RECONCILIATION SERVICES

CONSOLIDATED FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2022

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Reconciliation Services
Kansas City, Missouri

Opinion

We have audited the accompanying consolidated financial statements of Reconciliation Services (a nonprofit organization) and Affiliate, collectively ("the Organization"), which comprise the consolidated statement of financial position as of December 31, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted 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, including omissions, 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.

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Auditor's Responsibilities for the Audit of the Financial Statements (continued)

In performing an audit in accordance with generally accepted auditing standards, 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 the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

Marr and Company

Kansas City, Missouri
August 1, 2023

Marr and Company, P.C.
Certified Public Accountants

RECONCILIATION SERVICES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
December 31, 2022

ASSETS	
Cash and Cash Equivalents	$ 12,500,581
Investments (Note 6)	64,246
Contracts and Grants Receivable	716,125
Promises to Give	2,360,744
Note Receivable (Note 4)	7,346,850
Prepaid Expenses	65,838
Other Assets	3,850
Property and Equipment:	
Construction in Process	3,247,278
Building	650,000
Building Improvements	267,681
Office Equipment	46,369
Rental Houses and Lots	416,200
Less Accumulated Depreciation	(310,212)
Net Property and Equipment	4,317,316
TOTAL ASSETS	$ 27,375,550
LIABILITIES AND NET ASSETS	
Liabilities:	
Accounts Payable	$ 796,905
Payroll Accrual & Withholdings	77,680
Vacation Accrual	15,957
Other Accruals	1,933
Net Long-Term Debt (Note 3)	12,875,649
Total Liabilities	13,768,124
Net Assets:	
Without Donor Restrictions	3,447,697
With Donor Restrictions (Note 5)	10,159,729
Total Net Assets	13,607,426
TOTAL LIABILITIES AND NET ASSETS	$ 27,375,550

See Accompanying Notes to these Financial Statements.

RECONCILIATION SERVICES

CONSOLIDATED STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains and Other Support			
Contributions and Grants	$ 3,385,416	$ 6,642,101	$10,027,517
Government Contracts	469,974	0	469,974
Non-cash Donations (Note 1J)	660,563	0	660,563
Sales (box lunches, merchandise, & courses)	265,485	0	265,485
Rental Income	33,000	0	33,000
Net Investment Loss	(19,356)	0	(19,356)
Interest Income on Note Receivable	36,447	0	36,447
Other Income	6,375	0	6,375
Net Assets Released From Restrictions	2,836,781	(2,836,781)	0
Total Revenue, Gains and Other Support	7,674,685	3,805,320	11,480,005
Expenses			
Program Services	4,338,669	0	4,338,669
Supporting Activities:			
Management and General	578,121	0	578,121
Fundraising	537,344	0	537,344
Total Supporting Activities	1,115,465		1,115,465
Total Expenses	5,454,134	0	5,454,134
Change in Net Assets	2,220,551	3,805,320	6,025,871
NET ASSETS, BEGINNING OF YEAR	1,227,146	6,354,409	7,581,555
NET ASSETS, END OF YEAR	$ 3,447,697	$10,159,729	$13,607,426

See Accompanying Notes to these Financial Statements.

RECONCILIATION SERVICES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2022

	Program Services	Supporting Activities: Management and General	Supporting Activities: Fundraising	Total
EXPENSES				
Personnel Expenses	$ 1,104,296	$ 432,895	$ 201,263	$ 1,738,454
Occupancy Expenses (Building)	258,992	9,706	7,500	276,198
Office Expenses	66,843	111,861	27,887	206,591
Foster Grandparent Stipends/Travel and Recognition	268,344	0	0	268,344
Direct Assistance	2,252,212	0	0	2,252,212
Supplies and Other Expense	218,691	71	4,814	223,576
Professional Fees	95,058	17,112	209,365	321,535
Travel and Transportation	4,458	0	393	4,851
Property and Grounds (Holy Family House)	7,318	0	0	7,318
Interest	5,936	1,814	84,875	92,625
Depreciation	56,521	4,662	1,247	62,430
TOTAL EXPENSES	$ 4,338,669	$ 578,121	$ 537,344	$ 5,454,134

See Accompanying Notes to these Financial Statements.

RECONCILIATION SERVICES

CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2022

Cash Flows From Operating Activities	
Change in total net assets	$ 6,025,871
Adjustments to reconcile change in net assets to net cash flows from operating activities –	
Depreciation	62,430
Amortization of debt issuance cost	5,597
Realized and unrealized gain on investments	(9,895)
Contributions restricted for capital assets	(4,136,369)
(Increase)/Decrease in:	
Contracts and grants receivable	(62,332)
Prepaid expenses	(48,281)
Other assets	(1,584)
Increase/(Decrease) in:	
Accounts payable	695,707
Grants payable	(180,000)
Payroll accrual and withholdings	12,982
Other accruals	(3,483)
Net Cash Provided by Operating Activities	2,360,643
Cash Flows From Investing Activities	
Issuance of leveraged note receivable	(7,346,850)
Purchase of capital assets	(2,886,085)
Net Cash Used by Investing Activities	(10,232,935)
Cash Flows From Financing Activities	
Proceeds from contributions restricted for capital assets	4,208,038
Net proceeds from issuance of long-term debt	13,296,976
Principal payment of long-term debt	(1,015,542)
Net Cash Provided by Financing Activities	16,489,472
Change in Cash	8,617,180
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	3,883,401
CASH AND CASH EQUIVALENTS, END OF YEAR	$12,500,581

Supplemental Disclosures:

Cash paid for interest	$ 132,020

See Accompanying Notes to these Financial Statements.

RECONCILIATION SERVICES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Organization and Affiliate

Reconciliation Services ("RS") was incorporated in September 2005 as a Missouri not for-profit corporation. It works to seek racial and economic reconciliation through strengths-based Healthy Community Initiatives, Social and Mental Health Services, and the creation of Economic Opportunities. RS has innovated an intentional client continuum of care to transform Troost Avenue from a dividing line into a gathering place, revealing the strength of all. The client intake process aims to help the most difficult-to-reach clients move from emergency to greater self-sufficiency in a relationally supportive and culturally competent environment. The goal is to see complete client recovery and stability, helping them move from accessing Social Services or food through our Healthy Community Initiatives (Thelma's Kitchen), to engaging in deeper healing work through the REVEAL Mental Health program, and to achieve increased financial stability through the Economic Community Building Programs.

RS's mission is to cultivate a community seeking reconciliation to transform Troost from a dividing line into a gathering place, revealing the strength of all. Its vision is that Kansas City, no longer divided by Troost, is revealed as a thriving and vibrant community inspiring reconciliation across the nation. The mission is accomplished through various programs and activities which include the following:

Economic Community Building Programs

- The Foster Grandparents Program (FGP) is operated in partnership with Senior Corps, part of the Corporation for National and Community Service. Through the FGP, we recruit, train, and mobilize senior adults with low incomes to volunteer to mentor, tutor, and offer encouragement and emotional support for area youth with exceptional needs. FGP volunteers serve in schools, early education centers, Children's Mercy Hospital, and family court.

- RS Social Ventures, LLC, is a company in formation, founded by RS, aims in time to provide living wage employment opportunities to our clients and financially support other programs.

Healthy Community Initiatives

- Thelma's Kitchen, Kansas City's first donate-what-you-can cafe, opened in 2018 as a community gathering space offering affordable, healthy meals in exchange for donations of volunteer time, lunch tokens, and monetary donations. During Covid-19, Thelma's Kitchen pivoted from in-person dining to nutritious box lunches served through a to-go window, installed to ensure safety for community members and staff. RS increases access to meals for food insecure individuals and families by distributing lunch tokens to RS clients, and through partners including Operation Breakthrough, Journey to New Life, and the Kansas City Police Department. Thelma's Kitchen remains an access point for all RS social and mental health services. Thelma's Box Lunch is also available for group orders and off-site delivery in some circumstances.

- Education about Racial Reconciliation and the History of Troost Avenue is offered during volunteer orientations, through presentations in the community, at Community Table Talks in Thelma's Kitchen, and through regular podcasts and articles.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Description of Organization and Affiliate (continued)

REVEAL Social & Mental Health Services

- The REVEAL (Restore-Engage-Value-Encourage-Act-Lead) Program offers a comprehensive approach to individual and community healing through essential social services, case management, and therapeutic services. Our case managers help individuals and families meet urgent needs and accomplish immediate goals, assisting with: housing and utilities assistance; ID/document assistance; and dental and medical supplies, services, and prescriptions through our partnership with the KC Medicine Cabinet. Additionally, we offer evidence-based, clinical support under the direction of a Licensed Clinical Social Worker (LCSW), through individual and group therapy and intensive case management for our clients struggling with depression and the effects of trauma. This combined approach to mental health empowers individuals to build resilience, find healing from trauma and depression, find meaningful life work, secure stable housing, and access the resources they need to have sustainable health and well-being.

RS3101, Inc. ("RS3101") was incorporated on May 13, 2022 as a Missouri not for-profit corporation. RS3101 is a Type I supporting organization to RS under Section 509(a)(3) of the Internal Revenue Code. It was formed for the express and exclusive purpose of benefiting, performing the functions of, and carrying out the purpose of RS. RS appoints three of the five board members of RS3101.

B. Financial Statement Presentation

These financial statements are presented as consolidated financial statements. Financial information of RS and RS3101 (collectively, the "Organization") has been consolidated and all significant intercompany transactions have been eliminated.

The accompanying financial statements are presented on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. In accordance with Accounting Standards Codification (ASC) Topic 958-205, *Not-for-Profit Entities: Presentation of Financial Statements*, the Organization reports information regarding its financial position and activities according to two classes of net assets, which follows.

Net Assets Without Donor Restrictions
Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions
Net assets subject to donor (or certain grantor) imposed restrictions. Donor-imposed restrictions may be temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions may be perpetual in nature, where the donor stipulates that the resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed into service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, checking accounts and money market accounts. For purposes of the statement of cash flows, the Organization considers all highly-liquid investments with an initial maturity of three months or less to be cash equivalents. Deposits held at financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per depositor. The Organization had $11,350,871 of deposits in excess of insurance levels at December 31, 2022.

D. Contract and Grant Receivables

Contract and grant receivables are stated at the amount management expects to collect. Management makes a regular assessment of the collectability of outstanding accounts and if deemed necessary, establishes an allowance for uncollectible accounts. At December 31, 2022, the Organization considered all receivables fully collectible.

E. Contributions and Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets with donor restriction. When a restriction expires, net assets with donor restriction are reclassified to net assets without donor restriction.

Conditional promises to give, that is, those with measurable performance or other barriers and a right of return, are not recognized until the conditions on which they depend are substantially met. Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at the present value of their estimated future cash flows, using an appropriate risk adjusted discount rate applicable to the years in which the promises are to be received, with the amortization of the discount included in contribution revenue. No discount has been recognized in these financial statements since the timing of expected collection is within two years and the calculated discount is not significant.

F. Property and Equipment

Property and equipment are recorded at cost, if acquired, or fair value, if donated. The Organization's policy is to capitalize property and equipment with a cost of $1,000 or more and a useful life of two years or more. Depreciation is calculated over the estimated useful lives of the respective assets on a straight-line basis.

	Years
Building	40
Building Improvements	10-15
Rental Houses	25
Office Equipment	3

Depreciation expense for the year ended December 31, 2022, was $62,430.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Contract Revenue

The Organization receives a significant amount of revenue in the form of government grants and contracts. The Organization recognizes contract funds received or receivable as revenue to the extent that related program expenses have been incurred, satisfying the performance obligation. Contract funds received in excess of expenses incurred are recognized as contract liabilities in the Statements of Financial Position. Due to the nature and timing of the performance and/or transfer of services and products, substantially all contract liabilities at December 31 of each year are recognized in the following year.

H. Income Taxes

Reconciliation Services and RS3101, Inc. qualify as tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code. The Organization has adopted the provisions of the FASB ASC 740-10 as it might apply to the Organization's financial transactions. The Organization's policy is to record a liability for any tax position that is beneficial to the Organization, including any related interest and penalties, when it is more likely than not the position taken by management with respect to the transaction or class of transactions will be overturned by a taxing authority upon examination. Management believes there are no such positions as of December 31, 2022 and, accordingly, no liability has been accrued.

I. Estimates

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

J. Donated Property, Materials and Services

Donated property and materials are reflected as a contribution at their estimated fair value at the date of receipt. Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals processing those skills, and would typically need to be purchased if not provided by donation.

For the year ended December 31, 2022, the Organization benefited from $103,173 in food and supplies for meals served and other program supplies, and $116,160 in professional services including consulting and counsel for tax credits. The Organization was provided non-cash assistance to award medical, utility, and rental assistance vouchers to qualifying candidates which amounted to $51,097, $153,877, and $236,256, respectively for the year ended December 31, 2022. The Organization recognized these gifts-in-kind, which totaled $660,563 as contributions and corresponding expenses in 2022.

The following volunteer services did not meet the accounting criteria for recognition in the financial statements. During 2022, low-income senior volunteers serving in Reconciliation Services' Foster Grandparents Program spent 55,673 hours mentoring and providing emotional support to students in the Kansas City Missouri School District, and at other community locations including Operation Breakthrough and the Family Court, as well as at other schools in Jackson, Clay, and Platte counties.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Donated Property, Materials and Services (continued)

Management estimates the value of these services to the community to be $584,567. The Organization had additional volunteers provide 3,108 hours of volunteer service in 2022 in Thelma's Kitchen. Management estimates the value of these services to the community to be $32,634. However, since they didn't meet the criteria for recognition, they are not included in the consolidated financial statements.

K. Functional Allocation of Expenses

Expenses are charged to the program based on direct expenditures incurred. Functional expenses, which cannot readily be related to a specific program, are charged to the various programs based upon hours worked and number of program staff for personnel costs, square footage of space for occupancy depreciation, and interest.

L. Fair Value Measurements

In accordance with US GAAP, the Organization determines the fair value of investments and other assets using FASB ASC 820, Fair Value Measurements and Disclosures, which 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 ASC 820 are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization 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 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 or other means.

If the asset or liability has a specified (contractual) term, the Level 2 inputs 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 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Debt Issuance Cost

The Organization presents debt issuance costs as a direct deduction from the carrying amount of the related indebtedness and amortizes these costs over the term of the related liability using the straight-line method which approximates the effective interest rate method. Amortization of the costs is reported as a component of interest expense.

N. Leases

The Organization has adopted FASB ASC 842, Leases, with a date of initial application of January 1, 2022. For leases with a lease term greater than one year, the Organization recognizes a lease asset for its right to use the underlying leased asset and a lease liability for the corresponding lease obligation. The Organization determines whether an arrangement is or contains a lease at contract inception. The Organization includes in the determination of the right-of-use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised. The weighted-average discount rate is based on the discount rate implicit in the lease. The Organization has elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable. The Organization had no significant long-term leases as of December 31, 2022.

The Organization has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis.

O. Subsequent Events

Management has evaluated events and transactions that have occurred since December 31, 2022, and reflected their effects, if any, in these financial statements through August 1, 2023, the date the financial statements were available for release.

NOTE 2: RETIREMENT PLAN

The Organization maintains a defined contribution retirement plan for full-time employees. After one year of service, the Organization matches contributions up to 3% of eligible compensation, which amounted to $16,405 for the year ended December 31, 2022.

NOTE 3: LONG TERM DEBT

In connection with the building renovation project undertaken by the RS3101 and to facilitate the receipt of New Market Tax Credits (NMTCs), the following Qualified Low-Income Community Investment (QLICI) construction loans were executed with two separate Community Development Entities (CDEs) in August of 2022. The notes are secured by the Deed of Trust on the Organization's property and assignment of rights of the Organization's note receivable from the Investment Fund, a single purpose LLC owned by 3rd party for profit investors (Note 4).

NOTE 3: LONG TERM DEBT (continued)

Two notes payable to a CDE totaling $8,415,000, interest-only payments due quarterly at 1.00% through August of 2029 at which quarterly principal and interest payment totaling $57,521 will be due through December of 2041, then total quarterly principal and interest payments will increase to $90,118 through maturity in August 2054.	$ 8,415,000
Two notes payable to a CDE totaling 2,000,000, interest-only payments due quarterly at 1.00% through August of 2029 at which quarterly principal and interest payment totaling $13,776 will be due through December of 2041, then total quarterly principal and interest payments will increase to $21,582 through maturity in August 2054.	2,000,000
Total QLICI Notes Payable	10,415,000
In August of 2022, RS signed a seven-year, $2,000,000 note payable to a bank to provide partial funding of the Investment Fund (Note 4). The note requires monthly interest only payments for the first two years followed by principal and interest payments of $15,077 through maturity at which a balloon payment will be due. The note has a fixed interest rate of 6.64%. The note is secured by all assets of the Organization including assignment of pledge receivables.	2,000,000
In August of 2022, RS signed a two-year, $580,000 note payable to a bank to provide partial funding of the Investment Fund (Note 4). The note requires monthly interest only payments at 6.79% through maturity at which the balance will be due in full. The note is secured by all assets of the Organization including assignment of pledge receivables.	580,000
In August of 2022, RS3101 signed a five-year, $414,000 note payable to a bank to provide funding for costs associated with the building renovation and fees associated with obtaining NMTCs. The note requires principal and interest payments of $3,131 through maturity at which a balloon payment will be due. The note has a fixed interest rate of 6.68%. The note is secured by 2nd lien and Deed of Trust on the Corporation's fee interest in the redeveloped building.	412,358
Total Notes Payable	13,407,358
Unamortized Debt Issuance Cost	(531,709)
Net Long Term Debt	$12,875,649

RS had two loans previously outstanding that were paid in full in August of 2022. They consisted of a construction loan up to $865,000 requiring interest-only payments at 3.88% and an Economic Injury Disaster Loan with the Small Business Administration (SBA) of $149,900 at a fixed interest rate of 2.75%.

RS has a line of credit up to $30,000 with interest only payments at the Wall Street Journal Prime Rate plus 2% through maturity in August of 2023. The line of credit had not been used as of December 31, 2022.

NOTE 3: LONG TERM DEBT (continued)

The maturities of the long-term debt are as follows for the year ending December 31:

Year	Amount
2023	$ 10,337
2024	615,445
2025	58,689
2026	67,115
2027	424,762
Thereafter	12,231,010
Total	$ 13,407,358

During 2022, the Organization incurred debt issuance cost of $537,306 in connection with obtaining financing. For the year ended December 31, 2022, $5,597 was amortized and is included with interest expense on the statement of functional expenses.

For the year ended December 31, 2022, the Organization paid $132,020 in interest related to these agreements. At December 31, 2022, $44,992 was capitalized and included in construction in process. The remaining $87,028 was recognized as interest expense for the year ended December 31, 2022.

NOTE 4: NOTE RECEIVABLE

In August of 2022, in connection with the financing structure which allows the Organization to benefit from eligible NMTCs, RS made a $7,346,850 loan to the Investment Fund. The Investment Fund used this loan and other funding provided by NMTC Equity Investors to provide loans to the CDEs, which made QLICI loans to RS3101 (Note 3). The rights of this note receivable were assigned as collateral to the QLICI notes payable. The note receivable bears an interest rate of 1.4174% and requires quarterly interest only payments from the Investment Fund through August of 2029, at which quarterly principal and interest payments of $55,146 will be due through December of 2041, at which quarterly principal and interest payments will increase to $82,344 through maturity in August of 2054. RS recognized interest income of $36,447 for year ended December 31, 2022, related to this note receivable.

NOTE 5: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of cash and cash equivalents, promises to give, and construction in progress at December 31, 2022 and were restricted by the donors for the following purposes:

Thelma's Kitchen	$ 133,316
Capital Campaign	9,009,153
REVEAL Services	947,245
Future Operations	70,015
Total	$ 10,159,729

NOTE 5: NET ASSETS WITH DONOR RESTRICTIONS (continued)

The following are sources of net assets released from donor restriction by incurring expenses satisfying the restricted purpose or by occurrence of events specified by the donors.

Thelma's Kitchen	$ 180,171
REVEAL Services	2,488,015
Social Leader	13,500
Future Operations	155,095
Total	$ 2,836,781

NOTE 6: INVESTMENTS

The following table sets forth information about the level within the fair value hierarchy at which the Organization's financial assets are measured on a recurring basis at December 31, 2022:

Investments	Fair Value	Quote Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Common Stock	$ 52,173	$ 52,173	-	-
Mutual Funds	2,928	2,928	-	-
Equity Index Funds	9,145	9,145	-	-
Total Investments	$ 64,246	$ 64,246	-	-

NOTE 7: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing program activities as well as the conduct of services undertaken to support those activities to be general expenditures.

NOTE 7: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (continued)

The following reflects the Organization's financial assets as of December 31, 2022, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year.

Cash and Cash Equivalents	$ 12,500,581
Investments	64,246
Contracts and Grants Receivable	716,125
Promises to Give	2,360,744
Leveraged Note Receivable	7,346,850
Total Financial Assets at Year-End	22,988,546
Less those unavailable for general expenditure within one year, due to:	
Long -Term Portion of Leverage Note Receivable	7,346,850
Net Assets With Donor Restrictions	10,159,729
Less: Donor Restricted for Future Operations	(70,015)
Financial assets available to meet cash needs for general expenditure within one year	$ 5,551,982

In addition to the financial assets available above, the Organization has an unused line of credit of $30,000 (Note 3).