Housing First Community Coalition

Consolidated Financial Statements

December 31, 2022 and 2021

SCHRIVER CARMONA
Certified Public Accountants

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Independent Auditor's Report

To the Board of Directors of
Housing First Community Coalition

Opinion

We have audited the accompanying consolidated financial statements of Housing First Community Coalition (a nonprofit 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 consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Housing First Community Coalition 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 Housing First Community Coalition 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 Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Housing First Community Coalition'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 Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with 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 Housing First Community Coalition'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 Housing First Community Coalition'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.

Emphasis of Matter

We have audited Housing First Community Coalition's financial statements for the year ended December 31, 2021 and issued our conclusion dated September 15, 2022. Those previously issued financial statements for the period ended December 31, 2021 have been restated within this report for the correction of a material misstatement. See Note O on page 15 for additional information on the restatement.

Report on Summarized Comparative Information

We have previously audited Housing First Community Coalition's 2021 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated September 15, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental consolidating information on pages 16 through 18, is presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Schriver, Carmona & Company, PLLC

San Antonio, Texas

September 28, 2023

Consolidated Financial Statements

Housing First Community Coalition

Consolidated Statements of Financial Position
December 31, 2022 and 2021 (restated)

Assets		**2022**		2021 (restated)
Current Assets:				
Cash and Cash Equivalents	**$**	**9,840,471**	$	600,829
Cash and Cash Equivalents - Reserved for Debt Service		**883,167**		-
Certificates of Deposit		**-**		75,539
Accounts Receivable		**354,018**		804,551
Current Portion of Capital Campaign Pledges Receivable		**122,000**		170,200
Prepaid Insurance		**27,061**		5,542
Total Current Assets		**11,226,717**		1,656,661
Notes Receivable - New Market Tax Credit		**13,186,100**		-
Long-term Portion of Capital Campaign Pledges Receivable, Net of Discount		**315,338**		441,229
Intangible Assets		**75,375**		-
Property and Equipment, Net of Accumulated Depreciation		**11,562,983**		3,686,059
Total Assets	**$**	**36,366,513**	$	5,783,949
Liabilities and Net Assets				
Current Liabilities:				
Accounts Payable	**$**	**1,211,370**	$	295,149
Accrued Expenses		**38,021**		-
Payroll Liabilities		**19,013**		4,788
Construction Retainage		**415,302**		93,453
Total Current Liabilities		**1,683,706**		393,390
Long-Term Liabilities				
Bridge Loan, Net - New Market Tax Credit		**6,120,832**		-
New Market Tax Credit Financing, Net		**17,291,316**		-
Total Long-Term Liabilities		**23,412,148**		-
Total Liabilities		**25,095,854**		393,390
Net Assets:				
Without Donor Restrictions		**9,653,321**		4,604,730
With Donor Restrictions		**1,617,338**		785,829
Total Net Assets		**11,270,659**		5,390,559
Total Liabilities and Net Assets	**$**	**36,366,513**	$	5,783,949

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

Housing First Community Coalition

Consolidated Statement of Activities
Year Ended December 31, 2022
[with Comparative Totals for the Year Ended December 31, 2021 (restated)]

	Without Donor Restrictions	With Donor Restrictions	2022 Totals	2021 Totals (restated)
Support and Revenues				
Contributions	$ 1,770,498	$ 1,530,000	**$ 3,300,498**	596,329
Government Grants	2,984,261	-	**2,984,261**	1,740,431
Contributed Services	202,392	-	**202,392**	159,739
Interest Income	10,774	-	**10,774**	312
Other Income	279	-	**279**	-
Net Assets Released from Restrictions	698,491	(698,491)	**-**	-
Total Support and Revenues	5,666,695	831,509	**6,498,204**	2,496,811
Expenses				
Program Services	256,716	-	**256,716**	69,618
Support Services:				
Management and General	272,329	-	**272,329**	53,744
Fundraising	89,059	-	**89,059**	33,603
Total Expenses	618,104	-	**618,104**	156,965
Change in Net Assets	5,048,591	831,509	**5,880,100**	2,339,846
Net Assets at Beginning of Year, restated	4,604,730	785,829	**5,390,559**	3,050,713
Net Assets at End of Year	$ 9,653,321	$ 1,617,338	**$ 11,270,659**	5,390,559

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

Housing First Community Coalition

Consolidated Statement of Functional Expenses
Year Ended December 31, 2022 (with Comparative Totals for the Year Ended December 31, 2021)

		Support Services			
	Program Services	**Management and General**	**Fundraising**	**2022 Totals**	2021 Totals
Salaries and Wages	$ 190,959	$ 54,560	$ 27,280	$ **272,799**	66,082
Payroll Taxes	14,659	4,188	2,094	**20,942**	10,936
Employee Health Benefits	1,361	389	194	**1,944**	-
Total Salaries and Related Expenses	206,980	59,137	29,569	**295,685**	77,018
Advertising and Marketing	-	146	-	**146**	639
Bank and Other Charges	-	1,515	-	**1,515**	2,110
Contract Services	28,755	26,816	56,608	**112,178**	35,414
Dues and Subscriptions	-	115	-	**115**	4,180
Professional Services - In-Kind	-	-	-	**-**	7,600
Insurance	-	8,022	-	**8,022**	4,787
Interest	-	91,395	-	**91,395**	-
Maintenance and Repairs	-	210	-	**210**	250
Other Expenses	-	21,840	-	**21,840**	5,043
Printing and Postage	-	2,645	-	**2,645**	676
Property Expenses	800	-	-	**800**	2,396
Rent	-	13,800	-	**13,800**	11,700
Supplies	-	5,689	-	**5,689**	2,764
Utilities	-	3,458	-	**3,458**	2,388
Training and Staff Development	-	7,116	-	**7,116**	-
Travel	-	142	-	**142**	-
Total Expenses before Depreciation	236,534	242,046	86,176	**564,756**	156,965
Depreciation and Amortization	20,182	30,283	2,883	**53,348**	-
Total Expenses	$ 256,716	$ 272,329	$ 89,059	$ **618,104**	156,965

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

Housing First Community Coalition

Consolidated Statements of Cash Flows
Years Ended December 31, 2022 and 2021 (restated)

	2022	2021 (restated)
Cash Flows From Operating Activities:		
Change in Net Assets	**$ 5,880,100**	$ 2,339,846
Adjustments to Reconcile Change in Net Assets		
to Net Cash Provided (Used) by Operating Activities:		
Depreciation	**28,831**	-
Amortization of Debt Issuance Costs	**24,517**	-
Increase (Decrease) in Present Value of Pledges Receivable	**(13,695)**	25,755
Contributions and Grants Restricted for Long-term Purposes	**(4,414,261)**	(1,803,431)
(Increase) Decrease in:		
Accounts Receivable	**450,533**	(804,551)
Prepaid Expenses	**(21,519)**	(4,949)
Increase in:		
Accounts Payable	**916,221**	282,497
Accrued Expenses	**38,021**	-
Payroll Liabilities	**14,225**	3,802
Construction Retainage	**321,849**	93,453
Net Cash Provided by Operating Activities	**3,224,822**	132,422
Cash Flows From Investing Activities:		
Purchase of Certificate of Deposit	**-**	(75,539)
Maturity of/Proceeds from Certificate of Deposit	**75,539**	75,520
Purchase of Property and Equipment	**(7,857,365)**	(2,519,689)
Purchase of Intangible Assets	**(75,375)**	-
Payment of Capitalized Interest	**(48,390)**	-
Investment in Notes Receivable - New Market Tax Credit	**(13,186,100)**	-
Net Cash Used by Investing Activities	**(21,091,691)**	(2,519,708)
Cash Flows From Financing Activities:		
Proceeds from Bridge Loan	**6,139,310**	-
Proceeds from New Market Tax Credit Financing	**18,308,750**	-
Proceeds from Contributions and Grants Restricted for Long-term Purposes	**4,602,047**	2,148,931
Payment of Debt Issuance Costs	**(1,060,429)**	-
Net Cash Provided by Financing Activities	**27,989,678**	2,148,931
Net Increase (Decrease) in Cash and Cash Equivalents	**10,122,809**	(238,355)
Cash and Cash Equivalents, Beginning of Year	**600,829**	839,184
Cash and Cash Equivalents, End of Year	**$ 10,723,638**	$ 600,829
		-
Supplemental Disclosures:		
Interest Paid	**$ 101,764**	$ -

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

Note A: Nature of Organization

Housing First Community Coalition is a non-profit corporation whose mission is to initiate and sustain a permanent supportive housing community using Housing First principles for the most marginalized and vulnerable individuals in the San Antonio region. The Organization targets chronically homeless individuals as they outnumber chronically homeless families by 36 to 1. In November 2019, the Organization purchased 17.3 acres of land on San Antonio's east side, which will be the future home of the Towne Twin Village. It will be a place where each person is valued, knowing they too are deserving of dignity and inclusion. The Organization believes that through serving each other, we may begin to more deeply connect with our humanity.

Development of Towne Twin Village began in 2021 and is anticipated to finish by the end of 2024. Developing in phases allows residents to move in gradually, rather than wait for full completion.

HFCC Support Corporation was incorporated on August 19, 2022, as a non-profit organization exclusively for the benefit of Housing First Community Coalition. HFCC Support Corporation is a Qualified Active Low Income Community Business (QALICB) which owns majority of the construction and buildings on the Towne Twin Village campus.

Note B: Basis of Consolidation

The consolidated financial statements include the accounts of Housing First Community Coalition and HFCC Support Corporation. All significant intercompany account balances and transactions have been eliminated in the accompanying consolidated financial statements.

Note C: Summary of Accounting Principles

Basis of Accounting

The consolidated financial statements are prepared on the accrual basis of accounting in conformity with generally accepted accounting principles (GAAP). Net assets, support and revenue, and expenses are classified according to two classes of net assets:

- *Without Donor Restrictions* – net assets available for use in general operations and not subject to donor restrictions. Grant and contributions gifted for recurring programs of the Organization generally are not considered "restricted" under GAAP, though for internal reporting the Organization tracks such grants and contributions to verify the disbursement matches the intent. Assets restricted solely through the actions of the Board of Directors are reported as Net Assets Without Donor Restrictions, Board Designated.
- *With Donor Restrictions* – net assets subject to donor-imposed stipulations that are more restrictive than the Organization's mission and purpose. Some donor restrictions are temporary in nature, such as those that will be met by the passage of time. 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. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Methods Used for Allocation of Expenses among Program and Support Services

The costs of providing various programs and other activities have been summarized on a functional basis in the Consolidated Statement of Functional Expenses. Accordingly, certain costs have been allocated between the programs and supporting services that benefited. Direct costs are allocated based upon the usage by each program. The allocation of all other expenses is calculated on the basis of a percentage of the total time spent in each functional program.

Note C: Summary of Accounting Principles (Continued)

Estimates

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

Cash and Cash Equivalents

For purposes of reporting cash flows, the Organization considers all highly liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2022 and 2021, there were no cash equivalents.

Promises to Give

Unconditional promises to give are recognized as contributions in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefit received. Promises to give are recorded at net realizable value if they are expected to be collected within one year and at net present value if they are expected to be collected in more than one year. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Property and Equipment

Property and equipment is stated at cost if purchased or at fair value at the date of gift, if donated, less accumulated depreciation. Depreciation is charged to expense using the straight-line method over the estimated useful life of each asset. The Organization is in the process of determining a capitalization policy as construction began during 2021. Land and Construction in Progress are not depreciated. The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Furniture, Fixtures and Equipment	5 – 10 years
Vehicles	5 – 10 years

Accounts Receivable

Accounts receivables are primarily due to reimbursement government contracts. All government contract receivables are carried at the original invoice amount. Governmental contracts, which are included in receivables, are individually analyzed for purposes of determining collectability. At December 31, 2022 and 2021, no allowance has been determined, as all contracts are considered fully collectible.

Prepaid Expenses

Expenses recorded in advance of the service or product being received are deferred and carried on the statement of financial position as prepaid expenses.

Note C: Summary of Accounting Principles (Continued)

Revenue Recognition

Contributions and Grants

Contributions, grants received and unconditional promises to give are reported as an increase in net assets. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, With Donor Restrictions are reclassified to Without Donor Restrictions and reported in the Consolidated Statement of Activities as Net Assets Released from Restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as Without Donor Restrictions.

Fair Value of Financial Instruments

The Organization's financial instruments include cash, receivables, and payables. The carrying amount of these financial instruments, except for pledges receivable (see **Note F**), as reflected in the Consolidated Statements of Financial Position, approximates fair value.

Federal Income Taxes

The Organization is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying statements. There was no unrelated business income for the years ended December 31, 2022 and 2021. The Organization is not subject to the Texas margin tax. Management is not aware of any tax position that would have a significant impact on its financial position.

Fair Value Measurements

The Fair Value Measurements and Disclosures, ASC 820, defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market, established a framework for measuring fair value in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date.

Contributed Nonfinancial Assets

Donated goods and services are valued based on their estimated market value on the date of contribution. Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance non-financial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated. For donated services during 2022 and 2021, refer to **Note J**.

Recently Issued Accounting Pronouncements

Adopted During 2022

In February 2016, The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases*, effective for reporting periods beginning after December 15, 2021 and interim periods within fiscal years beginning after December 15, 2022. Under this new pronouncement, generally, leases with terms of more than 12 months will be recognized in the Consolidated Statements of Financial Position as an asset (right to use leased asset) and a liability (lease liability). The implementation of ASU 2016-02 did not have an impact to the financial statements as of and for the year ended December 31, 2022.

Note C: Summary of Accounting Principles (Continued)

Recently Issued Accounting Pronouncements (Continued)

Adopted During 2022 (Continued)

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, Not-for-Profit Entities (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, effective for fiscal years beginning after June 15, 2021 and interim periods within annual periods beginning after June 15, 2022. The FASB ASU requires nonprofits to change their financial statement presentation and disclosure of contributed nonfinancial assets, or gifts-in-kind. The FASB issued the update in an effort to improve transparency in reporting nonprofit gifts-in-kind. Refer to **Note J**.

Comparative Financial Statements

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with Housing First Community Coalition's financial statements for the year ended December 31, 2021 from which the summarized information was derived.

Note D: Risk and Uncertainty

Current Economic Events

Certain current economic events have arisen which could impact the Organization's ongoing operations. The effects of economic stimulus programs and U.S. Federal Reserve actions remain uncertain. These matters could impact numerous facets of the business environment including interest rates, inflation, and the availability of goods, capital, and labor. Any related financial impact cannot be reasonably estimated at this time.

Note E: Liquidity and Availability of Financial Resources

The following represents the Organization's financial assets at December 31, 2022 and 2021 available to meet general expenditures over the next twelve months:

	2022	2021
Financial assets at year end:		
Cash and Cash Equivalents	**$ 9,840,471**	$ 600,829
Accounts Receivable	**354,018**	804,551
Pledges Receivable Due Within One Year	**122,000**	170,200
Certificates of Deposit	**-**	75,539
Total Financial Assets	**10,316,489**	1,651,119
Less those unavailable for general expenditures over the next twelve months due to:		
Net Assets with Donor Restrictions	**1,617,338**	785,829
Construction Retainage	**415,302**	93,453
Less net assets with timing restrictions to be met over the next twelve months	**(122,000)**	(170,200)
	1,910,640	709,082
Financial assets available to meet general expenditures over the next twelve months	**$ 8,405,849**	$ 942,037

The Organization regularly monitors liquidity to meet its operating needs. The Organization has various resources of liquidity at its disposal, including cash and cash equivalents, accounts receivable, pledges receivable and a line of credit at Jefferson Bank. In addition, the Organization's annual support contributions, grants, and cash reserves are sufficient to cover general expenditures not provided by other donor restricted sources.

Note F: Pledges Receivable

Pledges receivable consist of unconditional promises to give from various contributors totaling **$462,414** and $450,200 at December 31, 2022 and 2021, respectively. The outstanding amounts pledged range from $25,000 to $300,000 and are to be received over a range of one to two years. The pledges have been discounted using Moody's Baa corporate bond rate of 3.9%, offered at the date of pledge, to account for the present value of future cash flows at December 31, 2022 and 2021.

Pledges Receivable at December 31, 2022 is summarized as follows:

2023	$	122,000
2024		340,414
Total Pledges Receivable		462,414
Less: Net Present Value Discount		(25,076)
Total Pledges Receivable, Net of Discount		437,338
Less: Current Portion of Pledges Receivable		(122,000)
Long-Term Portion of Pledges Receivable, Net of Discount	$	315,338

Note G: Concentrations

Credit Risk of Financial Instruments

Financial instruments which potentially subject the Organization to a concentration of credit risk consist of its cash balances held at financial institutions if such balances exceed the amount insured by the Federal Deposit Insurance Corporation (FDIC). The accounts at the institutions are insured by the FDIC up to $250,000. At December 31, 2022 and 2021, the Organization's cash balances at its respective institutions were in excess of the FDIC limit by **$10,009,954** and $357,552, respectively. The Organization has not experienced any losses in such accounts and management believes it is not exposed to a significant risk on its cash and cash equivalents.

Support and Revenues

The Organization received approximately **46%** and 67% of total support and revenues from government grants during 2022 and 2021, respectively, of which all were contracted with the Organization's agreement with the City of San Antonio. The loss of funding from this source could reduce the Organization's ability to achieve its objectives.

Expenses

The Organization contracted Wayne Rodgers Construction Co. and Jordan Foster Construction for its Towne Twin Village project, which totaled approximately **85%** and 83% of expenditures for 2022 and 2021, respectively.

Note H: Property and Equipment

Property and Equipment, Net of Accumulated Depreciation at December 31, 2022 and 2021 is summarized as follows:

	2022	2021
Land	**$ 934,545**	$ 934,545
Furniture, Fixtures and Equipment	**60,283**	-
Vehicles	**488,085**	136,136
Construction in Progress, Phase I and 2	**9,906,509**	2,463,239
Construction in Progress, In-Kind	**202,392**	152,139
Less: Accumulated Depreciation	**(28,831)**	-
	$ 11,562,983	$ 3,686,059

Depreciation expense for the years ended December 31, 2022 and 2021 was **$28,831** and $0, respectively.

Note I: Net Assets With Donor Restrictions

Net Assets With Donor Restrictions at December 31, 2022 and 2021 is summarized as follows:

	2022	2021
Restricted by Purpose		
Salary Support	**$ -**	$ 131,400
Multipurpose Building	**930,000**	-
Health Clinic	**250,000**	-
Tiny House	**-**	43,000
	1,180,000	174,400
Restricted by Time	**437,338**	611,429
Total Net Assets With Donor Restrictions	**$ 1,617,338**	$ 785,829

Note J: Contributed Nonfinancial Assets

The Organization received donated professional services related to architecture, engineering, graphic design and accounting with an estimated fair value of **$202,392** and $159,739 for the years ended December 31, 2022 and 2021, respectively. Donated professional services in the amount of **$202,392** and $152,139 are recorded as Construction in Progress on the Consolidated Statement of Financial Position for the years ended December 31, 2022 and 2021, respectively. **$0** and $7,600 is recorded as Professional Services – In-Kind on the Consolidated Statement of Functional Expense for the years ended December 31, 2022 and 2021, respectively.

Note K: Tax Increment Reinvestment Zone (TIRZ) Funding

On March 19, 2021, the Organization was awarded $5.4 million from the City of San Antonio as part of the Tax Increment Financing Act. TIRZ reimbursable funds are awarded to promote development and redevelopment which would not otherwise occur solely through private investment. The source of these funds are available tax increments levied and collected on real property located in the Tax Increment Reinvestment Zone. As these funds can be used to fund affordable housing, the Organization was given the award to assist in the construction of Towne Twin Village, a large project consisting of building a community of housing and facilities to battle chronic homelessness. The Organization will receive $5.4 million over the span of three fiscal years on a reimbursement basis. For the years ended December 31, 2022 and 2021, the Organization received **$2,984,261** and $1,740,431 of TIRZ reimbursable funds, respectively.

Note L: Commitments and Contingencies

The Organization engaged Wayne Rodgers Construction Co., Jordan Foster Construction and McM Texas Homes for the completion of Towne Twin Village. Construction commenced during 2021 and will take an estimated 3 years to complete. The following represents the Organization's construction commitment at December 31, 2022:

Total Contract	$ 9,839,529
Less: Payments Made as of December 31, 2022	(7,779,613)
Less: Construction Retainage at December 31, 2022	(415,302)
Remaining Commitment	$ 1,644,614

Note M: Long-term Debt

Construction Note Payables

In August 2021 and July 2022, the Organization entered into construction note payables for $5,400,000 (Note 1) and $2,000,000 (Note 2), respectively, with Jefferson Bank. The Organization did not receive lump sum proceeds, but rather, funds are drawn to pay construction costs over the course of the construction project. The note payables are secured by a Deed of Trust for the 17.3 acres of land owned by the Organization. Note 1 bears a fixed interest rate of 3.5% and matures on August 1, 2025. Note 2 bears a floating interest rate equal to the U.S. prime rate, which was **7.5%** and 5.5% for the years ended December 31, 2022 and 2021, respectively, and matures on July 25, 2023. The notes were paid off early on November 2, 2022 with no early prepayment penalty. The note payable balances at December 31, 2022 and 2021 were $0.

Bridge Loan – New Market Tax Credit

On October 17, 2022, Housing First Community Coalition entered into a bridge loan agreement with Frost Bank in the amount of $6,150,000. The note matures on October 17, 2024 and bears a variable interest rate equal to the Prime Rate plus 1.25%, which was 8.75% at December 31, 2022. The note is payable in one payment of all outstanding principal plus all accrued unpaid interest. In addition, regular monthly payments of all accrued unpaid interest due as of each payment date, beginning November 17, 2022. Collateral related to the loan includes certain accounts and/or receivables and all proceeds thereof. The Organization did not draw down on the full amount of the bridge loan. The balance of the bridge loan at December 31, 2022 was $6,139,310.

Bridge Loan - New Market Tax Credit	$ 6,139,310
Less: Unamortized Debt Issuance Costs	(18,478)
Bridge Loan, Net - New Market Tax Credit	$ 6,120,832

Note N: New Market Tax Credit Financing and Notes Receivable

HFCC Support Corporation executed a seven-year new market tax credit (NMTC) loan agreement on November 4, 2022 with Impact CDE 78, LLC, LCD New Markets Fund XXXVIII, LLC and DVCI CDE LXVIII, LLC in the amount of $18,308,750. The loan carries an interest rate of 1.12% per annum and qualifies as a NMTC enhanced loan. The loan matures on December 1, 2056 and has a compliance period of seven years.

Impact CDE 78, LLC (Impact), LCD New Markets Fund XXXVIII, LLC (LCD) and DVCI CDE LXVIII, LLC (DVCI) are Community Development Entities which receive an allocation of NMTC pursuant to Section 45D of the Internal Revenue Code in order to assist eligible businesses in making new investments in certain low-income communities.

The borrowings on the NMTC loan are being used to finance the construction of Towne Twin Village. The NMTC loan is secured by the collateral of land, building and the improvements made to the land.

Interest on the loan is to be paid quarterly, which commenced in November 2022, and the agreement prevents HFCC Support Corporation from prepayment of any portion of the principal balance on the borrowings until the seventh anniversary date. On the seventh anniversary date, DV VNB Community Investment Fund, LLC (the Investor) can put its rights to the investment fund (known as DV-HFCC QEI, LLC or the Fund) to Housing First Community Coalition for $1,000, which will allow Housing First Community Coalition to cancel debts from HFCC Support Corporation. As of December 31, 2022, the outstanding loan balance was $18,308,750. The unamortized debt issuance costs, which are recognized as a deduction of debt in the Consolidated Statements of Financial Position, totaled $1,035,912 year ended December 31, 2022. HFCC Support Corporation incurred interest expense of $17,231 for the year ended December 31, 2022 and is reported as Interest Expense in the Consolidated Statement of Functional Expenses. In accordance with the loan agreement, HFCC Support Corporation is required to maintain lender reserve accounts at Enterprise Bank & Trust in the initial amount of $917,125. The reserve accounts are to be used to pay interest, fees and expenses to the lenders. As of December 31, 2022, the balance of the reserve accounts was $883,167 and is reported as Cash and Cash Equivalents – Reserved for Debt Service in the Consolidated Statements of Financial Position.

The Investor invested a total of $5,853,900 into the Fund in the form of NMTC equity and Housing First Community Coalition capitalized the same entity with a $13,186,100 leverage loan. The leverage loan matures on September 1, 2050 and bears an interest rate of 1%. As of December 31, 2022, the leverage loan balance was $13,186,100 and is reported as Notes Receivable - NMTC in the Consolidated Statements of Financial Position.

The NMTC loan requires HFCC Support Corporation to complete quarterly and annual compliance reporting and to maintain its status as a qualified active low-income business as defined by the Internal Service Revenue Code Section 45D. Management believes HFCC Support Corporation was in compliance with all significant financial covenants since inception through the date of this report.

Note O: Restatement

As of December 31, 2021, the Organization received a pledge for $200,000 that was not properly recognized. The impact of this restatement is a $200,000 increase to Contributions on the Consolidated Statement of Activities and Pledges Receivable on the Consolidated Statement of Financial Position at December 31, 2021.

Note P: Subsequent Events

Subsequent events have been evaluated through September 28, 2023, which is the date the financial statements were available to be issued.

Supplementary Information

Housing First Community Coalition

Consolidating Statement of Financial Position
December 31, 2022

Assets	HFCC	HFCC Support Corp.	Eliminating Entries	Totals
Current Assets:				
Cash and Cash Equivalents	$ 1,861,603	$ 7,978,868	$ -	**$ 9,840,471**
Cash and Cash Equivalents - Reserved for Debt Service	-	883,167	-	**883,167**
Certificates of Deposit	-	-	-	**-**
Accounts Receivable	354,018	-	-	**354,018**
Current Portion of Capital Campaign Pledges Receivable	122,000	-	-	**122,000**
Prepaid Expenses	27,061	-	-	**27,061**
Total Current Assets	2,364,682	8,862,035	-	**11,226,717**
Notes Receivable - New Market Tax Credit	13,186,100	-	-	**13,186,100**
Long-term Portion of Capital Campaign Pledges Receivable, Net of Discount	315,338	-	-	**315,338**
Intangible Assets	75,375	-	-	**75,375**
Property and Equipment, Net of Accumulated Depreciation	2,201,339	9,946,830	(585,186)	**11,562,983**
Total Assets	18,142,834	18,808,865	(585,186)	**36,366,513**
Liabilities and Net Assets				
Current Liabilities:				
Accounts Payable	272,669	938,701	-	**1,211,370**
Accrued Expenses	20,605	17,416	-	**38,021**
Payroll Liabilities	19,013	-	-	**19,013**
Construction Retainage	415,302	-	-	**415,302**
Total Current Liabilities	727,589	956,117	-	**1,683,706**
Long-Term Liabilities				
Bridge Loan, Net - New Market Tax Credit	6,120,832	-	-	**6,120,832**
New Market Tax Credit Financing, Net	-	17,291,316	-	**17,291,316**
Total Long-Term Liabilities	6,120,832	17,291,316	-	**23,412,148**
Total Liabilities	6,848,421	18,247,433	-	**25,095,854**
Net Assets:				
Without Donor Restrictions	9,677,075	561,432	(585,186)	**9,653,321**
With Donor Restrictions	1,617,338	-	-	**1,617,338**
Total Net Assets	11,294,413	561,432	(585,186)	**11,270,659**
Total Liabilities and Net Assets	18,142,834	18,808,865	(585,186)	**36,366,513**

Housing First Community Coalition

Consolidating Statement of Activities
Year Ended December 31, 2022

	HFCC Without Donor Restrictions	HFCC With Donor Restrictions	HFCC Totals	HFCC Support Corp. Without Donor Restrictions	Eliminations	Consolidated Without Donor Restrictions	Consolidated With Donor Restrictions	Consolidated Totals
Support and Revenues								
Contributions	$ 1,770,498	$ 1,530,000	$ 3,300,498	$ -	$ -	$ 1,770,498	$ 1,530,000	$ 3,300,498
Government Grants	2,984,261	-	2,984,261	-	-	2,984,261	-	2,984,261
Contributed Services	202,392	-	202,392	-	-	202,392	-	202,392
Interest Income	10,774	-	10,774	-	-	10,774	-	10,774
Related-Party Income (Expense)	(40,520)	-	(40,520)	625,706	(585,186)	-	-	-
Other Income	-	-	-	279	-	279	-	279
Net Assets Released from Restrictions	698,491	(698,491)	-	-	-	698,491	(698,491)	-
Total Support and Revenues	5,625,896	831,509	6,457,405	625,985	(585,186)	5,666,695	831,509	6,498,204
Expenses								
Program Services	256,716	-	256,716	-	-	256,716	-	256,716
Support Services:								
Management and General	207,776	-	207,776	64,553	-	272,329	-	272,329
Fundraising	89,059	-	89,059	-	-	89,059	-	89,059
Total Expenses	553,551	-	553,551	64,553	-	618,104	-	618,104
Change in Net Assets	5,072,345	831,509	5,903,854	561,432	(585,186)	5,048,591	831,509	5,880,100
Net Assets at Beginning of Year, restated	4,604,730	785,829	5,390,559	-	-	4,604,730	785,829	5,390,559
Net Assets at End of Year	$ 9,677,075	$ 1,617,338	$ 11,294,413	561,432	$ (585,186)	$ 9,653,321	$ 1,617,338	$ 11,270,659

Housing First Community Coalition

Consolidating Statement of Functional Expenses
Year Ended December 31, 2022

	HFCC						
		Support Services					
	Program Services	Management and General	Fundraising	Totals	HFCC Support Corp.	Eliminations	Consolidated Totals
Salaries and Wages	$ 190,959	$ 54,560	$ 27,280	$ 272,799	$ -	$ -	$ 272,799
Payroll Taxes	14,659	4,188	2,094	20,942	-	-	20,942
Employee Health Benefits	1,361	389	194	1,944	-	-	1,944
Total Salaries and Related Expenses	206,980	59,137	29,569	295,685	-	-	295,685
Advertising and Marketing	-	146	-	146	-	-	146
Bank and Other Charges	-	1,365	-	1,365	150	-	1,515
Contract Services	28,755	8,216	56,608	93,578	18,600	-	112,178
Dues and Subscriptions	-	115	-	115	-	-	115
Professional Services - In-Kind	-	-	-	-	-	-	-
Insurance	-	8,022	-	8,022	-	-	8,022
Interest	-	74,164	-	74,164	17,231	-	91,395
Maintenance and Repairs	-	210	-	210	-	-	210
Other Expenses	-	17,785	-	17,785	4,055	-	21,840
Printing and Postage	-	2,645	-	2,645	-	-	2,645
Property Expenses	800	-	-	800	-	-	800
Rent	-	13,800	-	13,800	-	-	13,800
Supplies	-	5,689	-	5,689	-	-	5,689
Utilities	-	3,458	-	3,458	-	-	3,458
Training and Staff Development	-	7,116	-	7,116	-	-	7,116
Travel	-	142	-	142	-	-	142
Total Expenses before Depreciation	236,534	202,010	86,176	524,720	40,036	-	564,756
Depreciation and Amortization	20,182	5,766	2,883	28,831	24,517	-	53,348
Total Expenses	$ 256,716	$ 207,776	$ 89,059	$ 553,551	$ 64,553	$ -	$ 618,104