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# LINC Up Nonprofit Housing Corporation and Subsidiaries

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**Consolidated Financial Report  
with Supplemental Information  
December 31, 2022**

# LINC Up Nonprofit Housing Corporation and Subsidiaries

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## Independent Auditor's Report

To the Board of Directors  
LINC Up Nonprofit Housing  
Corporation and Subsidiaries

### **Opinion**

We have audited the consolidated financial statements of LINC Up Nonprofit Housing Corporation and Subsidiaries (the "Organization"), which comprise the consolidated balance sheet as of December 31, 2022 and 2021 and the related consolidated statements of activities, changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, based on our audits and the report of the other auditors, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2022 and 2021 and the results of its activities, changes in net assets, functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Uptown Village LDHA LP and Roosevelt Park Lofts LDHA LP, variable interest entities for which LINC Up Nonprofit Housing Corporation is the primary beneficiary, whose statements reflect total assets constituting 14.64 and 15.61 percent of consolidated total assets at December 31, 2022 and 2021, respectively, and total revenue, gains, and other support constituting 10.34 and 15.73 percent, respectively, of consolidated total revenue, gains, and other support for the years then ended. Those statements were audited by other auditors in accordance with accounting principles generally accepted in the United States of America, whose report has been furnished to us and, our opinion, insofar as it relates to the amounts included for Uptown Village LDHA LP and Roosevelt Park Lofts LDHA LP, is based solely on the report of the other auditors.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audits of the Consolidated Financial Statements* section of our report. We are required to be independent of the Organization and to meet our ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of 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 issued or available to be issued.

To the Board of Directors  
LINC Up Nonprofit Housing  
Corporation and Subsidiaries

**Auditor's Responsibilities for the Audits 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 an opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that audits conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing audits in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

*Plante & Moran, PLLC*

December 18, 2023

## LINC Up Nonprofit Housing Corporation and Subsidiaries

### Consolidated Balance Sheet

December 31, 2022 and 2021

	2022	2021
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 1,080,413	\$ 1,502,450
Restricted cash and cash equivalents	1,042,083	1,012,737
Receivables:		
Grants receivable	203,861	435,000
Other accounts receivable - Net	73,513	140,635
Homes held for resale	2,304,137	567,168
Property held for sale	57,314	57,314
Prepaid expenses and other current assets (Note 7)	663,998	247,116
	<u>5,425,319</u>	<u>3,962,420</u>
<b>Total current assets</b>	5,425,319	3,962,420
<b>Other Assets</b> - Investment in nonconsolidated affiliate (Note 9)	110,441	89,361
<b>Property and Equipment</b> - Net (Note 3)	1,431,865	1,495,999
<b>Rental Properties</b> - Net (Note 3)	28,386,283	29,708,657
<b>Deferred Costs</b> - Net	145,804	161,510
	<u>145,804</u>	<u>161,510</u>
<b>Total assets</b>	<u><b>\$ 35,499,712</b></u>	<u><b>\$ 35,417,947</b></u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable:		
Trade	\$ 281,481	\$ 167,263
Construction	232,059	28,102
Advances from construction loans (Note 5)	844,705	176,786
Accrued liabilities and other:		
Accrued compensation	56,849	48,658
Accrued interest (Note 4)	691,472	632,023
Other accrued liabilities	262,068	183,113
Current portion of long-term debt (Note 4)	408,752	370,426
	<u>2,777,386</u>	<u>1,606,371</u>
<b>Total current liabilities</b>	2,777,386	1,606,371
<b>Long-term Debt</b> - Net of current portion (Note 4)	4,123,815	4,360,367
<b>Tenant Security Deposits</b>	118,443	121,069
	<u>118,443</u>	<u>121,069</u>
<b>Total liabilities</b>	7,019,644	6,087,807
<b>Net Assets</b>		
Without donor restrictions:		
Controlling interest	7,564,847	7,047,069
Noncontrolling interest	20,247,354	21,386,122
	<u>27,812,201</u>	<u>28,433,191</u>
<b>Total without donor restrictions</b>	27,812,201	28,433,191
With donor restrictions	667,867	896,949
	<u>667,867</u>	<u>896,949</u>
<b>Total net assets</b>	28,480,068	29,330,140
	<u>28,480,068</u>	<u>29,330,140</u>
<b>Total liabilities and net assets</b>	<u><b>\$ 35,499,712</b></u>	<u><b>\$ 35,417,947</b></u>

# LINC Up Nonprofit Housing Corporation and Subsidiaries

## Consolidated Statement of Activities

Years Ended December 31, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue, Gains (Losses), and Other Support</b>						
Contributions	\$ 192,061	\$ -	\$ 192,061	\$ 54,946	\$ -	\$ 54,946
Foundation grants	540	310,000	310,540	1,000	320,000	321,000
Government grants	-	1,617,773	1,617,773	-	260,587	260,587
Developer fees (Note 7)	33,000	-	33,000	-	-	-
Rental income	2,416,877	-	2,416,877	2,353,869	-	2,353,869
Nonconsolidated affiliate income (Note 9)	21,080	-	21,080	18,783	-	18,783
Interest income	1,245	-	1,245	2,959	-	2,959
Gain on sale of fixed assets (Note 3)	-	-	-	258,140	-	258,140
Loss on sale of homes held for resale - Net of cost of goods sold of \$743,670 and \$1,597,341 in 2022 and 2021, respectively (Note 2)	(153,670)	-	(153,670)	(622,341)	-	(622,341)
Consulting income	69,858	-	69,858	90,436	-	90,436
Other income	104,704	-	104,704	52,789	-	52,789
<b>Total revenue, gains, and other support</b>	<b>2,685,695</b>	<b>1,927,773</b>	<b>4,613,468</b>	<b>2,210,581</b>	<b>580,587</b>	<b>2,791,168</b>
<b>Net Assets Released from Restrictions</b>	<b>2,156,855</b>	<b>(2,156,855)</b>	<b>-</b>	<b>825,163</b>	<b>(825,163)</b>	<b>-</b>
<b>Total revenue, gains, other support, and net assets released from restrictions</b>	<b>4,842,550</b>	<b>(229,082)</b>	<b>4,613,468</b>	<b>3,035,744</b>	<b>(244,576)</b>	<b>2,791,168</b>
<b>Expenses</b>						
Program services:						
Rental property management	3,527,221	-	3,527,221	3,329,148	-	3,329,148
Real estate development	489,979	-	489,979	421,620	-	421,620
Community engagement	755,492	-	755,492	699,649	-	699,649
<b>Total program services</b>	<b>4,772,692</b>	<b>-</b>	<b>4,772,692</b>	<b>4,450,417</b>	<b>-</b>	<b>4,450,417</b>
Support services:						
Management and general	642,485	-	642,485	614,669	-	614,669
Fundraising	93,682	-	93,682	61,795	-	61,795
<b>Total support services</b>	<b>736,167</b>	<b>-</b>	<b>736,167</b>	<b>676,464</b>	<b>-</b>	<b>676,464</b>
<b>Total expenses</b>	<b>5,508,859</b>	<b>-</b>	<b>5,508,859</b>	<b>5,126,881</b>	<b>-</b>	<b>5,126,881</b>
<b>Decrease in Net Assets - Before forgiveness of debt and capital (distributions) contributions</b>	<b>(666,309)</b>	<b>(229,082)</b>	<b>(895,391)</b>	<b>(2,091,137)</b>	<b>(244,576)</b>	<b>(2,335,713)</b>
<b>Forgiveness of Debt (Notes 4 and 6)</b>	<b>46,088</b>	<b>-</b>	<b>46,088</b>	<b>288,578</b>	<b>-</b>	<b>288,578</b>
<b>Decrease in Net Assets - Before capital (distributions) contributions</b>	<b>(620,221)</b>	<b>(229,082)</b>	<b>(849,303)</b>	<b>(1,802,559)</b>	<b>(244,576)</b>	<b>(2,047,135)</b>
<b>Capital (Distributions) Contributions - Net</b>	<b>(769)</b>	<b>-</b>	<b>(769)</b>	<b>4,605,689</b>	<b>-</b>	<b>4,605,689</b>
<b>(Decrease) Increase in Net Assets</b>	<b>\$ (620,990)</b>	<b>\$ (229,082)</b>	<b>\$ (850,072)</b>	<b>\$ 2,803,130</b>	<b>\$ (244,576)</b>	<b>\$ 2,558,554</b>

See notes to consolidated financial statements.

## LINC Up Nonprofit Housing Corporation and Subsidiaries

### Consolidated Statement of Changes in Net Assets

Years Ended December 31, 2022 and 2021

	Without Donor Restrictions			With Donor Restrictions	Total
	Controlling Interest	Noncontrolling Interest	Total		
<b>Balance</b> - January 1, 2021	\$ 7,805,592	\$ 17,824,469	\$ 25,630,061	\$ 1,141,525	\$ 26,771,586
Decrease in net assets (net of ownership transfer (Note 2)) - Before capital contributions	(758,523)	(1,044,036)	(1,802,559)	(244,576)	(2,047,135)
Capital contributions and distributions - Net	-	4,605,689	4,605,689	-	4,605,689
<b>Balance</b> - December 31, 2021	7,047,069	21,386,122	28,433,191	896,949	29,330,140
Increase (decrease) in net assets - Before capital distributions	517,778	(1,137,999)	(620,221)	(229,082)	(849,303)
Capital distributions	-	(769)	(769)	-	(769)
<b>Balance</b> - December 31, 2022	<b>\$ 7,564,847</b>	<b>\$ 20,247,354</b>	<b>\$ 27,812,201</b>	<b>\$ 667,867</b>	<b>\$ 28,480,068</b>

## LINC Up Nonprofit Housing Corporation and Subsidiaries

### Consolidated Statement of Functional Expenses

Year Ended December 31, 2022

	Program Services				Support Services		
	Rental Property Management	Real Estate Development	Community Engagement	Total	Management and General	Fundraising	Total
Salaries, wages, and contracted employees	\$ 355,849	\$ 359,553	\$ 434,700	\$ 1,150,102	\$ 121,319	\$ 44,299	\$ 1,315,720
Employee benefits	81,202	88,856	54,340	224,398	41,837	6,308	272,543
Payroll taxes	29,792	29,660	35,858	95,310	10,008	3,655	108,973
<b>Total salaries and related expenses</b>	<b>466,843</b>	<b>478,069</b>	<b>524,898</b>	<b>1,469,810</b>	<b>173,164</b>	<b>54,262</b>	<b>1,697,236</b>
Office expenses	101,789	2,168	12,287	116,244	55,579	791	172,614
Professional fees	80,688	3,348	96,159	180,195	137,521	-	317,716
Repairs and maintenance	569,308	-	79	569,387	5,252	-	574,639
Insurance	161,550	-	-	161,550	4,439	-	165,989
Meetings and travel	8,485	2,769	24,669	35,923	18,960	-	54,883
Utilities	253,872	-	-	253,872	-	-	253,872
Real estate taxes	239,134	-	-	239,134	878	-	240,012
Rent	7,200	-	-	7,200	-	-	7,200
Depreciation - Property and equipment	-	-	-	-	64,135	-	64,135
Depreciation - Rental properties	1,322,373	-	-	1,322,373	-	-	1,322,373
Bad debt	35,054	-	-	35,054	13,578	-	48,632
Management fees	-	-	-	-	81,946	-	81,946
Program expenses and marketing	1,922	500	89,435	91,857	3,233	30,783	125,873
Interest expense	250,952	-	-	250,952	13,440	-	264,392
Miscellaneous	-	3,125	7,965	11,090	4,720	7,846	23,656
Asset management fees	12,344	-	-	12,344	-	-	12,344
Administrative fees	-	-	-	-	65,640	-	65,640
Amortization	15,707	-	-	15,707	-	-	15,707
<b>Total non-payroll-related expenses</b>	<b>3,060,378</b>	<b>11,910</b>	<b>230,594</b>	<b>3,302,882</b>	<b>469,321</b>	<b>39,420</b>	<b>3,811,623</b>
<b>Total functional expenses</b>	<b>\$ 3,527,221</b>	<b>\$ 489,979</b>	<b>\$ 755,492</b>	<b>\$ 4,772,692</b>	<b>\$ 642,485</b>	<b>\$ 93,682</b>	<b>\$ 5,508,859</b>

See notes to consolidated financial statements.



## LINC Up Nonprofit Housing Corporation and Subsidiaries

### Consolidated Statement of Functional Expenses

Year Ended December 31, 2021

	Program Services				Support Services		
	Rental Property Management	Real Estate Development	Community Engagement	Total	Management and General	Fundraising	Total
Salaries, wages, and contracted employees	\$ 301,051	\$ 303,437	\$ 446,508	\$ 1,050,996	\$ 162,472	\$ 46,515	\$ 1,259,983
Employee benefits	37,002	57,816	85,076	179,894	30,957	8,863	219,714
Payroll taxes	21,602	22,737	33,458	77,797	12,174	3,486	93,457
<b>Total salaries and related expenses</b>	<b>359,655</b>	<b>383,990</b>	<b>565,042</b>	<b>1,308,687</b>	<b>205,603</b>	<b>58,864</b>	<b>1,573,154</b>
Office expenses	101,344	3,422	11,557	116,323	54,326	286	170,935
Professional fees	64,255	19,710	36,227	120,192	116,585	-	236,777
Repairs and maintenance	583,694	-	-	583,694	18,407	-	602,101
Insurance	149,493	-	-	149,493	6,308	-	155,801
Meetings and travel	7,268	-	11,338	18,606	8,901	-	27,507
Utilities	224,660	-	-	224,660	-	-	224,660
Real estate taxes	156,280	-	-	156,280	699	-	156,979
Rent	6,984	-	-	6,984	-	-	6,984
Depreciation - Property and equipment	-	-	-	-	63,662	-	63,662
Depreciation - Rental properties	1,347,377	-	-	1,347,377	-	-	1,347,377
Bad debt	38,280	-	-	38,280	-	-	38,280
Management fees	-	-	-	-	81,447	-	81,447
Program expenses and marketing	2,915	990	43,837	47,742	7,200	2,000	56,942
Interest expense	260,266	1,619	-	261,885	15,234	-	277,119
Miscellaneous	73	11,889	31,648	43,610	14,628	645	58,883
Asset management fees	9,013	-	-	9,013	-	-	9,013
Administrative fees	-	-	-	-	21,669	-	21,669
Amortization	17,591	-	-	17,591	-	-	17,591
<b>Total non-payroll-related expenses</b>	<b>2,969,493</b>	<b>37,630</b>	<b>134,607</b>	<b>3,141,730</b>	<b>409,066</b>	<b>2,931</b>	<b>3,553,727</b>
<b>Total functional expenses</b>	<b>\$ 3,329,148</b>	<b>\$ 421,620</b>	<b>\$ 699,649</b>	<b>\$ 4,450,417</b>	<b>\$ 614,669</b>	<b>\$ 61,795</b>	<b>\$ 5,126,881</b>

See notes to consolidated financial statements.

# LINC Up Nonprofit Housing Corporation and Subsidiaries

## Consolidated Statement of Cash Flows

Years Ended December 31, 2022 and 2021

	2022	2021
<b>Cash Flows from Operating Activities</b>		
Decrease in net assets - Before capital (distributions) contributions	\$ (849,303)	\$ (2,047,135)
Adjustments to reconcile decrease in net assets - Before capital (distributions) contributions to net cash, cash equivalents, restricted cash, and restricted cash equivalents from operating activities:		
Income from nonconsolidated affiliates	(21,080)	(18,783)
Depreciation	1,386,508	1,411,039
Forgiveness of debt	(46,088)	(288,578)
Amortization of deferred costs	15,706	17,591
Amortization of debt issuance costs	3,081	6,688
Gain on disposal of fixed assets	-	(258,140)
Changes in operating assets and liabilities that provided (used) cash, cash equivalents, restricted cash, and restricted cash equivalents:		
Accounts receivable	298,261	922,512
Homes for resale	(1,736,969)	109,487
Prepaid expenses and other assets	(416,882)	(144,659)
Accounts payable	318,175	(73,438)
Accrued and other liabilities	146,595	120,709
Security deposit liability	(2,626)	7,150
Net cash, cash equivalents, restricted cash, and restricted cash equivalents used in operating activities	(904,622)	(235,557)
<b>Cash Flows from Investing Activities</b>		
Purchase of property and equipment	-	(15,458)
Purchase of rental properties	-	(507,585)
Net proceeds from disposition of property and equipment	-	452,400
Distributions from nonconsolidated affiliate	-	18,000
Net cash, cash equivalents, restricted cash, and restricted cash equivalents used in investing activities	-	(52,643)
<b>Cash Flows from Financing Activities</b>		
Payments on debt	(155,219)	(4,134,728)
Proceeds from construction loans	930,639	776,036
Payments on construction loans	(262,720)	(599,250)
Capital contributions	-	4,609,590
Capital distributions	(769)	(3,901)
Net cash, cash equivalents, restricted cash, and restricted cash equivalents provided by financing activities	511,931	647,747
<b>Net (Decrease) Increase in Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents</b>	(392,691)	359,547
<b>Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents - Beginning of year</b>	2,515,187	2,155,640
<b>Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents - End of year</b>	<b>\$ 2,122,496</b>	<b>\$ 2,515,187</b>
<b>Consolidated Balance Sheet Classification of Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents</b>		
Cash and cash equivalents	\$ 1,080,413	\$ 1,502,450
Restricted cash and cash equivalents	1,042,083	1,012,737
Total cash, cash equivalents, restricted cash, and restricted cash equivalents	<b>\$ 2,122,496</b>	<b>\$ 2,515,187</b>
<b>Supplemental Cash Flow Information - Cash paid for interest - Net of capitalized interest</b>	\$ 201,862	\$ 220,474

# LINC Up Nonprofit Housing Corporation and Subsidiaries

## Notes to Consolidated Financial Statements

December 31, 2022 and 2021

### Note 1 - Nature of Organization

LINC Up Nonprofit Housing Corporation (LINC Up) is a not-for-profit housing development corporation that seeks to stimulate community revitalization through enhancing opportunities for people living in target areas within Kent County, Michigan. Programs include the development of rental and owner-occupied housing for persons of low and moderate income, community organizing, and resident trainings. LINC Up also actively works to stimulate economic change in its target area through supporting commercial real estate developments and entrepreneurs.

### Note 2 - Significant Accounting Policies

#### *Principles of Consolidation*

The consolidated financial statements include the accounts of LINC Up, its wholly owned and majority-owned subsidiaries, and variable interest entities (VIEs) for which LINC Up is the primary beneficiary (collectively, the "Organization"). The equity attributable to the VIEs is reported as a noncontrolling interest in the accompanying consolidated financial statements. All material intercompany accounts and balances have been eliminated in consolidation.

The consolidated entities for the years ended December 31, 2022 and 2021 are summarized as follows:

Entity Name	Entity Description	Ownership Percentage	Date Acquired
Southtown Square LDHA LP	LINC Up has a 100 percent ownership interest in this entity.	100.00%	July 10, 2008
Roosevelt Park Lofts LDHA LP	LINC Up's wholly owned subsidiary is the 0.01 percent general partner in this equity.	0.01	December 22, 2006
Uptown Village LDHA LP	LINC Up is a 51 percent owner of the 0.01 percent general partner in this entity.	0.005	June 2, 2005
The Avenue Apartments LDHA LP	LINC Up has a 100 percent ownership interest in this entity.	100.00	January 27, 2005
Southtown Square II LDHA LP	LINC Up's wholly owned subsidiary is the 0.0046 percent managing general partner in this entity.	0.0046	July 18, 2012
Garfield Park Lofts LDHA LP	LINC Up's wholly owned subsidiary is the 51 percent owner of the 0.01 percent general partner in this equity.	0.005	September 24, 2018
West Garfield LDHA LP	LINC Up's wholly owned subsidiary is the 0.01 percent general partner in this entity.	0.01	October 17, 2019

During the year ended December 31, 2021, LINC Up was assigned the investor limited partner 99.99 percent interest in The Avenue Apartments LDHA LP through a wholly owned subsidiary, Avenue Apartments LP, LLC. As a result, The Avenue Apartments LDHA LP's (The Avenue) noncontrolling interest of \$(30,139) as of December 31, 2020 was transferred to controlling interest during 2021. The net asset transfer is included in the amounts reported as decrease in net assets before capital contributions on the 2021 consolidated statement of changes in net assets.

During 2021, LINC Up submitted an application and received an allocation of low-income housing tax credit for Avenue II Apartments and MoTown Square Affordable Assisted Living. As of December 31, 2022, there was no financial activity to record or no ownership by LINC Up in the entities. Subsequent to year end, on July 20, 2023, Avenue II Apartments Limited Dividend Housing Association Limited Partnership (Avenue II) purchased property totaling \$586,118 from The Avenue. In addition, Avenue II purchased land totaling \$110,000 from an unrelated entity. The land and existing building will be part of the acquisition and rehab project commencing in July 2023, which is estimated to be completed in June 2024. As part of the acquisition rehabilitation project, an additional 10 units will be added to the existing 10 units acquired from The Avenue. A wholly owned LINC Up subsidiary, LINC Up GP Avenue II, LLC, is the general partner and 0.01 percent owner of Avenue II.

**Note 2 - Significant Accounting Policies (Continued)**

***Basis of Presentation***

The consolidated financial statements of the Organization have been prepared on the basis of generally accepted accounting principles (GAAP). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect amounts reported in the financial statements. Actual results could differ from those estimates.

***Cash Equivalents***

The Organization considers all investments with an original maturity of three months or less when purchased to be cash equivalents.

***Restricted Cash and Cash Equivalents***

Restricted cash and cash equivalents are required for operating and replacement reserves and security deposits, as required by the escrow and/or partnership agreements.

***Concentration of Credit Risk***

The Organization maintains cash balances at various banks that at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts.

***Homes Held for Resale***

Under the HOME Investment Partnerships (HOME) program, houses are purchased, rehabilitated, and resold at affordable prices to individuals meeting certain income tests. The houses held at year end are accounted for as inventory being held for resale. Inventory is valued at the lower of cost or net realizable value. The balance of the houses held for resale includes the cost of acquiring and cost incurred to rehabilitate.

In connection with the sale of certain housing units during the years ended December 31, 2022 and 2021, LINC Up incurred expenses of approximately \$63,000 and \$295,000, respectively, related to a homebuyer assistance program agreement with the buyers and Kent County, Michigan. These expenses are included in the total cost of homes sold for the years ended December 31, 2022 and 2021.

In addition, grant revenue on the consolidated statement of activities includes dollars received under the HOME and Project Reinvest programs during the years ended December 31, 2022 and 2021 totaling \$1,397,896 and \$170,913, respectively. This revenue was used to fund a portion of the cost to rehabilitate the homes.

***Property and Equipment, Rental Properties, and Property Held for Sale***

It is the Organization's policy to capitalize property and equipment over \$1,000. Property and equipment and net rental property are recorded at cost or fair value at the date of gift. The straight-line method is used for computing depreciation, and assets are depreciated over their estimated useful lives. Costs of maintenance and repairs that do not involve substantial betterments are charged to expense when incurred. Property held for sale is subject to measurement at the lower of its carrying amount or estimated fair value less cost to sell.

***Rental Housing Properties Under Construction***

Rental housing properties under construction include costs related to construction, as these properties are being developed. The construction in progress is recorded at cost.

**Note 2 - Significant Accounting Policies (Continued)**

***Impairment or Disposal of Long-lived Assets***

The Organization reviews the recoverability of long-lived assets, including buildings, equipment, rental properties, and rental housing properties under construction, when events or changes in circumstances occur that indicate the carrying value of the asset may not be recoverable. If it is determined that an impairment loss has occurred based on expected future cash flow, a current charge to income is recognized. There were no impairment losses recognized during the years ended December 31, 2022 or 2021.

***Deferred Costs***

Deferred costs consist of tax credit fees of \$268,252 as of December 31, 2022 and 2021, which are being amortized over the tax credit compliance period. Amortization expense was \$15,706 and \$17,591 for the years ended December 31, 2022 and 2021, respectively. Accumulated amortization totaled \$122,448 and \$106,742 at December 31, 2022 and 2021, respectively.

***Debt Issuance Costs***

Debt issuance costs were incurred by the Organization in connection with obtaining various loans described in Note 4. Debt issuance costs totaled \$51,234 at December 31, 2022 and 2021. These costs are recorded as a reduction in the recorded balance of the outstanding debt. The costs are amortized over the term of the related debt and reported as a component of interest expense. Amortization expense was \$3,081 and \$6,688 for the years ended December 31, 2022 and 2021, respectively. Accumulated amortization totaled \$7,708 and \$4,627 at December 31, 2022 and 2021, respectively. The debt issuance costs related to the West Garfield construction loan were fully amortized during 2021 and written off upon payment of the construction loan.

***Classification of Net Assets***

Net assets of the Organization are classified based on the presence or absence of donor-imposed restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions or for which the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the Organization.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity. Net assets with donor restrictions consist of contributions restricted for addressing structural inequality and improving economic stability totaling \$667,867 and \$896,949 as of December 31, 2022 and 2021, respectively. There are no amounts to be held in perpetuity as of December 31, 2022 or 2021.

Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable state law.

**Note 2 - Significant Accounting Policies (Continued)**

***Contributions***

Unconditional promises to give cash and other assets to the Organization are reported at fair value on the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value on the date the gift becomes unconditional or is received. The gifts are reported as contributions, foundation grants, or federal grants with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions. As of December 31, 2022 and 2021, the Organization has remaining available award balances on various conditional grants of approximately \$130,000 and \$210,000, respectively. These awards are not recognized as assets and will be recognized as revenue as the conditions are met.

Contributions and grants receivable that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. An allowance for uncollectible contributions is provided when evidence indicates amounts promised by donors may not be collectible. The Organization expects to fully collect the grants receivable balance within one year.

Subsequent to year end, a local foundation awarded the Organization an unconditional promise to give totaling \$1,100,000, with donor restrictions, for the purpose of increasing the economic security and civic engagement of residents in Grand Rapids, Michigan. Additionally, the Michigan State Housing Development Authority awarded the Organization a conditional promise to give totaling \$577,500, with donor restrictions, for the purpose of renovations and new construction assistance for affordable housing.

***Rental Income***

The Organization has leases that are short term in nature and are classified as operating leases. The Organization records rental revenue at net amounts ratably over the term of the respective leases.

***Functional Allocation of Expenses***

The costs of providing the program and support services have been reported on a functional basis in the consolidated statement of activities. Indirect costs have been allocated between the various program and support services based on estimates determined by management. Accordingly, certain costs have been allocated among program and support services benefited. Those costs include salaries and related expenses. The allocations performed are based on the basis of time and effort. Although the methods of allocation used are considered reasonable, other methods could be used that would produce a different amount.

***Income Taxes***

LINC Up is a not-for-profit corporation and is exempt from tax under the provisions of Internal Revenue Code Section 501(c)(3).

No income tax provision has been recorded in the consolidated financial statements for the consolidated partnerships since the income or loss of the partnerships is required to be reported by the respective partners on their individual income tax returns.

## LINC Up Nonprofit Housing Corporation and Subsidiaries

### Notes to Consolidated Financial Statements

December 31, 2022 and 2021

#### Note 2 - Significant Accounting Policies (Continued)

##### *Low-income Housing Tax Credit*

The consolidated partnerships have qualified for and have been allocated low-income housing tax credit pursuant to Internal Revenue Code Section 42 (Section 42), which regulates the use of the projects' units as to occupant eligibility and unit gross rent, among other requirements. The projects' units must meet the provisions of these regulations during each of 15 consecutive years in order for the projects to remain qualified to receive the credit. The consolidated partnerships have also executed a Regulatory Agreement, which requires the utilization of the projects pursuant to Section 42 for a minimum of 30 years, even if disposition of the projects by the partnership occurs.

##### *Use of Estimates*

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

##### *Subsequent Events*

The consolidated financial statements and related disclosures include evaluation of events up through and including December 18, 2023, which is the date the consolidated financial statements were available to be issued.

#### Note 3 - Property and Equipment, Rental Properties, and Rental Housing Properties Under Construction

Property and equipment, rental properties, and rental housing properties under construction are summarized as follows:

	2022	2021	Depreciable Life - Years
Building improvements	\$ 1,997,816	\$ 1,997,816	5-40
Office equipment	158,024	158,024	5-10
Rental property	40,559,156	40,559,156	0-40
Total cost	42,714,996	42,714,996	
Accumulated depreciation:			
Building improvements	585,530	530,960	
Office equipment	138,445	128,881	
Rental property	12,172,873	10,850,499	
Total accumulated depreciation	12,896,848	11,510,340	
Net property and equipment	\$ 29,818,148	\$ 31,204,656	

Depreciation expense related to property and equipment was \$64,135 and \$63,662 for the years ended December 31, 2022 and 2021, respectively. Depreciation expense related to rental properties was \$1,322,373 and \$1,347,377 for the years ended December 31, 2022 and 2021, respectively.

During the year ended December 31, 2021, the Organization sold various properties to third parties for a total gross sale price of \$452,400, resulting in a net gain on sale of \$258,140, which is included in gain on sale of homes and fixed assets on the consolidated statement of activities. There was no sale of properties during the year ended December 31, 2022.

## LINC Up Nonprofit Housing Corporation and Subsidiaries

### Notes to Consolidated Financial Statements

December 31, 2022 and 2021

#### Note 3 - Property and Equipment, Rental Properties, and Rental Housing Properties Under Construction (Continued)

Subsequent to year end, the Organization sold the property held for sale as of December 31, 2022 for a total gross sale price of \$185,000.

#### Note 4 - Long-term Debt

Long-term debt at December 31, 2022 and 2021 is as follows:

	2022	2021
Note payable to Huntington Bank. Monthly principal and interest payments of \$2,283 are payable at a rate of 8.50 percent, with a balloon payment estimated at \$216,009 at maturity. The note is secured by a mortgage on the property. The note matures in December 2024	\$ 224,641	\$ 238,908
Mortgage loans payable to various banks in monthly installments of approximately \$7,800, including interest at 0.5 to 1.0 percent above the prime rate (an effective rate of 4.25 to 8.50 percent at December 31, 2022 and 2021, respectively). The mortgages are secured by the underlying rental properties, the corporate office, lease assignments, and construction in progress. In June 2022, one mortgage loan with a local bank, with an outstanding balance of \$73,498, was partially forgiven in a settlement agreement and paid in full. The notes mature on various dates beginning in December 2024 through December 2029	663,067	793,677
Note payable to Fifth Third Bank for the financing of Roosevelt Park Lofts. The note is secured by the underlying real estate. Monthly principal and interest payments of \$3,564 are payable at a rate of 7.5 percent. The note matures in August 2027. The bank agreement requires a debt service coverage ratio of no less than 1.15 to 1.0. Roosevelt Park Lofts was in compliance with this ratio at December 31, 2022	422,774	432,956
Note payable to the City of Grand Rapids, Michigan for the financing of Roosevelt Park Lofts. The note is secured by the underlying real estate. Interest accrues on the note at a rate of 5.5 percent. No payments are required until maturity, at which time all outstanding principal and accrued interest are due. The note matures in November 2037	465,000	465,000
Note payable to the City of Grand Rapids, Michigan for the financing of Roosevelt Park Lofts. The note is secured by the underlying real estate. The note is non-interest bearing. No payments are required until maturity, at which time all outstanding principal is due. The note matured in November 2023 and was forgiven in full subsequent to year end	90,000	90,000
Note payable to the City of Grand Rapids, Michigan for the financing of Southtown Square II. The note is secured by the underlying real estate. The note is non-interest bearing. Payments of 50 percent of net cash flow, as defined in the partnership agreement, are required until maturity, at which time all outstanding principal is due. The note matures in October 2059	606,867	606,867
Note payable to Cinnaire Investment Corporation for the financing of The Avenue. The note is secured by the underlying real estate. Monthly principal and interest payments of \$694 are payable at a rate of 7.42 percent. The note matures in July 2025. Subsequent to year end, on July 20, 2023, the note was paid in full as part of the acquisition/rehabilitation transaction described in Note 2	74,049	76,769



## LINC Up Nonprofit Housing Corporation and Subsidiaries

### Notes to Consolidated Financial Statements

December 31, 2022 and 2021

#### Note 4 - Long-term Debt (Continued)

	<u>2022</u>	<u>2021</u>
Note payable to the City of Grand Rapids, Michigan for the financing of The Avenue. The note is secured by the underlying real estate. Interest accrues on the note at a rate of 5.0 percent. No payments are required until maturity, at which time all outstanding principal and accrued interest are due. The note matures in December 2040. Subsequent to year end, on July 20, 2023, the note was assigned to Avenue II as part of the acquisition/rehabilitation transaction described in Note 2	\$ 150,000	\$ 150,000
Note payable to Cinnaire Investment Corporation for the financing of Uptown Village. The note is secured by the underlying real estate. Monthly principal and interest payments of \$6,105 are payable at a rate of 7.49 percent. The note matures in October 2036	678,240	699,817
Note payable to PNC Bank for the financing of Garfield Park Lofts. The note is secured by the underlying real estate. Monthly principal and interest payments of \$3,609 are payable at a rate of 5.25 percent. The note matures in August 2035	481,129	498,324
Note payable to IFF for the financing of West Garfield. The note is secured by the underlying real estate. Monthly interest-only payments at a rate of 6.00 percent are required through the conversion date of June 30, 2020. Commencing on July 1, 2021, monthly principal and interest payments of \$3,040 are required through the maturity date. The note matures in June 2038	526,136	530,892
Note payable to the City of Grand Rapids, Michigan for the financing of West Garfield. The note is secured by the underlying real estate. The note bears interest at 1 percent per annum. No payments are required until maturity, at which time all outstanding principal is due. The note matures in October 2048	194,190	194,190
Total	4,576,093	4,777,400
Less current portion	408,752	370,426
Less unamortized debt issuance costs	43,526	46,607
Long-term portion	<u>\$ 4,123,815</u>	<u>\$ 4,360,367</u>

The balance of the above debt matures as follows:

<u>Years Ending</u>	<u>Total</u>
2023	\$ 408,752
2024	635,728
2025	197,453
2026	679,700
2027	437,772
Thereafter	2,216,688
Total	<u>\$ 4,576,093</u>

Interest expense for 2022 and 2021 was \$264,392 and \$277,179, respectively.

**Notes to Consolidated Financial Statements**

**December 31, 2022 and 2021**

**Note 5 - Construction Loan**

Under a construction loan agreement with a local bank for the purpose of a homes held for resale project, the Organization had available borrowings of approximately \$710,000. The loan was drawn in full during 2021. Interest is payable monthly at a variable interest rate based on the current prime rate, an effective rate of 3.25 percent at December 31, 2021. Principal repayments of \$119,850 are required upon the sale of each unit. The loan is collateralized by underlying real estate. As of December 31, 2021, there was an outstanding balance of \$119,850 on the loan. The loan was paid in full during 2022.

Under a construction loan agreement with a local bank for the purpose of a homes held for resale project, the Organization had available borrowings of \$142,870 as of December 31, 2021. Interest is payable at a variable interest rate based on the current prime rate, an effective rate of 3.25 percent at December 31, 2021. The loan is due in one payment of all outstanding principal plus all accrued unpaid interest upon the sale of the home. The loan is collateralized by underlying real estate. As of December 31, 2021, there was an outstanding balance of \$56,936 on the loan. The loan was paid in full upon the sale of the home during 2022.

Under a construction loan agreement with a local bank for the purpose of a homes held for resale project, the Organization had available borrowings of \$115,000 as of December 31, 2021. Interest is payable monthly, beginning in October 2021, at a variable interest rate based on the current prime rate, an effective rate of 3.25 percent at December 31, 2021. The loan is due in one payment of all outstanding principal plus all accrued unpaid interest upon the maturity date. The loan is collateralized by underlying real estate. As of December 31, 2021 and during 2022, there were no draws on the loan. The loan matured in September 2022.

Under a construction loan agreement with a local bank for the purpose of a homes held for resale project, the Organization had available borrowings of \$138,000 as of December 31, 2021. Interest is payable monthly, beginning in October 2021, at a variable interest rate based on the current prime rate, an effective rate of 3.25 percent at December 31, 2021. As of December 31, 2021, there had been no draws on the loan. In February 2022, the Organization refinanced the construction loan agreement. Under the terms of the new construction loan agreement, the Organization has available borrowings up to \$190,100 and a maturity date of February 2023. Interest is payable monthly, beginning in March 2022, at a variable interest rate based on the current prime rate, an effective rate of 7.50 percent at December 31, 2022. The loan is due in one payment of all outstanding principal plus all accrued unpaid interest upon the maturity date. The loan is collateralized by underlying real estate. As of December 31, 2022, there is an outstanding balance of \$190,100 on the loan. Subsequent to year end, the loan was paid in full.

Under a construction loan agreement with a local bank for the purpose of a homes held for resale project, the Organization has available borrowings up to \$995,327 as of December 31, 2022. Interest is payable monthly, beginning in March 2022, at a variable interest rate based on the current prime rate, an effective rate of 7.50 percent at December 31, 2022. Principal repayments of \$165,888 are required upon the sale of each unit. All outstanding principal plus all accrued unpaid interest are due in one payment upon the maturity date. Subsequent to year end, the note was extended to a maturity date in November 2023, and management is currently in negotiation to execute an additional extension. The loan is collateralized by underlying real estate. As of December 31, 2022, there is an outstanding balance of \$323,913 on the loan.

Under a construction loan agreement with a local bank for the purpose of a homes held for resale project, the Organization has available borrowings up to \$173,968 as of December 31, 2022. Interest is payable monthly, beginning in September 2022, at a variable interest rate based on the current prime rate, an effective rate of 7.50 percent at December 31, 2022. All outstanding principal plus all accrued unpaid interest are due in one payment upon the maturity date. The note matures in February 2024. The loan is collateralized by underlying real estate. As of December 31, 2022, there is an outstanding balance of \$103,792 on the loan.

December 31, 2022 and 2021

### Note 5 - Construction Loan (Continued)

Under a construction loan agreement with a local bank for the purpose of a homes held for resale project, the Organization has available borrowings up to \$179,250 as of December 31, 2022. Interest is payable monthly, beginning in September 2022, at a variable interest rate based on the current prime rate, an effective rate of 7.50 percent at December 31, 2022. All outstanding principal plus all accrued unpaid interest are due in one payment upon the maturity date. The note matures in February 2024. The loan is collateralized by underlying real estate. As of December 31, 2022, there is an outstanding balance of \$103,792 on the loan.

Under a construction loan agreement with a local bank for the purpose of a homes held for resale project, the Organization has available borrowings up to \$178,500 as of December 31, 2022. Interest is payable monthly, beginning in September 2022, at a variable interest rate based on the current prime rate, an effective rate of 7.50 percent at December 31, 2022. All outstanding principal plus all accrued unpaid interest are due in one payment upon the maturity date. The note matures in February 2024. The loan is collateralized by underlying real estate. As of December 31, 2022, there is an outstanding balance of \$123,108 on the loan.

### Note 6 - Paycheck Protection Program Debt

During the year ended June 30, 2020, the Organization received a Paycheck Protection Program (PPP) loan in the amount of \$244,300. The PPP loan program was created under the Coronavirus Aid, Relief, and Economic Security (CARES) Act and is administered by the Small Business Administration (SBA). Under the terms of this program, the loan may be fully or partially forgiven if the loan proceeds are spent on qualifying expenses and if staffing level and salary maintenance requirements are met.

Any request for forgiveness is subject to review and approval by the lender and the SBA, including review of qualifying expenditures and staffing and salary levels.

During the year ended December 31, 2021, the Organization applied for and received notification of forgiveness of the entire loan balance from the SBA.

### Note 7 - Related Party Transactions

The following is a description of transactions between the Organization and related parties:

#### ***Other Assets***

LINC Up advances funds to pay for predevelopment costs for potential low-income housing tax credit projects. The funds advanced are reimbursed with investor capital contributions upon the closing of the partnership. The total amount of outstanding advances was \$584,744 and \$172,134 at December 31, 2022 and 2021, respectively, and is included in prepaid expenses and other current assets on the consolidated balance sheet.

#### ***Developer Fee Payable***

Developer fees are payable to affiliates of the general partner of Garfield Park Lofts LDHA LP for services rendered in negotiating, coordinating, and servicing the planning, architectural, engineering, and construction services necessary for construction of the project. The developer fees are capitalized as part of the building and improvements and have been earned and recognized in accordance with the development fee agreement. Developer fees payable to LINC Up Nonprofit Housing Corporation have been eliminated during consolidation. The outstanding development fee due to affiliates at December 31, 2021 totaled \$108,280. There was no outstanding development fee due to affiliates at December 31, 2022.

# LINC Up Nonprofit Housing Corporation and Subsidiaries

## Notes to Consolidated Financial Statements

December 31, 2022 and 2021

### Note 7 - Related Party Transactions (Continued)

#### *Developer Fees*

In accordance with the development agreement for Eastern Lofts LDHA LLC (a nonconsolidated affiliate, as described in Note 9), developer fees are earned by LINC Up for services rendered in negotiating, coordinating, and servicing the planning architectural, engineering, and construction services necessary for construction of the project. The development agreement specifies total payment of \$100,000. During the year ended December 31, 2022, \$33,000 was earned under the terms of this agreement and is reported as developer fee revenue on the consolidated statement of activities and a related party receivable on the consolidated balance sheet. There were no developer fees earned during the year ended December 31, 2021.

### Note 8 - Liquidity and Availability of Resources

The following reflects the Organization's financial assets as of December 31, 2022 and 2021, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the consolidated balance sheet date:

	2022	2021
Cash and cash equivalents	\$ 1,080,413	\$ 1,502,450
Accounts receivable	277,374	575,635
Restricted cash	1,042,083	1,012,737
Other current assets	584,744	172,134
	<u>2,984,614</u>	<u>3,262,956</u>
Financial assets - At year end	2,984,614	3,262,956
Less those unavailable for general expenditures within one year due to contractual or donor-imposed restrictions:		
Restricted by donor with time or purpose restrictions	667,867	896,949
Restricted cash	1,042,083	1,012,737
	<u>1,710,950</u>	<u>1,910,686</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,274,664</u>	<u>\$ 1,353,270</u>

The Organization is supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors.

The Organization has a goal to maintain financial assets, which consist of cash, on hand to meet 60 days of normal operating expenses, which are, on average, approximately \$670,000 and \$612,000 at December 31, 2022 and 2021, respectively. Normal operating expenditures, for the purpose of the calculation, include all expenditures, with the exception of noncash items, such as depreciation, amortization, and bad debt; thus, the expenditure total includes costs that could be paid with restricted grants and contributions. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of daily requirements in various short-term investments, including certificates of deposit and short-term treasury instruments.

The Organization also realizes there could be unanticipated liquidity needs.

## LINC Up Nonprofit Housing Corporation and Subsidiaries

### Notes to Consolidated Financial Statements

December 31, 2022 and 2021

#### Note 9 - Investment in Nonconsolidated Affiliates

The Organization has a 50 percent investment in Midwest Housing Development, LLC where it maintains an ability to influence, but not control, Midwest Housing Development, LLC's operating and financial policies. This investment is accounted for using the equity method, whereby the Organization annually records its proportionate share of Midwest Housing Development, LLC's profits and losses, as well as distributions, as an adjustment to the carrying value of the investment. At December 31, 2022 and 2021, the investment in Midwest Housing Development, LLC totaled \$110,441 and \$89,361, respectively. The Organization's allocation of net income for the year ended December 31, 2022 and the period from July 1, 2020 through December 31, 2021 was \$21,080 and \$18,783, respectively.

LINC Up's wholly owned subsidiary, LINC Up Development VI, LLC, is the Class B member with a 0.00510 percent ownership interest in Eastern Lofts LDHA LLC (Eastern Lofts). Eastern Lofts is considered to be a variable interest entity because it does not have sufficient equity to carry out its principal activities without the subordinated financial support provided by the loans and advances from the members. The Organization determined that it is not the primary beneficiary of Eastern Lofts because it does not have the power through voting or similar rights to direct rental operations, which represents its most significant activity. The investment in Eastern Lofts will be recorded at cost and adjusted for any observable changes in price. Impairment losses due to a decline in the value of the investment that is other than temporary are recognized when incurred. No impairment losses were recognized during the years ended December 31, 2022 or 2021. The Organization is required to make a capital contribution of \$10, which has not yet been funded as of December 31, 2022 or 2021. Construction of Eastern Lofts began on November 30, 2020, and the project was placed in service during the year ended December 31, 2021.

The following is a summary of financial position and results of operations of Midwest Housing Development, LLC as of and for the years ended December 31, 2022 and 2021 and Eastern Lofts LDHA LLC as of and for the year ended December 31, 2022 and as of and for the period from December 1, 2020 (date of investor entry) through December 31, 2021:

	Midwest Housing Development, LLC		Eastern Lofts LDHA LLC	
	2022	2021	2022	2022
Assets	\$ 233,085	\$ 205,410	\$ 14,360,272	\$ 13,354,655
Liabilities	\$ 15,203	\$ 29,689	\$ 10,553,174	\$ 11,609,652
Equity	\$ 217,882	\$ 175,721	\$ 3,807,098	\$ 1,745,003
Partner distributions	\$ -	\$ (39,000)	\$ -	\$ -
Net income (loss)	\$ 42,160	\$ 37,565	\$ (975,785)	\$ (25,125)

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## Supplemental Information

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**Independent Auditor's Report on Supplemental Information**

To the Board of Directors  
LINC Up Nonprofit Housing  
Corporation and Subsidiaries

We have audited the consolidated financial statements of LINC Up Nonprofit Housing Corporation and Subsidiaries as of and for the years ended December 31, 2022 and 2021 and have issued our report thereon dated December 18, 2023, which contained an unmodified opinion on those consolidated financial statements. Our audits were performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules and schedule of depreciation by entity are presented for the purpose of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Plante & Moran, PLLC*

December 18, 2023

# LINC Up Nonprofit Housing Corporation and Subsidiaries

## Consolidating Balance Sheet

December 31, 2022

	LINC Up	Southtown Square LDHA LP	Roosevelt Park Lofts LDHA LP	Southtown Square II LDHA LP	The Avenue Apartments LDHA LP	Uptown Village LDHA LP	Garfield Park Lofts LDHA LP	West Garfield LDHA LP	Eliminating Entries	Total
<b>Assets</b>										
<b>Current Assets</b>										
Cash and cash equivalents	\$ 74,688	\$ 36,340	\$ 6,509	\$ 736,156	\$ 1,247	\$ 5,513	\$ 108,477	\$ 111,483	\$ -	\$ 1,080,413
Restricted cash and cash equivalents	22,059	121,266	36,050	388,143	70,635	80,195	188,575	135,160	-	1,042,083
Receivables:										
Grants receivable	203,861	-	-	-	-	-	-	-	-	203,861
Related party receivable	565,211	119,961	-	-	-	-	-	-	(685,172)	-
Other accounts receivable - Net	10,948	1,548	9,409	18,915	387	5,587	15,277	11,442	-	73,513
Homes held for resale	2,304,137	-	-	-	-	-	-	-	-	2,304,137
Property held for sale	57,314	-	-	-	-	-	-	-	-	57,314
Prepaid expenses and other current assets	606,410	-	8,847	22,760	4,355	400	20,763	10,254	(9,791)	663,998
<b>Total current assets</b>	<b>3,844,628</b>	<b>279,115</b>	<b>60,815</b>	<b>1,165,974</b>	<b>76,624</b>	<b>91,695</b>	<b>333,092</b>	<b>268,339</b>	<b>(694,963)</b>	<b>5,425,319</b>
<b>Other Assets</b>										
Investment in nonconsolidated affiliate	110,441	-	-	-	-	-	-	-	-	110,441
Loans to affiliates	1,732,463	-	-	-	-	-	-	-	(1,732,463)	-
<b>Total other assets</b>	<b>1,842,904</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,732,463)</b>	<b>110,441</b>
<b>Property and Equipment - Net</b>	<b>1,431,865</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,431,865</b>
<b>Rental Properties - Net</b>	<b>2,704,572</b>	<b>2,082,612</b>	<b>2,486,525</b>	<b>6,910,569</b>	<b>609,312</b>	<b>2,557,916</b>	<b>8,089,967</b>	<b>5,598,560</b>	<b>(2,653,750)</b>	<b>28,386,283</b>
<b>Deferred Costs - Net</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>41,883</b>	<b>-</b>	<b>-</b>	<b>61,576</b>	<b>42,345</b>	<b>-</b>	<b>145,804</b>
<b>Total assets</b>	<b>\$ 9,823,969</b>	<b>\$ 2,361,727</b>	<b>\$ 2,547,340</b>	<b>\$ 8,118,426</b>	<b>\$ 685,936</b>	<b>\$ 2,649,611</b>	<b>\$ 8,484,635</b>	<b>\$ 5,909,244</b>	<b>\$ (5,081,176)</b>	<b>\$ 35,499,712</b>



# LINC Up Nonprofit Housing Corporation and Subsidiaries

## Consolidating Balance Sheet (Continued)

December 31, 2022

	LINC Up	Southtown Square LDHA LP	Roosevelt Park Lofts LDHA LP	Southtown Square II LDHA LP	The Avenue Apartments LDHA LP	Uptown Village LDHA LP	Garfield Park Lofts LDHA LP	West Garfield LDHA LP	Eliminating Entries	Total
<b>Liabilities and Net Assets (Deficiency in Net Assets)</b>										
<b>Current Liabilities</b>										
Accounts payable:										
Trade	\$ 234,630	\$ 2,494	\$ 8,045	\$ 2,878	\$ 38,159	\$ 31,101	\$ 5,631	\$ 1,294	\$ (42,751)	\$ 281,481
Construction	232,059	-	-	-	-	-	-	-	-	232,059
Trade payables to related parties	87,000	-	-	-	-	-	-	-	(87,000)	-
Advances from construction loans	844,705	-	-	-	-	-	-	-	-	844,705
Accrued liabilities and other:										
Accrued compensation	51,365	-	722	1,853	254	-	1,515	1,140	-	56,849
Accrued interest	-	-	548,950	618,762	309,612	346,233	5,587	19,598	(1,157,270)	691,472
Other accrued liabilities	56,891	-	12,900	53,788	2,648	99,829	23,939	12,073	-	262,068
Current portion of long-term debt	57,706	-	11,446	290,100	2,929	23,394	18,127	5,050	-	408,752
Accrued incentive management fee	-	-	-	457,592	-	-	-	-	(457,592)	-
Total current liabilities	1,564,356	2,494	582,063	1,424,973	353,602	500,557	54,799	39,155	(1,744,613)	2,777,386
<b>Related Party Notes Payable</b>	-	-	-	791,073	215,000	360,000	179,545	128,575	(1,674,193)	-
<b>Long-term Debt - Net of current portion</b>	830,002	-	966,328	316,767	221,120	654,846	452,984	681,768	-	4,123,815
<b>Tenant Security Deposits</b>	26,394	9,444	12,016	9,984	3,674	16,477	21,370	19,084	-	118,443
<b>Developer Fee Payable</b>	-	-	33,580	-	74,040	-	-	-	(107,620)	-
Total liabilities	2,420,752	11,938	1,593,987	2,542,797	867,436	1,531,880	708,698	868,582	(3,526,426)	7,019,644
<b>Net Assets (Deficiency in Net Assets)</b>										
Without donor restrictions:										
Controlling interest	6,735,350	2,349,789	196,397	(140)	(181,500)	19,814	(66)	(47)	(1,554,750)	7,564,847
Noncontrolling interest	-	-	756,956	5,575,769	-	1,097,917	7,776,003	5,040,709	-	20,247,354
With donor restrictions	667,867	-	-	-	-	-	-	-	-	667,867
Total net assets (deficiency in net assets)	7,403,217	2,349,789	953,353	5,575,629	(181,500)	1,117,731	7,775,937	5,040,662	(1,554,750)	28,480,068
Total liabilities and net assets (deficiency in net assets)	<u>\$ 9,823,969</u>	<u>\$ 2,361,727</u>	<u>\$ 2,547,340</u>	<u>\$ 8,118,426</u>	<u>\$ 685,936</u>	<u>\$ 2,649,611</u>	<u>\$ 8,484,635</u>	<u>\$ 5,909,244</u>	<u>\$ (5,081,176)</u>	<u>\$ 35,499,712</u>

# LINC Up Nonprofit Housing Corporation and Subsidiaries

## Consolidating Balance Sheet

December 31, 2021

	LINC Up	Southtown Square LDHA LP	Roosevelt Park Lofts LDHA LP	Southtown Square II LDHA LP	The Avenue Apartments LDHA LP	Uptown Village LDHA LP	Garfield Park Lofts LDHA LP	West Garfield LDHA LP	Eliminating Entries	Total
<b>Assets</b>										
<b>Current Assets</b>										
Cash and cash equivalents	\$ 552,569	\$ 36,403	\$ 6,699	\$ 504,692	\$ 436	\$ 9,161	\$ 112,442	\$ 280,048	\$ -	\$ 1,502,450
Restricted cash and cash equivalents	23,804	111,636	36,651	348,455	75,177	116,162	173,164	127,688	-	1,012,737
Receivables:										
Grants receivable	435,000	-	-	-	-	-	-	-	-	435,000
Related party receivable	589,122	34,461	-	-	-	-	-	-	(623,583)	-
Other accounts receivable - Net	71,485	3,113	5,536	29,205	313	12,359	14,636	3,988	-	140,635
Homes held for resale	567,168	-	-	-	-	-	-	-	-	567,168
Property held for sale	57,314	-	-	-	-	-	-	-	-	57,314
Prepaid expenses and other current assets	193,963	-	8,444	20,234	4,163	-	19,943	10,160	(9,791)	247,116
<b>Total current assets</b>	<b>2,490,425</b>	<b>185,613</b>	<b>57,330</b>	<b>902,586</b>	<b>80,089</b>	<b>137,682</b>	<b>320,185</b>	<b>421,884</b>	<b>(633,374)</b>	<b>3,962,420</b>
<b>Other Assets</b>										
Investment in nonconsolidated affiliate	89,361	-	-	-	-	-	-	-	-	89,361
Loans to affiliates	1,692,046	-	-	-	-	-	-	-	(1,692,046)	-
<b>Total other assets</b>	<b>1,781,407</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,692,046)</b>	<b>89,361</b>
<b>Property and Equipment - Net</b>	<b>1,495,999</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,495,999</b>
<b>Rental Properties - Net</b>	<b>2,881,243</b>	<b>2,195,420</b>	<b>2,597,762</b>	<b>7,260,115</b>	<b>659,243</b>	<b>2,733,496</b>	<b>8,347,360</b>	<b>5,813,770</b>	<b>(2,779,752)</b>	<b>29,708,657</b>
<b>Deferred Costs - Net</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>48,013</b>	<b>-</b>	<b>1,051</b>	<b>66,780</b>	<b>45,666</b>	<b>-</b>	<b>161,510</b>
<b>Total assets</b>	<b>\$ 8,649,074</b>	<b>\$ 2,381,033</b>	<b>\$ 2,655,092</b>	<b>\$ 8,210,714</b>	<b>\$ 739,332</b>	<b>\$ 2,872,229</b>	<b>\$ 8,734,325</b>	<b>\$ 6,281,320</b>	<b>\$ (5,105,172)</b>	<b>\$ 35,417,947</b>

# LINC Up Nonprofit Housing Corporation and Subsidiaries

## Consolidating Balance Sheet (Continued)

December 31, 2021

	LINC Up	Southtown Square LDHA LP	Roosevelt Park Lofts LDHA LP	Southtown Square II LDHA LP	The Avenue Apartments LDHA LP	Uptown Village LDHA LP	Garfield Park Lofts LDHA LP	West Garfield LDHA LP	Eliminating Entries	Total
<b>Liabilities and Net Assets (Deficiency in Net Assets)</b>										
<b>Current Liabilities</b>										
Accounts payable:										
Trade	\$ 130,097	\$ 2,016	\$ 12,205	\$ 12,007	\$ 28,616	\$ 15,151	\$ 8,619	\$ 2,804	\$ (44,252)	\$ 167,263
Construction	28,102	-	-	-	-	-	-	-	-	28,102
Advances from construction loans	176,786	-	-	-	-	-	-	-	-	176,786
Accrued liabilities and other:										
Accrued compensation	41,916	-	1,029	2,512	570	-	1,249	1,382	-	48,658
Accrued interest	-	-	496,299	520,429	291,362	324,768	4,838	8,156	(1,013,829)	632,023
Other accrued liabilities	38,003	-	17,001	54,761	4,396	18,889	29,902	20,161	-	183,113
Current portion of long-term debt	152,885	-	10,655	160,509	2,720	21,711	17,189	4,757	-	370,426
Accrued incentive management fee	-	-	-	340,960	-	-	-	-	(340,960)	-
Total current liabilities	567,789	2,016	537,189	1,091,178	327,664	380,519	61,797	37,260	(1,399,041)	1,606,371
<b>Related Party Notes Payable</b>	-	-	-	791,073	215,000	360,000	205,219	173,575	(1,744,867)	-
<b>Long-term Debt - Net of current portion</b>	879,700	-	977,301	446,358	224,049	678,106	470,270	684,583	-	4,360,367
<b>Tenant Security Deposits</b>	24,569	9,595	11,602	11,724	3,954	18,361	21,921	19,343	-	121,069
<b>Developer Fee Payable</b>	-	-	33,580	-	74,040	-	-	140,542	(248,162)	-
Total liabilities	1,472,058	11,611	1,559,672	2,340,333	844,707	1,436,986	759,207	1,055,303	(3,392,070)	6,087,807
<b>Net Assets (Deficiency in Net Assets)</b>										
Without donor restrictions:										
Controlling interest	6,280,067	2,369,422	196,411	(126)	(105,375)	19,846	(46)	(28)	(1,713,102)	7,047,069
Noncontrolling interest	-	-	899,009	5,870,507	-	1,415,397	7,975,164	5,226,045	-	21,386,122
With donor restrictions	896,949	-	-	-	-	-	-	-	-	896,949
Total net assets (deficiency in net assets)	7,177,016	2,369,422	1,095,420	5,870,381	(105,375)	1,435,243	7,975,118	5,226,017	(1,713,102)	29,330,140
Total liabilities and net assets (deficiency in net assets)	<u>\$ 8,649,074</u>	<u>\$ 2,381,033</u>	<u>\$ 2,655,092</u>	<u>\$ 8,210,714</u>	<u>\$ 739,332</u>	<u>\$ 2,872,229</u>	<u>\$ 8,734,325</u>	<u>\$ 6,281,320</u>	<u>\$ (5,105,172)</u>	<u>\$ 35,417,947</u>

## LINC Up Nonprofit Housing Corporation and Subsidiaries

### Consolidating Statement of Activities and Changes in Net Assets

Year Ended December 31, 2022

	LINC Up	Southtown Square LDHA LP	Roosevelt Park Lofts LDHA LP	Southtown Square II LDHA LP	The Avenue Apartments LDHA LP	Uptown Village LDHA LP	Garfield Park Lofts LDHA LP	West Garfield LDHA LP	Eliminating Entries	Total
<b>Changes in Net Assets without Donor Restrictions</b>										
Revenue, gains (losses), and other support:										
Contributions	\$ 192,061	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 192,061
Foundation grants	540	-	-	-	-	-	-	-	-	540
Developer and incentive fees	149,631	-	-	-	-	-	-	-	(116,631)	33,000
Rental income	481,165	149,747	198,879	697,219	72,224	271,119	321,562	242,242	(17,280)	2,416,877
Nonconsolidated affiliate income	21,080	-	-	-	-	-	-	-	-	21,080
Interest income	115,682	-	55	-	340	496	346	-	(115,674)	1,245
Loss on sale of homes held for resale - Net of cost of good sold of \$743,670	(153,670)	-	-	-	-	-	-	-	-	(153,670)
Consulting income	69,858	-	-	-	-	-	-	-	-	69,858
Other income	35,516	43,979	2,391	8,631	1,217	4,276	4,633	4,061	-	104,704
Net assets released from restrictions	2,156,855	-	-	-	-	-	-	-	-	2,156,855
<b>Total revenue, gains, and other support</b>	<b>3,068,718</b>	<b>193,726</b>	<b>201,325</b>	<b>705,850</b>	<b>73,781</b>	<b>275,891</b>	<b>326,541</b>	<b>246,303</b>	<b>(249,585)</b>	<b>4,842,550</b>
Expenses:										
Program services:										
Rental property management	759,831	213,359	332,976	978,778	144,946	580,587	506,413	418,268	(407,937)	3,527,221
Real estate development	489,979	-	-	-	-	-	-	-	-	489,979
Community engagement	755,492	-	-	-	-	-	-	-	-	755,492
<b>Total program services</b>	<b>2,005,302</b>	<b>213,359</b>	<b>332,976</b>	<b>978,778</b>	<b>144,946</b>	<b>580,587</b>	<b>506,413</b>	<b>418,268</b>	<b>(407,937)</b>	<b>4,772,692</b>
Support services:										
Management and general	560,539	-	10,416	21,824	4,960	12,816	18,540	13,390	-	642,485
Fundraising	93,682	-	-	-	-	-	-	-	-	93,682
<b>Total support services</b>	<b>654,221</b>	<b>-</b>	<b>10,416</b>	<b>21,824</b>	<b>4,960</b>	<b>12,816</b>	<b>18,540</b>	<b>13,390</b>	<b>-</b>	<b>736,167</b>
<b>Total expenses</b>	<b>2,659,523</b>	<b>213,359</b>	<b>343,392</b>	<b>1,000,602</b>	<b>149,906</b>	<b>593,403</b>	<b>524,953</b>	<b>431,658</b>	<b>(407,937)</b>	<b>5,508,859</b>

## LINC Up Nonprofit Housing Corporation and Subsidiaries

### Consolidating Statement of Activities and Changes in Net Assets (Continued)

Year Ended December 31, 2022

	LINC Up	Southtown Square LDHA LP	Roosevelt Park Lofts LDHA LP	Southtown Square II LDHA LP	The Avenue Apartments LDHA LP	Uptown Village LDHA LP	Garfield Park Lofts LDHA LP	West Garfield LDHA LP	Eliminating Entries	Total
<b>Increase (Decrease) in Net Assets without Donor Restrictions - Before forgiveness of debt and capital distributions</b>	\$ 409,195	\$ (19,633)	\$ (142,067)	\$ (294,752)	\$ (76,125)	\$ (317,512)	\$ (198,412)	\$ (185,355)	\$ 158,352	\$ (666,309)
<b>Forgiveness of Debt</b>	46,088	-	-	-	-	-	-	-	-	46,088
<b>Increase (Decrease) in Net Assets without Donor Restrictions - Before capital distributions</b>	455,283	(19,633)	(142,067)	(294,752)	(76,125)	(317,512)	(198,412)	(185,355)	158,352	(620,221)
<b>Capital Distributions</b>	-	-	-	-	-	-	(769)	-	-	(769)
<b>Increase (Decrease) in Net Assets without Donor Restrictions</b>	455,283	(19,633)	(142,067)	(294,752)	(76,125)	(317,512)	(199,181)	(185,355)	158,352	(620,990)
<b>Changes in Net Assets with Donor Restrictions</b>										
Foundation grants	310,000	-	-	-	-	-	-	-	-	310,000
Government grants	1,617,773	-	-	-	-	-	-	-	-	1,617,773
Net assets released from restrictions	(2,156,855)	-	-	-	-	-	-	-	-	(2,156,855)
<b>Decrease in Net Assets with Donor Restrictions</b>	(229,082)	-	-	-	-	-	-	-	-	(229,082)
<b>Increase (Decrease) in Net Assets</b>	226,201	(19,633)	(142,067)	(294,752)	(76,125)	(317,512)	(199,181)	(185,355)	158,352	(850,072)
<b>Net Assets (Deficiency in Net Assets) - Beginning of year</b>	7,177,016	2,369,422	1,095,420	5,870,381	(105,375)	1,435,243	7,975,118	5,226,017	(1,713,102)	29,330,140
<b>Net Assets (Deficiency in Net Assets) - End of year</b>	<u>\$ 7,403,217</u>	<u>\$ 2,349,789</u>	<u>\$ 953,353</u>	<u>\$ 5,575,629</u>	<u>\$ (181,500)</u>	<u>\$ 1,117,731</u>	<u>\$ 7,775,937</u>	<u>\$ 5,040,662</u>	<u>\$ (1,554,750)</u>	<u>\$ 28,480,068</u>

## LINC Up Nonprofit Housing Corporation and Subsidiaries

# Consolidating Statement of Activities and Changes in Net Assets

Year Ended December 31, 2021

	LINC Up	Southtown Square LDHA LP	Roosevelt Park Lofts LDHA LP	Southtown Square II LDHA LP	The Avenue Apartments LDHA LP	Uptown Village LDHA LP	Garfield Park Lofts LDHA LP	West Garfield LDHA LP	Eliminating Entries	Total
<b>Changes in Net Assets without Donor Restrictions</b>										
Revenue, gains (losses), and other support:										
Contributions	\$ 54,946	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 54,946
Foundation grants	1,000	-	-	-	-	-	-	-	-	1,000
Incentive fees	174,458	-	-	-	-	-	-	-	(174,458)	-
Rental income	486,163	147,804	177,809	665,291	72,805	244,153	332,989	244,135	(17,280)	2,353,869
Nonconsolidated affiliate income	18,783	-	-	-	-	-	-	-	-	18,783
Interest income	106,536	-	53	-	2	2	29	-	(103,663)	2,959
Gain on sale of fixed assets	258,140	-	-	-	-	-	-	-	-	258,140
Loss on sale of homes held for resale - Net of cost of good sold of \$1,597,341	(622,341)	-	-	-	-	-	-	-	-	(622,341)
Consulting income	90,436	-	-	-	-	-	-	-	-	90,436
Other income	1,151	2,555	7,929	13,942	2,298	9,139	13,425	2,350	-	52,789
Net assets released from restrictions	825,163	-	-	-	-	-	-	-	-	825,163
<b>Total revenue, gains, and other support</b>	<b>1,394,435</b>	<b>150,359</b>	<b>185,791</b>	<b>679,233</b>	<b>75,105</b>	<b>253,294</b>	<b>346,443</b>	<b>246,485</b>	<b>(295,401)</b>	<b>3,035,744</b>
Expenses:										
Program services:										
Rental property management	700,248	198,350	361,621	939,897	145,278	455,135	549,286	403,087	(423,754)	3,329,148
Real estate development	421,620	-	-	-	-	-	-	-	-	421,620
Community engagement	699,649	-	-	-	-	-	-	-	-	699,649
<b>Total program services</b>	<b>1,821,517</b>	<b>198,350</b>	<b>361,621</b>	<b>939,897</b>	<b>145,278</b>	<b>455,135</b>	<b>549,286</b>	<b>403,087</b>	<b>(423,754)</b>	<b>4,450,417</b>
Support services:										
Management and general	533,222	30,000	10,416	21,824	4,960	12,317	18,540	13,390	(30,000)	614,669
Fundraising	61,795	-	-	-	-	-	-	-	-	61,795
<b>Total support services</b>	<b>595,017</b>	<b>30,000</b>	<b>10,416</b>	<b>21,824</b>	<b>4,960</b>	<b>12,317</b>	<b>18,540</b>	<b>13,390</b>	<b>(30,000)</b>	<b>676,464</b>
<b>Total expenses</b>	<b>2,416,534</b>	<b>228,350</b>	<b>372,037</b>	<b>961,721</b>	<b>150,238</b>	<b>467,452</b>	<b>567,826</b>	<b>416,477</b>	<b>(453,754)</b>	<b>5,126,881</b>

## LINC Up Nonprofit Housing Corporation and Subsidiaries

### Consolidating Statement of Activities and Changes in Net Assets (Continued)

Year Ended December 31, 2021

	LINC Up	Southtown Square LDHA LP	Roosevelt Park Lofts LDHA LP	Southtown Square II LDHA LP	The Avenue Apartments LDHA LP	Uptown Village LDHA LP	Garfield Park Lofts LDHA LP	West Garfield LDHA LP	Eliminating Entries	Total
<b>Decrease in Net Assets without Donor Restrictions - Before forgiveness of debt and capital contributions</b>	\$ (1,022,099)	\$ (77,991)	\$ (186,246)	\$ (282,488)	\$ (75,133)	\$ (214,158)	\$ (221,383)	\$ (169,992)	158,353	\$ (2,091,137)
<b>Forgiveness of Debt</b>	288,578	-	-	-	-	-	-	-	-	288,578
<b>Decrease in Net Assets without Donor Restrictions - Before capital contributions</b>	(733,521)	(77,991)	(186,246)	(282,488)	(75,133)	(214,158)	(221,383)	(169,992)	158,353	(1,802,559)
<b>Capital Contributions</b>	-	-	-	-	-	-	252,792	4,352,897	-	4,605,689
<b>(Decrease) Increase in Net Assets without Donor Restrictions</b>	(733,521)	(77,991)	(186,246)	(282,488)	(75,133)	(214,158)	31,409	4,182,905	158,353	2,803,130
<b>Changes in Net Assets with Donor Restrictions</b>										
Foundation grants	320,000	-	-	-	-	-	-	-	-	320,000
Government grants	260,587	-	-	-	-	-	-	-	-	260,587
Net assets released from restrictions	(825,163)	-	-	-	-	-	-	-	-	(825,163)
<b>Decrease in Net Assets with Donor Restrictions</b>	(244,576)	-	-	-	-	-	-	-	-	(244,576)
<b>(Decrease) Increase in Net Assets</b>	(978,097)	(77,991)	(186,246)	(282,488)	(75,133)	(214,158)	31,409	4,182,905	158,353	2,558,554
<b>Net Assets (Deficiency in Net Assets) - Beginning of year</b>	8,155,113	2,447,413	1,281,666	6,152,869	(30,242)	1,649,401	7,943,709	1,043,112	(1,871,455)	26,771,586
<b>Net Assets (Deficiency in Net Assets) - End of year</b>	<u>\$ 7,177,016</u>	<u>\$ 2,369,422</u>	<u>\$ 1,095,420</u>	<u>\$ 5,870,381</u>	<u>\$ (105,375)</u>	<u>\$ 1,435,243</u>	<u>\$ 7,975,118</u>	<u>\$ 5,226,017</u>	<u>\$ (1,713,102)</u>	<u>\$ 29,330,140</u>

## LINC Up Nonprofit Housing Corporation and Subsidiaries

### Schedule of Depreciation by Entity

Year Ended December 31, 2022

	<u>LINC Up</u>	<u>Southtown Square LDHA LP</u>	<u>Roosevelt Park Lofts LDHA LP</u>	<u>Southtown Square II LDHA LP</u>	<u>The Avenue Apartments LDHA LP</u>	<u>Uptown Village LDHA LP</u>	<u>Garfield Park Lofts LDHA LP</u>	<u>West Garfield LDHA LP</u>	<u>Eliminating Entries</u>	<u>Total</u>
Depreciation - Property and equipment	\$ 64,135	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 64,135
Depreciation - Rental properties	176,671	112,808	111,237	349,546	49,931	175,579	257,393	215,210	(126,002)	1,322,373
Total	<u>\$ 240,806</u>	<u>\$ 112,808</u>	<u>\$ 111,237</u>	<u>\$ 349,546</u>	<u>\$ 49,931</u>	<u>\$ 175,579</u>	<u>\$ 257,393</u>	<u>\$ 215,210</u>	<u>\$ (126,002)</u>	<u>\$ 1,386,508</u>



## LINC Up Nonprofit Housing Corporation and Subsidiaries

### Schedule of Depreciation by Entity

Year Ended December 31, 2021

	<u>LINC Up</u>	<u>Southtown Square LDHA LP</u>	<u>Roosevelt Park Lofts LDHA LP</u>	<u>Southtown Square II LDHA LP</u>	<u>The Avenue Apartments LDHA LP</u>	<u>Uptown Village LDHA LP</u>	<u>Garfield Park Lofts LDHA LP</u>	<u>West Garfield LDHA LP</u>	<u>Eliminating Entries</u>	<u>Total</u>
Depreciation - Property and equipment	\$ 63,662	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 63,662
Depreciation - Rental properties	183,941	112,808	111,237	349,546	49,931	184,913	265,794	215,210	(126,003)	1,347,377
Total	<b><u>\$ 247,603</u></b>	<b><u>\$ 112,808</u></b>	<b><u>\$ 111,237</u></b>	<b><u>\$ 349,546</u></b>	<b><u>\$ 49,931</u></b>	<b><u>\$ 184,913</u></b>	<b><u>\$ 265,794</u></b>	<b><u>\$ 215,210</u></b>	<b><u>\$ (126,003)</u></b>	<b><u>\$ 1,411,039</u></b>