |
| | \$ <u>-</u> |
| | \$ <u>-</u> |
| | \$ <u>-</u> |

TOTAL Extraordinary or one-time income / expense(s): \$ -

B. Other Restricted Reserves

1) Have all disbursements from other restricted reserve accounts (Operating Reserve, Residual Receipts, etc.) been capitalized as Increases on the Schedule of Fixed Assets? YES NO N/A

2) If NO, what is the amount of other restricted reserve account releases that are represented as expenditures on the Statement of Operations? Explain reason(s) and amount(s) below

| | |
|--|-------------|
| | \$ <u>-</u> |
| | \$ <u>-</u> |

\$ -

C. Interest Reduction Payments (HUD Section 236 developments only)

1) Are Interest Reduction Payments (IRP) from HUD Section 236 contracts shown as Income in Account #5945 and included in the expense line item Interest on Mortgage Payable in Account #6820 YES NO N/A

2) If NO, what is the annual amount of the IRP paid to CHFA by HUD on the development's behalf included as income in Account #5945? \$ -

Part III - ADJUSTED NET OPERATING INCOME FROM PART II

| | Source | |
|--|--------------|-------------------------|
| Net Operating Income | Part I - G | \$ <u>40,555</u> |
| Plus: Replacement Reserve releases included as expenses in Statement of Operations | Part II - A1 | \$ <u>-</u> |
| Less/Plus: Extraordinary or one-time income / expense(s) | Part II - A3 | \$ <u>-</u> |
| Plus: Other Restricted Reserve Accounts | Part II - B2 | \$ <u>-</u> |
| Plus: Interest Reduction Payments | Part II - C2 | \$ <u>-</u> |
| Equals: Adjusted Net Operating Income (NOI) | | \$ <u>40,555</u> |

3236 SOUTH LIMITED PARTNERSHIP
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023

ASSETS

| | | |
|-----------------------------|----|-------------------------|
| Cash and cash equivalents | \$ | 17,872 |
| Other receivables, net | | 10,234 |
| Escrow cash reserves | | 11,677 |
| Property and equipment, net | | 568,265 |
| Other assets | | 1,799 |
| Goodwill | | <u>1,239,919</u> |
| Total assets | \$ | <u><u>1,849,766</u></u> |

LIABILITIES AND NET DEFICIT

LIABILITIES

| | | |
|---------------------------------------|----|-------------------------|
| Accounts payable and accrued expenses | \$ | 1,017,683 |
| Due to affiliate | | 152,192 |
| Debt | | <u>1,009,590</u> |
| Total liabilities | | <u><u>2,179,465</u></u> |

UNRESTRICTED NET DEFICIT

| | | |
|-----------------------------------|----|-------------------------|
| | | <u>(329,699)</u> |
| Total liabilities and net deficit | \$ | <u><u>1,849,766</u></u> |

**3236 SOUTH LIMITED PARTNERSHIP
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023**

SUPPORT AND REVENUE

| | | |
|---------------------------|----|---------|
| Apartment rents | \$ | 186,029 |
| Vacancies | | (3,484) |
| Other | | 5,196 |
| Total support and revenue | | 187,741 |

EXPENSES

| | | |
|--------------------------------------|--|---------|
| Salaries and benefits | | 18,365 |
| Materials and supplies | | 2,546 |
| Occupancy | | 99,905 |
| Contractual services | | 6,059 |
| Other expenses | | 15,961 |
| Depreciation and amortization | | 71,940 |
| Transportation and fleet maintenance | | 623 |
| Interest expense | | 45,523 |
| Total expenses | | 260,922 |

Change in net assets (73,181)

UNRESTRICTED NET DEFICIT, beginning of year (256,518)

UNRESTRICTED NET DEFICIT, end of year \$ (329,699)

STATEMENT OF OPERATIONS

Connecticut Housing Finance Authority
Asset Management - Multifamily Housing

CHFA Form HM 6-50 (Rev. 12/2017--Effective FYE 12/31/2017)

| | |
|---|--|
| Project Name: <u>Wethersfield Commons</u> | Fiscal Year-End: <u>December 31, 2023</u> |
| CHFA Number: <u>N/A</u> | Beginning Date: <u>January 1, 2023</u> |
| HUD Number: <u>N/A</u> | Mortgagor: <u>3236 South Limited Partnership</u> |

| Part I- P&L | Description of Account | HUD Acct. # | SHP Acct. # | Amount* | | | |
|--|---|--------------|-------------|---------|---------|------------|----------|
| Rental Income 5100 | Rent Revenue- Gross Potential (Tenant's Portion) | 5120 | 3100 | \$ | 102,268 | | |
| | Rental Income-Excess of Base | 5120.1 | 3100.1 | \$ | - | | |
| | Tenant Assistance Payments (HAP Receipts) | 5121 | | \$ | 83,761 | | |
| | Tenant Assistance Payments (RAP Receipts) | 5121.1 | 2811 | \$ | - | | |
| | Tenant Assistance Payments (ERAP Receipts) | 5121.2 | | \$ | - | | |
| | Tenant Assistance Payments - Congregate | 5121.3 | | \$ | - | | |
| | Rent Revenue- Stores & Commercial | 5140 | | \$ | - | | |
| | Rent Revenue- Garage & Parking | 5170 | 3300 | \$ | - | | |
| | Flexible Subsidy Revenue | 5180 | | \$ | - | | |
| | Miscellaneous Rent Revenue** | 5190 | 3120 & 3300 | \$ | - | | |
| | Excess Rent | 5191 | 3100.1 | \$ | - | | |
| | Excess Utilities | 5191.1 | 3110 | \$ | - | | |
| | Rent Revenue- Insurance | 5192 | | \$ | - | | |
| | Special Claims Revenue | 5193 | 3220 | \$ | - | | |
| | Retained Excess Income | 5194 | | \$ | - | | |
| Total Rent Revenue (GPI @ 100% Occupancy) | 5100T | | | | | \$ 186,029 | |
| Vacancies 5200 | Apartments- Vacancy | 5220 | 3210 | \$ | 3,484 | | |
| | Stores & Commercial- Vacancy | 5240 | | \$ | - | | |
| | Rental Concessions | 5250 | | \$ | - | | |
| | Garage & Parking- Vacancy | 5270 | | \$ | - | | |
| | Miscellaneous** (other vacancy) | 5290 | | \$ | - | | |
| | Total Vacancies | 5200T | | | | | \$ 3,484 |
| | Net Rental Revenue Rent Revenue Less Vacancy | 5125N | | | | \$ 182,545 | |
| | Elderly & Congregate Service Income (attach schedule) | 5300 | | | | \$ - | |
| Financial Revenue 5400 | Financial Revenue - Project Operations | 5410 | 3610 | \$ | - | | |
| | Revenue from Investments - Residual Receipts | 5430 | | \$ | - | | |
| | Revenue from Investments - Replacement Reserves | 5440 | | \$ | - | | |
| | Revenue from Investments - Miscellaneous ** | 5490 | | \$ | - | | |
| | Total Financial Revenue | 5400T | | | | | \$ - |
| Other Revenue 5900 | Laundry & Vending Revenue | 5910 | 3620 | \$ | - | | |
| | Tenant Charges | 5920 | | \$ | 25 | | |
| | Sales & Service to Tenants (including Cable TV fees) | 5943 | 3510 | \$ | - | | |
| | Interest Reduction Payments | 5945 | | \$ | - | | |
| | Grant Income - Capital Grant - Unrestricted | 5980 | | \$ | - | | |
| | Grant Income - Capital Grant - Temporarily Restricted | 5981 | | \$ | - | | |
| | Miscellaneous Revenue (Specify) ** | 5990 | 6100 | \$ | 5,171 | | |
| | OTHER | | | | | | |
| | Total Other Revenue | 5900T | | | | | \$ 5,196 |
| | Total Revenue | 5000T | | | | \$ 187,741 | |
| Administrative Expenses 6200/6300 | Conventions & Meetings | 6203 | 4153 | \$ | - | | |
| | Management Consultants | 6204 | | \$ | - | | |
| | Advertising & Marketing | 6210 | | \$ | - | | |
| | Apartment Resale Expenses (Coops) | 6235 | | \$ | - | | |
| | Other Renting Expenses | 6250 | 4152 | \$ | - | | |
| | Office Salaries | 6310 | 4120 | \$ | - | | |
| | Salaries - RSC | 6310.1 | | \$ | - | | |
| | Office Expenses | 6311 | | \$ | 1,452 | | |
| | Office or Model Apartment Rent | 6312 | | \$ | - | | |
| | Compensated Absences - Administrative Salaries | 6313 | 4120.1 | \$ | - | | |
| | Management Fee | 6320 | 4132 | \$ | 10,953 | | |
| | Manager or Superintendent Salaries | 6330 | | \$ | 10,495 | | |
| | Administrative Rent Free Unit | 6331 | | \$ | - | | |
| | Legal Expense (Project) | 6340 | 4130 | \$ | 1,123 | | |
| | Audit Expense | 6350 | | \$ | 2,500 | | |
| | Bookkeeping Fees/Accounting Services | 6351 | 4131 | \$ | - | | |
| | Bad Debts | 6370 | 4820 | \$ | - | | |
| State Service Charge - Administrative | 6380 | 4716 | \$ | - | | | |
| Miscellaneous Administrative Expenses ** | 6390 | | \$ | 3,809 | | | |
| | Total Administrative Expenses | 6263T | | | | \$ 30,332 | |

Statement of Operations
Part I- Cont.

| | Description of Account | HUD Acct. # | SHP Acct. # | Amount* | |
|--|---|-------------|-------------|-------------|-----------|
| Utilities Expenses 6400 | Fuel Oil/ Coal | 6420 | 4340 | \$ - | |
| | Electricity | 6450 | 4320 | \$ 4,444 | |
| | Water | 6451 | 4310 | \$ 14,610 | |
| | Gas | 6452 | 4330 | \$ 2,070 | |
| | Sewer | 6453 | 4360 | \$ - | |
| | Cable Television | 6454 | 4350 | \$ - | |
| | Total Utilities Expense | 6400T | | | \$ 21,124 |
| Operating & Maintenance Expenses 6500 | Payroll | 6510 | 4410 | \$ 5,354 | |
| | Compensated Absences - Maintenance Wages | 6510.1 | 4410.1 | \$ - | |
| | Supplies | 6515 | 4420 | \$ 1,489 | |
| | Contracts | 6520 | 4430 | \$ 41,786 | |
| | Operating & Maintenance Rent Free Unit | 6521 | | \$ - | |
| | Garbage & Trash Removal | 6525 | 4710 | \$ 4,067 | |
| | Security Payroll/ Contracts | 6530 | | \$ - | |
| | Security Rent Free Unit | 6531 | | \$ - | |
| | Heating/Cooling Repairs & Maintenance | 6546 | | \$ - | |
| | Snow Removal | 6548 | | \$ 5,168 | |
| | Vehicle & Maintenance Equip. Operation & Repair | 6570 | 4440 | \$ 221 | |
| | Miscellaneous Operating & Maintenance ** | 6590 | 6200 | \$ 840 | |
| | Total Operating & Maintenance Expenses | 6500T | | | \$ 58,925 |
| Taxes & Insurance 6700 | Real Estate Tax | 6710 | 4715 | \$ 10,584 | |
| | Payroll Taxes (project share) | 6711 | 4161 | \$ 1,623 | |
| | Property & Liability Insurance | 6720 | 4711 | \$ 19,575 | |
| | Fidelity Bond Insurance | 6721 | | \$ - | |
| | Workmen's Compensation | 6722 | | \$ 318 | |
| | Health Insurance & Other Employee Benefits | 6723 | 4160 | \$ 449 | |
| | Pension Expense | 6724 | | \$ 126 | |
| | Other Post-Employment Benefits Expense | 6725 | | \$ - | |
| | Misc. Taxes, Licenses, Permits & Insurance ** | 6790 | | \$ 402 | |
| | Total Taxes & Insurance | 6700T | | | \$ 33,077 |
| Financial Expenses 6800 | Interest on Mortgage Payable | 6820 | 4717 | \$ 42,042 | |
| | Interest on Capital Improvement Loan | 6821 | | \$ - | |
| | Interest on Other Mortgages | 6825 | | \$ - | |
| | Interest on Notes Payable (Long Term) | 6830 | | \$ 3,481 | |
| | Interest on Notes Payable (Short Term) | 6840 | | \$ - | |
| | Mortgage Insurance Premium/ Services Charges | 6850 | | \$ - | |
| | Miscellaneous Financial Expenses ** | 6890 | | \$ - | |
| | Total Financial Expenses | 6800T | | | \$ 45,523 |
| | Elderly & Congregate Services Exp. (attach schedule) | 6900 | | \$ - | |
| | Total Cost of Operations before Depreciation & Int. | 6000T | | \$ 188,981 | |
| | Profit (Loss) before Depreciation & Int. | 5060T | | \$ (1,240) | |
| | Depreciation Expenses | 6600 | | \$ 71,940 | |
| | Amortization Expense | 6610 | | \$ - | |
| | Total Depreciation & Amortization Expense | | | \$ 71,940 | |
| | Operating Profit (Loss) after Depreciation & Int. | 5060N | | \$ (73,180) | |
| Entity Expenses 7100 | Officer's Salaries | 7110 | | \$ - | |
| | Legal Expenses | 7120 | | \$ - | |
| | Federal, State, and Other Income Taxes | 7130 | | \$ - | |
| | Interest Income | 7140 | | \$ - | |
| | Interest on Notes Payable | 7141 | | \$ - | |
| | Interest on Mortgage Payable | 7142 | | \$ - | |
| | Other Expenses | 7190 | | \$ - | |
| | Net Entity Expenses | 7100T | | | \$ - |
| | Net Profit (Loss) | 3250 | | \$ (73,180) | |

* All amounts must be rounded to the nearest dollar, \$.50 and over, round up, \$.49 and below, round down.

** If miscellaneous or Other Income and Expense Accounts exceed the Account Groupings by 10% or more, attach a separate schedule describing or explaining the Income or Expense.

Statement of Operations
Part II- Principal & Reserve

| | | |
|---|----|---|
| 1 Total principal payments required under the mortgage in the audit year (12 monthly payments). This applies to all direct loans and HUD-held and fully insured mortgages. Any HUD approved second mortgages should be included in the figures. | \$ | - |
| 2 Replacement Reserve deposits required by the Regulatory Agreement or Amendments thereto, even if payments may be temporarily suspended or waived. | \$ | - |
| 3 Replacement or Painting Reserve releases which are included as expense items on the Income Statement. | \$ | - |
| 4 Project Improvement Reserve Releases under the Flexible Subsidy Program that are included as expense items on this Income Statement. | \$ | - |

Part III- Income & Expense Sub-Accounts

| | Description of Account | HUD Acct. # | SHP Acct. # | Amount* | |
|------------------------|---|-------------|-------------|-----------|--|
| Tenant Charges 5920 | NSF & Late Charges | 5915 | | \$ 25 | |
| | Damages & Cleaning Fees | 5930 | | \$ - | |
| | Forfeited Tenant Security Deposits | 5940 | | \$ - | |
| | Tenant Charges | 5920 | | \$ 25 | |
| Office 6311 | Office Supplies | 6315 | 4151 | \$ 1,078 | |
| | Telephone and Answering Service | 6360 | | \$ 374 | |
| | Office Expenses | 6311 | | \$ 1,452 | |
| Payroll 6510 | Janitor and Cleaning Payroll | 6511 | | \$ - | |
| | Grounds Payroll | 6535 | | \$ - | |
| | Repairs Payroll | 6540 | | \$ 5,354 | |
| | Payroll | 6510 | | \$ 5,354 | |
| Supplies 6515 | Janitor and Cleaning Supplies | 6516 | | \$ 22 | |
| | Exterminating Supplies | 6522 | | \$ - | |
| | Ground Supplies | 6536 | | \$ - | |
| | Repairs Material | 6541 | | \$ 1,467 | |
| | Decorating Supplies | 6561 | | \$ - | |
| | Supplies | 6515 | 4420 | \$ 1,489 | |
| Contracts 6520 | Janitor and Cleaning Contracts | 6517 | | \$ - | |
| | Exterminating Contracts | 6519 | | \$ 3,676 | |
| | Grounds Contracts | 6537 | | \$ 2,399 | |
| | Repairs Contracts | 6542 | | \$ 35,711 | |
| | Elevator Maintenance Contract | 6545 | | \$ - | |
| | Swimming Pool Maintenance Contract | 6547 | | \$ - | |
| | Decorating (Painting) Contract/Payroll | 6560 | | \$ - | |
| | Contracts | 6520 | 4430 | \$ 41,786 | |
| Misc. 6790 | Miscellaneous Taxes, Licenses, Permits | 6719 | | \$ - | |
| | Other Insurance | 6729 | | \$ 402 | |
| | Miscellaneous Taxes, Permits & Insurance | 6790 | | \$ 402 | |

*** Owner to specify account numbers if not provided



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