Local Initiatives Support Corporation
28 Liberty Street, 34th Floor, New York, NY 10005 • (212) 455-9800 • www.lisc.org

LISC Impact Notes

This prospectus supplement no. 1 (this "supplement") supplements and amends the prospectus, dated October 15, 2023, as supplemented from time to time (the "prospectus"), relating to the offer and sale of up to $250,000,000 in aggregate principal amount of LISC Impact Notes.

President of LISC

LISC President Denise Scott will retire from LISC effective December 31, 2023. Following Ms. Scott's retirement, LISC's CEO Michael Pugh will become President and CEO effective January 1, 2024.

You should read this supplement together with the prospectus, including the more detailed information about LISC and the risk factors discussed in the prospectus. This supplement is qualified in its entirety by reference to the prospectus (including any amendments or supplements to it), except to the extent that the information in this supplement supersedes or amends information set forth in the prospectus.

Lead Agent

InspereX LLC

Agent

Morgan Stanley & Co. LLC

Prospectus supplement no. 1 dated December 15, 2023

Local Initiatives Support Corporation
28 Liberty Street, 34th Floor, New York, NY 10005 • (212) 455-9800 • www.lisc.org

LISC Impact Notes

Total Aggregate Offering	$250,000,000 in aggregate principal amount of issued and outstanding LISC Impact Notes at any time.
Term/Maturity	Various terms of between 1 and 15 years, as set forth in the relevant pricing supplement.
Interest Rates	Interest rates will be fixed and will be set at the time of issuance, as set forth in the relevant pricing supplement.
Minimum Investment Requirement	$1,000
Status	Unsecured debt obligations
Offering Expenses	Total expenses of the offering for the annual offering period commencing on the date of this prospectus, excluding sales compensation, will be approximately $244,000. LISC estimates that, based on the $156,638,000 aggregate principal amount of Notes issued and outstanding as of August 31, 2023, it will receive net proceeds ranging from approximately $90,783,950 to $92,837,914 if the $93,362,000 total aggregate principal amount of Notes remaining available for purchase are sold.

Lead Agent

InspereX

Agent

Morgan Stanley & Co. LLC

Prospectus dated October 15, 2023

This prospectus, as it may be amended or supplemented from time to time, may be used until the expiration of the periods of time authorized by registration or exemption in the various states where LISC offers the LISC Impact Notes, which typically is 12 months from the date of effectiveness of the registration or exemption in the applicable state.

PRELIMINARY STATEMENTS

This prospectus includes information related to the offer by Local Initiatives Support Corporation ("LISC") for prospective investors to purchase the LISC Impact Notes (the "Notes"). Prospective investors are advised to read this prospectus and all ancillary documents, including any relevant pricing supplement, carefully prior to making any decisions to invest in the Notes. The Notes are issued by LISC, a 501(c)(3) tax-exempt organization and New York not-for-profit corporation certified as a Community Development Financial Institution ("CDFI") by the U.S. Department of the Treasury (the "Treasury"). LISC's principal executive office is located at 28 Liberty Street, 34th Floor, New York, NY 10005. LISC's telephone number is (212) 455-9800. Specific terms of the Notes will be described in a separate pricing supplement, which you should read carefully before making an investment decision. The Notes will be global book-entry notes, which means that they may be purchased electronically through a prospective investor's brokerage account and settled through the Depository Trust Company ("DTC").

Investors are cautioned not to rely on any information not expressly set forth in this prospectus. No person has been authorized to give any information or to make any representation in connection with this offering other than those contained in this prospectus, and if given or made, such information or representations must not be relied upon as having been made by LISC or InspereX. Other than this prospectus itself, information contained in, or that can be accessed through, the LISC website is not a part of this prospectus.

An investment in the Notes involves various material risks and investors may lose all or part of their investment. Prior to any investment in the Notes, and in consultation with their financial, tax, and legal advisors, investors should carefully consider, among other matters, the risk factors disclosed in the **"Risk Factors" section of this prospectus beginning on page 13**. There can be no assurance that the list of the risks pertaining to an investment in the Notes is comprehensive. Additional risks not presently known to LISC or that are currently deemed immaterial could also materially and adversely affect LISC's financial condition, results of operations, and/or activities and prospects.

THIS PROSPECTUS SETS FORTH INFORMATION ABOUT THE NOTES THAT INVESTORS SHOULD CONSIDER BEFORE INVESTING, AND SHOULD BE RETAINED FOR FUTURE REFERENCE. INVESTORS SHOULD READ THIS PROSPECTUS CAREFULLY BEFORE INVESTING.

THE NOTES ARE BEING OFFERED UNDER AN EXEMPTION FROM FEDERAL REGISTRATION PURSUANT TO SECTION 3(a)(4) OF THE SECURITIES ACT OF 1933, AS AMENDED ("SECURITIES ACT"), AND SECTION 3(c)(10) OF THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED. THE SECURITIES AND EXCHANGE COMMISSION ("SEC") HAS NOT MADE AN INDEPENDENT DETERMINATION THAT THESE SECURITIES ARE EXEMPT FROM REGISTRATION. LISC'S OFFICERS AND EMPLOYEES ARE NOT REGISTERED AS INVESTMENT ADVISORS UNDER THE INVESTMENT ADVISORS ACT OF 1940, AS AMENDED, OR AS BROKER-DEALERS UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED ("EXCHANGE ACT").

THE NOTES MAY EITHER BE REGISTERED OR EXEMPT FROM REGISTRATION IN THE VARIOUS STATES IN WHICH THEY ARE OFFERED OR SOLD. THIS PROSPECTUS HAS BEEN FILED WITH THE SECURITIES ADMINISTRATORS IN SUCH STATES AS REQUIRED FOR REGISTRATION OR EXEMPTION.

THE NOTES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT DETERMINED THE ACCURACY, ADEQUACY, TRUTHFULNESS, OR COMPLETENESS OF THIS PROSPECTUS AND HAVE NOT PASSED UPON THE MERIT OR VALUE OF THE NOTES, OR APPROVED, DISAPPROVED, OR ENDORSED THE OFFERING. ANY

REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THE FOREGOING AUTHORITIES ALSO HAVE NOT PASSED UPON WHETHER THE NOTES CAN BE SOLD TO ANY OR ALL PURCHASERS IN COMPLIANCE WITH EXISTING OR FUTURE SUITABILITY OR CONDUCT STANDARDS APPLICABLE TO BROKER-DEALERS, INCLUDING THE 'REGULATION BEST INTEREST' STANDARD.

THIS PROSPECTUS IS INTENDED TO PROVIDE PROSPECTIVE INVESTORS WITH THE INFORMATION NECESSARY FOR AN INFORMED INVESTMENT DECISION. HOWEVER, NOTHING CONTAINED IN THIS PROSPECTUS IS INTENDED AS LEGAL, ACCOUNTING, TAX, OR INVESTMENT ADVICE, AND IT SHOULD NOT BE TAKEN AS SUCH. A PROSPECTIVE INVESTOR SHOULD CONSULT THE INVESTOR'S OWN LEGAL COUNSEL AND/OR FINANCIAL ADVISOR WITH RESPECT TO THE INVESTOR'S INVESTMENT IN THE NOTES. AN INVESTOR MUST RELY ON THE INVESTOR'S OWN EXAMINATIONS OF LISC, THE NOTES, AND THE TERMS OF THIS OFFERING, INCLUDING THE DISCLOSURE, MERITS, AND RISKS INVOLVED. AN INVESTOR SHOULD BE WILLING AND HAVE THE FINANCIAL CAPACITY TO PURCHASE A HIGH-RISK INVESTMENT THAT CANNOT EASILY BE LIQUIDATED.

THE NOTES MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT, THE EXCHANGE ACT, AND APPLICABLE STATE SECURITIES LAWS, OR PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY ARE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT, INCLUDING THE RISK OF LOSS OF THE ENTIRE AMOUNT INVESTED.

THE RETURN OF THE FUNDS TO ANY INVESTOR IS DEPENDENT UPON LISC'S FINANCIAL CONDITION. FROM A FINANCIAL POINT OF VIEW, THE NOTES SHOULD NOT BE A PRIMARY INVESTMENT IN RELATION TO THE OVERALL SIZE OF AN INVESTOR'S PORTFOLIO. AN INVESTOR IN THE NOTES SHOULD BE ABLE TO LOSE THE INVESTOR'S ENTIRE INVESTMENT WITHOUT SUFFERING FINANCIAL HARDSHIP. INVESTORS ARE ENCOURAGED TO CONSIDER THE CONCEPT OF INVESTMENT DIVERSIFICATION WHEN DETERMINING THE AMOUNT OF NOTES THAT WOULD BE APPROPRIATE FOR THEM IN RELATION TO THEIR OVERALL INVESTMENT PORTFOLIO AND PERSONAL FINANCIAL NEEDS.

THE NOTES ARE NOT SAVINGS OR DEPOSIT ACCOUNTS OR OTHER OBLIGATIONS OF A BANK AND ARE NOT AND WILL NOT BE INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION ("FDIC"), THE SECURITIES INVESTMENT PROTECTION CORPORATION ("SIPC"), ANY STATE BANK INSURANCE FUND, OR ANY OTHER GOVERNMENTAL AGENCY. THE PAYMENT OF PRINCIPAL AND INTEREST TO AN INVESTOR IN THE NOTES IS DEPENDENT UPON LISC'S FINANCIAL CONDITION AND OPERATIONS AS ISSUER. ANY PROSPECTIVE INVESTOR IS ENTITLED TO REVIEW LISC'S FINANCIAL STATEMENTS, WHICH SHALL BE FURNISHED UPON REQUEST OR VIEWED ON LISC'S WEBSITE, WWW.LISC.ORG.

LISC HAS NOT SET A DATE FOR THE TERMINATION OF ITS OFFERING, THOUGH THE AVAILABILITY OF THE NOTES IN EACH STATE IS DEPENDENT UPON THE EFFECTIVENESS OF ITS SECURITIES REGISTRATION OR EXEMPTION IN THAT STATE FROM TIME TO TIME.

LISC RESERVES THE RIGHT TO SUSPEND THE SALE OF THE NOTES FOR A PERIOD OF TIME OR TO REJECT ANY SPECIFIC INVESTMENT REQUEST, WITH OR WITHOUT A REASON. LISC MAY ALSO, IN ITS DISCRETION, ELECT TO ACCEPT A SPECIFIC INVESTMENT REQUEST AS A PORTION, BUT NOT ALL, OF THE AMOUNT PROPOSED FOR INVESTMENT. INSPEREX HAS ADVISED LISC THAT, AT ITS DISCRETION, IT MAY PURCHASE AND SELL NOTES, BUT THAT IT IS NOT OBLIGATED TO BUY OR SELL NOTES OR MAKE A MARKET IN THE NOTES AND MAY SUSPEND OR PERMANENTLY CEASE THAT ACTIVITY AT ANY TIME.

THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY FROM ANY PERSON IN ANY STATE OR ANY OTHER JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION MAY NOT LAWFULLY BE MADE. FEDERAL AND STATE SECURITIES LAWS MAY AFFECT LISC'S ABILITY TO CONTINUE TO SELL THE NOTES IN CERTAIN STATES. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER BY A BROKER-DEALER IN ANY STATE IN WHICH SUCH BROKER-DEALER IS NOT QUALIFIED TO ACT AS A BROKER-DEALER.

STATEMENT REGARDING "PARENT-ONLY" FINANCIAL INFORMATION

Certain financial information provided in this prospectus with respect to LISC is provided on a parent-only basis. "Parent-only" financial information is presented on a nonconsolidated basis. It includes only the assets, liabilities, revenues, expenses, and other financial information of LISC, as the parent corporation, and does not consolidate the financial information of its consolidated affiliates. A not-for-profit entity is permitted to include its interest in net assets of its controlled affiliates in its parent-only financial statements, but it is not required to do so. LISC includes its interest in net assets of controlled affiliates as LISC believes it better reflects the operations and financial position of LISC. As of December 31, 2022 and June 30, 2023, LISC's controlled affiliates consisted of National Equity Fund, Inc.; New Markets Support Company, LLC; Neighborhood Properties, LLC; immito, LLC; Resilience and Recovery Network, LLC; LISC Fund Management, LLC; Detroit AHLF-CDFI Fund LLC; Community Housing Fund LLC; Southern Opportunity and Resilience Fund LLC; and Entrepreneurs of Color Loan Fund LLC. Also included in the parent-only financial statements as of December 31, 2022 and as of June 30, 2023 is LISC's 5% interest in the Charlotte Housing Opportunity Investment Fund, LLC, .001% interest in BFF Preservation Fund Side Car LLC, and 14.59% interest in The Bay's Future Fund LLC. On July 31, 2023, LISC sold immito, LLC to a third party. The parent-only financial information should be read in conjunction with the consolidated financial statements included at Appendix I to this prospectus. For more information on LISC's controlled affiliates, please see "Description of the Issuer – History" and Note 1 to LISC's historical audited financial statements as of and for the year ended December 31, 2022, attached to this prospectus at Appendix I.

STATE-SPECIFIC DISCLOSURES

ALABAMA.

THESE SECURITIES ARE OFFERED PURSUANT TO A CLAIM OF EXEMPTION FROM REGISTRATION UNDER SECTION 37(H) OF THE ALABAMA SECURITIES ACT [see Section 8-6-10, Code of Alabama, 1975].

FLORIDA.

THESE SECURITIES ARE OFFERED PURSUANT TO A CLAIM OF EXEMPTION FROM REGISTRATION AND HAVE NOT BEEN REGISTERED IN THE STATE OF FLORIDA.

KENTUCKY.

THESE SECURITIES ARE ISSUED PURSUANT TO A CLAIM OF EXEMPTION FROM REGISTRATION UNDER SECTION KRS 292.400(9) OF THE KENTUCKY SECURITIES ACT.

LOUISIANA.

THESE SECURITIES HAVE BEEN REGISTERED WITH THE SECURITIES COMMISSIONER OF THE STATE OF LOUISIANA UNDER SECTION 51-705(B) OF THE LOUISIANA REVISED STATUTES. THE SECURITIES COMMISSIONER, BY ACCEPTING REGISTRATION, DOES NOT IN ANY WAY ENDORSE OR RECOMMEND THE PURCHASE OF THESE SECURITIES.

MICHIGAN.

THESE SECURITIES ARE OFFERED PURSUANT TO A REGISTRATION ORDER ISSUED BY THE STATE OF MICHIGAN. THE STATE OF MICHIGAN DOES NOT RECOMMEND OR ENDORSE THE PURCHASE OF ANY SECURITIES, NOR DOES IT PASS UPON THE TRUTH, MERITS, OR COMPLETENESS OF ANY PROSPECTUS OR ANY OTHER INFORMATION FILED WITH THIS STATE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

PENNSYLVANIA.

A REGISTRATION STATEMENT WITH RESPECT TO THE SECURITIES OFFERED BY THIS PROSPECTUS HAS BEEN FILED IN THE OFFICES OF THE PENNSYLVANIA DEPARTMENT OF BANKING AND SECURITIES IN HARRISBURG, PENNSYLVANIA. SUCH REGISTRATION STATEMENT INCLUDED CERTAIN EXHIBITS ONLY SUMMARIZED OR ALLUDED TO IN THE PROSPECTUS AND ARE AVAILABLE FOR INSPECTION AT THE HARRISBURG OFFICE OF THE DEPARTMENT DURING REGULAR BUSINESS HOURS. THE HARRISBURG OFFICE IS LOCATED IN MARKET SQUARE PLAZA, 17 N SECOND STREET, SUITE 1300, HARRISBURG, PENNSYLVANIA, 17101. TELEPHONE NO. 717-787-8059. REGULAR BUSINESS HOURS ARE MONDAY THROUGH FRIDAY, 8:30 AM TO 5:00 PM.

IF YOU ARE A RESIDENT OF PENNSYLVANIA, UNDER SECTION 207(M) OF THE PENNSYLVANIA SECURITIES ACT OF 1972, YOU MAY ELECT, WITHIN TWO BUSINESS DAYS AFTER YOUR RECEIPT OF THIS PROSPECTUS, TO WITHDRAW YOUR

PURCHASE OF THESE SECURITIES AND RECEIVE A FULL REFUND OF ALL MONIES PAID. ANY SUCH WITHDRAWAL WILL BE WITHOUT ANY FURTHER LIABILITY TO ANY PERSON. TO ACCOMPLISH THIS WITHDRAWAL, YOU NEED ONLY SEND A WRITTEN NOTICE (INCLUDING ELECTRONIC MAIL) TO THE ISSUER OR UNDERWRITER INDICATING YOUR INTENTION TO WITHDRAW.

IT IS THE POSITION OF THE PENNSYLVANIA DEPARTMENT OF BANKING AND SECURITIES THAT INDEMNIFICATION IN CONNECTION WITH VIOLATION OF SECURITIES LAWS IS AGAINST PUBLIC POLICY AND VOID.

SOUTH CAROLINA.

IF YOU WERE A RESIDENT OF THE STATE OF SOUTH CAROLINA WHEN YOU PURCHASED A NOTE IN THIS OFFERING PURSUANT TO THIS PROSPECTUS (A "SOUTH CAROLINA PURCHASER"), YOU MAY DECLARE AN "EVENT OF DEFAULT" ON SUCH NOTE IF ONE OF THE FOLLOWING OCCURS:

- LISC DOES NOT PAY OVERDUE PRINCIPAL AND INTEREST ON YOUR NOTE WITHIN SIXTY DAYS AFTER LISC RECEIVES WRITTEN NOTICE FROM YOU THAT LISC FAILED TO MAKE THE PAYMENT WHEN DUE; OR

- A SOUTH CAROLINA PURCHASER WHO OWNS A NOTE OF THE SAME TYPE, TERM, AND ISSUANCE DATE AS YOUR NOTE (THE "SAME ISSUE") HAS RIGHTFULLY DECLARED AN EVENT OF DEFAULT AS TO HIS OR HER NOTE.

TO DECLARE AN EVENT OF DEFAULT, YOU MUST SUBMIT A WRITTEN DECLARATION TO LISC, INCLUDING IDENTIFYING YOUR NOTE AND SUBMITTING PROOF THAT YOU ARE A SOUTH CAROLINA PURCHASER OF SUCH NOTE. UPON A RIGHTFUL DECLARATION OF AN EVENT OF DEFAULT ON YOUR NOTE:

- YOU HAVE THE RIGHT UPON WRITTEN REQUEST TO RECEIVE THE NAME AND ADDRESS OF THE RECORD HOLDER OF EACH NOTE OF THE SAME ISSUE AS YOUR NOTE; AND

- IF YOU INDIVIDUALLY OR TOGETHER WITH OTHER SOUTH CAROLINA PURCHASERS OWN 25% OR MORE OF THE TOTAL PRINCIPAL AMOUNT OF SUCH ISSUE OUTSTANDING, THEN YOU AND SUCH SOUTH CAROLINA PURCHASERS HAVE THE RIGHT TO DECLARE SUCH ENTIRE ISSUE IN SOUTH CAROLINA DUE AND PAYABLE.

THE FOREGOING IS A BINDING OBLIGATION OF LISC ENFORCEABLE BY EACH SOUTH CAROLINA PURCHASER.

FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. When LISC uses any of the words "anticipate," "assume," "believe," "estimate," "expect," "intend," or similar words or expressions, it is making forward-looking statements. These forward-looking statements are not guaranteed and are based on LISC's present intentions and on LISC's present expectations and assumptions. These statements, intentions, expectations, and assumptions involve risks and uncertainties, some of which are beyond LISC's control that could cause actual results or events to differ materially from those anticipated or projected. Purchasers of the Notes should not place undue reliance on these forward- looking statements, as events described or implied in such statements may not occur. Except as required by law, LISC undertakes no obligation to update or revise any forward-looking statements as a result of new information, future events, or otherwise.

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OFFERING SUMMARY

This section summarizes the legal and financial terms of the Notes that are described in more detail in the section entitled "Description of the Notes" beginning on page 60. Final terms of any particular Note, including the applicable interest rate, will be determined at the time of sale and will be contained in the relevant pricing supplement relating to those Notes. The terms in that pricing supplement may vary from and supersede the terms contained in this prospectus, including the terms contained in this summary section and in the section entitled "Description of the Notes." Before making a decision to purchase a Note, investors are advised to read and consider all of the information appearing elsewhere in this prospectus, including the relevant pricing supplement.

Key Investment Terms	
Issuer	LISC, a New York not-for-profit corporation and certified CDFI.
Securities Offered	Up to $250,000,000 in aggregate principal amount of Notes issued and outstanding at any time. As of August 31, 2023, the aggregate principal amount of Notes issued and outstanding was $156,638,000, meaning that an aggregate principal amount of $93,362,000 of Notes remained available for purchase. The amount of Notes available for purchase will vary from time to time depending on the amount of Notes sold and the amount of Notes that mature and are repaid during the offering period.
Authorized Denominations	Minimum investment of $1,000.
Term of Investments	Notes may be purchased for terms of between 1 and 15 years, as will be set forth in the relevant pricing supplement.
Interest Rates and Payment Options	Interest rates will be fixed rate and will be determined by LISC at the time of issuance based on market conditions, the then-current interest rate environment, and other relevant factors. Interest rates for the Notes will be set forth in the relevant pricing supplement. Interest on each Note will be payable quarterly.
Offering Period	No termination date has been set for this offering. This prospectus is dated October 15, 2023 and, as it may be amended or supplemented from time to time, may be used until the expiration of the periods of time authorized by registration or exemption in the various states in which LISC offers the Notes, which typically is 12 months from the date of effectiveness of the registration or exemption in the applicable state.
Note Purchases	The Notes are available for purchase in book-entry form, which means they may be purchased electronically through the investor's brokerage account and settled through the DTC.

Use of Proceeds	LISC will use the proceeds of the offering for general corporate purposes, including as capital for loans made by LISC and its consolidated affiliates, in support of LISC's overall mission to encourage the growth of, and provide support to, neighborhood and community development organizations and businesses that foster improvement of economic conditions; develop housing and other physical facilities; provide amenities and services; and other activities that help to revitalize disinvested communities and/or benefit low-wealth individuals and families. Additionally, LISC anticipates dedicating $10,000,000 of the proceeds from the sale of Notes during the 2023-2024 offering period to support its Project 10X, under which LISC will invest in building equity and wealth for People of Color. For additional information, please see "Use of Proceeds" on page 24.
Distribution of Notes	LISC will offer the Notes through registered broker-dealers. The Notes may be offered by or through InspereX as Lead Agent. Institutional investors may purchase Notes directly from InspereX. InspereX, or any other agent appointed by LISC, is not required to purchase or sell any specific amount of Notes but will sell the Notes on a reasonable best-efforts basis.
Interest Accrual and Interest Periods	Notes begin to accrue interest on the issuance date and mature on the maturity date stated in each Note. Interest accrues on a 360-day year based on twelve 30-day months. Interest on each Note will be paid quarterly and cannot be reinvested in the Notes. The interest accrual period does not include each interest payment date. The interest payment dates for Notes will be the 15th day of every third month, commencing in the third succeeding calendar month following the month in which the Note is issued, unless such day is not a business day, in which case, the interest payment shall be made on the next succeeding business day. The first payment of interest under a Note shall be an amount equal to interest accruing during the period commencing on the issuance date and ending on the day preceding the first interest payment date that follows the issuance date (the "First Interest Period"). Subsequent payments of interest under the Note shall be made on each interest payment date in an amount equal to interest accruing during each period of three calendar months that follows the First Interest Period. The final payment of interest under a Note shall be made on the maturity date in an amount equal to interest accruing during the period commencing on the prior interest payment date and ending on the date preceding the maturity date.
Ranking	The Notes constitute unsecured debt obligations of LISC, and will not be secured by particular loans to specific borrowing entities or any other assets of LISC. LISC has secured obligations that rank senior to the Notes and has other unsecured debt obligations, including previously issued and outstanding notes, which will rank equally with the Notes. Additionally, LISC's consolidated affiliates are separate and distinct legal entities with

	no obligation to pay any amounts due on the Notes or to make funds available to LISC to do so, and the claims of creditors of those consolidated affiliates will have priority as to the assets and cash flows of those consolidated affiliates. For additional information, please see "Financing and Operational Activities – Schedule of Liabilities" on page 34.
Right of Redemption	If provided in the relevant pricing supplement, LISC will have the right to redeem a Note, in whole or in part, at LISC's option prior to the Note's stated maturity date. If the relevant pricing supplement does not provide for early redemption by LISC, LISC will not have the right to redeem a Note, in whole or in part, at LISC's option prior to the Note's stated maturity date. For more information, see "Description of the Notes – Right of Redemption" on page 61.
Survivor's Option	In the limited circumstances set forth below, the authorized representative of a beneficial owner of Notes may request repurchase of such Notes from LISC prior to the maturity date. This repurchase option can only be made by the authorized representative of the beneficial owner of the Notes within one year following the death of the beneficial owner, so long as the Notes were owned by the beneficial owner or his or her estate at least six months prior to the repurchase request and certain documentation requirements are satisfied. This feature is referred to as a "Survivor's Option." The right to exercise the Survivor's Option is subject to (i) a limit on total exercises by all holders of Notes in any calendar year of the greater of (x) $1,000,000 or (y) 1% of the aggregate principal balance of all Notes outstanding at the end of the most recently completed calendar year, and (ii) a limit on individual exercises by any holder of Notes in any calendar year of $250,000. Additional details on the Survivor's Option are described in the section entitled "Description of Notes – Survivor's Option" on page 62.
Options at Maturity/Reinvestments	Principal is required to be repaid at maturity. Investors may re-invest their repaid principal by purchasing new Notes at then-current interest rates and terms as may be offered by LISC from time to time.
Risk Factors	Please refer to "Risk Factors" beginning on page 13.
Tax Consequences	Amounts paid by an investor to purchase the Notes are not deductible for federal tax purposes. Any interest paid on the Notes to an investor is taxable. Please refer to "Description of the Notes - Interest Payments and Tax Considerations" on page 64.

FINANCIAL INFORMATION

The following pages set forth certain financial information regarding LISC as of and for the six-month period ended June 30, 2023 on a parent-only basis, and as of and for the years ended December 31, 2018 through 2022 on a consolidated and parent-only basis. The parent-only financial information as of and for the six-month period ended June 30, 2023 is derived from LISC's historical unaudited interim financial statements as of and for such period. The consolidated and parent-only financial information as of and for the years ended December 31, 2018 through 2022 is derived from LISC's historical audited financial statements for such years. The financial information on the following pages should be read in conjunction with the audited annual consolidated financial statements attached to this prospectus as Appendix I and the unaudited interim financial statements attached to this prospectus as Appendix II. Consistent with LISC's audited financial statements, the term "Organization" as used in these financial tables refers to LISC and its consolidated affiliates.

STATEMENT OF FINANCIAL POSITION

As of June 30, 2023

	Parent-Only
Assets	
Cash and cash equivalents	$ 290,003,140
Restricted cash	-
Investments	113,087,198
Investments in affiliates and Funds	128,777,923
Accrued interest receivable	5,598,538
Contributions receivable, net	32,313,083
Government grants and contracts receivable	88,678,434
Consulting receivable	8,915,517
Notes and other receivables, net	-
Due from affiliates	5,836,860
Loan receivable	660,621,236
Allowance for uncollectible loans	(31,707,229)
Total loans, net	628,914,007
Recoverable grants to CDPs, net	21,171,934
Prepaid expenses and other assets	8,892,041
Temporary investment in Project Partnerships	-
Investment in Funds	-
Investment in Project Partnerships	-
Property and equipment, net	5,317,245
Right of Use Asset	42,731,994
Intangible asset	-
Total assets	$ 1,380,237,914
Liabilities and Net Assets (Deficits)	
Liabilities:	
Accounts payable and accrued expenses	$ 20,443,145
Right of Use Liability	44,895,186
Government contracts and loan-related advances	49,046,867
Grants payable	114,807,470
Due to affiliates	-
Capital contributions due to temporary investment in Project Partnerships	-
Deferred liabilities	-
CDA Partnerships – Long-Term Debt, net	-
CDA Partnerships – Notes Payable to Funds	-
Loans and bond payable, net	629,871,935
Total liabilities	859,064,603
Commitments and contingencies	-
Net assets:	
Net assets attributable to the Organization	
Without donor restrictions	247,578,929
With donor restrictions	273,594,382
Total net assets attributable to the Organization	521,173,311
Net assets attributable to the noncontrolling interest in Project Partnerships (without donor restrictions)	-
Total net assets	521,173,311
Total liabilities and net assets	$ 1,380,237,914

STATEMENT OF FINANCIAL POSITION

Year Ended December 31,

	2022		2021		2020		2019		2018	
	Consolidated	**Parent Only**	**Consolidated**	**Parent Only**	**Consolidated**	**Parent Only**	**Consolidated**	**Parent Only**	**Consolidated**	**Parent Only**
Assets										
Cash and cash equivalents	$ 462,888,495	$ 341,375,242	$ 460,590,034	$ 304,046,839	$ 255,110,700	$ 190,349,075	166,082,281	$117,255,836	$ 160,670,408	$ 115,401,422
Restricted cash	22,489,543	-	26,061,325	-	19,380,758	-	15,743,445	-	5,005,804	-
Investments	122,701,878	110,668,536	135,999,323	123,991,482	173,704,822	173,704,822	140,219,892	140,219,892	133,496,403	133,496,403
Investments in affiliates	-	122,000,393	-	122,047,677	-	107,185,019	-	92,154,880	-	88,922,828
Accrued interest receivable	6,366,318	5,316,863	5,479,716	5,021,526	4,575,841	4,520,757	3,212,876	3,188,545	2,748,667	2,750,137
Contributions receivable, net	43,348,781	42,748,781	51,417,231	51,417,231	47,924,958	47,924,958	51,186,808	51,186,808	46,636,210	46,636,210
Government grants and contracts receivable	30,747,198	30,747,198	21,422,121	21,422,121	32,338,057	32,338,057	29,646,515	29,646,515	19,127,173	19,127,173
Consulting receivable	18,813,688	18,813,688	13,598,270	13,598,270	-	-	-	-	-	-
Notes and other receivables, net	483,908	-	244,342	-	359,877	-	-	-	-	597,213
Due from affiliates	-	11,388,154	270,000	4,420,749	-	-	-	-	-	-
Due from funds	17,163,832	-	9,499,197	-	7,900,995	4,930,937	8,556,412	4,372,275	6,832,475	2,659,131
Loan receivable	897,510,485	563,310,682	678,436,006	518,655,251	583,902,018	499,024,128	506,308,707	485,384,186	467,862,390	432,059,781
Allowance for uncollectible loans	(48,367,717)	(32,551,758)	(34,411,161)	(29,539,311)	(31,420,785)	(29,867,689)	(29,772,958)	(29,608,715)	(26,511,420)	(25,678,087)
Total loans, net	849,142,768	530,758,924	644,024,845	489,115,940	552,481,233	469,156,439	476,535,749	455,775,471	441,350,970	406,381,694
Recoverable grants to CDPs, net	17,939,403	20,939,403	17,612,349	17,612,349	13,983,125	13,983,125	9,749,180	9,749,180	10,128,554	10,128,554
Prepaid expenses and other assets	22,398,659	9,303,842	20,234,440	7,717,589	15,595,784	3,129,520	17,770,190	3,988,667	15,796,691	1,699,884
Temporary investment in Project Partnerships	113,625,948	-	44,822,951	-	224,975,183	-	136,689,662	-	57,111,500	-
Investment in Funds	6,249,995	-	23,534	-	498,271	-	1,166,849	-	2,022,471	-
Investment in Project Partnerships	11,445,886	-	7,136,779	-	1,642,317	-	39,389	-	52,824	-
Property and equipment, net	30,246,245	5,291,162	41,009,582	4,677,940	48,415,738	5,116,101	64,916,881	5,408,964	63,755,640	1,271,025
Right of use asset	47,548,771	44,576,317	50,129,732	47,858,224	54,234,304	51,574,476	58,491,235	55,310,940	62,004,805	59,644,982
Intangible asset	2,400,000	-	2,400,000	-	2,400,000	-	2,670,671	-	2,400,000	-
Total assets	$ 1,826,001,316	1,293,928,503	1,551,975,771	$ 1,212,947,936	$ 1,455,521,963	$ 1,103,913,286	1,182,678,035	$968,257,973	$ 1,029,140,595	$ 888,716,656
Liabilities and Net Assets (Deficits)										
Liabilities:										
Accounts payable and accrued expenses	$ 58,917,629	$ 32,025,488	$ 61,628,364	$ 22,796,652	$ 44,921,556	$ 20,518,750	48,722,071	$ 16,128,294	$ 45,797,112	$ 19,628,887
Right of Use Liability	50,812,236	47,087,238	53,500,794	50,233,030	57,488,471	53,605,706	61,420,131	56,803,121	63,568,006	59,644,982
Government contracts and loan-related advances	48,110,882	48,110,882	21,425,865	21,425,865	18,324,053	18,324,053	3,069,562	3,069,562	4,669,779	4,669,779
Grants payable	60,455,056	60,455,056	47,697,227	47,697,227	43,295,401	43,295,401	31,199,415	31,199,415	34,994,660	34,994,660
Due to affiliates	956,945	-	-	-	431,784	-	-	-	-	-
Capital contributions due to temporary investment in Project Partnerships	95,121,714	-	38,458,262	-	191,874,683	-	112,087,051	-	50,217,469	-
Deferred liabilities	12,190,430	-	9,229,879	-	6,191,814	-	5,736,962	-	6,374,702	-
CDA Partnerships – Long-Term Debt, net	22,644,654	-	35,215,138	-	38,135,416	-	49,602,839	-	49,851,126	-
CDA Partnerships –Notes Payable to Funds	800,000	-	2,261,721	-	3,131,121	-	4,244,720	-	3,216,914	-
Loans and bond payable, net	769,933,996	557,709,439	645,658,430	524,742,226	551,149,527	501,625,088	486,860,370	486,860,370	437,758,998	437,758,998
Total liabilities	1,119,943,542	745,388,103	915,075,680	666,894,999	954,943,826	637,368,998	802,943,121	594,060,762	696,448,766	556,697,306

	2022		2021		2020		2019		2018	
	Consolidated	**Parent Only**	**Consolidated**	**Parent Only**	**Consolidated**	**Parent Only**	**Consolidated**	**Parent Only**	**Consolidated**	**Parent Only**
Commitments and contingencies	-	-	-	-	-	-	-	-	-	-
Net assets:										
Net assets attributable to the Organization										
Without donor restrictions	243,873,466	245,377,453	233,361,855	233,361,855	211,978,535	211,978,535	157,253,712	157,253,713	150,990,809	150,990,809
With donor restrictions	304,666,934	303,162,947	312,691,082	312,691,082	254,565,753	254,565,753	216,943,498	216,943,498	181,028,541	181,028,541
Total net assets attributable to the Organization	548,540,400	548,540,400	546,052,937	546,052,937	466,544,288	466,544,288	374,197,210	374,197,211	332,019,350	332,019,350
Net assets attributable to the noncontrolling interest in Project Partnerships (without donor restrictions)	157,517,374	-	90,847,154	-	34,033,849	-	5,537,704	-	672,479	-
Total net assets	706,057,774	548,540,400	636,900,091	546,052,937	500,578,137	466,544,288	379,734,914	374,197,211	332,691,829	332,019,350
Total liabilities and net assets	$ 1,826,001,316	$ 1,293,928,503	$ 1,551,975,771	$ 1,212,947,936	$ 1,455,521,963	$ 1,103,913,286	$ 1,182,678,035	$968,257,973	$ 1,029,140,595	$ 888,716,656

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Six-month period ended June 30, 2023

	Parent-Only
Support and Revenues	
Contributions	$ 40,768,471
Government grants and contracts	88,562,661
Interest income on investments	3,463,393
Interest income on loans to CDPs	16,205,663
Fee income	-
Consulting income	6,842,641
Other income	3,241,275
Equity in earnings of affiliates and Funds	7,724,329
Net assets released from restrictions	-
Total support and revenues	166,808,433
Expenses	
Program Services:	
Project development and other program activities	45,674,463
Project grants	116,495,042
Project loans:	
Interest	8,405,980
Provision for loss on receivable	-
Increase in provision for uncollectible loans to CDPs	2,384,494
Provision for uncollectible recoverable grants to CDPs	2,428,680
Total program services	175,388,659
Supporting Services:	
Management and general	14,172,357
Fund raising	4,854,374
Total supporting services	19,026,731
Total expenses	$ 194,415,390
Change in net assets before gains and losses on investments, derivatives, equity in losses of partnership projects and other noncontrolling interest activities	$ (27,606,957)
Transfers: Board designated net assets for loan fund activities	-
Realized & unrealized loss on investments and derivatives	239,868
Realization of unrealized gain on investment securities available for sale by the operating partnerships	-
CDA Partnerships – Gain on Forgiveness of Debt	-
Gain on transfer of temporary investments in project partnerships	-
Equity in losses of project partnerships	-
Equity in income of temporary investment in project partnerships	-
Gain on transfer of interest in CDA Partnerships	-
Change in net assets before noncontrolling interest activities	(27,367,089)
Other noncontrolling interest activities:	-
Noncontrolling capital contributions	-
Change in net assets	(27,367,089)
Net assets beginning of year	548,540,400
Net asset, end of year	$ 521,173,311

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended December 31,

	2022		2021		2020		2019		2018	
	Consolidated	**Parent Only**	**Consolidated**	**Parent Only**	**Consolidated**	**Parent Only**	**Consolidated**	**Parent Only**	**Consolidated**	**Parent Only**
Support and Revenues										
Contributions	$ 120,270,451	$118,766,464	$ 195,774,494	$195,774,494	$249,682,202	$249,682,202	$ 95,007,400	$ 95,007,400	$ 97,247,236	$ 97,247,236
Government grants & contracts	47,912,769	47,912,769	49,481,669	49,481,669	146,006,721	146,006,721	43,994,603	43,994,603	37,927,712	37,927,712
Interest income on investments	4,911,748	3,609,708	2,342,368	1,745,114	2,272,773	2,082,908	3,414,413	3,411,283	4,303,585	2,841,699
Interest income on loans to CDPs	41,979,962	32,552,545	31,552,589	28,341,272	30,030,459	28,458,026	29,074,867	26,972,043	23,370,571	23,191,831
Fee income	128,827,395	-	112,979,939	-	55,424,153	-	61,835,808	-	54,715,090	-
Consulting income	-	38,608,164	-	27,650,786	-	-	-	-	-	-
Other income	6,307,509	7,338,355	13,094,785	5,301,488	29,820,664	8,191,116	20,168,769	7,959,025	18,533,560	6,648,798
Equity in earnings of affiliates	-	21,128,842	-	22,844,585	-	16,087,907	-	15,714,445	-	17,670,970
Net assets released from restrictions	-	-	-	-	1,347,273	-	-	-	-	-
Total support and revenues	350,209,834	269,916,847	405,225,844	331,139,408	514,584,245	450,508,880	253,495,860	193,058,799	236,097,754	185,528,246
Expenses										
Program Services:										
Project development and other program activities	169,718,384	98,122,627	147,117,393	74,037,122	114,272,845	59,370,931	104,487,466	51,388,105	91,627,832	46,043,188
Project grants	105,965,176	105,942,326	116,383,854	116,254,504	233,233,794	232,781,294	48,693,909	48,405,409	48,927,179	48,808,630
Project loans:										
Interest	17,563,732	13,921,845	15,846,790	13,678,556	16,603,603	15,138,678	14,250,123	12,618,819	16,521,641	14,539,226
Provision for loss on receivable	78,521		120,323	-	2,066,314	-	175,735	-	1,039,093	-
Increase in provision for uncollectible loans to CDPs	15,967,626	4,735,228	5,256,806	1,618,818	5,386,938	4,619,869	7,444,124	5,101,581	5,241,758	5,241,758
Provision for uncollectible recoverable grants to CDPs	3,103,307	3,103,307	1,350,033	1,350,033	8,923,975	8,923,975	1,678,897	1,678,897	2,526,383	2,526,383
Provision for losses on receivables	-	-	-	-	-	-	-	-	-	-
Impairment in investment in project partnerships	-	-	-	-	-	-	-	-	-	-
Total program services	312,396,746	225,825,333	286,075,199	206,939,033	380,487,469	320,834,747	176,730,254	119,192,811	165,883,886	117,159,185
Supporting Services:										
Management and general	30,606,431	28,876,258	39,847,192	35,290,642	42,371,730	30,753,081	36,730,847	27,283,965	33,939,303	24,481,311
Fund raising	9,346,351	9,346,351	9,186,569	9,186,569	8,024,751	8,024,751	7,075,956	7,075,956	6,297,761	6,297,761
Total supporting services	39,952,782	38,222,609	49,033,761	44,477,211	50,396,481	38,777,832	43,806,803	34,359,921	40,237,064	30,779,072
Total expenses	$ 352,349,528	$264,047,942	$ 335,108,960	$251,416,244	$430,883,950	$359,612,579	$220,537,057	$153,552,732	$206,120,950	$147,938,257

	2022		2021		2020		2019		2018	
	Consolidated	Parent Only	Consolidated	Parent Only	Consolidated	Parent Only	Consolidated	Parent Only	Consolidated	Parent Only
Change in net assets before gains and losses on investments, derivatives, equity in losses of partnership projects and other non-controlling interest activities	$ (2,139,694)	$ 5,868,905	$ 70,116,884	$ 79,723,164	$ 83,700,295	$ 90,896,301	$ 32,958,803	$ 39,506,067	$ 29,976,804	$ 37,589,989
Transfers: Board designated net assets for loan fund activities	-	-	-	-	-	-	-	-	-	-
Realized & unrealized loss on investments and derivatives	(3,381,442)	(3,381,442)	(214,515)	(214,515)	1,450,777	1,450,777	2,671,794	2,671,794	(720,557)	(720,557)
Realization of unrealized gain on investment securities available for sale by the operating partnerships	-	-	-	-	16,581	-	9,228	-	67,063	-
CDA Partnerships – Gain on Forgiveness of Debt	3,091,065	-	1,228,998	-	993,708	-	-	-	-	-
Gain on transfer of temporary investments in project partnerships	-	-	-	-	-	-	-	-	-	-
Equity in losses of project partnerships	-	-	-	-	-	-	-	-	-	-
Equity in income of temporary investment in project partnerships	-	-	-	-	(504,052)	-	504,052	-	28,115	-
Gain on transfer of interest in CDA Partnerships	3,167,529		(1,351,553)	-	2,728,932	-	-	-	3,179,358	-
Change in net assets before noncontrolling interest activities	737,458	2,487,463	69,779,814	79,508,649	88,386,241	92,347,078	36,143,877	42,177,861	32,530,783	36,869,432
Other noncontrolling interest activities: Noncontrolling capital contributions	68,420,225	-	66,542,140	-	32,456,982	-	10,899,208	-	61,520	-
Change in net assets	69,157,683	2,487,463	136,321,954	79,508,649	120,843,223	92,347,078	47,043,085	42,177,861	32,592,303	36,869,432
Net assets (deficit),beginning of year	636,900,091	546,052,937	500,578,137	466,544,288	379,734,914	374,197,210	332,691,829	332,019,350	300,099,526	295,149,918
Net asset (deficit), end of year	$ 706,057,774	$ 548,540,400	$ 636,900,091	$ 546,052,937	$ 500,578,137	$ 466,544,288	$ 379,734,914	$ 374,197,211	$ 332,691,829	$ 332,019,350

SUPPLEMENTAL FINANCIAL INFORMATION

As of June 30, 2023

	Parent-Only
Unsecured Loans Receivable	$ 33,133,906
Unsecured Loans Receivable as a Percentage of Total Loans[(1)]	5%
Loans Delinquent 90 Days or More	$ 3,410,188
Loans Delinquent 90 Days or More as a Percentage of Total Loans[(1)]	1%
Notes Payable	$ 137,380,000
Notes Redeemed	$ 233,000
Long-Term Debt	$ 619,586,220
Net Assets without Donor Restrictions	$ 247,578,929
Net Assets without Donor Restrictions as a Percentage of Net Assets	48%
Net Assets	$ 521,173,311
Total Loans Receivable	$ 660,621,236

(1) Total Loans reflects gross loans receivable. LISC's allowance for uncollectible loans as of June 30, 2023 was $31,707,229.

SUPPLEMENTAL FINANCIAL INFORMATION

As of December 31,

	2022		2021		2020		2019		2018	
	Consolidated	Parent Only	Consolidated	Parent Only	Consolidated	Parent Only	Consolidated	Parent Only	Consolidated	Parent Only
Unsecured Loans Receivable	$ 62,165,649	$ 28,928,256	$ 32,226,617	$ 23,219,969	$ 63,590,155	$ 18,327,875	$ 14,927,076	$ 12,519,619	$ 23,173,488	$ 8,946,368
Unsecured Loans Receivable as a Percentage of Total Loans[1]	7%	5%	5%	4%	11%	4%	3%	3%	5%	2%
Loans Delinquent 90 Days or More	5,913,899	5,913,899	444,274	444,274	2,395,448	2,395,448	1,666,465	1,666,465	1,249,990	1,249,990
Loans Delinquent 90 Days or More as a Percentage of Total Loans[2]	1%	1%	0%	0%	0%	0%	0%	0%	0%	0%
Notes Payable	101,912,000	101,912,000	98,971,000	98,971,000	31,870,000	31,870,000	0	0	0	0
Notes Redeemed	20,000	20,000	0	0	0	0	0	0	0	0
Long-Term Debt	734,069,922	498,523,882	605,792,326	447,585,681	529,234,669	438,133,479	501,881,706	447,994,882	438,906,657	385,748,005
Net Assets without Donor Restrictions	401,390,840	245,377,453	324,209,009	233,361,855	246,012,384	211,978,535	162,791,416	157,253,712	151,663,288	150,990,809
Net Assets without Donor Restrictions as a Percentage of Net Assets	57%	45%	51%	43%	49%	45%	43%	42%	46%	45%
Net Assets	706,057,774	548,540,400	636,900,091	546,052,937	500,578,137	466,544,288	379,734,914	374,197,211	332,691,829	332,019,350
Total Loans Receivable	897,510,485	563,310,682	678,436,006	518,655,251	583,902,018	499,024,128	506,308,707	485,384,186	470,462,255	432,059,781

(1) Total Loans reflects gross loans receivable. LISC's allowance for uncollectible loans as of December 31, 2022 was $48,367,717 on a consolidated basis and $32,551,758 on a parent-only basis.

RISK FACTORS

An investment in the Notes involves various material risks, including the loss of all of an investor's principal. Prior to any investment, and in consultation with their financial, tax, and legal advisors, investors should carefully consider, among other matters, the following risk factors and the other information contained in this prospectus, including the relevant pricing supplement, before deciding whether to purchase Notes. There can be no assurance that the following list of risks associated with an investment in the Notes is comprehensive. Additional risks not presently known to LISC or that are currently deemed immaterial could also materially and adversely affect LISC's financial condition, results of operations, nonprofit activities, and prospects.

Risks associated with the Notes and the Offering

The Notes are not secured by any assets of LISC and will be subordinated to any existing or future secured indebtedness of LISC, and investors will be dependent solely upon the financial condition and operations of LISC for payment of principal and accrued interest on the Notes.

The Notes will be paid from net assets without donor restrictions and cash then available, which may be insufficient to pay the Notes at maturity. Net assets with donor restrictions will not be legally available for payment of the Notes if use of the assets for that purpose would be inconsistent with the restrictions imposed by donors. While it is anticipated that LISC's financial obligation to pay interest on and the principal of the Notes will be funded by LISC's cash flows, including cash flows generated from the loans LISC makes with the proceeds from the sale of the Notes, there can be no assurance that is the case. Investors in the Notes will be subordinate to LISC's secured creditors and will generally not have any priority over any other of LISC's unsecured creditors. In the event of a bankruptcy, liquidation, dissolution, reorganization, or similar proceeding, LISC's secured creditors have priority over investors in Notes, and will be entitled to recover from the collateral securing such indebtedness prior to any payment being made to holders of Notes. Thus, LISC's assets may be insufficient to fully satisfy LISC's obligations to pay the Notes. Therefore, the relative risk level is higher for the Notes than for LISC's secured indebtedness. For additional information, please see "Financing and Operational Activities – Schedule of Liabilities" on page 34.

LISC's consolidated affiliates have no obligation, contingent or otherwise, to pay any amounts due on the Notes or to make funds available to LISC to do so.

LISC's consolidated affiliates are separate and distinct legal entities with assets and liabilities of their own. As of December 31, 2022, of LISC's consolidated total assets of $1.8 billion, $532.1 million were held by LISC's consolidated affiliates. As of December 31, 2022, of LISC's consolidated total liabilities of $1.1 billion, $374.6 million were held by LISC's consolidated affiliates. The claims of creditors of those consolidated affiliates will have priority as to the assets and cash flows of those consolidated affiliates before such assets and cash flows may be made available to LISC. LISC's consolidated affiliates have no obligation, contingent or otherwise, to pay any amount due on the Notes or to make funds available to LISC to do so. In the event of a bankruptcy, liquidation, dissolution, reorganization, or similar proceeding with respect to LISC's consolidated affiliates, their creditors will be entitled to payment on their claims from assets of those consolidated affiliates. For additional information, please see "Financing and Operational Activities – Schedule of Liabilities" on page 34.

No sinking fund or other specific allocation of assets or cash flow has been made or will be made to secure payment of the principal of the Notes or to secure payment of accrued interest.

The Notes may be riskier than other notes or debt instruments for which a sinking fund is established, and LISC's ability to pay the principal and interest on the Notes will depend on the cash then available as part of LISC's net assets without donor restrictions.

The Notes are not FDIC or SIPC insured, are not bank instruments, and are subject to investment risks.

The Notes are not FDIC- or SIPC-insured or otherwise insured or guaranteed by any governmental agency and are not certificates of deposit or deposit accounts with a bank, savings and loan association, credit union, or other financial institution regulated by federal or state authorities. As a result, investors are at risk of possible total loss of principal invested.

LISC is offering the Notes on a reasonable best-efforts sales basis, and there is no minimum sales requirement.

The offering of the Notes is on a reasonable best-efforts basis. Therefore, there is no minimum sales requirement or minimum amount of proceeds that LISC must receive from the sale of the Notes before LISC will close with investors and have the right to utilize proceeds. Investors' funds will be immediately available for use by LISC as lending capital in its nonprofit activities and operations, or for other general corporate purposes, regardless of whether any threshold of sales is met. Low sales of the Notes will not result in cancellation of the offering or cause LISC to refund any amounts to investors.

The interest rate applicable to a Note is fixed at the time of issue.

Interest rates offered for the Notes may change at LISC's discretion and will be determined by LISC at the time of issuance based on market conditions, the then-current interest rate environment, and other relevant factors. Should interest rates rise, LISC is not legally obligated to pay a higher rate or to redeem the principal of a Note prior to its maturity. Moreover, the value of the Notes may decline in a rising interest rate environment. Risks of investment in the Notes may be greater than implied by a relatively low interest rate on the Notes.

LISC may have the right to redeem a Note, in whole or in part, at LISC's option prior to the Note's stated maturity date.

If provided in the relevant pricing supplement, LISC will have the right to redeem a Note, in whole or in part, at LISC's option prior to the Note's stated maturity date. There can be no assurance that the proceeds from the redemption of a Note can be reinvested in other securities having terms, interest rates, and investment risks similar to the Notes that LISC redeems. For more information on LISC's redemption right, see "Description of the Notes – Right of Redemption" on page 61.

The value of the Notes may be adversely affected by a decrease in the credit ratings assigned to the Notes or LISC.

A credit rating reflects only the view of the rating agency giving such rating. Any explanation of the significance of such rating may only be obtained from the applicable rating agency. Generally, rating agencies base their ratings on information and materials furnished and on investigation, studies, and assumptions by the rating agencies. There is no assurance that a rating will apply for any given period of time or that a rating will not be revised or withdrawn. A revision or withdrawal of a rating may have an adverse effect on the value of and ability to resell the Notes. LISC and InspereX have not undertaken any responsibility to bring to the attention of noteholders any proposed revision or withdrawal of any rating or to oppose any such proposed revision or withdrawal of any rating.

LISC has made only limited covenants in the Notes, which do not include covenants or restrictions with regard to LISC's financial condition and operations.

The Notes contain covenants to pay principal and interest when due but do not contain certain other covenants that are contained in certain of LISC's other debt obligations. For example, the Notes do not contain any "affirmative" covenants relating to LISC's financial performance or condition, such as a threshold net income, debt-to-assets ratio, or income-to-debt ratio or other financial covenants that may appear in debt instruments issued by other financial institutions, companies, or nonprofit entities. In addition, the Notes do not contain any "negative" covenants that restrict LISC's nonprofit operations or capital structure, such as restrictions or prohibitions on the amount or type of loans that LISC may extend, or the amount or type of debt that LISC may incur, or any other types of negative covenants that may appear in notes or indebtedness issued by other financial institutions, companies, or nonprofit entities. As a result, a default may occur in LISC's other debt instruments without triggering a default under the Notes. As such, there are limited contractual protections for investors contained in the Notes.

No trust indenture has been or will be established, and no trustee has been or will be appointed. The Notes are being issued pursuant to an exemption from the Trust Indenture Act, and the provisions of that Act designed to protect debt owners are not applicable to investors in the Notes.

Debt, such as the obligations represented by the Notes, is often issued pursuant to a trust indenture, such as the type required for certain debt offerings by the Trust Indenture Act of 1939. These indentures provide covenants and procedures to protect debt owners and appoint a trustee to act for the benefit of all debt holders, to exercise their remedies collectively, and to protect their interests. However, the Notes are not governed by any indenture and there is no trustee. No trustee monitors LISC's affairs on investors' behalf, no agreement provides for joint action by investors in the event LISC defaults on the Notes, and investors do not have the other protections a trust indenture would provide. Accordingly, the Notes may be riskier than notes for which a trust indenture is established. In the event of a default under the Notes, each holder will have to seek available remedies on an individual basis, which is likely to be expensive and may not be economically practicable.

The Notes are being offered in reliance on exemptions from registration under the federal and state securities laws in the states in which LISC is offering the Notes. If it is determined that the Notes are not exempt from federal and/or state securities laws, LISC may be required to make rescission offers and may be subject to other penalties for which LISC may not have the funds available.

The offering described in this prospectus is being made in reliance upon exemptions from registration under federal and state securities laws, including exemptions under Section 3(a)(4) of the Securities Act and the exemptions from registration of the securities of nonprofit charitable organizations provided by the laws of certain states in which the Notes are offered. Reliance on these exemptions does not, however, constitute a representation or guarantee that such exemptions are indeed available. LISC may seek to qualify, register, or otherwise obtain authorization for the offering in certain other states where LISC believes such qualification, registration, or other authorization is required. If, for any reason, the offering is deemed not to qualify for exemption from registration under the nonprofit securities exemptions referred to above (and if no other exemption from registration is available), and the offering is not registered with the applicable federal or state authorities, the sale of the Notes will be deemed to have been made in violation of the applicable laws requiring registration. In the event of such a violation, penalties and fines may be assessed against LISC and investors will typically have the right to rescind their purchase and to have their purchase price returned, together with interest at statutorily prescribed rates. If investors request the return of their investment, funds may not be available to LISC for that purpose, and LISC may be unable to pay all investors in any affected states. Any refunds made would also reduce funds available for LISC's operations. A significant number of requests for rescission could leave LISC without funds sufficient to respond to rescission requests or to successfully proceed with LISC's nonprofit activities.

The Survivor's Option may be limited in amount.

LISC has a discretionary right to limit the aggregate principal amount of Notes subject to the Survivor's Option that may be exercised in any calendar year to an amount equal to the greater of $1,000,000 or 1% of the outstanding principal amount of all Notes outstanding as of the end of the most recent calendar year. LISC also has the discretionary right to limit to $250,000 in any calendar year the aggregate principal amount of Notes subject to the Survivor's Option that may be exercised in such calendar year on behalf of any individual deceased beneficial owner of Notes. Accordingly, no assurance can be given that exercise of the Survivor's Option for the desired amount will be permitted in any single calendar year.

Holders of Notes can only act indirectly through DTC.

Note transactions are settled through DTC. As is standard to facilitate such electronic transactions, DTC represents such Notes with one or more global certificates registered in the nominee name of "Cede & Co.," rather than in the name of the investor or the investor's nominee.

Any changes in the federal and state securities laws relating to securities offered and sold by nonprofit charitable organizations could adversely affect LISC's ability to sell the Notes or LISC's ability to pay the principal and interest on the Notes.

Pursuant to current federal and state exemptions related to certain securities offerings, the Notes will not be registered with the SEC and may not be registered with certain state securities regulatory bodies. However, these laws are subject to change and frequently do change. Any such change may make it costlier and more difficult for LISC to offer and sell the Notes and could result in a decrease in the amount of Notes ultimately sold, which could affect LISC's ability to pay the principal and interest on the Notes.

SEC Regulation Best Interest imposes obligations related to investment suitability that may limit some potential investments in this offering.

The SEC's Regulation Best Interest establishes a "best interest" standard of conduct for broker-dealers and associated persons when they make a recommendation to a retail customer of any securities transaction or investment strategy involving securities. Depending on individual investor circumstances, this "best interest" standard may limit some potential investments in this offering. For more information, see "How to Invest/Plan of Distribution – Investment Recommendations under Regulation Best Interest" on page 68.

No public market exists for the Notes, and therefore the transfer of the Notes is limited and restricted.

LISC has no obligation, and does not intend, to register the Notes for resale by noteholders. The Notes will not be listed for sale on any securities exchange. Dealers may be liquidity providers, and there may be a secondary market in the Notes; however, there is no assurance that dealers will be liquidity providers or that a secondary market in the Notes will develop. In addition, limitations on the transfer of the Notes may be imposed under applicable federal and state securities laws. As a result, there is no trading market for the Notes at present. Investors should therefore consider the Notes as an investment to be held until maturity.

Holders of Notes should be aware of certain tax consequences.

The interest paid or accrued on the Notes will be taxable as ordinary income to the investor in the earlier of the year it is paid or the year it is accrued, depending on the investor's method of accounting. LISC will cause each investor to be provided with a Form 1099-INT or the comparable form by January 31 of each year detailing the interest earned on their investments in the prior year. Investors will not receive a receipt for a charitable contribution and will not be entitled to a charitable deduction for the purchase of the Notes. Investors should consult with their tax advisor regarding any tax treatment of the Notes.

Risks associated with LISC

LISC may not be able to pay its obligations under the Notes if there is a material adverse effect in LISC's financial condition or results of operations.

Payment of the Notes depends on the ability of LISC to generate revenues sufficient to cover debt service on the Notes and all other indebtedness of LISC while meeting its operating expenses and other cash requirements. No representation can be made or assurance given that revenues will be realized by LISC in amounts sufficient to make the payments necessary to meet the obligations of LISC and to make debt service payments on the Notes as they become due. Future revenues and expenses of LISC are subject to, among other things, the capabilities of the management of LISC; future economic conditions; and a variety of non-economic and other conditions, many of which are unpredictable or not within LISC's control. No representation can be made or assurance given that LISC's net assets will not decrease in the future. The payment of principal and interest on the Notes, as well as other obligations of LISC, may be adversely impacted by these factors.

Examples of these factors include, but are not limited to, the following:

- *General lending risks.* Although LISC has established due diligence and payment monitoring procedures, there can be no guarantee that borrowers will repay LISC promptly or at all. While LISC intends to pay holders of the Notes on schedule, defaults or untimely repayments of loans by borrowers may result in LISC having insufficient funds to make timely payments under the Notes. Specific lending risks include:

    - *Changes in interest rates.* LISC's earnings and cash flows depend substantially upon its net interest income. Net interest income is the difference between (x) interest income earned on its loans and other interest-bearing assets and (y) interest expense paid on interest-bearing liabilities, such as the Notes or other borrowed funds. Interest rates are sensitive to many factors that are beyond LISC's control, including general economic conditions, competition and policies of various governmental and regulatory agencies and, in particular, the policies of the Board of Governors of the Federal Reserve System. Interest rate changes could affect: (1) LISC's ability to originate loans; (2) the fair value of LISC's financial assets and liabilities, including its investment portfolio; and (3) the average duration of LISC's interest-earning assets. Any substantial, unexpected, prolonged change in market interest rates could have a material adverse effect on LISC's financial condition and results of operations.

    - *Prepayment and refinancing risk.* Prepayment and refinancing rates may adversely affect the value of LISC's loan portfolio. Prepayment and refinancing rates on loans may be affected by a number of factors including, but not limited to, interest rate levels, the availability of credit, the relative economic vitality of the area in which the related properties are located, the servicing of the loans, possible changes in tax laws, other opportunities for investment, and other economic, social, geographic, demographic, legal, and other factors beyond LISC's control. Consequently, prepayment and refinancing rates cannot be predicted with certainty, and no strategy can completely insulate LISC from prepayment or other such risks. In periods of declining interest rates, prepayment and refinancing rates on loans generally increase, and the proceeds of such prepayments and refinancings received during such periods are likely to be utilized by LISC to make loans yielding less than the yields on the loans that were prepaid or refinanced.

- *Sector concentration risk.* LISC finances commercial and mixed-use real estate; affordable housing; health care facilities; child care and education; community and recreational facilities; commercial and industrial projects; small businesses; and other community development projects. If one or more of these sectors experiences a financial downturn, LISC's borrowers may have difficulty making loan payments.

- *Geographic concentration risk.* LISC finances nonprofit organizations, mission-aligned for-profit entities, and small businesses throughout the United States. As of December 31, 2022, 21% of LISC's revenue-generating portfolio was concentrated in California, 13% in New York and 12% in Washington, D.C. If one or more of these geographic areas experiences a financial downturn, LISC's borrowers may have difficulty making loan payments.

- *Illiquidity risk.* Loans made by LISC are typically illiquid as there is no secondary market for community development loans. While investment diversification, credit analysis, and limited maturity can reduce the risk of loss, there can be no assurance that LISC will be able to liquidate its position in any particular loan, that borrowers will repay LISC promptly, or that losses will not occur.

- *Charitable purpose.* In furtherance of LISC's charitable purpose, LISC lends money to borrowers that are often unable to obtain financing at competitive market rates from conventional lenders, such as regulated retail or commercial banks. The reasons for this vary, but often relate to the less robust track records of the borrowers and the availability or value of the collateral the borrower is able to offer to support the credit risk represented by a loan to the borrower. As a result, there is a higher risk that LISC's loans may not be repaid.

- *Lack of control.* LISC may not have control over certain of its loans. Examples of loans over which LISC may or may not have control include loans where LISC is a subordinate lender or participated loans where LISC is not the lead lender. LISC's ability to manage its portfolio of loans may be limited by the form in which loans are made. LISC's rights to control the process following a borrower default may be subject to the rights of others whose interests may not be aligned with the interests of LISC.

- *Limits on access to capital.* A significant portion of LISC's revenue is derived from contributions and grants obtained through federal programs, private foundations, and other institutions. In addition, LISC relies heavily on allocations of funds from various programs offered by the U.S. Department of Treasury's Community Development Financial Institutions Fund ("CDFI Fund"). Receipt of grants and access to CDFI Fund programs are not guaranteed or renewable. They are also often associated with lengthy and stringent application processes, which can make them difficult to obtain. Periods of economic hardship may cause a decrease in the availability of grant funding as grant funding sources adopt more conservative financial practices. Budgetary constraints or shifts in the programmatic priorities of federal and private funding sources may also cause a decrease in the availability of CDFI Fund allocations and grants that are targeted to LISC's mission. Because of the uncertain nature of grant receipts or allocations from the CDFI Fund, there is a risk that a sudden reduction in funding could occur, which may adversely impact LISC's ability to pay its obligations as they come due. LISC also depends on bank financing and other sources of financing. LISC's inability to access such funding at acceptable interest rates or at all could have a material adverse effect on its results of operations, financial condition, and business.

- *LISC's investment portfolio may decline in value and may incur investment losses*. LISC's investment portfolio is subject to investment risks, including the risks associated with investment in corporate bonds and fixed-income funds, U.S. government agency securities, certificates of deposit, and alternative investments. These risks may result in investment losses for LISC if the value of the investment portfolio declines. For information regarding LISC's investments, including investment returns, investment liquidity, and a discussion of applicable investment policies, see "Investing Activities" at page 44. Past performance does not indicate how LISC's investments will perform in the future.

- *New business activities.* LISC may enter into new business ventures or alter its existing business model in order to achieve greater social impact consistent with its charitable purpose. For example, LISC may expand the number and type of loan products or programs it offers; adjust its risk tolerance parameters with respect to new or existing business; change the manner or scope of its asset acquisition strategies, including through loan sales, purchases, and participations; change the manner or scope of its investment management strategies by engaging in joint ventures or establishing investment vehicles with, or by selling or contributing assets to, related or unrelated third parties; expand the industries or geographic areas in which it operates; or offer new forms of technical assistance or other innovative products or services. Although LISC's intention in undertaking new business activities or altering its existing business model may be to increase its social impact, losses related to these activities may adversely impair LISC's financial condition or present a risk of litigation or regulatory oversight not currently present in its existing business model.

Elevated levels of inflation could adversely affect LISC's results of operations and financial condition.

The United States has recently experienced elevated levels of inflation. Continued inflation could have complex effects on LISC's results of operations and financial condition, some of which could be materially adverse. Continued elevated levels of inflation could also cause increased volatility and uncertainty, which could adversely affect loan demand and the ability of LISC's borrowers to repay indebtedness. The duration and severity of the current inflationary period cannot be estimated with precision.

Net assets with donor restrictions may not be legally available for payment of investors.

LISC has received a significant quantity of funds with donor-imposed restrictions that limit their use. As of December 31, 2022, $303,162,947, or 55%, of LISC's net assets on a parent-only basis were subject to donor restrictions and $304,666,934, or 43%, of LISC's net assets on a consolidated basis were subject to donor restrictions. Donor-imposed restrictions limit the use of funding to a specified purpose, geography, and/or time period. These funds may not legally be available for payment on the Notes if use of the funds for that purpose would be inconsistent with the restrictions imposed by donors.

LISC's ability to pay the principal and interest on the Notes is dependent on the economic success of its lending activities and other sources of funds without donor restrictions.

As interest rates rise, there can be no assurance that LISC will be able to pass on those increased rates in the loans LISC makes, which could result in compression of its net interest margin and could lead to a decline in net income from lending activity. Further, LISC's borrowers derive their income from a wide variety of sources, which can include public agency contracts and grants and private donations, as well as private payments for rent and services. Partial reliance on public subsidies and grants and donations may affect the ability of borrowers to repay LISC, especially in challenging economic environments when federal, state, and local sources may decline, and the volume of grants and donations may decrease. In the event that loans made by LISC, including loans made with the proceeds of the Notes, are not repaid on a timely basis, LISC may not be able to pay the Notes upon their maturity. While LISC uses a number of underwriting processes and imposes a variety of standards in making loans, there can be no assurance that all of LISC's borrowers will repay LISC on a timely basis or at all, which could impact LISC's liquidity and therefore its ability to pay all outstanding Notes when due or at all.

LISC's ability to pay the principal and interest on the Notes depends on contributions, grants and other uncertain sources of income.

In addition to loan repayments and interest income, LISC is dependent upon contributions and grants for a substantial portion of its revenue and financial support. On a parent-only basis, for the fiscal year ended December 31, 2022, contributions (44%) and government grants (18%) made up 62% of total operating support and revenue, with the remainder coming from lending income (12%), distributions from affiliates (8%), interest income on investments (1%), and income earned on consulting and other activities (17%). On a consolidated basis, for the fiscal year ended December 31, 2022, contributions (34%) and government grants (14%) made up 48% of total operating support and revenue, with the remainder coming from lending income (12%), fee income (37%), interest income on investments (1%), and income earned on other activities (2%). On a consolidated basis, as of December 31, 2022, approximately 35.66% of LISC's contributions revenue was from five donors. Additionally, of the $30.8 million in government grants and contracts receivable on a consolidated basis as of December 31, 2022, approximately $7.0 million was from one government agency. These contributions and grants are not guaranteed, and therefore it is possible that sufficient funds will not be available to continue LISC's operations, and LISC could become unable to pay the interest or principal of the Notes when due.

LISC's lending criteria used in determining whether a loan should be made to a borrower may be more lenient than the criteria used by commercial lenders, and enforcement of these criteria may not be as rigorous.

As a charitable organization, LISC is willing and able to underwrite certain complex cash flows, often based on federal, state, and local funding and subsidy programs, with which commercial lenders may have limited experience and which may not meet conventional lending standards. LISC's underwriting is based on knowledge and experience in certain areas. In certain instances, LISC may be willing to modify and extend the terms of its loans to an extent greater than a commercial lender may be willing to do. Thus, repayment of LISC's loans may take longer than the original loan amortization or other repayment schedules, and its portfolio of loans may include loan extensions and other terms and modifications that would not be typical for a commercial lender.

LISC may incur additional debt, which may hinder its ability to pay the principal and interest on the Notes.

LISC may issue secured debt, additional notes, or other unsecured indebtedness without the consent of holders of the Notes. The incurrence by LISC of additional indebtedness may adversely affect its ability to pay the principal and interest on the Notes. Further, if LISC incurs additional indebtedness, the perception of LISC's ability to pay debt service on the Notes, regardless of LISC's actual ability to make such payments, may result in a decrease in the value or price of the Notes. In addition, if LISC incurs significant additional indebtedness, it may negatively impact LISC's ability to increase net assets.

Changes in governmental priorities and regulations may adversely affect LISC.

Some of LISC's operations are subject to regulation by federal, state, and local governmental authorities. Although LISC believes that its activities are in compliance in all material respects with applicable local, state, and federal laws, rules, and regulations, there can be no assurance that this is the case or that more restrictive laws, rules, and regulations governing its activities will not be adopted in the future, which could make compliance much more difficult or expensive, restrict its ability to originate loans, further limit or restrict the amount of interest and other charges earned under loans LISC originates, or otherwise adversely affect LISC's operations or prospects, which could adversely affect its ability to operate and to make payments under the Notes. Changes in funding priorities by federal, state, or local governments could have an adverse effect on the sectors where LISC provides financing. This could hinder LISC's ability to make loans or affect the ability of its borrowers to make loan payments. In addition, future changes in federal or state laws, rules, or regulations governing the sale of securities by religious, charitable, or other nonprofit organizations may make it more difficult for LISC to offer the Notes. Such an occurrence could result in a decrease in the amount of the Notes sold by LISC, which could potentially affect LISC's operations and its ability to pay the principal and interest on the Notes.

Failure to meet LISC's existing debt obligations on any debt agreement could result in a cross-default under other debt agreements, which could adversely affect LISC's nonprofit activities, operations, and financial condition.

LISC's existing debt is (and any future debt likely will be) structured through debt agreements, many of which contain (or will contain) provisions for financial covenants that LISC must maintain in order to avoid an event of default. If LISC were to fail to maintain a financial covenant in any of the debt agreements, it would trigger an event of default in not only that particular debt agreement, but also in all other debt agreements that contain a cross-default provision. Similarly, LISC's failure to pay interest or principal under the Notes may also trigger defaults under those debt obligations. If LISC defaults on its debt agreements, it would negatively impact LISC's financial position and ability to pay principal and interest on the Notes when due.

Any change to LISC's nonprofit, tax-exempt, or CDFI status could negatively impact its ability to pay principal and interest on the Notes.

Federal authorities have determined that LISC is a CDFI certified by the CDFI Fund, and LISC is exempt from federal and state taxation on the basis of its nonprofit, charitable purpose. These determinations are based on a number of conditions and assumptions that must continue to be met in order for such determinations to be maintained. If LISC fails to satisfy any of those conditions or assumptions, LISC could lose its status as a CDFI, nonprofit, or tax-exempt entity, which could subject LISC to federal and/or state taxation, which would have a negative impact on its cash resources and financial viability and could ultimately negatively impact its ability to pay the principal and interest on the Notes. If LISC loses its CDFI status, it will no longer be able to participate in the various programs that are only available to CDFIs.

LISC's inability to participate in such programs could pose a significant challenge to its ability to operate. The loss of its status as a nonprofit, tax-exempt entity, or CDFI may result in a default under existing arrangements, which would negatively impact LISC's financial condition and ability to pay principal and interest under the Notes when due.

If LISC does not accurately match asset-liability loan maturities with the Notes, LISC may not have sufficient capital available to pay the Notes when due.

While LISC seeks to coordinate the maturities of the loans LISC makes with the maturities of the debt LISC incurs to fund those loans, there can be no assurance that LISC will be successful in doing so with the Notes, which could impact its liquidity and therefore its ability to have sufficient cash resources available to pay the principal and interest on the Notes when due.

LISC's allowance for uncollectible loans may not be sufficient to cover potential loan losses.

LISC maintains an allowance for uncollectible loans ("Allowance") for its loan portfolio, which is determined by, among other factors, loan portfolio risk analysis, current economic conditions, loss history, and generally accepted accounting principles. While LISC performs an analysis of the adequacy of the Allowance, as do its auditors, there can be no assurance that the Allowance is or will be sufficient to address all potential losses on the loan portfolio.

Holders of Notes are subject to risk associated with bankruptcy or insolvency of LISC or LISC's affiliates.

If LISC, a consolidated affiliate of LISC or another affiliated organization of LISC seeks relief under bankruptcy or related laws, a bankruptcy court could attempt to consolidate its assets into the bankruptcy estate, possibly resulting in delayed or reduced payments to noteholders.

If LISC's consolidated affiliates become subject to claims or litigation, LISC could be liable.

LISC is a separate legal entity apart from its consolidated affiliates and believes it may not be liable for claims made against its consolidated affiliates. It is possible, however, that in the event of claims against LISC's consolidated affiliates, the claimants might contend that LISC is also liable. There can be no assurance that LISC's efforts to preclude corporate veil-piercing, alter ego, control person, or other similar claims by creditors of any one particular entity within its corporate structure from reaching the assets of the other entities within its corporate structure to satisfy claims will be successful. Such claims, if upheld by the courts, could negatively affect LISC's financial condition and ability to pay the principal and interest on the Notes.

LISC depends on the efforts of its senior management and staff, and loss of key personnel could adversely affect its operating performance and ability to pay principal and interest under the Notes when due.

Like most entities, LISC's successful operations are dependent on the efforts of its senior management and staff who are expected to continue to devote substantially all of their time and efforts to LISC's nonprofit activities. Discontinuation of such devotion of time and efforts, coupled with any inability to attract and retain other skilled personnel, could negatively impact LISC's nonprofit activities or its financial condition, which could impair its ability to pay the principal and interest on the Notes. There can be no assurance that LISC will be successful in retaining its current personnel or replacing any loss of key personnel with equally competent individuals.

LISC, and its vendors, rely on technology and technology-related services.

The majority of LISC's records are stored and processed electronically, including records of its notes receivable and notes payable. LISC relies, to a certain extent, upon third-party vendors for providing hardware, software, and services for processing, storing, and delivering information. LISC's electronic records include confidential customer information and proprietary information of its organization. Electronic processing, storage, and delivery have inherent risks, such as the potential for hardware failure; virus or malware infection; input or programming errors; inability to access data or systems when needed; permanent loss of data; unauthorized access to data; or theft of data. While LISC and its vendors take measures to protect against these risks, it is possible that these measures will not be completely effective and that there may be other risks that have not been identified because they are different or unknown or that may emerge in the future. If LISC were to experience large-scale system unavailability, data inaccuracy, inability to access data for an extended time period, permanent loss of data, data breach or corruption, failure of its vendors to perform as contracted, or other significant issues regarding data, it could adversely affect all aspects of its operations. In addition, if investors elect to use LISC's website and related online or mobile services, LISC can offer no assurances and make no warranty as to their accuracy and availability, and such use is subject to the terms, conditions, and limitations set forth in applicable usage agreements.

Cybersecurity incidents could disrupt operations, result in the loss of critical and confidential information, and adversely impact LISC's reputation and results of operations.

Cybersecurity threats and incidents can range from uncoordinated individual attempts to gain unauthorized access to information technology (IT) systems to sophisticated and targeted measures known as advanced persistent threats, directed at LISC, its affiliates, and/or its third party service providers. Although LISC employs measures to prevent, detect, address and mitigate these threats (including access controls, employee training, data encryption, vulnerability assessments, monitoring of LISC's IT networks and systems and maintenance of backup and protective systems), cybersecurity incidents, depending on their nature and scope, could potentially result in the misappropriation, destruction, corruption or unavailability of critical data and confidential or proprietary information (LISC's, its affiliates, or that of third parties) and the disruption of operations. The potential consequences of a material cybersecurity incident include reputational damage, notification costs, fines or penalties imposed by government entities, litigation with third parties, payment of ransom and increased cybersecurity protection and remediation costs, which in turn could materially adversely affect LISC's operations.

LISC may change its policies and procedures.

This prospectus includes descriptions of policies and procedures of LISC, such as LISC's loan policies and investment policy. The descriptions of these policies and procedures are intended to help investors understand LISC's current operations. LISC's prior policies and procedures differed from the current policies and procedures described in this prospectus. Further, LISC reserves the right to change its policies and procedures in the future at any time. If LISC changes its policies and procedures, there may be an adverse impact on LISC's ability to pay the principal and interest on the Notes.

USE OF PROCEEDS

LISC is offering up to $250,000,000 in aggregate principal amount of Notes issued and outstanding at any time. As of August 31, 2023, the aggregate principal amount of Notes issued and outstanding was $156,638,000, meaning that an aggregate principal amount of $93,362,000 of Notes remained available for purchase as of that date. The amount of Notes available for purchase will vary from time to time depending on the amount of Notes sold and the amount of Notes that mature and are repaid during the offering period.

LISC will use the proceeds of the offering for general corporate purposes, including as capital for loans made by LISC and its consolidated affiliates in support of LISC's overall mission to encourage the growth of, and provide support to, neighborhood and community development organizations and businesses that foster improvement of economic conditions; develop housing and other physical facilities; provide amenities and services; and other activities that help to revitalize disinvested communities and/or benefit low-wealth individuals and families ("Loan Purpose").

As part of its Loan Purpose, LISC offers a variety of loan products to nonprofit organizations, mission-aligned for-profit businesses, and small businesses operating in or supporting affordable housing, health, education, community and recreational facilities, commercial facilities, the creative economy, employment and other projects that seek to forge resilient and inclusive communities across the United States and/or benefit low-wealth individuals and families.

Additionally, LISC anticipates using proceeds from the sale of Notes to increase its commitment to Project 10X, a program started in 2020 under which LISC has invested in building equity and wealth for People of Color. LISC dedicated $10,000,000 of the proceeds from the sale of Notes during each of the 2020-2021, 2021-2022 and 2022-2023 offering periods to support Project 10X, and anticipates dedicating up to an additional $10,000,000 of the proceeds from the sale of Notes during the 2023-2024 offering period (the approximate 12-month period starting on the date of this prospectus) to support Project 10X. Project 10X may include investments in, among other things, homeownership and small business ownership, investing in community assets and well-being, and supporting quality jobs with good wages and benefits. LISC expects to use these proceeds, along with grants, partner contributions, loans and other capital raised to support Project 10X, to address critical elements to close the racial health, wealth, and opportunity gaps in the United States.

Expected Proceeds(1)	Proceeds Used for Each Purpose (%)		Proceeds Used for Each Purpose ($)	
	Loan	**Project 10X**	**Loan**	**Project 10X**
Minimum:	89%	11%	$80,783,950	$10,000,000
Maximum:	89%	11%	$82,837,914	$10,000,000

(1) Figures are estimated based on the assumption that all Notes available for purchase as of August 31, 2023, in the aggregate principal amount of $93,362,000, are sold. LISC expects to receive net proceeds after sales compensation to InspereX based on the maturity of the Notes sold, ranging from $997 per $1,000 of 1-year Notes to $975 per $1,000 of 15-year Notes. LISC estimates that the total expenses of the offering for the 2023-2024 offering period, excluding sales compensation, will be approximately $244,000.

DESCRIPTION OF THE ISSUER

Overview

LISC is a New York not-for-profit corporation and is certified as a CDFI by the U.S. Department of the Treasury's CDFI Fund. LISC is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, as amended (the "Code"), and a public charity, as described under Section 509(a)(1) and Section 170(b)(1)(A)(vi) of the Code. LISC's principal executive office is located at 28 Liberty Street, 34th Floor, New York, NY 10005. As of the date of this prospectus, LISC and its consolidated affiliates operate through 38 local offices, including a national rural program in more than 2,400 counties across 49 states and Puerto Rico.

Mission

Together with residents and partners, LISC helps forge resilient and inclusive communities of opportunity across America—great places to live, work, visit, do business, and raise families.

LISC carries out its mission by encouraging growth of, and providing support to, neighborhood and community development organizations that foster improvement of economic conditions; development of housing and other physical facilities; provision of amenities and services; and other activities that help to revitalize distressed communities.

History

LISC was founded in 1979 by a group of Ford Foundation officials. LISC initially concentrated its efforts in the South Bronx, Boston, and Chicago, seeking to revitalize deeply distressed housing in historically underserved areas. In 1996, LISC was among the first community development entities to be certified as a CDFI by the CDFI Fund to provide financial products and services for underserved communities and populations. LISC has received $72.1 million in grant awards for lending activities since receiving CDFI certification.

Since its inception, and supported by its CDFI status, LISC has served as an intermediary and convener of public- and private-sector resources within its communities by providing grant funding and technical assistance to its vast network of community partners. As the field of community development matured, and local community groups adopted a more holistic approach to the revitalization of their communities beyond housing, retail and commercial development, and community facilities, LISC's areas of focus and support have also expanded and evolved to address the needs of local community groups and other entities, stakeholders, and partners that support LISC's charitable purpose.

LISC has provided training, education, and financial support to organizations leading revitalization efforts in their communities. Over time, LISC has developed partnerships with government and private-sector agencies to provide resources to community organizations. Examples of these partnerships include: providing funding to 1,340 community development corporations through the U.S. Department of Housing and Urban Development's Section 4 program; partnering with the U.S. Department of Justice to provide funding and technical assistance to more than 100 community-law enforcement partnerships nationwide; helping build or renovate more than 500 recreational facilities and provide youth programming through partnerships with, among others, the National Football League Foundation, ESPN Corporate Responsibility, the Under Armour, Dick's Sporting Goods, and Foot Locker Foundations; and, leading a network of over 130 Financial Opportunity Centers to assist 24,300 people to improve their credit, 24,450 people to improve their net worth, and over 45,000 people to find employment in the most recent ten-year period.

As new public policies and funding and tax programs emerged, LISC built additional new tools to expand capital access to support its charitable activities. To achieve this purpose, LISC strategically formed consolidated affiliates to support investment activities that fall outside of its core lending and grant making. More detail on LISC's consolidated affiliates is included under the heading "Legal Structure of LISC and its Consolidated Affiliates" starting on page 27.

Strategy

LISC mobilizes corporate, philanthropic, public, and private capital from local and national sources to fund a diverse toolkit of support—including loans, equity (through consolidated affiliates), grants, training, technical assistance, and public policy support—focused on improving the quality of life for historically underserved people and places. LISC takes a double-bottom-line view of its work, promoting social impact while also requiring strong financial performance of its investments. LISC's community investment model aims to improve conditions across America. By focusing on the needs of community residents, LISC also seeks to minimize displacement in places where gentrification has taken hold.

LISC believes that racial opportunity gaps—reflected in disparities in health and well-being, employment, wealth and financial security, and overall quality of life—are increasingly dividing America. This opportunity gap does not stem from any single root cause. Instead, LISC believes that it arises from discrimination and exclusion that systems and policies like redlining have perpetuated, leading to enduring imbalances and unequal access to basic needs like safety, housing, and healthcare, as well as inequality of educational and economic opportunities. Addressing such complex problems requires a set of equally multidimensional tools and strategies. LISC's strategic framework embraces a full range of activities that support comprehensive community development, health and safety, education, and family financial planning. It builds on LISC's place-based development model to ensure LISC's contributions maximize equity and impact by building a more broadly shared American prosperity.

LISC concentrates efforts on raising capital for community investments and providing grants and making loans to nonprofit organizations, mission-aligned for-profit businesses, and small businesses that may not otherwise have access to traditional debt financing or financing at the rates LISC is able to offer.

Impact

In 2022, LISC and its consolidated affiliates provided a combined $2.8 billion in grants, loans, and equity investments to community development efforts across the country.

Since its inception, LISC and its consolidated affiliates have invested an aggregate of $29.7 billion in affordable housing, health, education, community and recreational facilities, public safety, employment, and other projects that seek to revitalize and stabilize low-wealth neighborhoods and benefit individuals and families living on low incomes. LISC's and its consolidated affiliates' investments have leveraged an aggregate investment of $82 billion in development activity. LISC and its consolidated affiliates have helped finance 489,261 affordable homes and apartments and 81.4 million square feet of commercial retail and community space. They have supported 279 early childhood centers serving approximately 27,999 children; 236 schools serving approximately 96,096 youth; 452 athletic fields and recreational spaces; 99 health projects, including healthcare centers; 111 healthy food projects, including grocery stores and farmers markets; and 33 theaters and other performance spaces.

Areas of Operation

As of the date of this prospectus, LISC and its consolidated affiliates operate in 38 markets, with offices in: Atlanta, GA; Boston, MA; Buffalo, NY; Charlotte, NC; Chicago, IL; Cincinnati, OH; Cleveland, OH;

Detroit, MI; Duluth, MN; Flint, MI; Greenville, SC; Hartford, CT; Honolulu, HI; Houston, TX; Indianapolis, IN; Jacksonville, FL; Kalamazoo, MI; Kansas City, MO; Los Angeles, CA; Louisville, KY; Memphis, TN; Milwaukee, WI; Minneapolis/St. Paul, MN; New York, NY; Newark, NJ; Norfolk, VA; Oakland, CA; Peoria, IL; Philadelphia, PA; Phoenix, AZ; Providence, RI; Richmond, VA; San Antonio, TX; San Diego, CA; Seattle, WA; Toledo, OH; and Washington, D.C. In addition, through its national rural program, LISC works in more than 2,400 counties in 49 states and in Puerto Rico. LISC has made investments in all 50 states.

Legal Structure of LISC and its Consolidated Affiliates

In addition to local program offices, as of the date of this prospectus LISC had 15 consolidated affiliates, as described below:

- National Equity Fund, Inc. ("NEF"), an Illinois not-for-profit corporation formed in 1987 to raise equity-like capital for projects under the federal Low Income Housing Tax Credit ("LIHTC") program, which supports affordable rental housing development. As of December 31, 2022, NEF has syndicated and placed $21.8 billion in investments into LIHTC developments, resulting in the creation or preservation of 174,203 units of affordable rental housing. Based on 2022 activity, NEF upstreamed $14.7 million in income to LISC. NEF had net assets of $93.3 million as of December 31, 2022.

- Broadstreet Impact Services, LLC ("Broadstreet"), formerly New Markets Support Company ("NMSC"), a Delaware limited liability company formed in 2003 to manage LISC's activities under the New Markets Tax Credit ("NMTC") program, which supports economic development projects in under-resourced areas. Broadstreet, on behalf of LISC, has successfully applied for and received federal NMTC allocations totaling $1.2 billion and state allocations totaling $22.8 million, making it one of the largest recipients of NMTC allocation in the country. Broadstreet has facilitated investments in 185 projects in 35 states and Washington D.C., which has leveraged more than $3.6 billion in financing; created or retained an estimated 28,531 construction and permanent jobs; and built 13.1 million square feet of commercial and community space. Broadstreet also provides NMTC transaction-related consulting, administration, loan servicing, and additional services to third parties. Broadstreet had member equity of $8.8 million as of December 31, 2022.

- LISC Fund Management, LLC ("LFM"), a Delaware limited liability company formed in 2019 to manage funds in which LISC participates, including BFF, CHOIF, AHLF, BEDF, CHF, BFF Side Car, SOAR, EOCLF, CHOIF II, and DHOF. LFM had equity of $1.96 million as of December 31, 2022.

- The Bay's Future Fund LLC ("BFF"), a Delaware limited liability company formed in 2019 to promote the creation of affordable housing and preservation of existing affordable housing in the Bay Area, California. BFF uses the proceeds of member contributions, grant capital, and debt to: (i) purchase portions of loans from participating CDFIs, including LISC, and (ii) finance the construction and preservation of mixed-income and affordable housing in the Bay Area. BFF had member's equity of $26.8 million as of December 31, 2022.

- Charlotte Housing Opportunity Investment Fund LLC ("CHOIF"), a Delaware limited liability company formed in 2019 to deploy long-term, below-market capital to promote the construction and renovation of affordable housing in Charlotte, North Carolina. CHOIF operates in conjunction with the Foundation For The Carolinas to combine member contributions, grant capital, and debt from both for-profit and charitable institutions. CHOIF had member's equity of $14.4 million as of December 31, 2022.

- Detroit AHLF-CDFI Fund LLC ("AHLF"), a Delaware limited liability company formed in 2020 to support the preservation and production of affordable housing by providing financing products designed to respond to Detroit, Michigan's local market conditions. AHLF combines and deploys proceeds from grants and debt sources to support affordable housing. AHLF had member's equity of $11.4 million as of December 31, 2022.

- Black Economic Development Fund LLC ("BEDF"), a Delaware limited liability company formed in 2020 to invest in Black-owned and Black-led businesses and institutions in the United States. BEDF had member's equity of $113.0 million as of December 31, 2022.

- Community Housing Fund LLC ("CHF"), a Delaware limited liability company formed in 2020 as part of the initiative started with BFF to provide financing for the creation of new affordable housing and the preservation of existing affordable housing in the Bay Area, California. CHF had a negative equity position of $3.0 million as of December 31, 2022.

- BFF Preservation Fund Side Car LLC ("BFF Side Car"), a Delaware limited liability company formed in 2020 as a parallel fund to BFF to preserve existing affordable housing in the Bay Area, California, with a focus on affordable housing projects at or near the end of the low-income housing tax credit compliance period. BFF Side Car had member's equity of $9.5 million as of December 31, 2022.

- Southern Opportunity and Resilience Fund LLC ("SOAR"), a Delaware limited liability company formed in 2021 to address the capital needs of historically disenfranchised communities by providing financing to small businesses across the south and southeast United States. SOAR had negative member's equity of $255,958 as of December 31, 2022.

- Entrepreneurs of Color Loan Fund LLC ("EOCLF"), a Delaware limited liability company formed in 2022 to provide entrepreneurs of color with improved access to capital in order to incentivize economic activity and wealth building opportunities in communities of color in the United States. EOCLF had member's equity of $3.0 million as of December 31, 2022.

- Charlotte Housing Opportunity Investment Fund II LLC ("CHOIF II"), a Delaware limited liability company formed in 2022 to deploy long-term, below-market capital to promote the construction and renovation of affordable housing in Charlotte, North Carolina. CHOIF II continues the work initiated through CHOIF. CHOIF II had contingent member's equity of $5.5 million as of December 31, 2022, as it was still in early formation.

- Dallas Housing Opportunity Fund LLC ("DHOF"), a Delaware limited liability company formed in 2022 to deploy long-term, below-market capital to promote the construction and renovation of affordable housing in Dallas, Texas. DHOF had negative member's equity of $168,079 as of December 31, 2022, as it was still in early formation.

- Neighborhood Properties, LLC ("NP"), a Delaware limited liability company formed in 2008 to manage LISC's troubled assets. NP has limited operations and is not a significant source of revenue.

- Resilience and Recovery Network, LLC ("RRN"), a Texas limited liability company formed in 2018 to develop and operate a program to repair homes occupied by low- and moderate-income people affected by Hurricane Harvey. RRN has limited operations and is not a significant source of revenue.

LISC is the sole owner of each consolidated affiliate described above, with the exception of BFF, BFF Side Car, BEDF, CHOIF, CHOIF II, and DHOF (the "Mixed Ownership Consolidated Affiliates").

The LISC Board of Directors (the "Board") elects members of the board of directors of NEF and the board of managers of each of Broadstreet, NP, RRN, and LFM. LFM serves as the manager of AHLF, CHF, SOAR, EOCLF, and the Mixed Ownership Consolidated Affiliates, which do not have separate boards of managers. Oversight of each consolidated affiliate rests with its respective board of directors, board of managers, or manager (in the case of the Mixed Ownership Consolidated Affiliates). Representatives of LISC management serve on the NEF board of directors and the Broadstreet, NP, RRN, and LFM boards of managers. The NEF board of directors and the Broadstreet board of managers also include external (non-LISC or affiliate staff) members with relevant expertise. LISC management reports to the LISC Board or Board committees on the activities and finances of the consolidated affiliates.

Consolidated affiliates also include (i) Broadstreet's affiliates and (ii) select project partnerships in which one or more wholly owned or consolidated affiliates of NEF serves as general partner (the "CDA Partnerships"). The CDA Partnerships act as general partners in certain affordable housing project partnerships to facilitate the production or rehabilitation of low-income housing. As of December 31, 2022, there was one CDA Partnership.

The foregoing consolidated affiliates are consolidated for financial statement reporting purposes in LISC's audited annual financial statements as of and for the year ended December 31, 2022, included in Appendix I herein. See, however, "Risk Factors – LISC's consolidated affiliates have no obligation, contingent or otherwise, to pay any amounts due on the Notes or to make funds available to LISC to do so" at page 13.

FINANCING AND OPERATIONAL ACTIVITIES

Some of the following information with respect to financing and operational activities is presented on a parent-only basis. See "Statement Regarding Parent-Only Financial Information" on page iii.

Capitalization – *Parent-Only*

LISC's parent-only capitalization as of June 30, 2023

Debt		
Financial institutions and insurance companies	$	279,647,254
Sustainability Bonds and Impact Notes		212,380,000
Foundations		64,695,912
Public agencies/entities and retirement funds		47,117,187
Nonprofit and other institutions		28,344,381
Less amortized discount and deferred costs		(2,312,799)
Total Debt	$	629,871,935
Net Assets		
Without donor restrictions[1]	$	247,578,929
With donor restrictions[2]		273,594,382
Total Net Assets		521,173,311
Total Capitalization	$	1,151,045,246

[1] Net assets without donor restrictions have no external restrictions regarding their use or function.

[2] Net assets with donor restrictions have donor-imposed restrictions, such as fulfilling a specified purpose. For additional information on donor-imposed restrictions, please see Notes 1 and 2 to the historical unaudited interim financial statements as of and for the period ended June 30, 2023, attached to this prospectus as Appendix II.

Additional information on LISC's parent-only Net Assets as of June 30, 2023, is shown below:

Purpose	Portion of Net Assets	Restriction(s) and Possible Uses
Without donor restrictions	47%	Unrestricted
With donor restrictions		
Charter School Financing	12%	Credit Enhancement
Special project funds	10%	General Operating/Financing Activities
General operating and programmatic support	31%	General Operating
Total	100%	

LISC's parent-only capitalization as of December 31, 2022

Debt		
Financial institutions and insurance companies	$	247,718,682
Sustainability Bonds and Impact Notes		176,912,000
Foundations		60,835,000
Public agencies/entities and retirement funds		48,392,372
Nonprofit and other institutions		26,242,719
Less amortized discount and deferred costs		(2,391,334)
Total Debt	$	557,709,439
Net Assets		
Without donor restrictions(1)	$	245,377,453
With donor restrictions(2)		303,162,947
Total Net Assets	$	548,540,400
Total Capitalization	$	1,106,249,839

(1) Net assets without donor restrictions have no external restrictions regarding their use or function.

(2) Net assets with donor restrictions have donor-imposed restrictions, such as fulfilling a specified purpose. For additional information on donor-imposed restrictions, please see Notes 1 and 2 to the historical audited financial statements as of and for the year ended December 31, 2022, attached to this prospectus as Appendix I.

Additional information on LISC's parent-only Net Assets as of December 31, 2022, is shown below:

Purpose	Portion of Net Assets	Restriction(s) and Possible Uses
Without donor restrictions	45%	Unrestricted
With donor restrictions		
Charter School Financing	11%	Credit Enhancement
Special project funds	9%	General Operating/Financing Activities
General operating and programmatic support	35%	General Operating
Total	100%	

Capitalization – *Consolidated*

Consolidated capitalization as of December 31, 2022

Debt		
Financial institutions and insurance companies	$	288,316,134
Sustainability Bonds and Impact Notes		176,912,000
Foundations		90,290,971
Public agencies/entities and retirement funds		54,392,372
Nonprofit and other institutions		185,972,563
Less amortized discount and deferred costs		(2,505,390)
Total Debt	$	793,378,650
Net Assets		
Without donor restrictions(1)	$	401,390,840
With donor restrictions(2)		304,666,934
Total Net Assets	$	706,057,774
Total Capitalization	$	1,499,436,424

(1) Net assets without donor restrictions have no external restrictions regarding their use or function.

(2) Net assets with donor restrictions have donor-imposed restrictions, such as fulfilling a specified purpose. For additional information on donor-imposed restrictions, please see Notes 1 and 2 to the historical audited financial statements as of and for the year ended December 31, 2022, attached to this prospectus as Appendix I.

Additional information on LISC's Consolidated Net Assets as of December 31, 2022 is shown below:

Purpose	Portion of Net Assets	Restriction(s) and Possible Uses
Without donor restrictions	57%	Unrestricted
With donor restrictions		
Charter School Financing	8%	Credit Enhancement
Special project funds	7%	General Operating/Financing Activities
General operating and programmatic support	28%	General Operating
Total	100%	

Debt Composition and Sources

Sources of Parent-Only Debt as of June 30, 2023

	Maturities	Interest rates	Amount	% of Total
Financial institutions and insurance companies[1]	2023-2035	0.00%-6.83%	$ 279,647,254	44%
Sustainability Bonds and Impact Notes	2024-2037	0.50%-5.65%	212,380,000	34%
Foundations	2023-2031	0.00%-4.00%	64,695,912	10%
Public agencies/entities and retirement funds	2023-2043	0.00%-3.61%	47,117,187	7%
Nonprofit and other institutions	2025-2037	0.00%-2.37%	28,344,381	5%
Less amortized discount and deferred costs			(2,312,799)	
Total			$ 629,871,935	100%

[1] Includes $32 million of outstanding floating rate debt held at interest rates of SOFR + 1.4% to 1.8% and $10 million of outstanding floating rate debt held at interest rate of BSBY + 1.5%, which, depending on market fluctuations, could exceed the stated interest rate of 6.83%.

Sources of Parent-Only Debt as of December 31, 2022

	Maturities	Interest rates	Amount	% of Total
Financial institutions and insurance companies[1]	2023-2035	0.00%-5.88%	$ 247,718,682	44%
Sustainability Bonds and Impact Notes	2024-2037	0.50%-4.73%	176,912,000	32%
Foundations	2023-2031	0.00%-4.00%	60,835,000	11%
Public agencies/entities and retirement funds	2023-2043	0.00%-3.61%	48,392,372	8%
Nonprofit and other institutions	2025-2031	0.00%-2.37%	26,242,719	5%
Less amortized discount and deferred costs			(2,391,334)	
Total			$ 557,709,439	100%

[1] Includes $15 million of outstanding floating rate debt held at interest rate of LIBOR + 1.5% which, depending on market fluctuations, could exceed the stated interest rate of 5.88%.

Sources of Consolidated Debt as of December 31, 2022

	Maturities	Interest rates	Amount	% of Total
Financial institutions and insurance companies[(1)]	2023-2057	0.00%-5.88%	$ 288,316,134	36%
Sustainability Bonds and Impact Notes	2024-2037	0.50%-4.73%	176,912,000	22%
Foundations	2023-2031	0.00%-4.00%	90,290,971	11%
Public agencies/entities and retirement funds	2023-2043	0.00%-3.61%	54,392,372	7%
Nonprofit and other institutions	2025-2031	0.00%-2.86%	185,972,563	24%
Less amortized discount and deferred costs			(2,505,390)	
Total			$ 793,378,650	100%

[(1)] Includes $15 million of outstanding floating rate debt held at interest rate of LIBOR + 1.5% which, depending on market fluctuations, could exceed the stated interest rate of 5.88%.

The majority of LISC's debt carries a fixed rate.

Although many of LISC's lenders are financial institutions motivated by the Community Reinvestment Act, other lending sources include foundations, nonprofit organizations, insurance companies, retirement funds, and public agencies. LISC has repaid all of its debt obligations on time and in full. The majority of LISC's debt is full recourse, unsecured obligations. As of December 31, 2022, however, LISC's debt obligation to the CDFI Fund's Bond Guarantee Program ("BGP") was full recourse and fully secured. LISC has a $50 million bond allocation under the BGP with $41,137,061 outstanding as of December 31, 2022.

Remaining Term on Parent-Only Debt as of June 30, 2023

Year of Debt Maturity	Total Debt Maturing	% of Total Debt
2023	$ 12,598,514	2%
2024	84,250,417	13%
2025	111,722,620	18%
2026	114,529,321	18%
Thereafter	309,083,862	49%
	$ 632,184,734[(1)]	100%

[(1)] Excludes unamortized discount and deferred costs of $489,453 related to LISC's $75,000,000 in taxable bonds, Series 2017A and unamortized discount and deferred costs of $1,823,347 related to LISC's Impact Notes.

Remaining Term on Parent-Only Debt as of December 31, 2022

Year of Debt Maturity	Total Debt Maturing	% of Total Debt
2023	$ 61,576,891	11%
2024	50,696,417	9%
2025	65,254,620	12%
2026	103,125,983	18%
Thereafter	279,446,862	50%
	$ 560,100,773[(1)]	100%

[(1)] Excludes unamortized discount and deferred costs of $513,131 related to LISC's $75,000,000 in taxable bonds, Series 2017A and unamortized discount and deferred costs of $1,878,203 related to LISC's Impact Notes.

Remaining Term on Consolidated Debt as of December 31, 2022

Year of Debt Maturity	Total Debt Maturing	% of Total Debt
2023	$ 61,814,118	8%
2024	50,824,159	6%
2025	156,832,264	20%
2026	103,263,384	13%
2027	66,125,487	8%
Thereafter	357,024,628	45%
	$ 795,884,040(1)	100%

(1) Excludes unamortized discount and deferred costs of $513,131 related to LISC's $75,000,000 in taxable bonds, Series 2017A, $1,878,203 related to LISC's Impact Notes, and unamortized debt issuances costs of $114,056 related to CDA Partnership debt.

Largest Debt Investors and Lenders as of December 31, 2022

Five Largest Investors	Amount Outstanding	% of Total Debt	Maturity	Characteristics	Secured or Unsecured
LISC Impact Notes	$101,912,000	18%	August 2031	Institutional Investors	Unsecured
LISC Taxable Bond Series 2017A	$75,000,000	13%	March 2037	Institutional Investors	Unsecured
CDFI Bond Guarantee Program	$41,137,061	7%	December 2043	Public Agency	Secured
HSBC Bank USA, NA	$30,000,000	5%	December 2026	Bank	Unsecured
Metropolitan Life Insurance	$25,000,000	4%	March 2027 & December 2035	Insurance Company	Unsecured
	$273,049,061	47%			

Schedule of Liabilities

Below is a schedule of LISC's secured liabilities, total liabilities of LISC's consolidated affiliates, and LISC's unsecured liabilities as of December 31, 2022:

Type of Liability	Amount
Secured Liabilities of LISC	$ 41,137,061
Total Liabilities of Consolidated Affiliates	$ 374,555,439
Unsecured Liabilities of LISC	$ 706,756,432

LENDING ACTIVITIES

Some of the following information with respect to lending activities is presented on a parent-only basis. See "Statement Regarding Parent-Only Financial Information" on page iii of this prospectus.

LISC earns a margin on lending activity based on the spread between the interest rate charged to borrowers and the interest rate paid to capital providers. By exercising fiscally responsible underwriting practices and closely monitoring its loan portfolio, LISC seeks to earn a yield on its loan portfolio. During each of the five fiscal years ended December 31, 2018, through December 31, 2022, LISC's lending operations have been self-sustaining in that interest income earned from the loan portfolio has exceeded interest expense of related borrowing and bad debt expense.

Loan Products

LISC offers the following loan products to nonprofit organizations, mission-aligned for-profit developers, and small businesses operating in or supporting affordable housing, health, education, community and recreational facilities, commercial facilities, the creative economy, economic development, and other projects that seek to forge resilient and inclusive communities across America and/or benefit underserved individuals and families:

- Predevelopment loans
- Acquisition loans
- Construction loans
- Bridge financing
- Mini-permanent and permanent financing
- Revolving lines of credit and working capital financing
- Equipment and leasehold improvement for small businesses

Lending and Impact Criteria

LISC's loan underwriting and management policies reflect the needs of communities, LISC's charitable mission and purpose, and LISC's responsibilities to lenders and investors. LISC has broad experience with loans made to nonprofit organizations, mission-aligned for-profit developers, and small businesses engaged in community and economic development projects, and has fostered an underwriting approach tailored to a wide diversity of loan requests.

Staff in LISC's local offices and national programs originate loan requests. At the beginning of due diligence, a national underwriter from LISC's Lending team and an intake committee also staffed by the Lending team review potential loan requests and provide guidance on risks and risk mitigants, loan structure, and conformance to LISC's underwriting policy. After satisfactory review, the national underwriter notifies program staff to move to underwriting.

After underwriting, loan requests come to LISC's Chief Credit Officer, an internal Credit Committee, or the Program and Portfolio Review Committee of the Board, depending on loan size, for formal approval to ensure the loan meets LISC's underwriting criteria. The Credit Committee is made up of six voting members from LISC's national Lending, Finance, and Legal departments. Loans are evaluated on criteria that include, but are not limited to, the financial strength and organizational capacity of the borrower, the ability of the borrower to repay the loan, the potential project risks and mitigating factors, and the strength of underlying collateral. LISC also reviews project and product risks based on experience with the borrower and market and analysis of historical and projected performance.

LISC local offices maintain advisory boards, comprised of private and public leaders rooted in the relevant market, to ensure that loans meet the needs of local communities. When evaluating mission alignment, LISC considers how financing businesses, housing, and other community facilities will catalyze economic, health, safety, and educational mobility for individuals and communities. Factors include whether the project will be located in a low- to moderate-income community, provide goods and services that benefit an underserved community, provide quality job opportunities to underserved populations, develop partnerships with other community-based organizations, or develop needed infrastructure. LISC's mission-driven focus in loan transactions differentiates its approach from that of commercial banks and may result in the extension of credit to higher-risk borrowers in alignment with this mission.

In 2021, LISC implemented the LISC Impact Matrix, a rating tool that assigns a numeric score to loans based on the Impact Management Project's Five Dimensions of Impact (What, Who, How Much, Contribution and Risk). The tool leverages existing quantitative and qualitative data collected during the underwriting process to be able to compare the impact of LISC's lending across asset classes and loan products.

Affiliate Lending

LISC's consolidated affiliates will, from time to time, engage in lending activity. NEF's lending activity includes predevelopment, construction, and other types of loans. NEF funds developers with predevelopment or pre-credit loans as bridge financing to help LIHTC projects with paying for the costs of meeting the 10% carryover requirements of the LIHTC program, acquiring land, or other predevelopment costs. Additionally, NEF provides construction financing to workforce housing and LIHTC projects. Loans made by NEF are secured and reserved for based upon an analysis of the borrower's creditworthiness. These investments are made from NEF's cash.

Broadstreet provides loans including short-term bridge loans to projects and seven-year loans to funds in which Broadstreet is the general partner. The funds that Broadstreet manages typically include NMTC equity as credit enhancement and provide financing for small businesses and commercial real estate. Loans made by Broadstreet are approved by the Broadstreet board of managers and follow documented lending policies and procedures.

BFF purchases portions of loans from participating CDFIs, including LISC. As of December 31, 2022, BFF had purchased loans with a principal balance of $20.6 million. In addition, as of December 31, 2022, BFF Side Car had made loans with an aggregate principal balance of $10.0 million.

CHOIF makes loans in accordance with its charitable purpose to promote the creation of new affordable housing and the preservation and protection of existing affordable housing. As of December 31, 2022, CHOIF had loans with an outstanding balance of $22.1 million.

AHLF makes loans in accordance with its charitable purpose of facilitating the deployment of capital into grants and low-interest loans supporting the preservation and production of affordable housing. As of December 31, 2022, AHLF had loans receivable with an outstanding balance of $13.7 million.

BEDF makes loans in accordance with its charitable purpose to invest in Black-owned and led businesses and institutions in the United States. As of December 31, 2022, BEDF had loans receivable with an outstanding balance of $77.4 million.

CHF makes loans in accordance with its charitable purpose to be part of the initiative started with BFF to provide financing for the creation of new affordable housing and the preservation of existing affordable housing in the Bay Area. As of December 31, 2022, CHF had loans receivable with an outstanding balance of $81.0 million.

SOAR makes loans in accordance with its charitable purpose to address the capital needs of historically disenfranchised communities across the south and southeast United States. As of December 31, 2022, SOAR had loans receivable with an outstanding balance of $58.1 million.

EOCLF makes loans in accordance with its charitable purpose to provide entrepreneurs of color with improved access to capital in order to incentivize economic activity and wealth building opportunities in communities of color in the United States. As of December 31, 2022, EOCLF had loans receivable with an outstanding balance of $510,175.

DHOF makes loans in accordance with its charitable purpose to deploy long-term, below-market capital to promote the construction and renovation of affordable housing in Dallas, Texas. As of December 31, 2022, DHOF had loans receivable with an outstanding balance of $6.4 million.

Loan Portfolio

LISC's loan portfolio is diverse in loan product composition and financed asset type. Below is a breakdown by loan product on a parent-only basis as of June 30, 2023:

Product		Total	% of Total
Acquisition	$	216,763,714	33%
Construction		145,696,392	22%
Mini-Permanent		70,439,353	11%
Permanent		73,287,653	11%
Bridge		16,437,117	2%
Predevelopment		63,191,967	10%
Other[1]		74,805,041	11%
Loans and Notes and Other Receivables, Gross	$	660,621,236	100%
Allowance for Uncollectible Loans		(31,707,229)	
Loans and Notes and Other Receivables, Net	$	628,914,008	

(1) "Other" includes refinancing existing debt ($42.6 million), revolving lines of credit and working capital ($17.9 million), affiliate lines of credit ($12.6 million), and business/venture capital loans ($1.7 million).

Below is a breakdown by loan product on a parent-only basis as of December 31, 2022:

Product		Total	% of Total
Acquisition	$	179,619,627	32%
Construction		119,984,999	21%
Mini-Permanent		66,428,937	12%
Permanent		68,046,475	12%
Bridge		8,816,663	2%
Predevelopment		49,690,552	9%
Other[1]		70,723,428	12%
Loans and Notes and Other Receivables, Gross	$	563,310,682	100%
Allowance for Uncollectible Loans		(32,551,758)	
Loans and Notes and Other Receivables, Net	$	530,758,924	

(1) "Other" includes refinancing existing debt ($43.1 million), revolving lines of credit and working capital ($16.3 million), affiliate lines of credit ($8.7 million), and business/venture capital loans ($2.7 million).

Below is a breakdown by loan product on a consolidated basis as of December 31, 2022:

Product		Total	% of Total
Acquisition	$	329,083,670	37%
Construction		168,320,631	19%
Mini-Permanent		72,354,662	8%
Permanent		75,786,475	8%
Bridge		82,221,167	9%
Predevelopment		72,578,325	8%
Other[1]		97,165,556	11%
Loans and Notes and Other Receivables, Gross		897,510,485	100%
Allowance for Uncollectible Loans		(48,367,717)	
Loans and Notes and Other Receivables, Net	$	849,142,768	

(1) "Other" includes refinancing existing debt ($43.1 million), revolving lines of credit and working capital ($16.3 million), affiliate lines of credit ($8.7 million), business/venture capital loans ($2.7 million), miscellaneous NEF lending activity ($18.3 million), Broadstreet lending activity ($8.7 million), and affiliate 7(a) lending activity ($8.0 million).

LISC loan-financed asset types include multifamily rental housing, charter schools, mixed-use (housing and commercial/community facilities), commercial/industrial projects, community facilities, single-family housing, economic development, small business, and other asset types. Since 2004, LISC has been awarded a total of $60.4 million in credit enhancement from the CDFI Fund's Financial Assistance, Healthy Food Financing Initiative, and Capital Magnet Fund programs. Over time, these funds have been a source of credit enhancement for a variety of LISC projects, including loans to multifamily rental housing for extremely low- to moderate-income individuals; healthy food retailers and production spaces; investments in creative placemaking spaces; and economic development lending. Additionally, in response to the COVID-19 pandemic, LISC received an additional $6.8 million in Rapid Response Program and Equitable Recovery Program awards. These dollars have also been deployed as credit enhancement to a variety of LISC loans across multiple asset types, though they specifically focus on projects which promote economic and community recovery where the economic impacts of the pandemic were worst felt.

Below is a breakdown of asset types on a parent-only basis as of June 30, 2023:

Asset Class		Total	% of Total
Multifamily Rental	$	263,765,327	40%
Charter School		95,629,696	15%
Mixed-Use		60,213,123	9%
Commercial/Industrial		88,285,390	13%
Community Facility		43,804,646	7%
Single-Family Housing		47,928,016	7%
Economic Development		16,201,154	2%
Small Business		17,156,126	3%
Other[1]		27,637,758	4%
Loans and Notes and Other Receivables, Gross	$	660,621,236	100%
Allowance for Uncollectible Loans		(31,707,229)	
Loans and Notes and Other Receivables, Net	$	628,914,008	

(1) "Other" includes projects that do not fit in LISC's eight primary asset types, such as organizational working capital and bridge loans, and affiliate lines of credit.

Below is a breakdown of asset types on a parent-only basis as of December 31, 2022:

Asset Class		Total	% of Total
Multifamily Rental	$	230,283,228	41%
Charter School		79,992,020	14%
Mixed-Use		57,014,488	10%
Commercial/Industrial		72,251,078	13%
Community Facility		38,044,750	7%
Single-Family Housing		40,149,381	7%
Economic Development		8,585,116	2%
Small Business		18,872,729	3%
Other[1]		18,117,891	3%
Loans and Notes and Other Receivables, Gross	$	563,310,682	100%
Allowance for Uncollectible Loans		(32,551,758)	
Loans and Notes and Other Receivables, Net	$	530,758,924	

(1) "Other" includes projects that do not fit in LISC's eight primary asset types, such as organizational working capital and bridge loans, and affiliate lines of credit.

Below is a breakdown of asset types on a consolidated basis as of December 31, 2022:

Asset Class		Total	% of Total
Multifamily Rental	$	435,233,538	48%
Charter School		79,992,020	9%
Mixed-Use		75,233,654	9%
Commercial/Industrial		88,969,695	10%
Community Facility		38,044,750	4%
Single-Family Housing		40,149,381	4%
Economic Development		8,585,116	1%
Small Business		33,462,686	4%
Other[1]		97,839,644	11%
Loans and Notes and Other Receivables, Gross	$	897,510,485	100%
Allowance for Uncollectible Loans		(48,367,717)	
Loans and Notes and Other Receivables, Net	$	849,142,768	

(1) "Other" includes projects that do not fit in LISC's eight primary asset types, such as organizational working capital and bridge loans, and affiliate lines of credit.

Below is a summary of the approximate annual maturities of loans receivable in LISC's parent-only loan portfolio as of June 30, 2023:

Maturity Schedule	2023	2024	2025	2026	2027	Thereafter
Loans Receivable	$107,487,552	$159,503,573	$120,518,422	$87,703,049	$28,956,786	$156,451,853

Below is a summary of the approximate annual maturities of loans receivable in LISC's parent-only loan portfolio as of December 31, 2022:

Maturity Schedule	2023	2024	2025	2026	2027	Thereafter
Loans Receivable	$163,584,349	$114,428,993	$89,542,145	$66,202,299	$17,460,439	$112,092,457

Below is a summary of the approximate annual maturities of loans receivable in LISC's consolidated loan portfolio as of December 31, 2022:

Maturity Schedule	2023	2024	2025	2026	2027	Thereafter
Loans Receivable	$204,710,964	$183,110,844	$136,725,816	$101,976,073	$75,362,971	$195,623,817

LISC's portfolio is diversified as to location of borrowers. Additionally, as further described under "Credit Approval Procedures" on page 42, LISC has exposure limits to individual projects and project sponsors.

Portfolio Risk Management

The risks in LISC's lending activity include the possibility that LISC may suffer a loss of principal or fail to receive the expected interest payments, or that principal and interest may not be received in a timely manner. Ultimately, the performance of the LISC loan portfolio depends largely on underwriting and loan monitoring efforts.

LISC strives to mitigate its financial and programmatic risks in a number of ways. LISC maintains a strong net asset position and strives to borrow only as needed. LISC has a successful track record of raising grant funds, low-cost capital, and credit enhancement funds for its lending activities.

LISC employs a rigorous risk rating system to improve the application of underwriting guidelines at origination and to monitor portfolio quality once loans are closed. LISC further mitigates risk through loan monitoring efforts that combine local relationships and market knowledge with centralized oversight of the portfolio by LISC's Lending department and loan monitoring committees. All loans are subject to annual or more frequent review, with late, delinquent, or lower-rated loans subject to closer scrutiny and review at least quarterly.

Delinquencies and Loan Losses

LISC's loan portfolio has demonstrated strong performance over the past three years. On a parent-only basis, the delinquency rate rose slightly from 0.48% as of December 31, 2020, to 1.05% as of December 31, 2022. As of June 30, 2023, LISC's delinquency rate was 0.52%. Net write-offs as a percentage of total loans were 0.87%, 0.38%, and 0.31% in 2020, 2021 and 2022, respectively. Net write-offs were 0.49% in the period ended June 30, 2023.

The activity in the Allowance on a parent-only basis for the period ended June 30, 2023 was as follows:

	June 30, 2023
Allowance for Uncollectible Loans as of the beginning of the year	$ (32,551,758)
Write-offs	3,649,191
Recoveries	(420,168)
Provision	(2,384,494)
Allowance for Uncollectible Loans as of the end of the year	$ (31,707,229)

The activity in the Allowance on a parent-only basis for the years ended December 31, 2020, 2021 and 2022 was as follows:

	2022	2021	2020
Allowance for Uncollectible Loans as of the beginning of the year	$ (29,539,311)	$ (29,867,689)	$ (29,608,715)
Write-offs	4,673,989	2,115,377	4,370,402
Recoveries	(2,951,208)	(168,181)	(9,507)
Provision	(4,735,228)	(1,618,818)	(4,619,869)
Allowance for Uncollectible Loans as of the end of the year	$ (32,551,758)	$ (29,539,311)	$ (29,867,689)

The activity in the Allowance on a consolidated basis for the years ended December 31, 2020, 2021 and 2022 was as follows:

	2022	2021	2020
Allowance for Uncollectible Loans as of the beginning of the year	$ (34,411,161)	$ (31,420,785)	$ (29,772,958)
Write-offs	4,960,989	2,133,841	4,370,402
Recoveries	(2,949,919)	132,589	(9,507)
Provision	(15,967,626)	(5,256,806)	(6,008,722)
Allowance for Uncollectible Loans as of the end of the year	$ (48,367,717)	$ (34,411,161)	$ (31,420,785)

Credit Approval Procedures

In addition to the approval of the Local Advisory Committee of the LISC local program originating the financing request, loans are subject to additional review by either LISC's Chief Credit Officer or an internal Credit Committee and, in some cases, the Program and Portfolio Review Committee of the Board, depending on loan size. Additionally, LISC assigns a peer underwriter to review all loans subject to approval by the Chief Credit Officer. The Chief Credit Officer has authority to approve all loans of $2 million or less, unless it is determined a particular loan may have material exceptions to LISC's underwriting guidelines, in which case it is reviewed by the full Credit Committee. Credit Committee review is required for all loans above $2 million. All loans above $8 million require the additional approval of the Program and Portfolio Review Committee. For small business loans, the Chief Credit Officer has authority to approve all loans of $350,000 or less. Small business loans above the $350,000 approval threshold or with material exceptions or less than 30% credit enhancement are reviewed by Credit Committee. Loan risk ratings are determined by the Credit Committee, utilizing the methodology described further below under "Risk Assessment."

Loans to individual projects are limited to 5% of adjusted net assets, and loans to individual sponsors are limited to 10% of adjusted net assets. Adjusted net assets are defined as total net assets less investment in affiliates. Senior management has also developed additional portfolio management guidelines relating to concentration by asset class, product type, and program area.

Portfolio Monitoring

Each closed and funded loan undergoes a periodic internal review that includes an update to the risk rating analysis. The Portfolio Monitoring Committee ("PMC"), consisting of staff from LISC's Lending, Finance, and Legal departments, reviews all performing loans of $3 million or more with a risk rating of IV or above semi-annually and all other performing loans annually. Loans designated as "watch list" loans (those whose risk ratings place them in "Close Follow," "Substandard," and "Doubtful" risk categories), are reviewed quarterly by the Loan Watch Committee ("LWC") comprised of staff from the same three departments.

The Loan Monitoring Officer preparing monitoring reports employs the initial risk rating found in the credit approval system, as determined by the Credit Committee, as the basis for subsequent updates. The Director of Asset Management reviews the rating assessment prepared by the loan monitoring officer to ensure all categories have been rated appropriately. Changes to risk ratings are formally approved during PMC and LWC meetings. At each review, depending on loan performance and any changes from underwriting, the rating may be upgraded or downgraded with the approval of the relevant committee. The upgrades or downgrades are documented in committee notes and updated in the loan monitoring system.

In addition, all late and delinquent loans are reviewed monthly by a committee of Lending and Finance staff.

Risk Assessment

The purpose of LISC's risk rating system is to provide an objective format to consistently evaluate the application of LISC's underwriting guidelines at loan origination and to monitor portfolio quality once loans are closed. The ratings allow LISC to capture risk trends, establish appropriate frequency for loan monitoring, and assist in the establishment of appropriate loan loss reserves. LISC employs the following seven risk rating categories: (I) Excellent, (II) Strong, (III) Good, (IV) Acceptable, and (V) Close Follow, and during PMC review, loans can be downgraded to (VI) Substandard and (VII) Doubtful.

The table below shows the breakdown of the LISC portfolio by risk rating. As of December 31, 2022, 93% of the portfolio was rated "Acceptable" or higher. The below ratings are on a parent-only basis, as LISC does not rate the loan portfolios of its consolidated affiliates, and the loan portfolios of consolidated affiliates are classified as Acceptable for purposes of the consolidated audit.

	As of December 31,					
	2022		2021		2020	
Rating	Total	% of Total	Total	% of Total	Total	% of Total
I Excellent	$ 35,167	*	$ 97,552	*	$ 149,193	*
II Strong	39,132,981	7%	33,663,306	7%	40,056,190	8%
III Good	183,958,298	33%	190,345,793	37%	174,134,958	35%
IV Acceptable	300,594,994	53%	276,034,652	53%	249,445,939	50%
V Close Follow	34,522,186	6%	16,747,377	3%	33,297,450	7%
VI Substandard	5,067,056	1%	1,766,572	*	777,043	*
VII Doubtful	0	*	0	*	1,163,355	*
Total	$ 563,310,682	100%	$ 518,655,252	100%	$ 499,024,128	100%

* Less than 1%.

LISC's monthly allowance for uncollectible loans calculation is based on the new Current Expected Credit Losses (CECL) methodology, which LISC adopted effective September 30, 2023. This methodology calculates LISC's allowance for uncollectible loans on the projected losses on loans over their full life cycle. A full life cycle is defined as approval of loan commitments, adjusted for deobligations and amendments, to ultimate repayment or write-off, net of recoveries. CECL implementation is anticipated to lower LISC's overall provision for loan loss, but have no other material balance sheet effects.

The foundation of the provision is based on loan commitments by approval date. The approval date is used as it captures the credit approval process and underwriting criteria at that point in time. Disbursement date would not account for the risk related to commitments that have not yet been disbursed. Future losses are based on the assumed future disbursements, which is calculated on estimated deobligations/amendments, based on trends from loan approval year cohorts that have completed their life cycle.

To this monthly calculated amount, LISC also includes allowances for individual loans that have been designated as impaired as defined by ASC 310-10-35. For LISC, loans included on the impaired list and therefore subject to loan specific allowances must be expected to lose a minimum of 50% of the existing book value of the loan. This list is updated monthly in consultation with LISC's asset management team.

INVESTING ACTIVITIES

Some of the following information with respect to investing activities is presented on a parent-only basis. See "Statement Regarding Parent-Only Financial Information" on page iii.

LISC's investment goal is to provide consistent, above-average rates of return, while controlling investment risk. Emphasis is placed on the preservation of capital through an appropriate risk-adjusted allocation among asset classes, based upon LISC's liquidity and return targets.

LISC's investments are managed monthly by its Treasurer. LISC's Chief Financial Officer and Treasurer present a report to the Board on a quarterly basis, and the Finance and Investment Committee generally meets quarterly to review investment performance, approve any investment policy changes, and appoint/replace investment managers as needed. In 2021, the Finance and Investment Committee selected Fund Evaluation Group as a mission-aligned outside investment adviser to assist LISC in updating its investment policy, managing assets and portfolio allocations, selecting asset managers, and providing, on a non-discretionary basis, investment recommendations.

	June 30, 2023	
Investments – *Parent-Only*	**Amount**	**%**
Cash and cash equivalents held for investment	$ 0	0%
Corporate bonds and fixed-income funds	29,247,840	26%
U.S. government agencies	66,493,304	59%
Certificates of deposit	3,957,528	3%
Alternative Investments:		
Real estate investment trust	4,733,365	4%
Hedge funds	35,316	0%
Private Equity Funds	8,619,845	8%
Total	$ 113,087,198	100%
Realized & Unrealized Gains (Losses) on investments and derivatives	$ 239,868	

	As of and for the year ended December 31,					
	2022		2021		2020	
Investments – *Parent-Only*	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
Cash and cash equivalents held for investment	$ 0	0%	$ 48,140,675	28%	$ 47,961,397	28%
Corporate bonds and fixed-income funds	28,360,926	26%	40,835,217	23%	40,307,588	23%
U.S. government agencies	65,445,736	59%	58,878,840	34%	59,352,995	34%
Certificates of deposit	3,646,446	3%	6,392,658	4%	5,901,080	3%
Alternative Investments:						
Real estate investment trust	4,481,586	4%	3,588,675	2%	3,233,921	2%
Hedge funds	35,316	0%	8,756,843	5%	10,993,236	6%
Private equity funds	8,698,526	8%	7,276,125	4%	5,954,605	4%
Total	$ 110,668,536	100%	$ 173,869,033	100%	$ 173,704,822	100%
Realized & Unrealized Gains (Losses) on investments and derivatives	$ (3,381,442)		$ (214,515)		$ 1,450,777	

Investments – *Consolidated*	2022 Amount	%	2021 Amount	%	2020 Amount	%
	As of and for the year ended December 31,					
Cash and cash equivalents held for investment	$ 0	0%	$ 48,140,675	26%	$ 47,961,397	28%
Corporate bonds and fixed-income funds	28,360,926	23%	40,835,217	22%	40,307,588	23%
U.S. government agencies	65,445,736	53%	58,878,840	31%	59,352,995	34%
Certificates of deposit	15,679,788	13%	18,400,499	10%	5,901,080	3%
Alternative Investments:						
Real estate investment trust	4,481,586	4%	3,588,675	2%	3,233,921	2%
Hedge funds	35,316	0%	8,756,843	5%	10,993,236	6%
Private Equity funds	8,698,526	7%	7,276,125	4%	5,954,605	4%
Total	$ 122,701,878	100%	$ 185,876,874	100%	$ 173,704,822	100%
Realized & Unrealized Gains (Losses) on investments	$ (3,381,442)		$ (214,515)		$ 1,450,777	

LISC's investment portfolio returned -0.12% during the period January 1, 2022, through December 31, 2022. As of December 31, 2022, LISC had a total of 12 active managers managing the portfolio: GS Enhanced Income Fund, Vanguard Short-Term Federal Fund, BlackRock Floating Rate Income Fund, Cambridge Ventures, HCAP Partners IV, HCAP Partners V, SustainVC Impact Fund II, LaunchNY Seed Fund I, MLK Gateway Partners, Collective WOC Fund, Blueprint Local Investments and Blue Orchid SPV.

LISC's investable assets are allocated according to the organization's investment policy guidelines. Given that the overwhelming majority of the assets underlying the portfolio are either designated for use in the near-term (12 months or less) or subject to donor-imposed investment restrictions, the portfolio is predominantly comprised of cash and short-duration investments. The remaining investments (e.g., hedge funds and private equity funds) provide diversification for the portfolio at an acceptable level of risk, and the exposure to such potentially higher yielding investments is capped at 30% of LISC's unrestricted portfolio.

NEF and Broadstreet invest cash and cash equivalents in short-term investments and money market funds or marketable securities with original maturities of 90 days or less when purchased.

A schedule of the liquidity of LISC's cash, cash equivalents, and investments on a parent-only basis as of June 30, 2023, is set forth below:

Liquidity	Fair Value	Percentage of Portfolio
< 30 days	$ 387,688,279	97%
Quarterly	2,013,533	0%
> One Year	13,388,526	3%
Total	**$ 403,090,338**	**100%**

A schedule of the liquidity of LISC's cash, cash equivalents, and investments on a parent-only basis as of December 31, 2022, is set forth below:

Liquidity	Fair Value	Percentage of Portfolio
< 30 days	$ 436,822,578	97%
Quarterly	2,005,772	0%
> One Year	13,215,428	3%
Total	**$ 452,043,778**	**100%**

A schedule of the liquidity of LISC's consolidated cash, cash equivalents, restricted cash, and investments as of December 31, 2022, is set forth below:

Liquidity	Fair Value	Percentage of Portfolio
< 30 days	$ 570,369,173	94%
Quarterly	2,005,772	0%
> One Year	13,215,428	2%
Restricted Cash[1]	22,489,543	4%
Total	**$ 608,079,916**	**100%**

[1] Restricted Cash is held in designated accounts pursuant to agreement. For additional information on Restricted Cash, please see Notes 4 and 13 to the historical audited financial statements as of and for the year ended December 31, 2022, attached to this prospectus as Appendix I.

BOARD OF DIRECTORS

The Board is responsible for oversight of the day-to-day management of LISC. In accordance with LISC's bylaws, the Board may consist of not less than 18 or more than 30 directors, and the number of directors may fluctuate from time to time. As of the date of this prospectus, LISC had 20 directors made up of representatives from the private and community sectors. Board members represent a variety of business sectors and geographic locations and contribute a wide range of knowledge, skills, and experiences to LISC's operations.

The Board holds regular quarterly meetings. The Board Chairperson, Chief Executive Officer, or any two directors may also call a special meeting of the Board. In order to allow the Board to carry out its oversight of LISC, prior to each meeting, LISC management provides the Board with comprehensive materials regarding LISC's activities and finances, affiliate matters, national and local programs, and other matters for Board approval or consideration.

The Board is divided into three classes, approximately equal in number, with each class of directors serving a staggered three-year term such that the term of one class of directors expires at each annual meeting. The directors of such class are elected by a majority vote of remaining then-current directors at such annual meeting. There is no limit on the number of terms each director may serve. If a director resigns, retires, or is removed, a replacement director may be elected by a majority vote of remaining then-current directors to serve the remainder of the departing director's term.

Board Committees

The Board has established six standing committees with the authority to review and approve certain corporate matters. A description of each committee's duties and powers follows below. From time to time, the Board also establishes special committees to address certain corporate matters. The committees meet periodically throughout the year as needed to review, address, and approve matters under their authority.

Audit Committee

The Audit Committee monitors the integrity of LISC's financial statements, LISC's compliance with legal and regulatory requirements, and the independence, qualifications, and performance of LISC's independent auditor (the "Auditor"). The Audit Committee also has oversight over LISC's enterprise risk management and internal audit function. Among its duties, the Committee reviews and approves the financial statements for LISC (including parent-only, consolidated, and single audit (federal awards programs) and LISC's IRS Form 990; reviews and discusses, with the Auditor, any material risks and weaknesses in internal controls and other issues identified during the audit process; annually appoints or replaces the Auditor; reviews the scope and planning and budget of the audits; reviews the performance of the Auditor; reviews with the Auditor any management letter issues and management's response to any such letter; annually reviews the travel expenses of the Chief Executive Officer; oversees the adoption and implementation, and compliance with, any conflict of interest policy, code of ethics, and whistleblower policy adopted by the Board; reviews, with the Auditor, the integrity of LISC's financial reporting processes and its systems of internal controls; reviews and monitors, and makes recommendations to the Board and management, as appropriate, regarding LISC's major enterprise risks and oversees management's risk assessment and strategies for managing enterprise risks; and oversees the operation and activities of LISC's internal audit function. The Committee meets several times throughout the year to carry out its duties.

Executive Committee

The Executive Committee exercises the authority of the Board with respect to the affairs of LISC during intervals between Board meetings, except as limited by law, LISC's articles and bylaws, or resolutions adopted by the Board. The Committee meets on an ad hoc basis between Board meetings, as needed, to facilitate swift and efficient decision-making and to advise the Chief Executive Officer on various corporate matters, including strategy.

Finance & Investment Committee

The Finance and Investment Committee assists LISC management by overseeing and making recommendations with respect to certain finance and investment matters. Among its duties, the Committee reviews LISC's annual budget and LISC's quarterly financial performance; considers questions of financial policy; advises the Chief Financial Officer and management on various financial matters; reviews and approves financing to LISC and other funding arrangements; reviews the financial performance of LISC affiliates and approves financing to LISC affiliates; oversees LISC's investment portfolio and its management; evaluates LISC's investment portfolio results and investment managers and advisors; and assists the Board in overseeing enterprise risks related to financial and investment matters. The Committee meets quarterly and more often at the request of LISC management to assist with financial matters.

Governance & Nominating Committee

The Governance and Nominating Committee ensures that the LISC Board is diverse in its representation of stakeholder groups across the community development sector; functions effectively as a whole and through committees according to best practices of nonprofit board governance; and embodies a thoughtful culture of leadership and inclusion that emanates through the entire organization, nationally and locally. Among its duties, the Committee oversees the development, implementation, and updating of LISC board policies; evaluates and recommends to the Board committee purposes and powers and membership and chairpersons; reviews Board strategies to support LISC's diversity, equity, and inclusion efforts and initiatives; oversees new Board member orientation and development; facilitates periodic Board self-assessments; oversees succession planning for Board officers and the Chief Executive Officer; reviews and updates, as necessary, LISC's governing documents; evaluates Board composition and nominates new directors to the Board; and assists the Board in overseeing enterprise risks related to Board governance. The Committee meets multiple times throughout the year on an ad hoc basis to address matters under its authority.

Program & Portfolio Review Committee

The Program and Portfolio Review Committee oversees and makes recommendations to the Board with respect to certain matters relating to LISC's loan portfolio and programmatic activities. Among its duties, the Committee reviews and approves requests for financing from LISC that exceed Board-approved delegated authority to LISC's credit committee or officers; reviews the performance of LISC's loan portfolio against indicators, loan concentration limits, and other criteria; reviews general strategies and trends within LISC's loan and national programs; reviews new major program initiatives and evaluates LISC's existing major program initiatives; and assists the Board in overseeing enterprise risks related to LISC's lending activities, loan portfolio, and local and national programmatic activities. The Committee meets quarterly to review programmatic activity and portfolio performance and holds ad hoc meetings throughout the year to review and approve requests for loans by LISC.

Talent & Compensation Committee

The Talent and Compensation Committee oversees and advises on compensation and human resources matters. Among its duties, the Committee advises management on LISC's compensation philosophies and policies; engages an outside firm to conduct a market study of compensation for certain members of LISC management; reviews for recommendation to the Board the annual performance objectives of LISC's Chief Executive Officer and annual compensation for the Chief Executive Officer; reviews and approves annual compensation for certain other members of LISC management; reviews LISC's compensation and benefits plans; reviews and approves the plan, budget, and allocations for employment incentive payments; oversees succession planning for LISC's senior management (other than the Chief Executive Officer); and assists the Board in overseeing enterprise risks related to human resources, talent, and compensation.

Board Members

The individuals currently serving on LISC's Board of Directors, including committees on which each individual serves, are as follows:

Name	Business Title	Business Affiliation	Original Election Date	Current Term End Date	Committee*
Robert Rubin (Board Chair)	Chairman; Former Secretary; Co- Chairman Emeritus	LISC; U.S. Treasury; Council on Foreign Relations	9/15/1999	3/31/2026	All (ex officio)
Lisa Cashin (Board Vice Chair)	Vice Chair	LISC	9/1/2007	3/31/2024	T&C
Sally Durdan	Former Executive Vice President and Head of Strategy, Consumer and Community Banking	JPMorgan Chase	3/28/2013	3/31/2026	Aud (Chair), Exec
David Hess	Partner	Centerview Partners	1/17/2019	3/31/2024	F&I (Chair), Exec, G&N
Alisahah Jackson	President	Lloyd H. Dean Institute for Humankindness & Health Justice	9/17/2020	3/31/2025	T&C (Chair), Exec, G&N
Kathryn Merchant	Principal	Kathy Merchant LLC	9/20/2012	3/31/2025	G&N (Co-Chair), Exec, T&C
Rey Ramsey	President and CEO	Nathan Cummings Foundation	12/5/2002	3/31/2026	G&N (Co-Chair), Exec
Nilda Ruiz	President and CEO	Asociación Puertorriqueños en Marcha	9/20/2012	3/31/2025	PPRC (Chair), Exec, G&N
Nicole Arnaboldi	Partner	Oak Hill Capital	6/18/2020	3/31/2026	Aud, F&I

Name	Business Title	Business Affiliation	Original Election Date	Current Term End Date	Committee*
Greg Belinfanti	Senior Managing Director	One Equity Partners	1/14/2010	3/31/2024	F&I
Zack Boyers	Chairman and CEO	U.S. Bancorp Impact Finance	6/18/2020	3/31/2026	PPRC
Audrey Choi	Former Chief Sustainability Officer and Chief Marketing Officer	Morgan Stanley	6/16/2011	3/31/2025	NA**
Michelle de la Uz	Executive Director	Fifth Avenue Committee	3/17/2011	3/31/2024	PPRC
Gregory Fairchild	Isidore Horween Research Associate Professor of Business	University of Virginia Darden School of Business	6/21/2018	3/31/2024	G&N
Ellen Gilligan	President and CEO	Greater Milwaukee Foundation	9/12/2013	3/31/2026	PPRC, T&C
Lisa Hasegawa	Regional Vice President, Western Region	NeighborWorks America	1/22/2015	3/31/2025	Aud, PPRC
Michael Pugh	CEO	LISC	10/2/2023	3/31/2025	All (except Aud) (ex officio)
Curtis Reed, Jr.	Managing Director and Region Manager - Chicago	JPMorgan Chase	1/27/2022	3/31/2024	Aud
Jerry Rickett	President and CEO	Kentucky Highlands Investment Corporation	6/16/2016	3/31/2025	PPRC
Charles Smith	Chief Risk Officer	Morgan Stanley	3/23/2023	3/31/2026	F&I

*Aud = Audit, Exec = Executive, F&I = Finance & Investment, PPRC = Program & Portfolio Review, G&N = Governance & Nominating, T&C = Talent & Compensation
** This director is not currently appointed to a committee.

Following are brief biographies of LISC's Board members:

Robert Rubin (Board Chair; Chair of Executive Committee), *former Secretary, U.S. Treasury; Co-Chairman Emeritus, Council on Foreign Relations*. Mr. Rubin is a former Secretary of the U.S. Treasury and is currently serving as counselor to the independent investment advisory firm Centerview Partners and as Co-Chairman Emeritus of the Council on Foreign Relations. He joined the Clinton administration in 1993, serving as Assistant to the President for Economic Policy and the first Director of the National Economic Council. He was named Treasury Secretary in 1995 and served until 1999. Mr. Rubin joined Goldman, Sachs & Company in 1966 and served as Co-Chairman from 1990 to 1992. From 1999 to 2009, he served on the board at Citigroup and as a senior advisor. In 2010, he joined Centerview Partners as senior counselor of the firm. He is one of the founders of The Hamilton Project, an economic policy project housed at the Brookings Institution, and is author of In an Uncertain World: Tough Choices from Wall Street to Washington, and The Yellow Pad: Making Better Decisions in an Uncertain World. Mr. Rubin graduated with a BA in Economics from Harvard College and received an LLB from Yale Law School. Term ends March 31, 2026.

Lisa Cashin (Board Vice Chair), *former Chief Credit Officer, LISC*. Ms. Cashin is the former Chief Credit Officer at LISC, a position she held for 19 years before retiring in 2007 and joining the Board. Previously, she was a Vice President at Citigroup Investment Bank and a loan officer with the real estate division of Chemical Bank. She has worked at the Boston Redevelopment Authority, Gammon Properties in Hong Kong, and the United Nations Center for Housing, Building and Planning. She also serves as Board Chair for Prep for Prep, a leadership development and gifted education program that places high-achieving minority students from New York City at top independent and boarding schools. Ms. Cashin received a BA in Urban Anthropology from Harvard College and an MCP from the University of California at Berkeley, College of Environmental Design. Term ends March 31, 2024.

Sally Durdan (Chair of Audit Committee), *former Executive Vice President and Head of Strategy, Consumer and Community Banking, JP Morgan Chase.* Ms. Durdan retired from her role as Executive Vice President and Head of Strategy for Chase Consumer and Community Banking in 2020. Prior to joining Chase in 2004, Ms. Durdan spent 10 years at Citigroup and began her career as a strategy consultant for McKinsey & Company. Ms. Durdan serves on the board of Graham Windham and is a trustee of Mount Holyoke College. Ms. Durdan received an undergraduate degree from Mount Holyoke College, an MBA from Harvard Business School, and pursued doctoral studies in Economics at Harvard. Term ends March 31, 2026.

David Hess (Chair of Finance & Investment Committee), *Partner, Centerview Partners.* Mr. Hess is a member of the technology investment banking team at Centerview Partners, one of the largest independent advisory firms. Prior to joining Centerview in 2011, Mr. Hess was a Managing Director at Goldman Sachs. He is President of the board of trustees of the Abraham Joshua Heschel School, a board member of Wharton's McNulty Leadership Program, and a member of the Council on Foreign Relations. Mr. Hess received a BS, *magna cum laude*, from the Wharton School of the University of Pennsylvania. Term ends March 31, 2024.

Alisahah Jackson (Chair of Talent & Compensation Committee), *President, Lloyd H. Dean Institute for Humankindness & Health Justice*. Dr. Jackson provides leadership on health equity for the largest Catholic health system, and the second-largest nonprofit hospital chain in the United States. Prior to this role, Dr. Jackson held several senior positions at Atrium Health. Dr. Jackson received an undergraduate degree from Case Western Reserve and an MD from the Boonshoft School of Medicine at Wright State University, and was a Fellow of the University of North Carolina at Chapel Hill School of Medicine. Term ends March 31, 2025.

Kathryn Merchant (Co-Chair of the Governance & Nominating Committee), *Principal, Kathy Merchant LLC.* In May 2015, Ms. Merchant stepped down after 18 years as President/CEO of the Greater Cincinnati Foundation. During 2015-19 she returned to strategic philanthropy consulting and executive coaching. Ms. Merchant was previously director of The Pew Charitable Trusts' Neighborhood Preservation Initiative and a partner at consulting firm Holt, Wexler & Merchant. She is editor of the book "Imagineers • Impresarios • Inventors: Cincinnati's Arts and the POWER OF HER," published in 2020, and author of "Answering the Call of the Wild: The Remarkable Life of Cathryn Hosea Hilker," published in 2021. Ms. Merchant received a BA from Indiana University and an MSW from University of Connecticut. Term ends March 31, 2025.

Rey Ramsey (Co-Chair of the Governance & Nominating Committee), *CEO and President, Nathan Cummings Foundation & Founder and CEO, Centri Capital.* Mr. Ramsey is CEO and President, an Independent Trustee, and member of the Investment Committee at the Nathan Cummings Foundation (NCF). Mr. Ramsey also serves as the Founder and CEO of Centri Capital, an investment firm designing and executing impact investment strategies with a focus on real estate development and affordable housing. Mr. Ramsey has served as Oregon's Director of Housing and Community Services, held successive positions as President and COO of Enterprise Community Partners, Chairman of Habitat for Humanity International, and founding CEO and Chairman of One Economy Corporation, a nonprofit provider of internet services to low-income homes. Additionally, Mr. Ramsey served as President and CEO of TechNet, a bipartisan network of tech executives. He has served as Chairman of the NAACP Futures Commission, and now serves as a director on numerous boards, including Morgan Stanley Institute for Sustainability, MMGL Real Estate, and the Washington Jesuit Academy. He received a BA from Rutgers University and a JD from University of Virginia School of Law. Term ends March 31, 2026.

Nilda Ruiz (Chair of Program & Portfolio Review Committee), *President and CEO, Asociación Puertorriqueños en Marcha*. Since 2005, Ms. Ruiz has served as President and CEO of Asociación Puertorriqueños en Marcha ("APM"). Under Ms. Ruiz's leadership, APM has become one of the most prominent Latino-founded agencies in the nation, receiving numerous awards for its transformative work helping thousands of families lift themselves out of poverty and bringing over a billion dollars of investments into North Philadelphia. Prior to APM, Ms. Ruiz served as Senior Community Development Director for the East Coast for UnidosUS. Ms. Ruiz serves on the boards of the Urban Affairs Coalition and PNC Advisory Committee and is the president of the National Puerto Rican Agenda. Previously, Ms. Ruiz served as a mayoral appointee to the Philadelphia Planning Commission, the Temple University Economic Opportunities Advisory Committee, and Pennsylvania Governor Tom Wolf's Steering Committee. Ms. Ruiz received a BS from Temple University and an MBA from Easter College. Term ends March 31, 2025.

Nicole Arnaboldi, *Partner, Oak Hill Capital.* Ms. Arnaboldi is a partner at Oak Hill Capital Management. She formerly served as the Vice Chairman of Credit Suisse Asset Management and has had a long career in the private investment field, including overseeing the firm's private equity and related activities. Ms. Arnaboldi serves as a board member for Manulife (parent of John Hancock), Commonfund, Merit Hill Capital, Prep for Prep, Next Era Energy Inc., and the Dean's Advisory Board at Harvard Law School, and recently served on the Harvard University Task Force on Skills and Employability. Ms. Arnaboldi received a BA from Harvard College, MBA from Harvard Business School, and a JD from Harvard Law School. Term ends March 31, 2026.

Greg Belinfanti, *Senior Managing Director, One Equity Partners.* Mr. Belinfanti is a Senior Managing Director and Investment Committee member at One Equity Partners, focusing on healthcare and business service industries. Prior to joining One Equity Partners in 2006, Mr. Belinfanti served as Vice President in the Investment Banking division of Lehman Brothers. He formerly served on boards for Apollo Health Street, AthroCare, Prodigy, Simplura Health Group, Celltrion Healthcare, PS Logistics, The Results Companies, OneLink, Systagenix and EGS and currently serves on the boards of Ernest Health, Adapt Health, AMT/Restorix, Infucare RX, and Montgomery Transport. Mr. Belinfanti received a BA in Politics from New York University and a JD from Harvard Law School. Term ends March 31, 2024.

Zack Boyers, *Chairman & Chief Executive Officer, U.S. Bancorp Impact Finance.* Mr. Boyers is the Chairman and Chief Executive Officer of US Bancorp Impact Finance, providing leadership and strategic direction to a team of more than 450 people who lead the bank's sustainability finance platform and manage tax credit and lending opportunities in the community development and environmental finance arenas nationwide. Mr. Boyers serves on the boards of Children's Defense Fund, Urban Strategies, St. Louis Regional Chamber, Forward Through Ferguson, and Invest STL, and serves on the National Advisory Council of the Brown School of Social Work at Washington University and on the Regional Advisory Council of IFF. Mr. Boyers received a BA from Harvard University and an MBA from Washington University. Term ends March 31, 2026.

Audrey Choi, *former Chief Sustainability Officer and Chief Marketing Officer, Morgan Stanley.* Ms. Choi retired from her role as the Chief Sustainability Officer and Chief Marketing Officer at Morgan Stanley in 2023. She was the founding CEO of Morgan Stanley's Institute for Sustainable Investing where she oversaw the firm's global sustainability efforts and was the first Chief Sustainability Officer on Wall Street. For four years, Ms. Choi also served as Morgan Stanley's Chief Marketing Officer where she oversaw the firm's brand values. Prior to Morgan Stanley, Ms. Choi held senior policy positions in the Clinton administration and was a foreign correspondent for The Wall Street Journal. Ms. Choi serves on the boards of several mission-driven organizations focused on sustainability and social justice, including the US Impact Investing Alliance, StoryCorps, The Kresge Foundation, and New York Cares. Ms. Choi received an undergraduate degree from Harvard College and an MBA from Harvard Business School. Term ends March 31, 2025.

Michelle de la Uz, *Executive Director, Fifth Avenue Committee.* Ms. de la Uz has served as Executive Director of Fifth Avenue Committee ("FAC") since 2004, overseeing the organization's mission and comprehensive programs serving more than 5,500 low- and moderate-income people. Prior to her work at FAC, Ms. de la Uz was a Program Director at the Center for Urban Community Services and served as Congresswoman Nydia Velázquez's first Director of Constituent Services and focused on advancing transportation, environmental justice, and immigration legislation and policy. Ms. de la Uz serves on the boards of the New York Housing Conference, multiple bank advisory boards, and served on the NYC Planning Commission from 2012 to 2021 following appointments by then Public Advocates Bill de Blasio and Leticia James. Ms. de la Uz is an alumna of Connecticut College, Columbia University, and Harvard Kennedy School's Executive Education program. Term ends March 31, 2024.

Gregory Fairchild, *Isidore Horween Research Professor of Business Administration, University of Virginia Darden School of Business.* Mr. Fairchild is the Isidore Horween Research Professor of Business Administration at the University of Virginia's Darden School of Business; the Associate Dean for Washington D.C., Area Initiatives; Academic Director of Public Policy and Entrepreneurship; and Dean and CEO of UVA | Northern Virginia. Mr. Fairchild has also worked in the private sector for Kraft General Foods, Procter & Gamble, and Saks Fifth Avenue. Mr. Fairchild received a BS from Virginia Commonwealth University, an MBA from the University of Virginia Darden School of Business, and a PhD from Columbia University. Term ends March 31, 2024.

Ellen Gilligan, *President and CEO, Greater Milwaukee Foundation.* Ms. Gilligan is the President and CEO of the Greater Milwaukee Foundation, the region's largest community foundation, which has awarded more than $1 billion in grants since its establishment in 1915. Prior to joining the Foundation in 2010, Ms. Gilligan was Vice President of Community Investment at the Greater Cincinnati Foundation and President of HealthPath Foundation. Ms. Gilligan is the immediate past board chair of CFLeads, a board member of the Greater Milwaukee Committee, and a mayoral appointee to the City of Milwaukee's Black Male

Achievement Advisory Council. Ms. Gilligan received a BA from University of Colorado at Boulder. Term ends March 31, 2026.

Lisa Hasegawa, *Regional Vice President, Western Region, NeighborWorks America.* Ms. Hasegawa is the Regional Vice President for the Western Region of NeighborWorks America. Ms. Hasegawa previously served as the Executive Director of the National Coalition for Asian Pacific American Community Development and also has experience in government and academia. Ms. Hasegawa received a BA from University of California Los Angeles and a SM in Public Health from Harvard University. Term ends March 31, 2025.

Michael Pugh, *CEO, LISC.* Please refer to "Management Team and Key Employees" starting on page 56. Term ends March 31, 2025.

Curtis Reed, Jr. *Managing Director and Region Manager - Chicago, JPMorgan Chase.* Mr. Reed has 26 years of experience in the banking industry and 19 of those years have been with JPMorgan Chase and predecessor organizations. Mr. Reed has spent his entire career in commercial banking, holding a variety of different positions during that time. In March 2017, Mr. Reed was named the Region Manager for Chase's Middle Market banking operations for the Chicago Region. Prior to this, he was the Region Manager for Chase's Middle Market banking operations for the states of Arizona and Nevada. In his current role, Mr. Reed is responsible for overseeing and leading the Bank's efforts to serve and develop relationship with companies that have annual revenues between $20 million and $500 million in Chicago, IL. Mr. Reed also serves on JPMorgan Chase's Illinois Market Leadership team, the Chicago Inclusion Action Committee, and is the Executive DEI lead for Chicago. Mr. Reed currently serves on the board of the Civic Consulting Alliance, the advisory board for After School Matters, the board of The Wellness House, is a member of the Steering Committee for the Together We Rise Fund, is a member of the Chicago Community Trust's Bank Trustees Committee, and a 2022 Daniel Burnham Fellow for Leadership Greater Chicago (LGC). He is also a member of the Windy City chapter of the Young President's Organization. Mr. Reed earned a BA in Finance from the University of Iowa. Term ends March 31, 2025.

Jerry Rickett, *President and CEO, Kentucky Highlands Investment Corporation.* Since 1989, Mr. Rickett has served as the President and CEO of Kentucky Highlands Investment Corporation ("KHIC"), a nonprofit community development corporation and rural CDFI serving 22 counties in southeastern Kentucky. He also held the positions of Vice President and Marketing Manager for KHIC. Mr. Rickett is a graduate of Cumberland College and holds two master's degrees from Eastern Kentucky University. Term ends March 31, 2025.

Charles Smith, *Chief Risk Officer, Morgan Stanley.* Mr. Smith is the Chief Risk Officer at Morgan Stanley. Mr. Smith previously served in various other management roles, including Chief Financial Officer of the Institutional Securities Group, President of Morgan Stanley Bank, N.A. and Morgan Stanley Private Bank, N.A., and Head of Firm Strategy and Execution. He formerly served as a Managing Director in the Investment Banking Division in the Mergers and Acquisitions Department. Mr. Smith received his MBA from the Wharton School of the University of Pennsylvania and his BBA from Southern Methodist University. Term ends March 31, 2026.

MANAGEMENT TEAM AND KEY EMPLOYEES

The following individuals serve as LISC's executive officers, and will continue to serve in such capacities until their resignation or replacement by the Board:

Michael Pugh, *CEO, LISC.* Michael Pugh became LISC's Chief Executive Officer on October 2, 2023. Prior to joining LISC, Mr. Pugh served as President and CEO of Carver Bancorp, one of the nation's largest publicly traded African- and Caribbean-American-operated banks, with approximately $720 million in assets. Mr. Pugh joined Carver in 2012. Mr. Pugh's executive leadership expertise includes commercial and retail banking, technology integrations, strategic and capital planning, and regulatory risk management. Prior to joining Carver in 2012, Mr. Pugh was Senior Vice President, Regional Executive and Market President of Eastern Maryland, Delaware, and Washington, D.C., at Capital One, where he oversaw 75 banking centers and $3 billion in deposits. Prior to that, he was Senior Vice President, Retail Banking Executive for Citizens Financial Group, where he led retail banking teams in Michigan and Indiana with up to 67 banking centers. Mr. Pugh earned a Bachelor of Science in Health Administration from Eastern Michigan University and received executive leadership certifications from Babson College and The Wharton School of the University of Pennsylvania. He was conferred a Doctor of Humane Letters by Medgar Evers College. Mr. Pugh serves on the boards of Pursuit Lending (Board Chairman), The Society for Financial Education and Professional Development (Board Chairman), and The Greater Harlem Chamber of Commerce (Chair of the Finance Committee).

Denise Scott, *President, LISC.* With more than three decades of experience in community development, Ms. Scott leads LISC's investment in 37 cities and rural areas in 49 states with a firm commitment to ensuring local leaders have the platform and capacity to drive strategies for equitable community change. She is responsible for providing vision and setting the strategic direction for local offices and national programs and leading implementation of enterprise priorities like Project 10X. Ms. Scott previously served as Executive Vice President for seven years. In this role, she elevated the field agenda, refined a service delivery system for national resources, investments and technical assistance to maximize LISC's impact, oversaw the expansion of LISC's footprint with seven new local programs, and was instrumental to LISC's response to the disproportionate impact of the COVID-19 pandemic in communities of color. Ms. Scott previously managed LISC's flagship program in New York City for 12 years. During her tenure, the office invested over $720 million in equity, loans and grants, translating into the development of more than 10,000 units of affordable housing. Prior to joining LISC, Ms. Scott served as a White House appointee to the Department of Housing and Urban Development and also spearheaded a range of public and nonprofit initiatives in New York City with the Upper Manhattan Empowerment Zone Development Corporation, the Urban Coalition, the Mayor's Office of Housing Coordination, and the Department of Housing Preservation and Development. Ms. Scott is a member of the Board of Directors of the Federal Reserve Bank of New York, and previously served as the Chair. Ms. Scott has a MS in Urban Planning from Columbia University and a BA from CUNY Hunter College.

Christina Travers, *Executive Vice President and Chief Financial Officer, LISC*. Ms. Travers serves as Executive Vice President and CFO at LISC, where she previously spent more than a decade earlier in her career helping design innovative financial management and investment strategies. Prior to her return, Ms. Travers was the CFO of Working Solutions, a CDFI micro-lender, and Vice President for Finance & Capital Strategies at Low Income Investment Fund, a CDFI loan fund. Prior to joining the CDFI industry, Ms. Travers worked as a Policy Analyst at New York City's Department of Health and Mental Hygiene. She is also a Returned Peace Corps Volunteer, completing her service in Zambia, Africa. Ms. Travers serves on the board of the Opportunity Finance Network and the Brooklyn YWCA. Ms. Travers holds a BS in Biology from Duke University and an MS in Urban Policy and Management, with a concentration in Community Development Finance, from The New School in New York City.

Constance Max, *Executive Vice President for Lending, LISC.* Ms. Max serves as LISC's Executive Vice President of Lending where she leads the daily operations of the Lending division including originations, closings and asset management. Ms. Max joined LISC in 2013 as Vice President and Chief Credit Officer. Prior to joining LISC, Ms. Max held a number of roles in the community and international development field, including Vice President and Chief Credit Officer for Nonprofit Finance Fund, Director of Prudential Financial's Social Investment Division and Managing Director of Shore Bank Advisory Services. Ms. Max holds a BS in Business Administration from California Polytechnic State University, San Luis Obispo and a Master's in International Business Administration from The American Graduate School of International Management.

DIRECTOR AND EXECUTIVE COMPENSATION

LISC's directors do not receive any compensation for their service as directors of LISC. The table below provides the direct and indirect compensation paid by LISC during 2022 (a) to each executive officer receiving in excess of $150,000 during 2022 and (b) to LISC's executive officers in the aggregate.

Name	Position	Salary	Bonus & Other Compensation	Health & Other Insurance	Contributions to Retirement Plan
Lisa Glover[(1)]	Former CEO	$ 629,808	$ 75,000	$ 11,801	$ 23,714
Denise Scott	President	$ 519,037	$ 47,978	$ 12,432	$ 32,025
Constance Max	EVP Lending	$ 339,375	$ 39,212	$ 38,773	$ 31,168
Christina Travers	EVP & CFO	$ 328,588	$ 6,588	$ 11,792	$ 32,025
Beth Marcus[(2)]	Senior Advisor to the CEO	$ 155,320	$ 84,801	$ 6,509	$ 7,405
Aggregate of Executive Officers and Directors		**$ 1,972,127**	**$ 253,579**	**$ 81,307**	**$ 126,337**

(1) Ms. Glover retired on October 2, 2023.

(2) Prior to December 6, 2022, Beth Marcus served as LISC's Executive Vice President for Resource Development. On December 6, 2022, Ms. Marcus transitioned to an advisory capacity to the Chief Executive Officer of LISC.

RELATED PARTY TRANSACTIONS

LISC has entered into or may enter into various loans, as lender or borrower, with unaffiliated third parties in the ordinary course of business. Certain directors of LISC may serve as either officers or directors of such third parties. All such loans included in such transactions are made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with persons not related to LISC, and did not involve more than a normal risk of collectability or present other unfavorable features. Similar transactions may be expected to take place in the ordinary course of business in the future.

LEGAL PROCEEDINGS

There are no material legal proceedings presently pending against LISC or any of its directors, officers, or employees acting in their capacity as representatives of LISC.

DESCRIPTION OF THE NOTES

This section provides detail on the legal and financial terms of the Notes. Final terms of any particular Note will be determined at the time of sale and will be set forth in the relevant pricing supplement relating to those Notes, and may vary from and supersede the terms set forth in this prospectus. Before deciding to purchase any Notes, investors should read the more detailed information appearing in the relevant pricing supplement and elsewhere in this document. For additional information, please also see "State-Specific Disclosures" on page iv.

What is a LISC Impact Note?

The Notes are notes issued by LISC that help to encourage growth of and provide support to neighborhood and community development organizations, mission-aligned for-profits, and small businesses that seek to foster improvement of economic conditions, housing and other physical facilities, improvement of amenities and services, and other improvements to revitalize communities. The Notes pay a fixed interest rate that is determined by market conditions at issuance and can be purchased with a term of 1 to 15 years.

Seniority; Security

The Notes are unsecured general obligations of LISC. LISC has other outstanding unsecured general obligations and secured obligations. Moreover, LISC may incur additional indebtedness. Such additional indebtedness, if issued, may be either secured or unsecured and may be entitled to payment prior to payment on the Notes. Finally, LISC's consolidated affiliates have outstanding obligations, and the Notes will be effectively subordinated to such obligations. For additional information, please see "Financing and Operational Activities – Schedule of Liabilities" on page 34.

Who Can Invest?

The Notes are offered for investment to both individual and institutional investors.

Minimum Investment

The minimum investment for the Notes is $1,000.

Distribution

LISC will offer the Notes through registered broker-dealers. The Notes may be offered through InspereX, as Lead Agent, for resale to other registered broker-dealers. Institutional investors may purchase Notes directly from InspereX. InspereX, or any other Agent appointed by LISC, is not required to purchase or sell any specific amount of Notes but will sell the Notes on a reasonable best-efforts basis.

How to Invest/Purchase Method

The Notes are available for purchase in book-entry form, which means they may be purchased through the investor's brokerage account and settled through DTC. Interest rates will be fixed rate and will be determined by LISC at the time of issuance based on market conditions, the then-current interest rate environment, and other relevant factors. Interest rates for the Notes will be set forth in the relevant pricing supplement relating to those Notes. The DTC arrangement is described below in the section entitled "Book-Entry Notes and DTC" on page 65. U.S. Bank will serve as the paying agent of the global book-entry Notes. LISC has appointed InspereX as the Lead Agent, which in turn has established a selling group of registered broker-dealers. Notes may be purchased through any broker-dealer participating in the InspereX selling group. Investors must consult the relevant pricing supplement, available from participating brokerages, in addition to this prospectus for applicable Note terms. To purchase Notes, please contact your financial advisor or brokerage firm. Institutional investors may purchase Notes directly from InspereX.

The purchase price for the Notes is payable in full and in cash upon subscription at 100% of the principal amount of the investment.

CUSIP Numbers

LISC will assign CUSIP numbers at the time the Notes are offered for sale. “CUSIP” is an acronym that refers to Committee on Uniform Security Identification Procedures. Nine-digit, alphanumeric CUSIP numbers are used to identify securities such as the Notes. A CUSIP number, similar to a serial number, is assigned to each maturity of a security issue. For more information regarding CUSIP numbers, please see the relevant pricing supplement or visit LISC’s website www.lisc.org/invest.

Interest Accrual and Interest Periods

Notes begin to accrue interest on the issuance date and mature on the maturity date stated in each Note. Interest accrues on a 360-day year based on twelve 30-day months. Interest payments will be made quarterly and cannot be reinvested. Interest rates on the Notes will be fixed.

The interest payment dates for a Note will be the 15th day of every third month, commencing in the third succeeding calendar month following the month in which the Note is issued, unless such day is not a business day, in which case the interest payment shall be made on the next succeeding business day. The first payment of interest under a Note shall be an amount equal to interest accruing during the period commencing on the issuance date and ending on the day preceding the first interest payment date that follows the issuance date (the “First Interest Period”). Subsequent payments of interest under the Note shall be made on each interest payment date in an amount equal to interest accruing during each period of three calendar months that follows the First Interest Period. The final payment of interest under a Note shall be made on the maturity date in an amount equal to interest accruing during the period commencing on the prior interest payment date and ending on the date preceding the maturity date.

Interest will be payable to the person in whose name a Note is registered at the close of business on the regular record date before each interest payment date. The first payment of interest on any Note originally issued between a regular record date and an interest payment date will be made on the interest payment date following the next succeeding regular record date to the registered owner of the Note on such next succeeding regular record date. The unpaid principal balance, and all accrued and unpaid interest under a Note, will be due and payable on the maturity date. The principal and interest payable at maturity will be paid to the person in whose name the Note is registered at the time of payment. The regular record date for an interest payment date will be the first calendar day of the month in which the interest payment date falls.

Options at Maturity/Reinvestments

Principal will be repaid at maturity for each Note, but investors have the option to re-invest their repaid principal by purchasing new Notes at then-current interest rates and terms offered by LISC.

Right of Redemption

If provided in the relevant pricing supplement, LISC will have the right to redeem a Note prior to the Note’s stated maturity date. If the relevant pricing supplement does not provide for early redemption by LISC, LISC will not have the right to redeem a Note prior to the Note’s stated maturity date. If a Note is redeemed, the redemption price will be equal to the principal amount to be redeemed plus accrued and unpaid interest, if any, up to but not including the redemption date.

LISC will provide not less than 30 nor more than 60 days' notice to each registered holder of the Notes to be redeemed. If the redemption notice is given and funds deposited as required pursuant to the terms of the Notes, then interest will cease to accrue on and after the redemption date on the Notes or portions of such Notes called for redemption.

If fewer than all of the Notes are to be redeemed at any time, selection of Notes for redemption will be made on a pro rata basis or such other method as the paying agent deems appropriate and fair; provided, however, that the Notes will be redeemed only in minimum denominations of $1,000 or any integral multiple of $1,000 in excess thereof; and provided further that Notes shall be selected in accordance with the applicable procedures of DTC.

Survivor's Option

Subject to the limitations described below, the "Survivor's Option" is a provision in the Notes pursuant to which LISC agrees, if requested by the authorized representative of the beneficial owner of those Notes, following the death of the beneficial owner of the Notes, to repurchase such Notes so long as the Notes were owned by that beneficial owner or the estate of that beneficial owner at least six months prior to the request and certain documentation requirements are satisfied.

Upon the valid exercise of the Survivor's Option and the proper tender of the Notes for repurchase, subject to the limitations described below, LISC will repurchase the Notes, in whole or in part, at a price equal to 100% of the principal amount of the deceased beneficial owner's interest in the Notes plus unpaid interest accrued up to, but not including, the date of repurchase.

In order for a Survivor's Option to be validly exercised with respect to the Notes, the deceased beneficial owner's authorized representative must provide the following items to the broker or other entity through which the beneficial interest in the Notes is held by the deceased beneficial owner within one year of the date of death of the beneficial owner:

- a written instruction to such broker or other entity to notify DTC of the authorized representative's desire to obtain repurchase of the Notes pursuant to exercise of the Survivor's Option;

- tender of the Notes to be repurchased;

- appropriate evidence satisfactory to the paying agent (a) that the deceased was the beneficial owner of the Notes at the time of death and his, her, or their interest in the Notes was owned by the deceased beneficial owner or his or her estate at least six (6) months prior to the request for repurchase, (b) that the death of the beneficial owner has occurred, (c) of the date of death of the beneficial owner, and (d) that the authorized representative has authority to act on behalf of the deceased beneficial owner;

- if the interest in the Notes is held by a nominee of the deceased beneficial owner, a certificate or letter satisfactory to the paying agent from the nominee attesting to the deceased's beneficial ownership of such Notes;

- a written request for repurchase signed by the authorized representative of the deceased beneficial owner with the signature guaranteed by a member firm of a registered national securities exchange or of the Financial Industry Regulatory Authority, Inc. or a commercial bank or trust company having an office or correspondent in the United States;

- if applicable, a properly executed assignment or endorsement;
- tax waivers and any other instruments or documents that the paying agent or LISC reasonably requires in order to establish the validity of the beneficial ownership of the Notes and the claimant's entitlement to repurchase; and
- any additional information the paying agent or LISC reasonably requires to evidence satisfaction of any conditions to the exercise of the Survivor's Option or to document beneficial ownership or authority to make the election and to cause the repurchase of the Notes.

In turn, the broker or other entity will deliver each of these items to the paying agent, together with evidence satisfactory to the paying agent from the broker or other entity stating that it represents the deceased beneficial owner.

A beneficial owner of a Note is a person who has the right, immediately prior to such person's death, to receive the proceeds from the disposition of that Note as well as the right to receive payment of the Note.

The death of a person holding a beneficial ownership interest in a Note as a joint tenant or tenant by the entirety with another person, or as a tenant in common with the deceased holder's spouse, will be deemed the death of a beneficial owner of that Note, and the entire principal amount of the Note held in this manner will be subject to repurchase by LISC upon exercise of the Survivor's Option. However, the death of a person holding a beneficial ownership interest in a Note as tenant in common with a person other than such deceased holder's spouse will be deemed the death of a beneficial owner only with respect to such deceased person's interest in the Note, and only the deceased beneficial owner's percentage interest in the principal amount of the Note will be subject to repurchase.

The death of a person who, during his or her lifetime, was entitled to substantially all of the beneficial ownership interests in a Note will be deemed the death of the beneficial owner of that Note for purposes of the Survivor's Option, regardless of whether that beneficial owner was the registered holder of the Note, if the beneficial ownership interest can be established to the satisfaction of the paying agent and LISC. A beneficial ownership interest will be deemed to exist in typical cases of nominee ownership, ownership under the Uniform Transfers to Minors Act or Uniform Gifts to Minors Act, community property or other joint ownership arrangements between a husband and wife. In addition, the beneficial ownership interest in a Note will be deemed to exist in custodial and trust arrangements where one person has all of the beneficial ownership interest in that Note during his or her lifetime.

LISC has the discretionary right to limit the aggregate principal amount of Notes as to which exercises of the Survivor's Option shall be accepted from authorized representatives of all deceased beneficial owners in any calendar year to an amount equal to the greater of $1,000,000 or 1% of the aggregate principal amount of all Notes outstanding as of the end of the most recent calendar year. LISC also has the discretionary right to limit to $250,000 in any calendar year the aggregate principal amount of Notes as to which exercises of the Survivor's Option shall be accepted by LISC from the authorized representative of any individual deceased beneficial owner of Notes in such calendar year. In addition, LISC will not permit the exercise of the Survivor's Option except in principal amounts of $1,000 and multiples of $1,000 and, in the event that the limitations described in this paragraph would result in the partial repurchase of any Note, the principal amount of such Note remaining outstanding after repurchase must be at least $1,000.

An otherwise valid election to exercise the Survivor's Option may not be withdrawn. Each election to exercise the Survivor's Option will be accepted in the order that elections are received by the paying agent, except for any Note the acceptance of which would contravene any of the limitations described in the preceding paragraph. Notes accepted for repurchase through the exercise of the Survivor's Option normally will be repaid on the first interest payment date that occurs 20 or more calendar days after the date of the acceptance. Each tendered Note that is not accepted in any calendar year due to the application of any of the limitations described in the preceding paragraph will be deemed to be tendered in the following calendar year in the order in which all such Notes were originally tendered. If a Note tendered through a valid exercise of the Survivor's Option is not accepted, the paying agent will deliver a notice by first-class mail to the authorized representative of the deceased beneficial owner that states the reason that Note has not been accepted for repurchase.

All other questions regarding the eligibility or validity of any exercise of the Survivor's Option will be determined by LISC, in its sole discretion, which determination will be final and binding on all parties.

For assistance with the exercise of the Survivor's Option, please contact the paying agent by email at michelle.lee2@usbank.com or call (646) 971-4954.

Events of Default

Except in certain states under specific circumstances, the following events of nonpayment on any Note will constitute a default by LISC, but only as to that Note: (i) failure to pay the full amount of interest payable on any Note on the interest payment date provided in such Note, which failure continues unremediated for 20 or more calendar days after such payment date; or (ii) failure to pay the principal amount on any Note on its maturity date, which failure continues unremediated for 20 or more calendar days after such maturity date.

Secondary Market

The nature of this program does not presently afford the opportunity of a secondary market. The Lead Agent and any other agents appointed by LISC may make secondary market transactions, but are not obligated to do so. Dealers may be liquidity providers, but there is no assurance of such. Consequently, the purchase of a Note should be viewed as an investment to be held to maturity.

Interest Payments and Tax Considerations

This discussion of federal income tax consequences was written to support the promotion or marketing of the Notes and is not intended or written to be used, and cannot be used, by any taxpayer for the purpose of avoiding tax penalties. Investors are advised to consult their own tax counsel or advisors to determine the particular federal, state, local, or foreign income or other tax consequences particular to their investment in the Notes.

By purchasing a Note, investors may be subject to certain income tax provisions of the Code. Some of the significant federal income tax consequences of purchasing a Note include the following:

- Although LISC is a 501(c)(3) organization, investors will not be entitled to a charitable deduction for Notes purchased by such investors. If an investor elects to donate earned interest or principal, LISC will provide an acknowledgement to the investor of the donation in accordance with Code Section 501(c)(3) charitable contribution requirements. However, an investor may not be eligible to utilize a charitable contribution tax deduction depending on their individual tax circumstances.

- Unless an investor holds the investor's Note through an IRA or other tax deferred account, any interest on such investor's Note will be taxed as ordinary income in the year it accrues regardless of whether interest is paid or compounded.

- Notes purchased in an IRA or other tax deferred account will be subject to the tax rules applicable to such an account, and consultation with a competent financial and tax adviser is recommended.

- Unless an investor holds the investor's Note through an IRA or other tax deferred account, LISC will cause the investor to be provided with a Form 1099-INT or the comparable form by January 31 of each year, as required by the Code, indicating the interest paid on the investor's Note(s) during the previous year.

- Investors will not be taxed on the return of any principal amount of their Notes or on the payment of interest that was previously taxed.

- Payments of interest may be subject to "backup withholding" of federal income tax (currently at the rate of 24%) if an investor fails to furnish LISC, InspereX, or its agents with a correct social security number or other tax identification number, or if an investor or the IRS have informed LISC, InspereX, or its agents the investor is subject to backup withholding.

In addition, if an investor has (or an investor and the investor's spouse together have) invested or loaned more than $250,000 in the aggregate with or to LISC and other organizations that control, are consolidated by, or under common control with LISC, the investor may be deemed to receive additional taxable interest under Code Section 7872 if the interest paid to the investor is below the applicable federal rate ("AFR"). In that situation, the IRS may impute income up to that AFR. If an investor believes this applies to such investor, the investor should consult the investor's tax advisor.

If the law creating the tax consequences described in this summary changes, this summary could become inaccurate. This summary is based on the Code, the Treasury Regulations promulgated by the U.S. Treasury Department under the Code, and administrative interpretations and court decisions existing as of the date of this prospectus. These authorities could be changed either prospectively or retroactively by future legislation, regulations, administrative interpretations, or court decisions. Accordingly, this summary may not accurately reflect the tax consequences of an investment in the Notes after the date of this prospectus.

Finally, this summary does not address every aspect of tax law that may be significant to an investor's particular circumstances. For instance, it does not address special rules that may apply if an investor is a financial institution or tax-exempt organization, or if an investor is not a citizen or resident of the United States. It also does not address any aspect of state or local tax law that may apply to an investor.

Book-Entry Notes and DTC

LISC will issue the Notes in the form of one or more permanent global book-entry notes fully registered and deposited with or on behalf of DTC and registered in the name of Cede & Co., as nominee of DTC.

DTC has advised LISC as follows:

- DTC is a limited-purpose trust company under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered under Section 17A of the Securities Exchange Act.

- DTC holds securities that its participants deposit and facilitates the settlement among participants of securities transactions, such as transfers and pledges, in deposited securities, through electronic computerized book-entry changes in participants' accounts, thereby eliminating the need for physical movement of securities certificates.

- Direct participants include securities brokers and dealers, trust companies, clearing corporations, and other organizations.

- DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is owned by the users of its regulated consolidated affiliates.

- Access to the DTC system is also available to others, such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly.

- The rules applicable to DTC and its participants are on file with the SEC.

LISC has provided the following descriptions of the operations and procedures of DTC solely as a matter of convenience. These operations and procedures are solely within the control of DTC and may be subject to change. LISC does not take any responsibility for these operations or procedures, and investors are urged to contact DTC or its participants directly to discuss these matters.

LISC expects that under procedures established by DTC:

- Upon deposit of the global Notes with DTC or its custodian, DTC will credit through its internal system the accounts of its direct participants with portions of the principal amounts of the global book-entry Notes.

- Ownership of the Notes will be shown on, and the transfer of ownership thereof will be effected only through, records maintained by DTC or its nominee, with respect to interests of direct participants, and the records of direct and indirect participants, with respect to interests of persons other than participants.

The laws of some jurisdictions require purchasers of securities to take physical delivery in definitive form. Accordingly, the ability to transfer interests in the book-entry Notes represented by a global book-entry Note to those persons may be limited. In addition, because DTC can act only on behalf of its participants, who in turn act on behalf of persons who hold interests through participants, the ability of a person having an interest in Notes represented by a global book-entry Note to pledge or transfer those interests to persons or entities that do not participate in DTC's system, or otherwise to take actions in respect of such interest, may be affected by the lack of a physical definitive security in respect of such interest.

So long as DTC or its nominee is the registered owner of a global book-entry Note, DTC or that nominee will be considered the sole owner or holder of the Notes represented by that global book-entry Note for all purposes under the Notes. Except as provided below, owners of beneficial interests in a global book-entry Note will not be entitled to have Notes represented by that global book-entry Note registered in their names, will not receive or be entitled to receive physical delivery of a certificated Note, and will not be considered the owners or holders thereof under the Notes for any purpose. Accordingly, each beneficial holder owning a beneficial interest in a global book-entry Note must rely on the procedures of DTC and, if that beneficial holder is not a direct or indirect participant, on the procedures of the participant through which that beneficial holder owns its interest, to exercise any rights of a holder of Notes under the global book-entry Notes.

LISC will not have any responsibility or liability for any aspect of the records relating to or payments made on account of the Notes by DTC, or for maintaining, supervising, or reviewing any records of DTC relating to the Notes.

Payments on the Notes represented by the global book-entry Notes will be made to DTC or its nominee, as the case may be, as the registered owner thereof. LISC expects that DTC or its nominee, upon receipt of any payment on the Notes represented by a global book-entry Note, will credit participants' accounts with payments in amounts proportionate to their respective beneficial interests in the global book-entry Note as shown in the records of DTC or its nominee. LISC also expects that payments by participants to owners of beneficial interests in the global book-entry Notes held through such participants will be governed by standing instructions and customary practice, as is now the case with Notes held for the accounts of customers registered in the names of nominees for such customers. The participants will be responsible for those payments.

Payments on the Notes represented by the global book-entry Note will be made in immediately available funds. Transfers between participants in DTC will be effected in accordance with DTC rules and will be settled in immediately available funds.

HOW TO INVEST/PLAN OF DISTRIBUTION

General

Investors must consult the relevant pricing supplement, available from participating broker-dealers, in addition to this prospectus for applicable Note terms. The applicable interest rate for the Notes will be set forth in the relevant pricing supplement.

LISC has entered into a Selling Agent Agreement with InspereX, as the Lead Agent, and InspereX may resell the Notes to certain broker-dealers pursuant to a Master Selected Dealer Agreement that such broker-dealers have executed with InspereX (the "selected dealers"). Notes may be purchased by retail investors through any selected dealer. Institutional investors may purchase Notes directly from InspereX or a selected dealer. Selected dealers who effect transactions have agreed to sell Notes in accordance with the terms of this prospectus. Through this program with InspereX, LISC receives net proceeds from sales after sales compensation to InspereX and broker-dealers based on the maturity of the Notes sold, ranging from $997 per $1,000 of 1-year Notes to $975 per $1,000 of 15-year Notes. While LISC receives net proceeds after sales of less than the full par value, it uses operating funds to cover the discount such that each investor receives the full par value of a Note.

Except for Notes sold to level-fee accounts, Notes offered to the public will be offered at the public offering price set forth in the relevant pricing supplement. Selected dealers purchasing Notes on an agency basis for non-level fee client accounts shall purchase Notes at the public offering price. Notes purchased by the selected dealers for their own account may be purchased at the public offering price less the applicable concession. Notes purchased by the selected dealers on behalf of level-fee fiduciary accounts may be sold to such accounts at the public offering price less the applicable concession, in which case, such selected dealers will not retain any portion of the sales price as compensation.

Investment Recommendations under Regulation Best Interest

Regulation Best Interest ("Regulation BI") under the Securities Exchange Act of 1934 establishes a "best interest" standard of conduct for broker-dealers and associated persons when they make a recommendation to a retail customer of any securities transaction or investment strategy involving securities. A broker-dealer must act in the best interest of the retail customer at the time the recommendation is made, without placing its own financial or other interest ahead of the retail customer's interest. This general obligation is satisfied only if a broker-dealer complies with four component obligations. (1) The Disclosure Obligation requires a broker-dealer, prior to or at the time of the recommendation, to provide a retail customer, in writing, full and fair disclosure of all material facts relating to the scope and terms of the relationship with the retail customer and all material facts relating to conflicts of interest that are associated with the recommendation. (2) The Care Obligation requires a broker-dealer to exercise reasonable diligence, care, and skill when making a recommendation to a retail customer. (3) The Conflict of Interest Obligation requires a broker-dealer to establish, maintain, and enforce written policies and procedures reasonably designed to address conflicts of interest associated with its recommendations to retail customers. (4) The Compliance Obligation requires a broker-dealer to establish, maintain, and enforce written policies and procedures reasonably designed to achieve compliance with Regulation Best Interest as a whole. Depending on individual investor circumstances, the obligations under Regulation BI may limit some recommendations in regards to this offering.

FINANCIAL REPORTING

Within 180 days of its fiscal year-end, LISC will cause the audited financial statements for the most recent fiscal year to be made available to all current investors in the Notes. The most recent financial statements are also available on the LISC website by clicking the "Financial Statements" link on the "About" page of the LISC website at www.lisc.org/about-us/, or upon written request to LISC.

APPENDIX I

AUDITED FINANCIAL STATEMENTS OF LOCAL INITIATIVES SUPPORT CORPORATION AND CONSOLIDATED AFFILIATES AS OF AND FOR THE FISCAL YEARS ENDED DECEMBER 31, 2022 and DECEMBER 31, 2021

Local Initiatives Support Corporation and Affiliates

Consolidating and Consolidated Financial Statements and Independent Auditor's Report

December 31, 2022
(With Comparative Financial Information as of and for the Year Ended December 31, 2021)

Local Initiatives Support Corporation and Affiliates

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Independent Auditor's Report

The Audit Committee of the Board of Directors and Management
Local Initiatives Support Corporation

Opinion

We have audited the consolidating and consolidated financial statements of Local Initiatives Support Corporation and Affiliates, which comprise the consolidating and consolidated statement of financial position as of December 31, 2022, and the related consolidating and consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidating and consolidated financial statements.

In our opinion, based on our audit and the reports of other auditors, the accompanying consolidating and consolidated financial statements present fairly, in all material respects, the financial position of Local Initiatives Support Corporation and Affiliates 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.

We did not audit the financial statements of certain consolidated partnerships whose statements reflect total assets constituting $37,490,235 at December 31, 2022 and total change in net assets of ($967,016) for the year then ended. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for certain consolidated partnerships is based solely on the reports of the other auditors.

Basis for Opinion

We conducted our audit 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 Audit of the Consolidating and Consolidated Financial Statements section of our report. We are required to be independent of Local Initiatives Support Corporation and Affiliates and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidating and Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidating and 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 consolidating and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

CohnReznick

Auditor's Responsibilities for the Audit of the Consolidating and Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidating and 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 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 consolidating and consolidated financial statements.
In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the consolidating and 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 consolidating and 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 Local Initiatives Support Corporation and Affiliates' internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidating and consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Local Initiatives Support Corporation and Affiliates' ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited Local Initiatives Support Corporation and Affiliates' 2021 consolidating and consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidating and consolidated financial statements in our report dated June 28, 2022. In our opinion, based on our audit and the reports of other auditors, 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 consolidating and consolidated financial statements from which it has been derived.

CohnReznick LLP

Bethesda, Maryland
June 30, 2023

Local Initiatives Support Corporation and Affiliates

Consolidating and Consolidated Statement of Financial Position
December 31, 2022
(With Summarized Comparative Financial Information for the Year Ended December 31, 2021)

	LISC Parent Only								LISC Consolidated			
	Operating Funds		Loan Fund									
Assets	**Without Donor Restrictions**	**With Donor Restrictions**	**Without Donor Restrictions**	**With Donor Restrictions**	**Total**	**LISC Affiliates & Funds**	**CDA Partnerships**	**Eliminations**	**Without Donor Restrictions**	**With Donor Restrictions**	**Total**	**LISC Consolidated 2021 Total**
Cash and cash equivalents (Note 4 and 13)	$ 26,602,401	$ 189,168,267	$ 81,649,650	$ 43,954,924	$ 341,375,242	$ 121,137,398	$ 375,855	$ -	$ 229,765,304	$ 233,123,191	$ 462,888,495	$ 460,590,034
Restricted cash (Note 4 and 13)	-	-	-	-	-	22,049,295	440,248	-	21,585,556	903,987	22,489,543	26,061,325
Investments (Note 4 and 13)	64,157,943	-	-	46,510,593	110,668,536	12,033,342	-	-	76,191,285	46,510,593	122,701,878	135,999,323
Investments in affiliates	122,000,393	-	-	-	122,000,393	-	-	(122,000,393)	-	-	-	-
Accrued interest receivable	5,262,480	-	-	54,383	5,316,863	1,049,455	-	-	6,311,935	54,383	6,366,318	5,479,716
Contributions receivable, net (Note 5)	97,506	42,580,615	-	70,660	42,748,781	600,000	-	-	97,506	43,251,275	43,348,781	51,417,231
Government grants and contracts receivable (Note 6)	656,357	30,090,841	-	-	30,747,198	-	-	-	656,357	30,090,841	30,747,198	21,422,121
Consulting receivable	18,813,688				18,813,688				18,813,688	-	18,813,688	13,598,270
Notes and other receivables	-	-	-	-	-	885,442	-	(401,534)	483,908	-	483,908	244,342
Due from affiliates	11,388,154	-	-	-	11,388,154	-	-	(11,388,154)	-	-	-	270,000
Due from funds (Note 17)	-	-	-	-	-	21,684,887	-	(4,521,055)	17,163,832	-	17,163,832	9,499,197
Loan receivable (Note 7)	-	-	543,356,953	19,953,729	563,310,682	342,819,888	42,515	(8,662,600)	877,556,756	19,953,729	897,510,485	678,436,006
Allowance for uncollectible loans	-	-	(32,551,758)	-	(32,551,758)	(15,815,959)	-	-	(48,367,717)	-	(48,367,717)	(34,411,161)
Total loans, net	-	-	510,805,195	19,953,729	530,758,924	327,003,929	42,515	(8,662,600)	829,189,039	19,953,729	849,142,768	644,024,845
Recoverable grants to CDPs, net (Note 7)	15,801,463	2,727,612	1,710,328	700,000	20,939,403	-	-	(3,000,000)	14,511,791	3,427,612	17,939,403	17,612,349
Prepaid expenses and other assets (Note 18)	2,668,529	131,050	6,504,263	-	9,303,842	12,760,810	334,007	-	22,267,609	131,050	22,398,659	20,234,440
Right of use asset (Note 15)	44,576,317	-	-	-	44,576,317	2,972,454	-	-	47,548,771	-	47,548,771	50,129,732
Temporary investment in Project Partnerships (Note 9)	-	-	-	-	-	113,625,948	-	-	113,625,948	-	113,625,948	44,822,951
Investment in Funds	-	-	-	-	-	6,249,995	-	-	6,249,995	-	6,249,995	23,534
Investment in Project Partnerships (Note 18)	-	-	-	-	-	11,445,886	-	-	11,445,886	-	11,445,886	7,136,779
Property and equipment, net (Note 10)	5,291,162	-	-	-	5,291,162	1,417,288	23,537,795	-	30,246,245	-	30,246,245	41,009,582
Intangible asset	-	-	-	-	-	2,400,000	-	-	2,400,000	-	2,400,000	2,400,000
Total assets	$ 317,316,393	$ 264,698,385	$ 600,669,436	$ 111,244,289	$ 1,293,928,503	$ 657,316,129	$ 24,730,420	$ (149,973,736)	$ 1,448,554,655	$ 377,446,661	$ 1,826,001,316	$ 1,551,975,771
Liabilities and Net Assets (Deficits)												
Liabilities:												
Accounts payable and accrued expenses (Note 15)	$ 25,475,359	$ 4,558,917	$ 732,993	$ 1,258,219	$ 32,025,488	$ 24,706,267	$ 2,676,586	$ (490,712)	$ 53,100,493	5,817,136	$ 58,917,629	$ 61,628,364
Right of use liability (Note 15)	47,087,238	-	-	-	47,087,238	3,724,998	-	-	50,812,236	-	50,812,236	53,500,794
Government contracts and loan-related advances	-	12,353,804	35,757,078	-	48,110,882	-	-	-	35,757,078	12,353,804	48,110,882	21,425,865
Grants payable (Note 8)	5,846,269	54,579,572	-	29,215	60,455,056	4,700,000	-	(4,700,000)	5,846,269	54,608,787	60,455,056	47,697,227
Due to affiliates	-	-	-	-	-	12,082,430	-	(11,125,485)	956,945	-	956,945	-
Capital contributions due to temporary investment in Project Partnerships (Note 9)	-	-	-	-	-	95,121,714	-	-	95,121,714	-	95,121,714	38,458,262
Deferred liabilities	-	-	-	-	-	12,172,407	18,023	-	12,190,430	-	12,190,430	9,229,879
CDA Partnerships - Long-Term Debt, net (Note 16)	-	-	-	-	-	-	22,644,654	-	22,644,654	-	22,644,654	35,215,138
CDA Partnerships - Notes Payable to Funds (Note 16)	-	-	-	-	-	-	800,000	-	800,000	-	800,000	2,261,721
Loans and bond payable, net (Note 11)	7,357,758	-	550,351,681	-	557,709,439	223,887,157	-	(11,662,600)	769,933,996	-	769,933,996	645,658,430
Total liabilities	85,766,624	71,492,293	586,841,752	1,287,434	745,388,103	376,394,973	26,139,263	(27,978,797)	1,047,163,815	72,779,727	1,119,943,542	915,075,680
Commitments and contingencies (Note 15)												
Net assets:												
Net assets attributable to the Organization (Note 2)	231,549,769	193,206,092	13,827,684	109,956,855	548,540,400	122,000,392	-	(122,000,392)	243,873,466	304,666,934	548,540,400	546,052,937
Net assets attributable to the noncontrolling in Project Partnerships & Funds	-	-	-	-	-	158,920,764	(1,408,843)	5,453	157,517,374	-	157,517,374	90,847,154
Total net assets (deficit)	231,549,769	193,206,092	13,827,684	109,956,855	548,540,400	280,921,156	(1,408,843)	(121,994,939)	401,390,840	304,666,934	706,057,774	636,900,091
Total liabilities and net assets	$ 317,316,393	$ 264,698,385	$ 600,669,436	$ 111,244,289	$ 1,293,928,503	$ 657,316,129	$ 24,730,420	$ (149,973,736)	$ 1,448,554,655	$ 377,446,661	$ 1,826,001,316	$ 1,551,975,771

See Notes to Consolidating and Consolidated Financial Statements.

Local Initiatives Support Corporation and Affiliates

Consolidating and Consolidated Statement of Activities and Changes in Net Assets
Year Ended December 31, 2022
(With Summarized Comparative Financial Information for the Year Ended December 31, 2021)

	LISC Parent Only								LISC Consolidated 2022			
	Operating Funds		Loan Fund									
SUPPORT AND REVENUES	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	LISC Parent Only	LISC Affiliates & Funds	CDA Partnerships	Eliminations	Without Donor Restrictions	With Donor Restrictions	Total	LISC Consolidated 2021 Total
Contributions (Note 5)	$ 2,051,835	$ 116,329,629	$ -	$ 385,000	$ 118,766,464	$ 6,503,987	$ -	$ (5,000,000)	$ 2,051,835	$ 118,218,616	$ 120,270,451	$ 195,774,494
Government grants & contracts (Note 6)	2,378,263	42,094,506	-	3,440,000	47,912,769	-	-	-	2,378,263	45,534,506	47,912,769	49,481,669
Interest income on investments	3,021,379	-	-	588,329	3,609,708	1,302,040	-	-	4,323,419	588,329	4,911,748	2,342,368
Interest income on loans to CDPs (Note 7)	32,552,545	-	-	-	32,552,545	9,426,683	734	-	41,979,962	-	41,979,962	31,552,589
Fee income	38,608,164	-	-	-	38,608,164	90,426,359	-	(207,128)	128,827,395	-	128,827,395	112,979,939
Other income	7,338,355	-	-	-	7,338,355	10,515,635	3,445,287	(14,991,768)	6,307,509	-	6,307,509	13,094,785
Equity in earnings of affiliates	21,128,842	-	-	-	21,128,842	-	-	(21,128,842)	-	-	-	-
Net assets released from restrictions	140,720,010	(157,388,557)	31,823,994	(15,155,447)	-	-	-	-	172,544,004	(172,544,004)	-	-
Total support and revenues	247,799,393	1,035,578	31,823,994	(10,742,118)	269,916,847	118,174,704	3,446,021	(41,327,738)	358,412,387	(8,202,553)	350,209,834	405,225,844
EXPENSES												
Program Services:												
Project development and other program activities	98,122,627	-	-	-	98,122,627	78,528,776	4,132,274	(11,065,293)	169,718,384	-	169,718,384	147,117,393
Project grants (Note 8)	105,942,326	-	-	-	105,942,326	14,761,850	-	(14,739,000)	105,965,176	-	105,965,176	116,383,854
Project loans:									-			
Interest	13,921,845	-	-	-	13,921,845	3,053,851	665,014	(76,978)	17,563,732	-	17,563,732	15,846,790
Provision for loss on receivable	-	-	-	-	-	24,558	53,963	-	78,521	-	78,521	120,323
Provision for uncollectible loans to CDPs (Note 7)	1,722,781	-	3,012,447	-	4,735,228	11,232,398	-	-	15,967,626	-	15,967,626	5,256,806
Provision for uncollectible recoverable grants to CDPs (Note 7)	3,103,307	-	-	-	3,103,307	-	-	-	3,103,307	-	3,103,307	1,350,033
Total program services	222,812,886	-	3,012,447	-	225,825,333	107,601,433	4,851,251	(25,881,271)	312,396,746	-	312,396,746	286,075,199
Supporting Services:												
Management and general	28,876,258	-	-	-	28,876,258	12,616,663	-	(10,886,490)	30,606,431	-	30,606,431	39,847,192
Fund raising	9,346,351	-	-	-	9,346,351	-	-	-	9,346,351	-	9,346,351	9,186,569
Total supporting services	38,222,609	-	-	-	38,222,609	12,616,663	-	(10,886,490)	39,952,782	-	39,952,782	49,033,761
Total expenses	261,035,495	-	3,012,447	-	264,047,942	120,218,096	4,851,251	(36,767,761)	352,349,528	-	352,349,528	335,108,960
Change in net assets before gains and losses on investments derivatives, equity in losses of partnership projects and other noncontrolling interest activities	(13,236,102)	1,035,578	28,811,547	(10,742,118)	5,868,905	(2,043,392)	(1,405,230)	(4,559,977)	6,062,859	(8,202,553)	(2,139,694)	70,116,884
Transfers: Board designated net assets for loan fund activities	-	-	-	-	-	-	-	-	-	-	-	-
Realized & unrealized loss on investments	(3,559,847)	-	-	178,405	(3,381,442)	-	-	-	(3,559,847)	178,405	(3,381,442)	(214,515)
Realization of unrealized gain on investment securities available for sale by the operating partnerships	-	-	-	-	-	-	-	-	-	-	-	-
CDA Partnerships - Gain on Forgiveness of Debt	-	-	-	-	-	-	3,201,638	(110,573)	3,091,065	-	3,091,065	1,228,998
Equity in income of temporary investment in project partnerships	-	-	-	-	-	-	-	-	-	-	-	-
Distributions to LISC	-	-	-	-	-	(9,950,000)	-	9,950,000	-	-	-	-
Capital contributions	-	-	-	-	-	5,385,866	-	(5,385,866)	-	-	-	-
Gain on transfer of interest in CDA Partnerships (Note 18)	-	-	-	-	-	-	3,190,649	(23,120)	3,167,529	-	3,167,529	(1,351,553)
Change in net assets before noncontrolling interest activities	(16,795,949)	1,035,578	28,811,547	(10,563,713)	2,487,463	(6,607,526)	4,987,057	(129,536)	8,761,606	(8,024,148)	737,458	69,779,814
Other noncontrolling interest activities:												
Noncontrolling capital contributions - net of distributions	-	-	-	-	-	68,420,225	-	-	68,420,225	-	68,420,225	66,542,140
Change in net assets	(16,795,949)	1,035,578	28,811,547	(10,563,713)	2,487,463	61,812,699	4,987,057	(129,536)	77,181,831	(8,024,148)	69,157,683	136,321,954
Net assets (deficit), beginning of year	248,345,718	192,170,514	(14,983,863)	120,520,568	546,052,937	219,108,457	(6,395,900)	(121,865,403)	324,209,009	312,691,082	636,900,091	500,578,137
Net asset (deficit), end of year	$ 231,549,769	$ 193,206,092	$ 13,827,684	$ 109,956,855	$ 548,540,400	$ 280,921,156	$ (1,408,843)	$ (121,994,939)	$ 401,390,840	$ 304,666,934	$ 706,057,774	$ 636,900,091

See Notes to Consolidating and Consolidated Financial Statements.

Local Initiatives Support Corporation and Affiliates

Consolidating and Consolidated Statement of Functional Expenses
Year Ended December 31, 2022
(With Summarized Comparative Financial Information for the Year Ended December 31, 2021)

	LISC Parent Only				LISC Affiliates & Funds			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries and fringe benefits	$ 56,279,700	$ 21,318,068	$ 7,674,505	$ 85,272,273	$ 42,979,804	$ 9,330,021	$ -	$ 52,309,825
Staff travel and related expenses	818,453	310,020	111,607	1,240,080	1,302,241	136,216	-	1,438,457
Professional services, consulting and legal	30,484,232	2,179,162	134,841	32,798,235	4,126,920	552,338	-	4,679,258
Fund Management Fees	-	-	-	-	10,767,774	177,000	-	10,944,774
Office and administrative	-	-	-	-	2,381,874	908,057	-	3,289,931
CDA Partnerships - property expense	-	-	-	-	-	-	-	-
NMSC reimbursable costs	-	-	-	-	4,100,028	-	-	4,100,028
Depreciation and amortization	536,618	203,264	73,175	813,057	418,325	111,737	-	530,062
Service fees	-	-	-	-	7,257,157	-	-	7,257,157
Rent and utilities	4,126,635	1,563,119	562,723	6,252,477	1,572,194	5,771	-	1,577,965
Office supplies, postage and messenger	2,257,426	855,086	307,831	3,420,343	-	10,013	-	10,013
Bank fees and other financial expenses	-	761,946	-	761,946	61,671	265,117	-	326,788
Accounting and auditing fees	-	317,550	-	317,550	37,900	564,610	-	602,510
Conference and meeting	428,021	162,129	58,366	648,516	682,701	145,766	-	828,467
Telephone	951,087	360,260	129,694	1,441,041	-	-	-	-
Insurance	725,216	274,703	98,893	1,098,812	608,622	266,326	-	874,948
Equipment rental	110,573	41,884	15,078	167,535	-	-	-	-
Board expenses	-	30,073	-	30,073	-	22,919	-	22,919
Printing, annual report and publications	69,810	26,443	9,520	105,773	-	-	-	-
Project grants	105,942,326	-	-	105,942,326	15,008,396	-	-	15,008,396
Interest	13,921,845	-	-	13,921,845	3,008,559	45,292	-	3,053,851
Provision for loss on receivables	-	-	-	-	24,558	-	-	24,558
Provision for uncollectible recoverable grants to CDCs	3,103,307	-	-	3,103,307	-	-	-	-
Provision for uncollectible loans to CDCs	4,735,228	-	-	4,735,228	11,232,398	-	-	11,232,398
Miscellaneous	1,334,856	472,551	170,118	1,977,525	2,030,311	75,480	-	2,105,791
Total	$ 225,825,333	$ 28,876,258	$ 9,346,351	$ 264,047,942	$ 107,601,433	$ 12,616,663	$ -	$ 120,218,096

Local Initiatives Support Corporation and Affiliates

Consolidating and Consolidated Statement of Functional Expenses
Year Ended December 31, 2022
(With Summarized Comparative Financial Information for the Year Ended December 31, 2021)

	CDA Partnerships				Eliminations			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries and fringe benefits	$ -	$ -	$ -	$ -	$ (3,802,097)	$ -	$ -	$ (3,802,097)
Staff travel and related expenses	-	-	-	-	-	-	-	-
Professional services, consulting and legal	-	-	-	-	-	-	-	-
Fund Management Fees	-	-	-	-	-	(10,886,490)	-	(10,886,490)
Office and administrative	-	-	-	-	-	-	-	-
CDA Partnerships - property expense	2,662,909	-	-	2,662,909	-	-	-	-
NMSC reimbursable costs	-	-	-	-	-	-	-	-
Depreciation and amortization	1,457,325	-	-	1,457,325	-	-	-	-
Service fees	12,040	-	-	12,040	(6,705,581)	-	-	(6,705,581)
Rent and utilities	-	-	-	-	-	-	-	-
Office supplies, postage and messenger	-	-	-	-	-	-	-	-
Bank fees and other financial expenses	-	-	-	-	-	-	-	-
Accounting and auditing fees	-	-	-	-	-	-	-	-
Conference and meeting	-	-	-	-	-	-	-	-
Telephone	-	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-	-
Equipment rental	-	-	-	-	-	-	-	-
Board expenses	-	-	-	-	-	-	-	-
Printing, annual report and publications	-	-	-	-	-	-	-	-
Project grants	-	-	-	-	(14,998,684)	-	-	(14,998,684)
Interest	665,014	-	-	665,014	(76,978)	-	-	(76,978)
Provision for loss on receivables	53,963	-	-	53,963	-	-	-	-
Provision for uncollectible recoverable grants to CDCs	-	-	-	-	-	-	-	-
Provision for uncollectible loans to CDCs	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	(297,931)	-	-	(297,931)
Total	$ 4,851,251	$ -	$ -	$ 4,851,251	$ (25,881,271)	$ (10,886,490)	$ -	$ (36,767,761)

Local Initiatives Support Corporation and Affiliates

Consolidating and Consolidated Statement of Functional Expenses
Year Ended December 31, 2022
(With Summarized Comparative Financial Information for the Year Ended December 31, 2021)

	LISC Consolidated 2022				LISC Consolidated 2021			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries and fringe benefits	$ 95,457,407	$ 30,648,089	$ 7,674,505	$ 133,780,001	$ 75,295,754	$ 37,963,073	$ 7,692,688	$ 120,951,515
Staff travel and related expenses	2,120,694	446,236	111,607	2,678,537	365,437	135,708	20,323	521,468
Professional services, consulting and legal	34,611,152	2,731,500	134,841	37,477,493	37,040,238	887,768	107,082	38,035,088
Fund Management Fees	10,767,774	(10,709,490)	-	58,284	7,430,645	(7,355,915)	-	74,730
Office and administrative	2,381,874	908,057	-	3,289,931	2,351,087	373,314	-	2,724,401
CDA Partnerships - property expense	2,662,909	-	-	2,662,909	3,034,423	-	-	3,034,423
NMSC reimbursable costs	4,100,028	-	-	4,100,028	5,860,710	-	-	5,860,710
Depreciation and amortization	2,412,268	315,001	73,175	2,800,444	2,835,265	446,231	82,829	3,364,325
Service fees	563,615	-	-	563,615	864,075	52,942	-	917,017
Rent and utilities	5,698,829	1,568,890	562,723	7,830,442	4,931,555	2,429,429	605,721	7,966,705
Office supplies, postage and messenger	2,257,426	865,099	307,831	3,430,356	1,621,381	1,094,056	292,691	3,008,128
Bank fees and other financial expenses	61,671	1,027,063	-	1,088,734	1,136	1,027,988	-	1,029,124
Accounting and auditing fees	37,900	882,160	-	920,060	42,277	867,957	-	910,234
Conference and meeting	1,110,722	307,895	58,366	1,476,983	500,711	189,389	26,831	716,931
Telephone	951,087	360,260	129,694	1,441,041	831,031	560,753	150,017	1,541,801
Insurance	1,333,838	541,029	98,893	1,973,760	983,215	520,395	78,198	1,581,808
Equipment rental	110,573	41,884	15,078	167,535	96,867	65,363	17,486	179,716
Board expenses	-	52,992	-	52,992	-	22,460	-	22,460
Printing, annual report and publications	69,810	26,443	9,520	105,773	49,970	33,718	9,021	92,709
Project grants	105,952,038	-	-	105,952,038	116,332,027	-	-	116,332,027
Interest	17,518,440	45,292	-	17,563,732	15,846,790	-	-	15,846,790
Provision for loss on receivables	78,521	-	-	78,521	120,323	-	-	120,323
Provision for uncollectible recoverable grants to CDCs	3,103,307	-	-	3,103,307	1,350,033	-	-	1,350,033
Provision for uncollectible loans to CDCs	15,967,626	-	-	15,967,626	5,256,806	-	-	5,256,806
Miscellaneous	3,067,237	548,031	170,118	3,785,386	3,033,443	532,563	103,682	3,669,688
Total	$ 312,396,746	$ 30,606,431	$ 9,346,351	$ 352,349,528	$ 286,075,199	$ 39,847,192	$ 9,186,569	$ 335,108,960

See Notes to Consolidating and Consolidated Financial Statements.

Local Initiatives Support Corporation and Affiliates

Consolidating and Consolidated Statement of Cash Flows
Year Ended December 31, 2022
(With Summarized Comparative Financial Information for the Year Ended December 31, 2021)

	LISC Parent Only	LISC Affiliates & Funds	CDA Partnerships	Eliminations	2022	2021
Cash flows from operating activities:						
Change in net assets	$ 2,487,463	$ (2,043,392)	$ 4,987,057	$ (4,693,670)	$ 737,458	$ 69,779,814
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:						
Equity in earnings of affiliate	(21,128,842)	-	-	21,128,842	-	-
Distributions from investment in affiliates	25,611,993	-	-	(25,611,993)	-	-
Recovery of loan losses	-	(99,880)	-	-	(99,880)	(533,759)
Equity in income of temporary investments in project partnersl	-	-		-	-	-
Gain on forgiveness of debt	-	-	(3,201,638)	110,573	(3,091,065)	(1,228,998)
Gain on sale of limited partnership interest in Fund	-	-	-	-	-	-
Gain (loss) on transfer of interest in CDA Partnerships	-	-	(3,190,649)	23,120	(3,167,529)	1,351,553
Amortization of discounts and issuance costs	484,318	(293,666)	13,718	-	204,370	355,290
Depreciation and amortization	813,057	530,062	1,457,325	-	2,800,444	3,364,325
Realized and unrealized loss (gain) on investments	3,381,442	-	-	-	3,381,442	214,515
Unrealized gain on interest rate swaps held by Project Partnerships	-	-	-	-	-	-
Equity in income	-	244,972	-	-	244,972	(76,746)
(Decrease) increase in allowance for loans to CDPs, net	4,735,228	11,232,398	-	-	15,967,626	5,256,806
Accretion of loan receivables, net	-	5,178	-	-	5,178	241,153
Provision for loss on receivables	-	10,182	53,963	-	64,145	120,323
Provision for uncollectible recoverable grants	3,103,307	-	-	-	3,103,307	1,350,033
Change in operating assets and liabilities:						
Origination of SBA 7(a) loans	-	(5,518,911)	-	-	(5,518,911)	(13,833,694)
Proceeds from sale of guaranteed loans, net of repayment	-	6,999,346	-	-	6,999,346	10,884,502
Principal received from SBA 7(a) loans	-	1,113,338	-	-	1,113,338	1,238,991
Origination of Payroll Protection Program loans, net		2,007,847			2,007,847	40,607,548
Accrued interest receivable	(295,337)	(591,265)	-	-	(886,602)	(903,875)
Contributions receivable	8,668,450	(600,000)	-	-	8,068,450	(3,492,273)
Government contracts receivable	(9,325,077)	-	-	-	(9,325,077)	10,915,936
Consulting receivable	(5,215,418)				(5,215,418)	
Notes and other receivables	-	(462,812)	(45,662)	401,534	(106,940)	1,086,842
Prepaid expenses and other assets	(1,586,253)	(73,689)	(316,780)	(2,539,448)	(4,516,170)	(18,225,299)
Accounts payable and accrued expenses	9,228,836	(9,331,231)	(49,198)	1,528,914	1,377,321	16,805,134
Government contracts and loan-related advances	26,685,017	-	-	-	26,685,017	3,101,812
Due from affiliate	(6,967,405)	1,248,199	-	5,989,206	270,000	-
Due to affiliate	-	(2,028,754)	-	1,071,809	(956,945)	-
Right of use asset/liability	136,115	(20,585)	-	-	115,530	343,576
Due from funds	-	(12,154,748)	-	4,490,113	(7,664,635)	(1,598,201)
Grants payable	12,757,829	2,400,000	-	(2,400,000)	12,757,829	4,401,826
Deferred liabilities	-	2,979,290	2,991	-	2,982,281	3,038,065
Net cash provided by (used in) operating activities	53,574,723	(4,448,121)	(288,873)	(501,000)	48,336,729	134,565,199
Cash flows from investing activities:						
Purchase of investments	(82,000,027)	(25,501)	-	-	(82,025,528)	(20,727,419)
Proceeds from sale and maturities of investments	91,941,530	-	-	-	91,941,530	8,340,852
Investment in affiliate	(5,385,866)	-	-	5,385,866	-	-
Recoverable grants to CDPs	(10,209,335)	-	-	3,000,000	(7,209,335)	(7,641,933)
Repayments received on recoverable grants to CDPs	3,778,974	-	-	-	3,778,974	2,662,676
Loans to CDPs	(203,418,071)	(175,781,614)	-	(1,921,283)	(381,120,968)	(288,572,705)
Repayments of loans to CDPs	157,039,859	13,241,622	-	-	170,281,481	151,993,441
(Increase) in note receivable	-	(12,179,949)	-	(71,000)	(12,250,949)	(44,329)
Contributions to temporary investments in Project Partnerships and Funds	-	(87,215,522)	-	-	(87,215,522)	(62,261,328)
Distributions from investments in Funds	-	977,758	-	-	977,758	964,547
Proceeds from sale of temporary investment in Project Partnerships and Funds	-	70,375,977	-	-	70,375,977	83,572,139
Contributions to investments in Funds	-	(7,110,737)	-	-	(7,110,737)	(443,124)
Investment in Project Partnerships	-	9,476	-	-	9,476	929
Transfer of interest in CDA partnerships	-	-	(509,611)	-	(509,611)	(215,531)
Restricted cash escrow	-	-	146,998	-	146,998	(91,840)
Sale of property and equipment	-	-	-	-	-	720
Purchase of property and equipment	(1,426,279)	(518,073)	(12,941)	-	(1,957,293)	(718,337)
Net cash used in investing activities	(49,679,215)	(198,226,563)	(375,554)	6,393,583	(241,887,749)	(133,181,242)

Local Initiatives Support Corporation and Affiliates

Consolidating and Consolidated Statement of Cash Flows
Year Ended December 31, 2022
(With Summarized Comparative Financial Information for the Year Ended December 31, 2021)

	LISC Parent Only	LISC Affiliates & Funds	CDA Partnerships	Eliminations	2022	2021
Cash flows from financing activities:						
Debt issuance costs paid	(325,957)	-	-	-	(325,957)	(1,253,452)
Proceeds from loans payable	133,121,000	106,480,854	-	(3,000,000)	236,601,854	141,404,067
Repayment of loans payable	(100,312,148)	(13,918,283)	-	1,921,283	(112,309,148)	(46,041,068)
Proceeds from long-term debt	-	-	-	-	-	-
Repayment of long-term debt	-	-	(117,762)	-	(117,762)	(179,845)
Proceeds from notes payable - NEF Funds	-	-	330,985	-	330,985	322,998
Repayments of notes payable - NEF Funds			(72,000)	72,000	-	-
Due to affiliate	-	-	-	-	-	-
CDA capital contribution	-	-	-	-	-	-
Capital contribution	950,000	74,649,185	-	(4,885,866)	70,713,319	66,542,140
Intangible asset	-	-	-	-	-	-
Increase in charter school grant liability	-	(175,500)	-	-	(175,500)	-
Distribution to noncontrolling interests	-	(2,293,094)	-	-	(2,293,094)	1,297
Net cash provided by financing activities	33,432,895	164,743,162	141,223	(5,892,583)	192,424,697	160,796,137
Net increase (decrease) in cash and cash equivalents	37,328,403	(37,931,522)	(523,204)	-	(1,126,323)	162,180,094
Cash and cash equivalents, beginning of year	304,046,839	181,118,215	937,433	-	486,102,487	323,922,393
Cash and cash equivalents, end of year	$ 341,375,242	$ 143,186,693	$ 414,229	$ -	$ 484,976,164	$ 486,102,487
Cash paid during the year for:						
Interest on indebtedness	$ 13,437,253	$ 2,704,828	$ 305,823	$ -	$ 16,447,904	$ 15,235,196
Supplemental disclosures of noncash investing activities:						
Disposal of fully appreciated fixed assets	$ 495,338	$ -	$ -	$ -	$ 495,338	$ 409,792
Fixed assets included in accounts payable and accrued expenses	$ -	$ -	$ -	$ -	$ -	$ -
Increase in temporary investments in Project Partnerships: and capital contributions due to temporary investments in Project Partnerships for the acquisition of Project Partnerships	$ -	$ 538,973,136	$ -	$ -	$ 538,973,136	$ 369,708,265
Decrease in temporary investments in Project Partnerships and capital contributions due to temporary investments in Project Partnerships for the assignment of Project Partnerships to limited partnerships	$ -	$ 399,704,162	$ -	$ -	$ 399,704,162	$ 466,288,359
Supplemental disclosure of cash and noncash investing activities related to deconsolidation of CDA Partnerships:						
Assets transferred	$ -	$ -	$ (10,335,114)	$ -	$ (10,335,114)	$ (4,924,798)
Liabilities transferred	-	-	16,510,759	-	16,510,759	4,929,520
Noncontrolling interest	-	-	(5,666,034)	-	(5,666,034)	210,809
Cash disposed, net of cash paid	$ -	$ -	$ 509,611	$ -	$ 509,611	$ 215,531

See Notes to Consolidating and Consolidated Financial Statements.

Note 1 - Description of organization and summary of significant accounting policies

Description of organization

Local Initiatives Support Corporation ("LISC"), a New York not-for-profit corporation, was incorporated in 1979 to assist community development organizations throughout the United States in their efforts to transform distressed neighborhoods into healthy communities by marshaling private and public sector resources and extending financial assistance in the form of loans, lines of credit, grants, and loan guarantees and providing technical support. LISC pursues its charitable mission directly and through various subsidiaries and investments funds.

National Equity Fund, Inc.

National Equity Fund, Inc. ("NEF"), a wholly-owned subsidiary of LISC, was organized in 1987 as an Illinois not-for-profit corporation to create a national investment pool to aggregate and channel corporate equity investments into affordable housing developments. Since 1987, NEF has sponsored over 250 separate limited partnerships and limited liability companies (the "Funds") in which investments are made in affordable housing projects (the "Project Partnerships"). Generally, NEF's activities include obtaining commitments from investors, identifying and investing in affordable housing properties to be constructed or rehabilitated through partnerships with nonprofit organizations and private developers, and then monitoring the performance of such properties after completion. Benefits to fund investors are derived principally from Low-Income Housing Tax Credits ("LIHTC").

NEF is governed and its investment decisions are made by a board of directors appointed by LISC, the sole voting member of NEF. LISC has rights and duties in accordance with the Illinois General Not-For-Profit Corporation Act, as amended, with voting rights pursuant to NEF's bylaws and the Illinois Act.

NEF Community Investments, Inc. ("NEFCI"), a wholly-owned subsidiary of NEF, is responsible as the general partner, replacement general partner, managing member, or manager, for the operation and management of certain Funds. NEFCI is organized as an Illinois not-for-profit corporation and is tax-exempt. From time to time, NEF forms special-purpose entities to act as the manager of its Funds. NEFCI is also the sole member of these manager entities. The unaudited assets and liabilities of certain special purpose entity managers for the multi-investor Funds are presented below:

	2022		2021	
	Unaudited		Unaudited	
Special-purpose entity manager	Assets	Liabilities	Assets	Liabilities
NEF 2009 LLC	$ 4,457,123	$ 3,083,377	$ 4,324,379	$ 2,987,046
National Equity Fund 2011 LLC	9,984,324	4,994,221	9,781,542	4,835,840
NEF 2011 Fund Manager LLC	4,759,547	3,459,421	4,608,621	3,347,189
NEF 2012 Fund Manager LLC	6,019,094	5,061,714	5,846,443	4,925,286
NEF 2013 Fund Manager LLC	5,017,150	4,633,075	4,891,935	4,531,658
NEF 2014 Fund Manager LLC	6,658,819	7,053,312	5,778,949	6,891,103

The special purpose entity managers are separate legal entities whose assets and credit are not available to satisfy the debts of any other entities or persons.

NEFCI also manages and invests in Preservation Funds whose purpose is to provide debt and/or equity financing to develop and preserve investments that meet the community development needs of low-income communities, including (but not limited to), distressed multifamily rental housing for low and moderate-income households, affordable housing projects at or near the end of the low-income housing tax credit compliance period under Section 42 of the federal tax code, and other related community development projects. NEFCI also manages and invests in a Workforce Housing Fund whose purpose is to provide debt and/or equity financing to acquire, develop, finance, operate, improve, preserve, sell and dispose of high quality investments in innovative affordable housing projects, workforce housing projects, or community facilities across the United States.

NEF or its affiliates also manages and invests in a Pre-Development Loan Fund whose purpose is to promote affordable housing and community development through the financing of eligible pre-development costs for low and moderate-income housing project partnerships qualifying for federal low-income housing tax credits.

Community Development Advocates, Inc. or its sister companies (collectively referred to as "CDA"), subsidiaries of NEF, act as general partners in certain Project Partnerships to facilitate the promotion or rehabilitation of low-income housing. As of December 31, 2022 and 2021, CDA was the general partner of one and three Project Partnerships, respectively. The Project Partnerships where CDA acts as the general partner are collectively referred to as the "CDA Partnerships." Certain Funds are the limited partners of the CDA Partnerships.

New Markets Support Company, LLC

New Markets Support Company, LLC ("NMSC"), a wholly-owned subsidiary of LISC, is a Delaware limited liability company formed in 2003 to manage the New Markets Tax Credit ("NMTC") activities of LISC. As of December 31, 2022, LISC, the sole member of NMSC, has received $1.208 billion of NMTC investment authority from the Community Development Financial Institutions Fund of the U.S. Department of the Treasury ("CDFI Fund").

The NMTC program provides investors with credits against federal income taxes they incur. NMTCs are passed through to an investor for each Qualified Equity Investment ("QEI") made in a Community Development Entity ("CDE") certified as such by the CDFI Fund. The investor receives credits over a seven-year period for each QEI, equal to 39% of the QEI amount. The CDE uses the QEI proceeds to make Qualified Low-Income Community Investments ("QLICIs") to Qualified Active Low-Income Community Businesses ("QALICBs"). QLICIs include loans to or equity investments in QALICBs or other CDEs. CDEs must comply with various federal requirements or investors risk recapture of tax credits plus penalties and interest thereon.

NMSC is governed by a Board of Managers, which is elected by LISC. As a not-for-profit corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (the "Code"), and therefore, without tax liability, LISC itself cannot use NMTCs. In order to utilize the allocation received by LISC from the CDFI Fund, the Board of Managers of NMSC suballocates NMTC investment authority to various Limited Liability Companies (LLCs) organized and managed by NMSC (generally 0.01% ownership). These CDEs make investments in projects that accomplish goals consistent with the mission of LISC and in accordance with certain terms agreed to in the allocation agreements with the CDFI Fund.

NMSC also provides NMTC transaction-related consulting, administration, accounting, reporting, loan servicing, compliance, and software services to unrelated third parties. These services are generally provided to organizations with similar community development missions and investing objectives as LISC. NMSC also provided management services to LISC unrelated to the NMTC program. Pursuant to various service agreements, NMSC assists LISC with fund consulting, modeling and administrative services, and loan servicing administration services for LISC's loan portfolio.

Good Jobs Loan Fund, LLC ("GJLF"), a Delaware limited liability company and a wholly-owned subsidiary of NMSC, was formed on June 16, 2020. GJLF was formed to make loans and engage in other related activities in order to increase access to quality jobs for low-income community residents and to generate financial and social impact returns for lenders to GJLF. NMSC is the sole member (100% ownership interest) of GJLF and committed to make capital contributions to GJLF up to $500,000, all of which was contributed as of December 31, 2022. Profits, losses and cash distributions are generally allocated to NMSC in accordance with GJLF's operating agreement. The term of GJLF will continue until the occurrence of certain dissolution events, as defined in its operating agreement or by law, whichever is earlier.

As a result of NMSC exercising its option under certain redemption agreements, NMSC has become the 100% owner of several LLCs and is deemed to control these entities. The entities typically do not have any assets, liabilities, income or expenses. In circumstances where the LLCs have assets, liabilities, income or expenses at year-end, NMSC consolidates those balances. NMSC intends to dissolve these wholly-owned LLCs when feasible. The consolidated financial statements include the accounts of NMSC, GJLF and the wholly-owned LLCs.

immito, LLC

In January 2018, LISC entered into an agreement to purchase a Small Business Lending Company ("SBLC") license for $2.4 million. The purchase of the SBLC license was approved by the U.S. Small Business Administration ("SBA"). In connection with the acquisition of the SBLC license, LISC formed the wholly-owned subsidiary, immito, LLC ("immito"), a Delaware limited liability company, to make SBA-guaranteed small business loans pursuant to section 7(a) of the Small Business Act ("7(a) loan program"). Generally, SBA will guarantee seventy-five to ninety percent (75% to 90%) of the principal and accrued interest on such loan. As a non-depository lending institution, immito generally will utilize the ability to sell on the secondary market the guaranteed portion of loans to provide liquidity.

Generally, SBA does not deny liability on a 7(a) loan guaranty unless an organization's actions or omissions caused, or would cause, a material loss on the loan. In addition, a loan that experiences early default within the 18-month threshold established by the SBA may be subject to elevated levels of scrutiny by the SBA.

immito is governed and its investment decisions are made by a board of managers appointed by LISC, the sole voting member of immito. LISC has rights and duties in accordance with the Delaware Limited Liability Company Act, as amended, with voting rights pursuant to immito's operating agreement and the Delaware Act.

LISC Fund Management, LLC

LISC Fund Management, LLC ("LFM"), a Delaware limited liability company and a wholly-owned subsidiary of LISC, was formed in June 2019 to act as Fund Manager for various loan funds. The loan funds that LFM manages are Charlotte Housing Opportunity Investment Fund LLC, ("CHOIF"), The Bay's Future Fund LLC ("BFF"), BFF Preservation Side Car LLC ("BFF Side Car"), Detroit AHLF-CDFI Fund, LLC ("AHLF"), Community Housing Fund, LLC ("CHF"), Black Economic Development Fund, LLC, ("BEDF"), Southern Opportunity and Resilience Fund LLC ("SOAR"), Entrepreneurs of Color Loan Fund LLC ("EOCLF"), and Dallas Housing Opportunity Fund LLC ("DHOF"), and Charlotte

Housing Opportunity Fund II LLC ("CHOIF II"). LFM, as the Manager of these loan funds, has the right to manage, control and conduct the business of each fund. Through a service agreement, LFM provides fund administration, investment management, risk management and advisory services to the Loan Funds. LFM also acts as Trust Administrator for the NY Forward Loan Fund Trust ("NYFLF").

LFM is governed and its investment decisions are made by a board of managers appointed by LISC, the sole voting member of LFM. LISC has rights and duties in accordance with the Delaware Limited Liability Company Act, as amended, with voting rights pursuant to LFM's operating agreement and the Delaware Act.

LFM is a Registered Investment Advisor ("RIA") with the Securities and Exchange Commission. LFM does not have custody of any investments for the Loan Funds and NYFLF.

LFM-Managed Funds

CHOIF, a Delaware limited liability company, was formed in 2019 to address the affordable housing crisis in the City of Charlotte and in the surrounding area of Mecklenburg County, North Carolina by promoting the creation of affordable housing and the preservation and protection of existing affordable housing and in doing so, help to relieve the poor and distressed, eliminate racial discrimination, combat community deterioration, enhance community engagement and lessen the burdens of government.

CHOIF is not a wholly owned subsidiary of LISC. As of April 29, 2020, the date of the most recent Certificate of Admission, CHOIF is comprised of seven members, including LISC with capital commitments totaling $21,000,000. As of December 31, 2022 and 2021, capital contributions received by CHOIF from its members totaled $17,147,061 and $9,048,076. LISC's capital contribution as of December 31, 2022 and 2021 was $816,528 and $430,862.

Pursuant to the LLC Agreement and the Certificates of Admission dated September 20, 2019, November 8, 2019 and April 29, 2020, the following additional members were admitted to CHOIF (collectively, "Members"), and the capital commitment for each Member is as follows:

Member Name	Commitment Amount	Contributed as of 12/31/2022	Contributed as of 12/31/2021
Local Initiatives Support Corporation	$ 1,000,000	$ 816,528	$ 430,862
Barings LLC	1,250,000	1,020,657	538,575
Branch Banking and Trust Company	4,000,000	3,266,105	1,723,441
Fifth Third Community Development Company, LLC	3,000,000	2,449,578	1,292,581
Foundations For The Carolinas	2,500,000	2,041,316	1,077,151
Foundations For The Carolinas II	8,000,000	6,532,220	3,446,891
Massachusetts Mutual Life Insurance Company	1,250,000	1,020,657	538,575
	$ 21,000,000	$ 17,147,061	$ 9,048,076

Income, gain, loss and expense are allocated to each Member in accordance with the LLC Agreement. These allocations are made based on each Members' share of capital commitment as compared to the aggregate capital commitments of all Members.

The term of CHOIF will continue for sixteen (16) years after the completion of the investment period. The investment period is defined as the earliest of the fifth anniversary of the initial closing date or the date of notice given by LFM to the Members following the date upon which at least 90% of the aggregate capital commitments have been invested; used to pay or reserved for company expenses, including management fees; or reserved for investments including follow-on investments, unless extended for up to two years from and after such date pursuant to the LLC Agreement or by law, whichever is earlier.

CHOIF NOAH Investors, LLC ("CNI"), a consolidated subsidiary of CHOIF, was formed as a Delaware limited liability company on October 29, 2020. Pursuant to CNI's Limited Liability Agreement dated October 29, 2020, CNI was formed to address the affordable housing crisis in Mecklenburg County, North Carolina by focusing on naturally occurring affordable housing in Mecklenburg County, North Carolina. As the sole member of CNI, CHOIF has contributed a cumulative $11,275,000 and $7,025,000, respectively, of capital to CNI as of December 31, 2022 and 2021.

BFF, originally known as the Regional Housing Flexible Fund LLC, was formed on March 15, 2019 as a limited liability company under the laws of the State of Delaware. At the time of its original formation, LISC was the founding and sole member. On June 1, 2019, the original operating agreement was amended and restated and the Chan Zuckerberg Foundation ("CZF") was admitted as an additional founding member. On November 27, 2019 a certificate of amendment was certified by the State of Delaware to formally change the name from Regional Housing Flexible Fund LLC to The Bay's Future Fund LLC. On April 28, 2020, the operating agreement was amended and restated a second time to reduce the capital commitment of CZF and restate each member's ownership interest. On October 29, 2020, the operating agreement was amended and restated a third time (the "Operating Agreement") in its entirety.

In accordance with the Operating Agreement, LISC and CZF (collectively, the "Members") have capital commitments totaling $34,281,116. CZF's capital commitment is $29,281,116 (85.41% ownership interest), all of which was contributed to BFF as of December 31, 2020. LISC's capital commitment is $5,000,000 (14.59% ownership interest), all of which was contributed to BFF as of December 31, 2022. Capital contributions are due upon capital calls as defined in the Operating Agreement. Each Member's ownership interest is based on the percentage of its capital commitment and each Member is allocated and distributed its share of profits, losses, and cash flows in accordance with its respective percentage interest of capital contributions paid. No distributions will be paid to either Member while any obligations are outstanding.

The term of BFF will continue until the occurrence of certain dissolution events, as defined in the LLC Agreement or 2037, whichever is earlier.

The purpose of BFF, as described in its Operating Agreement, is to accomplish charitable purposes, including relief of the poor and distressed, elimination of racial discrimination, combatting community deterioration, enhancing community engagement, and lessening the burdens of government in the five-county region located in the State of California consisting of San Francisco, San Mateo, Santa Clara, Alameda and Contra Costa counties (the "Bay Area") by promoting the creation of new affordable housing and the preservation of existing affordable housing. BFF will fulfill its purpose primarily through partnering with three CDFIs, Capital Impact Partners ("CIP"), Corporation for Supportive Housing ("CSH") and LISC (collectively, the "CDFI Lenders"). The CDFI Lenders will underwrite, originate and service loans ("Project Loans") within the Bay Area in accordance with BFF's purpose. Additionally, in accordance with the Operating Agreement, CIP and CSH will provide maximum financing commitments of $50,000,000 and LISC will provide a maximum financing commitment up to $75,000,000 to facilitate the origination of Project Loans.

To fulfill BFF's purpose of originating Project Loans, on June 1, 2019, BFF entered into a Master Loan Agreement with the CDFI Lenders. BFF has also entered into separate origination and servicing agreements with each CDFI Lenders whereby the CDFI Lenders will originate and service Project

Loans that meet certain target borrower criteria with BFF committing to a certain percentage interest in each Project Loan based on the Project Loan-type ranging from 15% to 54.5%. For each individual Project Loan originated, the Project Loan is evidenced with the borrower in the form of both a loan agreement and three separate promissory notes (an "A Note", a "B Note" and a "C Note"). The CDFI Lenders retains an interest in the A Note and the C Note. The value of the interest in the C Note is 2% of each individual Project Loan. The value of the A Note is the Project Loan amount, less the B Note and the C Note. BFF purchases an interest in the Project Loan by purchasing the B Note from the CDFI Lender for an amount equivalent to the Project Loan-type target percentage as defined in the respective origination and servicing agreement.

As part of its work with BFF, LFM also manages a parallel fund, BFF Preservation Fund Side Car, LLC, ("BFF Side Car"), originally known as the RHFF Preservation Side Car, LLC. It was formed on August 22, 2019. At the time of its original formation, LISC was the founding and sole member. On November 27, 2019, a certificate of amendment was certified by the State of Delaware to formally change the name of BFF Side Car from RHFF Preservation Side Car, LLC to BFF Preservation Side Care LLC. On January 10, 2020, the original Limited Liability Company Agreement was amended and restated ("LLC Agreement") to admit Chan Zuckerberg Foundation ("CZF") and NEF Investment Partner LLC ("NEF") as additional founding members. BFF Side Car had no operations between August 22, 2019 and January 16, 2020. Accordingly, January 16, 2020 is deemed to be the "commencement of operations" of BFF.

In accordance with the operating agreement for BFF Side Car, CZF, NEF, and LISC (collectively the "BFF Side Car Members") have stated capital commitments totaling $10,100,100. CZF's capital commitment is $10,000,000 (99.0089207% ownership interest), all of which has been contributed to BFF Side Car as of December 31, 2022. NEF's capital commitment is $100,000 (0.9900892% ownership interest), which has not been fulfilled. LISC's capital commitment is $100 (0.0009901% ownership interest), all of which was contributed to BFF Side Car as of December 31, 2022. Capital contributions are due upon capital calls as defined in the LLC Agreement. Each Member's ownership interest is based on the percentage of its capital commitment and each Member is allocated and distributed its share of profits, losses, and cash flows in accordance with its respective percentage interest of capital contributions paid. No distributions will be paid to Members while any obligations are outstanding.

BFF Side Car's purpose is to accomplish charitable purposes, including relief of the poor and distressed, elimination of racial discrimination, combatting community deterioration, enhancing community engagement, and lessening the burdens of government in the five-county region located in the State of California consisting of San Francisco, San Mateo, Santa Clara, Alameda and Contra Costa counties (the "Bay Area") by promoting the creation of new affordable housing and the preservation of existing affordable housing. The term of BFF Side Car will continue until the occurrence of certain dissolution events, as defined in the LLC agreement or 2037, whichever is earlier.

AHLF, a Delaware limited liability company and a wholly-owned subsidiary of LISC, was formed in January 22, 2020. AHLF was formed for the purpose of facilitating the deployment of capital into grants and low-interest loans supporting the preservation and production of affordable housing in Detroit, Michigan and engaging in any and all activities to advance this deployment.

LISC is the sole Member (100% ownership interest) of AHLF and has committed to make capital contributions to AHLF up to $20,000,000. As of December 31, 2022 and 2021, LISC has made capital contributions to AHLF totaling $13,215,002. Profits, losses, and cash distributions are allocated to the

Member in accordance with the LLC Agreement. The term of AHLF will continue until January 31, 2058, unless extended for up to two years from and after such date pursuant to the LLC Agreement or by law, whichever is earlier.

CHF, a Delaware limited liability company formed November 2, 2020 and classified by the Internal Revenue Service as tax-exempt under Section 501(c)(3) of the Internal Revenue Code of 1986. On December 9, 2020 (commencement of operations), an Amended and Restated Limited Liability Company Agreement (the "LLC Agreement") was entered by and between LISC. LISC is the sole member (100% ownership interest) of CHF, and has committed to make capital contributions to CHF up to $4,530,000. As of December 31, 2022 and 2021, LISC has contributed $530,000 of capital to CHF. CHF shall be dissolved and wound-up upon the occurrence of certain events as defined in the LLC Agreement.

Pursuant to the LLC Agreement, Destination: Home SV, a California not-for-profit corporation and supporting organization of Silicon Valley Community Foundation, is the Special Member of CHF and as such, shall provide a conditional contribution to CHF in an amount not to exceed $5,000,000. The Special Member is not a Member of CHF and has no ownership interest or interest in the profits, losses, and capital of CHF, has no rights to receive any distributions of CHF's assets, is not required to make any capital contributions or other contributions to CHF. The Special Member has no right to bind, vote on, approve or otherwise consent to any action by CHF.

Pursuant to the LLC Agreement, CHF was formed for the purpose of furthering the charitable purposes of its Member and Special Member, including relief of vulnerable and extremely low income households, elimination of racial discrimination, combatting community deterioration, enhancing community engagement, and lessening the burdens of government in the five-county region located in the State of California consisting of San Francisco, San Mateo, Alameda and Contra Costa counties (the "Bay Area"), by financing the creation of affordable housing and preservation of existing affordable housing.

BEDF is a Delaware limited liability company formed November 18, 2020 pursuant to an initial Limited Liability Company Operating Agreement (the "Initial Agreement"). At the time of its original formation, LISC was the founding and sole member. The Initial Agreement was amended and restated on December 11, 2020 (commencement of operations) in its entirety (the "LLC Agreement"). Pursuant to the LLC Agreement, BEDF was formed to meet special social needs specifically by providing Black communities with improved access to capital in order to incentivize economic activity and wealth building opportunities in those communities, and in doing so, promote more stable environments for Black businesses and families, contribute to the elimination of racial discrimination, and provide more equal access to economic opportunity.

The term of BEDF will continue in full force and effect until the third anniversary of the expiration of the termination of the Investment Period, as defined in the LLC Agreement. LFM, as the Manager of BEDF, shall have the right to extend the term of BEDF for up to one additional year and thereafter with the consent of BEDF's advisory committee.

Pursuant to the LLC Agreement and various Subscription Agreements, LISC withdrew as the initial member, and the following members were admitted to the Fund (collectively, the "Members"), and the capital commitment for each BEDF Member is as follows:

Member Name	Commitment Amount	Contributed as of 12/31/2022	Contributed as of 12/31/2021
Aflac Incorporated	$ 25,000,000	$ 12,500,000	$ 6,200,000
Costco Wholesale Corporation	25,000,000	12,500,000	6,200,000
Dick's Sporting Goods, Inc.	12,500,000	6,250,000	3,100,000
Dupont de Nemours, Inc.	20,000,000	10,000,000	4,960,000
HubSpot, Inc.	12,500,000	6,250,000	3,100,000
McKinsey & Company, Inc.	15,000,000	7,500,000	3,720,000
Netflix, Inc.	25,000,000	12,500,000	6,200,000
PayPal, Inc.	50,000,000	25,000,000	12,400,000
Square, Inc.	25,000,000	12,500,000	6,200,000
Thermo Fisher Scientific Inc.	20,000,000	10,000,000	4,960,000
Wayfair Inc.	20,000,000	10,000,000	4,960,000
	$ 250,000,000	$ 125,000,000	$ 62,000,000

As of December 31, 2022 and 2021, capital contributions received by BEDF from the BEDF Members totaled $125,000,000 and $62,000,000, respectively.

SOAR, a Delaware limited liability company, was formed on February 8, 2021 pursuant to an initial Limited Liability Company Agreement, which was amended and restated on April 22, 2021 (commencement of operations) in its entirety (the "LLC Agreement"). Pursuant to the LLC Agreement, SOAR was formed to accomplish charitable purposes, including relief of vulnerable and extremely low-income households, elimination of racial discrimination, combatting community deterioration, enhancing community engagement, and lessening the burdens of government by purchasing eligible loans originated by community development financial institutions (the "CDFI Originators") and pledging the eligible loans as collateral for borrowings from investors. LISC is the sole Member (100% ownership interest) of SOAR. As of December 31, 2022 and 2021, LISC has made capital contributions to SOAR totaling $5,575,000.

The term of SOAR will continue in full force until dissolved and terminated upon the first to occur (but not earlier than the final repayment in full or liquidation of each debt obligation) of the following events:

(a) A qualifying wind down event as defined in the LLC Agreement;

(b) The disposition of all or substantially all of SOAR's assets and obligations;

(c) The entry of a decree of judicial dissolution; or

(d) The dissolution, bankruptcy, or withdrawal of the last remaining Member.

EOCLF, a Delaware limited liability company was formed December 8, 2020, pursuant to an initial Limited Liability Company Agreement, which was amended and restated on January 6, 2022 (commencement of operations) in its entirety (the “LLC Agreement”). Pursuant to the LLC Agreement, EOCLF was formed to accomplish its charitable purpose of providing racial and ethnic minority entrepreneurs with improved access to capital in order to incentivize economic activity and wealth building opportunities in communities of color in the United States. In doing so, EOCLF creates additional paths to wealth creation, promotes more stable environments for minority owned businesses, provides more equal access to economic opportunity, and contributes to the elimination of racial and ethnic discrimination. EOCLF shall seek to contribute to its charitable purpose by purchasing eligible loans originated by community development financial institutions. LISC is the sole Member (100% ownership interest) of EOCLF. As of December 31, 2022, LISC has made capital contributions to EOCLF totaling $100.

The term of EOCLF will continue in full force until dissolved and terminated upon the first to occur (but not earlier than the final repayment in full or liquidation of each debt obligation) of the following events:

(a) a qualifying wind down event as defined in the LLC Agreement;

(b) the disposition of all or substantially of EOCLF's assets and obligations;

(c) the entry of a decree of judicial dissolution; or

(d) the dissolution, bankruptcy, or withdrawal of the last remaining Member.

DHOF, a Delaware limited liability company, was formed November 29, 2021 (commencement of Operations) pursuant to an initial Limited Liability Company Agreement (the "Initial Agreement"). At the time of its initial formation, LISC was the founding and sole member. The Initial Agreement was amended and restated on September 22, 2022, in its entirety (the "LLC Agreement"). Pursuant to the LLC Agreement, DHOF was formed to address the affordable housing crisis in the city of Dallas, Texas by promoting the creation of new affordable housing and the preservation and protection of existing affordable housing in the Target Area and in doing so, help relieve the poor and distressed, eliminate racial discrimination, combat community deterioration, enhance community engagement, and lessen the burdens of government. DHOF works with TREC Community Investors ("DHOF Originator"), a Texas nonprofit corporation, to lead the origination of DHOF's investments in housing development.

Pursuant to DHOF's LLC Agreement and the Certificate of Admission dated September 22, 2022, Sunflower Bank, N.A. was admitted as a member to DHOF with a capital commitment of $2,500,000. As of December 31, 2022, no capital commitments were received by DHOF.

The term of DHOF will continue in full force until dissolved and terminated upon the first to occur (but not earlier than the final repayment in full or liquidation of each debt obligation) of the following events:

(a) the decision of LFM because it has reasonably determined that changes in any applicable law or regulation would have a material adverse effect on the charitable purpose of DHOF;

(b) the expiration of the term of DHOF and the final sale of all of DHOF's assets for cash;

(c) the entry of a decree of judicial dissolution; or

(d) the dissolution, bankruptcy, or withdrawal of the last remaining Member.

Additional LISC Entities

Resilience and Recovery Network, LLC, a Texas limited liability company and a wholly-owned subsidiary of LISC, was formed in March 2018 to implement and operate a program to repair homes occupied by low- and moderate-income households that were affected by Hurricane Harvey.

Neighborhood Properties, LLC also has limited activity. It was originally formed to take title on collateral property foreclosed by LISC where LISC is the highest bidder at public auction.

Summary of significant accounting policies

Consolidation

The accompanying consolidating and consolidated financial statements include the assets, liabilities, net assets, and financial activities of LISC, NEF and its affiliates, NMSC and its affiliates, immito, RRN, NP, LFM, AHLF, CHF, BFF, BFF Side Car, BEDF, CHOIF, SOAR, EOCLF and DHOF (collectively, the "Organization"). All significant inter-organization balances and transactions have been eliminated in consolidation.

NEF consolidates limited partnerships or similar entities over which it has a controlling financial interest in accordance with FASB ASC 958-810-20, *Consolidation - Control of Partnerships and Similar Entities* ("FASB ASC 958-810-20"). Generally, FASB ASC 958-810-20 requires consolidation of limited partnerships or similar entities by the general partner of that entity under the presumption that the general partner controls the limited partnership entity. The presumption of control by a general partner can be overcome if the limited partners are able to exercise substantive kick-out or participating rights. NEF does not consolidate limited partnerships or similar entities in which it owns a general partnership interest as the presumption of control by the general partner is able to be overcome. NEF reassesses whether it holds a controlling financial interest in limited partnerships or similar entities on an annual basis.

NEF consolidates the CDA Partnerships as the presumption of control was not overcome under guidance of FASB ASC 958-810-20.

Financial statement presentation

The accompanying consolidating and consolidated financial statements are prepared on the accrual basis of accounting. The Organization reports its financial information in the following categories:

Without donor restrictions

The "Operating Funds - Without Donor Restrictions" is used to record activities supported by resources that are not subject to donor-imposed restrictions and over which management and the board of directors have discretionary control.

The "Loan Funds - Without Donor Restrictions" is used to record loans and bonds payable proceeds mainly provided to the Organization by financial institutions, insurance companies, foundations, government agencies, and other nonprofits with lender-imposed restrictions that may include making loans to Community Development Projects ("CDPs") in certain geographic areas. In some instances, loans payable proceeds are provided to fund recoverable grants to CDPs. These funds, as well as the related recoverable grant activities, are recorded in the "Operating Funds Without Donor Restrictions."

As of December 31, 2022, and 2021, Loan Funds - Without Donor Restrictions consist of $10 million of board-designated net assets.

Principal repayments received on loans provided to CDPs funded from loan funds, as well as the provision for loan losses, are recorded in the "Loan Funds - Without Donor Restrictions." Impairment losses are charged to the "Operating Funds - Without Donor Restrictions."

The net assets of LISC Affiliates & Funds and CDA Partnerships are without donor restrictions.

With donor restrictions
These funds are used to record contributions received with donor-imposed restrictions. Contributions are recorded as restricted support if they are received with donor stipulations that limit their use. When a donor's restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidating and consolidated statement of activities and changes in net assets as net assets released from restrictions.

Specifically, the "Loan Funds with Donor Restrictions" ("donor-restricted loan funds") is used to record contributions received with donor-imposed restrictions for lending and/or credit enhancement activities. "Operating Funds - With Donor Restriction" ("donor-restricted operating funds") is used to record net assets received with donor-imposed restrictions for all other activities, excluding lending and/or credit enhancement activities.

Estimates
The preparation of the consolidating and consolidated financial statements in conformity with U.S. 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 consolidating and consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. The significant estimates made in the preparation of these consolidating and consolidated financial statements include the fair value of alternative investments, the allowance for uncollectible loans, the allowance for uncollectible recoverable grants, and the allowance for uncollectible receivables. Actual results could differ from those estimates.

Fair value
Fair value is defined 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 for the asset or liability in an orderly transaction between market participants at the measurement date. The three levels of the fair value hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that a reporting entity has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly and certain alternative investments that can be redeemed at or near balance sheet date (within 90 days). Level 2 inputs may include quoted prices for similar assets and liabilities in active markets, as well as inputs that are observable for the asset or liability (other than quoted prices), such as interest rates, foreign exchange rates, and yield curves that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs for the asset or liability and certain alternative investments that are not redeemable at or near balance sheet date (within 90 days).

Revenue recognition
Revenue and support consists primarily of contributions, government grants & contracts, interest income on loans to CPDs and fee income.

Contributions, including unconditional promises to give (pledges), are recorded as revenue at fair value on the date received or pledged. Contributions are recorded as net assets with donor restrictions if they are received with donor stipulations that limit their use as to purpose or time. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Fair value is estimated giving consideration to anticipated future cash receipts (after allowance is made for uncollectible contributions) and discounting such amounts at a risk adjusted rate commensurate with the duration of the donor's payment plan. These inputs to the fair value estimate are considered Level 3 in the fair value hierarchy. Amortization of the discount is recorded as additional contribution revenue in accordance with the donor imposed restrictions, if any, on the contributions.

Contributed goods are recognized initially as revenue at their estimated fair value at date of receipt and expensed when used. Contributed services are recognized as revenue if the services create or enhance nonfinancial assets or require a specialized skill, are provided by individuals possessing those skills, and typically need to be purchased if not provided by donation. Contributed services that do not meet the above criteria are not recognized as revenue and are not reported in the accompanying consolidating and consolidated financial statements.

LISC also receives government grants and contracts from a number of sources including federal, state, and local governments. These agreements are evaluated as to whether they qualify as contributions or exchange transactions as defined by U.S. generally accepted accounting principles. Government grants and contracts that are considered contributions are recognized as revenue when it is probable that the conditions surrounding the terms of the grant commitments are met. Government grants and contracts that are considered exchange transactions are recognized as revenue when services have been provided in accordance with the terms of the agreements and are reported in other income in the accompanying consolidating and consolidated statement of activities and changes in net assets.

Fee income consists of syndication fee income, asset management fee income, CDA partnerships-rental income, and disposition income.

Syndication Fee Income, Net: NEF (or its subsidiaries) provides syndication services which include organization, acquisition, and construction monitoring services to the Funds. NEF is compensated for its services through a fee that is recognized as follows:

- 25% is recognized at a point in time as a reimbursement of Fund offering and organization costs incurred by NEF;

- 45% is recognized at a point in time as an acquisition fee upon closings of Funds' Project Partnerships; and

- 30% is recognized over time as a construction management fee during the construction period of those Project Partnerships.

In addition, NEF is reimbursed for legal closing costs associated with the acquisition of the Project Partnerships. Such amounts are presented net in the accompanying consolidating and consolidated statements of activities within fee income.

Asset Management Fee Income - Funds: An annual asset management fee is assessed for each Project Partnership in a particular Fund and is recognized over time as services are provided over the 15-year compliance period, after the project has reached qualified occupancy.

Asset Management Fee Income - Project Partnerships: NEF (or its subsidiaries) receives an asset management fee from certain Project Partnerships. The fee is earned annually over time but only payable from the operational performance of the respective Project Partnership. NEF estimated this variable consideration and recognizes only the amount that is probable such that a significant reversal of cumulative revenue recognized will not occur due to the sub-par operational performance of Project Partnerships. As of December 31, 2022 and 2021, NEF recorded a receivable in the amount of $9,517,296 and $9,176,432, respectively, and is included in prepaid expenses and other assets in the accompanying consolidating and consolidated statement of financial position, that represents NEF's best estimate of the consideration that NEF is entitled to receive under the contracts. This estimate is re-evaluated annually and takes into account general economic conditions, specific project characteristics and trends in historical collectability rates. Because of uncertainties inherent in the estimation process, management's estimate may change in the near term. However, the amount of the change that is reasonably possible cannot be estimated.

Rental Income - CDA Partnerships: The majority of the CDA Partnerships' revenue is derived from leases with tenants generally for terms of one year or less. Rental income is recognized as rentals become due. Rental payments received in advance are deferred until earned. All leases between the partnership and the tenants of the property are operating leases.

Disposition Income - NEF (or its subsidiaries) received disposition fees from certain Funds and Project Partnerships. The fee is recognized at a point in time when a sale is consummated and proceeds are sufficient enough to satisfy certain other obligations based on the terms of the contract.

NMSC earns revenue by providing organization, underwriting, accounting, asset management, dissolution, and other services to the LLCs, which are governed by the related operating and fee agreements. NMSC classifies these services as investment management revenue. Suballocation fees are recognized when earned or QEIs are funded. Asset management and investment fund management fees are recognized as income as NMSC provides the service (generally over a seven-year period). From these asset management and investment fund management fees, NMSC pays audit, tax, registration and filing fees and other expenses on behalf of certain LLCs. NMSC accounts for the expenses it pays on behalf of these LLCs as a reduction to total investment management revenue. Exit fees are recognized as investment management revenue at the end of the NMTC compliance period, generally when the CDE exits the NMTC transaction.

NMSC also earns revenue by contracting with unrelated third parties to provide consulting, administration and compliance services on various investment transactions. Fees for such services are recognized as revenue as NMSC renders the service. This revenue is classified as fund administration revenue. Additionally, NMSC earns revenue from software licensing and related services that includes all fees earned from granting customers the right to use the software. NMSC also earns interest income on loans made to various borrowers that is accrued as earned in accordance with the contractual terms of the loan agreements.

NMSC also earns revenue by contracting with unrelated third parties to provide impact advisory consulting services which include, but are not limited to, impact strategy development, creating impact measurement and management systems, market scans, and customized research. Fees for such services are recognized as revenue as performance obligation milestones are met. The revenue is classified as advisory revenue.

LFM earns management fees pursuant to the management agreements with the various Loan Funds and NYFLF. The management fee earned is typically a percent of aggregate capital commitments and/or invested capital of the various Loan Funds and NYFLF.

Notional interest income represents compensation from BEDF Members admitted to BEDF subsequent to the initial closing date, paid to the existing Members of BEDF to equalize Members' interest in BEDF. Notional interest income is calculated based on the Member's pro-rata share of aggregate contributed capital multiplied by 2% per annum for the period from the initial closing date to the date of admission of the subsequent Members. During 2022, no new members were admitted tot BEDF. During 2021, there was a subsequent closing and the BEDF Members associated with the close paid a total of $17,517 of notional interest to the initial BEDF Members.

Secondary market loan sales

immito sells the SBA-guaranteed portion of loans into the secondary market. In accordance with the accounting guidance for asset transfers, immito considers any ongoing involvement with transferred assets in determining whether the assets can be derecognized from the balance sheet. With the exception of servicing and certain performance-based guarantees, immito's continuing involvement with financial assets sold is minimal.

When immito sells the SBA-guaranteed portion of loans, it may retain servicing rights. The gain or loss on sale depends on the previous carrying amount of the SBA-guaranteed portion of loan sold, the servicing right recognized, and the consideration received, and any liabilities incurred in exchange for the transferred assets.

Upon the sale of SBA-guaranteed portion of loans, any servicing assets retained by immito are carried at the lower of cost or fair value. The servicing asset is amortized in proportion to and over the period of estimated net servicing income. Servicing income is earned for the full term of the loan or until the loan is repaid. In addition, servicing assets are assessed for impairment based on fair value at each reporting date.

During the years ended December 31, 2022 and 2021, immito entered into 16 and 23 transactions, respectively, which provided for the sale of the SBA-guaranteed portion of certain loans to unrelated parties on the secondary market. immito retained the non-guaranteed portion of these loans and the related servicing rights for all loans sold on the secondary market. The average interest rate for the loans sold on the secondary market was 6.39% and 5.97% for the years ended December 31, 2022 and 2021, respectively.

Enacted in March 2020, Section 1112 of the Coronavirus Aid, Relief, and Economic Security Act ("Section 1112" or “the CARES Act”) provided for subsidy loan payments on all loans originated under the SBA 7(a) Small Business Loan Program in 'regular' servicing, which subsidies were not required to be repaid by the borrowers. The subsidy payments were paid by the SBA and reflected the initial six months of payments, including scheduled principal and interest payments, for any new loan originated from the implementation of the CARES Act through September 27, 2020. These provisions were amended on December 27, 2020, through the Economic Aid to Hard-Hit Small Businesses, Non-Profits and Venues Act ("Economic Aid Act"). The Economic Aid Act authorized additional debt relief payments to 7(a) borrowers beyond the six-month period prescribed in the CARES Act. The level of assistance varies based on when the loan was approved and began on or after February 1, 2021.

Effective December 2022, immito no longer has any borrowers receiving subsidy payments through the CARES Act.

Cash and cash equivalents
Cash and cash equivalents include cash in banks and on hand and highly-liquid debt instruments that have maturities of three months or less from the date of purchase by the Organization, except for those amounts held by the Organization's investment managers.

Restricted cash
As of December 31, 2022 and 2021, NEF had total restricted cash of $0 and $8,775,997, respectively, which has been designated for distributions to investors for Funds in the process of dissolution. In addition, as of December 31, 2022 and 2021, NEF also has restricted cash of $1,347,735 and $1,779,547, respectively, pursuant to terms of certain agreements.

NMSC acts as a fiduciary agent and collects debt service payments from borrowers on behalf of related or third-party lenders. Debt service payments received are deposited into restricted cash accounts and are disbursed monthly to the related or third-party lenders. As the agent, NMSC recognizes a liability to the related or third-party lenders concurrent with its receipt of the debt service payments. As of December 31, 2022 and 2021, the balance of these amounts were $44,987 and $5,179, respectively.

NMSC acted as the managing member of two LLCs from their inception in 2011 and 2013 through their dissolutions on August 23, 2019 and December 16, 2020. On those dates, NMSC became 100% owner of the LLCs as a result of the Exit Agreements executed on the same dates. Pursuant to each entity's operating agreement, a loan loss reserve was held by each entity for the duration of the compliance period as a reserve against losses of principal on loans made by each entity. Upon the collection of all outstanding loans and fee receivable, payment of all expenses, and the making of required distributions per each entity's operating agreement, any cash remaining in the loan loss reserve was available for NMSC to grant to qualifying charter schools and as such is recorded as restricted cash and a charter school grant liability on the accompanying consolidated statement of financial position. As of December 31, 2022 and 2021, the balance of these amounts were $1,864,632 and $1,864,640, respectively.

immito's restricted cash includes cash amounts held in separate accounts and restricted for lending (i.e. non-operational) use, including amounts due on SBA loan-related remittances to third parties. As of December 31, 2022 and 2021, restricted cash held by immito was $686,814 and $2,728,899, respectively.

As of December 31, 2022 and 2021, BFF's restricted cash of $7,741,010 and $7,400,004 includes cash amounts restricted for use including fulfilling BFF's purpose and payment of BFF's expenses.

Pursuant to the Intercreditor Agreement between AHLF, Chase New Markets Corporation ("CNMC") and its lenders dated September 25, 2020, a loan loss reserve is to be funded in the amount of 5.0% of the combined amount CNMC and each lender has committed to AHLF. As of December 31, 2022 and 2021, the loan loss reserve was funded in accordance with the Intercreditor Agreement, and there has been no reliance on the restricted loan loss reserve to date. As of December 31, 2022 and 2021, the balance in the loan loss reserve account was $1,910,704 and $1,901,070, respectively.

As of December 31, 2022 and 2021, the balance in CHOIF's reserve account was $17,249 and $18,380 for use including fulfilling CHOIF's purpose and payment of CHOIF's expenses.

Pursuant to the Loan Purchase Agreement between SOAR, LFM and the CDFI Originators dated April 22, 2021, a CDFI loan loss reserve is to be funded in an amount to equal or exceed 5.0% of the aggregate amount of Non-Portfolio Loans outstanding. As of December 31, 2022 and 2021, the CDFI loan loss reserve was funded in accordance with the Loan Purchase Agreement. As of December 31, 2022 and 2021, the balance in the CDFI loan loss reserve account was $161,272 and $80,002, respectively. Deposits into the CDFI loan loss reserve account during 2022 and 2021 were $150,000 and $80,000, respectively, and the 2022 and 2021 year-end account balances include interest income earned on cash balances. Disbursements from the CDFI loan loss reserve account to fund the CDFI's portion of approved loan loss reserve claim requests during 2022 and 2021 were $52,891 and $0, respectively.

Pursuant to the Loan and Security Agreement between SOAR, LFM and various lenders dated April 22, 2021, a Fund loan loss reserve is to be funded to equal or exceed 5.0% of the aggregate principal amount of outstanding loans, defined as "Class A Loan and/or a Class B Loan" in the Loan and Security Agreement. As of December 31, 2022 and 2021, SOAR's loan loss reserve was funded in accordance with the Loan and Security Agreement, and there has been no reliance on the restricted loan loss reserve to date. As of December 31, 2022 and 2021, the balance in SOAR's loan loss reserve account was $3,145,651 and $1,507,607, respectively. Deposits into SOAR's loan loss reserve account during 2022 and the period April 22, 2021 (commencement of operations) to December 31, 2021 were $2,850,000 and $1,520,000, respectively, and the 2022 and 2021 year-end account balances are inclusive of interest income earned on cash balances and net any bank fees which will be reimbursed in 2023 from the operating account. Disbursements from SOAR's loan loss reserve account to fund SOAR's portion of approved loan loss reserve claim requests during 2022 and 2021 were $923,708 and $0, respectively.

Pursuant to a loan agreement between EOCLF, LFM and various lenders dated January 13, 2022, an EOCLF loan loss reserve is to be funded in an amount to equal or exceed 5.0% of the aggregate principal amount of outstanding loans, defined as “Class A Loans” in a loan and security agreement. As of December 31, 2022, EOCLF's loan loss reserve was funded in accordance with the loan and security agreement, and there has been no reliance on the restricted loan loss reserve to date. As of December 31, 2022, the balance in EOCLF's loan loss reserve account was $5,022,706, which includes original funding amount into EOCLF's loan loss reserve account of $5,000,000, as well as the interest income earned on the cash balance.

DHOF received deposits from borrowers requesting financing. The deposits are held by DHOF in bank accounts until the loans close, at which point the deposits may be used to pay customary costs and fees associated with the underwriting and due diligence on the loan. As of December 31, 2022, deposits held by DHOF totaled $60,000.

DHOF was awarded and received a recoverable grant of $6,000,000 from the City of Dallas. The grant award funds are to be used for the purposes described in the conditional agreement. Accordingly, the undisbursed funds are included in restricted cash. As of December 31, 2022 recoverable grant award funds included in restricted cash totaled $486,783.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value in the consolidating and consolidated statement of financial position. Fair value of equity securities is based on quoted market prices. Fair values of fixed maturity securities, other than those based on quoted market prices, are based on prices provided by the Organization's custodian bank. The custodian bank uses a variety of pricing sources to determine market valuations. Each designates specific pricing services or indexes for each sector of the market upon the provider's expertise. The fair values of alternative investments are based on the net asset value, a practical expedient provided by the investment managers or general partners. Those estimated net asset values may differ significantly from the values that would have been used had a ready market for these securities existed.

Investment in funds and projects
NEF and its subsidiaries account for its partner and member interests in the Funds (collectively "Partner and Member Interests") using the equity method of accounting. Under the equity method, these investments are carried at cost, adjusted for NEF's share of net income, loss, and for cash distributions received. Under the equity method of accounting, the Partner and Member Interests will not be carried below zero unless NEF has continuing involvement in the entity. To the extent that the Partner and Member Interests with a carrying value of zero distribute cash to NEF or its subsidiaries, the distribution is recorded as other income in the Organization's consolidating and consolidated statement of activities.

NEF assesses other-than-temporary declines in values of its investments in its Partner and Member Interests. Annually, the carrying value of each investment is compared to its respective fair values. If another-than-temporary decline in carrying value exists, an impairment loss is recorded in the Organization's consolidating and consolidated statement of activities and changes in net assets to reduce the investment to fair value.

Contract-related assets
Contract related assets from Funds and Project Partnerships, net of estimated uncollectible accounts, were $26,650,186 and $18,675,629 as of December 2022 and 2021, respectively, and are included in due from funds and prepaid expenses and other assets in the accompanying consolidated statements of financial position. NEF evaluates impairment on contract-related assets annually. For the years ended December 31, 2022 and 2021, no impairment loss was recognized on contract related assets.

Risks and uncertainties
The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the consolidating and consolidated statement of financial position.

Loans receivable and the allowance for uncollectible loans
Loans receivable consist primarily of loans to CDPs originated by LISC, BFF, BFF Side Car, CHOIF, ALHF, BEDF, and DHOF.

Loan receivable are carried at their unpaid principal balance less unamortized discounts and premiums, retained loan discounts, and an allowance to reflect potentially uncollectible loan balances. The allowance for uncollectible loans is maintained at a level that, in management's judgment, is adequate to provide for potential losses. Large loans are evaluated individually for impairment; an allowance is established when the discounted cash flows of an impaired loan are lower than the carrying value of the loan. For the remainder of the portfolio, an allowance is established based on historical loan loss experience and management's evaluation of the collectability of the loans, taking into consideration project characteristics and trends. The accrual of interest income is discontinued on loans that are delinquent for over 30 days. Loans are written off when repayment is not expected to occur.

To monitor the likelihood of losses to its loan portfolio, LISC, BFF, BFF Side Car, CHOIF, ALHF, BEDF, and DHOF employ the following internal risk rating categories:

I. Excellent - The loan is a very strong credit, and sound in every respect. The prospect for repayment is excellent.

II. Strong - The loan is a strong credit and sound in most respects. The prospect for repayment is strong.

III. Good - The loan is a sound credit with reasonable risk for the Organization and with good repayment prospects.

IV. Acceptable - The loan is credit-worthy, but contains heightened risks from the outset. A number of developments that would reduce LISC's repayment risk have yet to occur, but no material problems have developed.

V. Close Follow - The loan has more significant risks that an "Acceptable" loan, but it is still credit-worthy.

VI. Substandard - Conditions seriously jeopardizing loan repayment have developed, and it is likely some loss of loan principal will occur.

VII. Doubtful - The loan has been partially written down but in work-out in the hopes of receiving partial payment.

BFF Side Car purchases 100% of the junior promissory note from the NEF Preservation Fund II, LP, the originator of the note's receivable. NEF Preservation Fund II, LP is a related party to NEF, a founding member and loan servicer of BFF Side Car. BFF Side Car relies on NEF for credit analysis of the end borrower and monitors the likelihood of losses on BFF Side Car's notes receivable.

Lending Facility Fees

BFF has entered into an origination and servicing agreement with CIP and BFF incurs an annual fee of $200,000 due to CIP. BFF also entered into an origination and servicing agreement with CSH and BFF incurs an annual fee of $100,000 due to CSH. Effective June 1, 2020, the fee increased to $206,000 and $200,000 respectively, between June 1, 2020 and December 31, 2022. There was no fee change between December 31, 2021 and December 31, 2022. The fee will increase annually by 3% subject to the approval of BFF's annual budget and ends on June 1, 2021. The fee is recognized ratably over each annual period to which it relates. For the years ended December 31, 2022 and 2021, originator fees of $174,242 and $413,105, respectively, were expensed. As of December 31, 2022 and 2021, origination fees of $0 and $174,242, respectively, were prepaid and are included in prepaid expenses and other assets on the accompanying consolidating and consolidated statement of financial position.

CHF operates under an Origination and Servicing Agreement with CSH date March 17, 2021, for financial services provided, including loan payment collection and related management and customer services. CHF incurs a servicing and asset management fee due to CSH in the amount of 0.25% for the servicing fee and 0.50% for the asset management fee (collectively, the "CSH Lending Facility Fees") of the outstanding principal balance of each Project Loan that CSH originates.

CHF operates under an additional Origination and Servicing Agreement with Capital Impact Partners ("CIP") dated August 2, 2021, for financial services provided, including loan payment collection and related management and customer services. CHF incurs a servicing and asset management fee due to CIP in the amount of 0.25% for the servicing fee and 0.50% for the asset management fee (collectively, the "CIP Lending Facility Fees") of the outstanding principal balance of each Project Loan that CIP originates. Together CHF and CIP are the Originators and the CSH Lending Facility Fees and the CIP Lending Facility Fees are the Lending Facility Fees.

For the year ended December 31, 2022 and 2021, CHF incurred $110,257 and $31,263, respectively, of servicing fees and $220,414 and $62,525, respectively, of asset management fees due to the Originators. As of December 31, 2022 and 2021, Lending Facility Fees of $146,824 and $93,788, respectively, were due and payable to the Originators and are included in accounts payables and accrued expenses on the accompanying consolidating and consolidated statement of financial position.

Commission expense
GJLF entered into a fee agreement ("Fee Agreement") with Castello Investment Advisory Services ("Finder") to provide introductions to GJLF of operating companies in need of debt or equity financing. Pursuant to the Fee Agreement dated November 5, 2020, if GJLF provides financing to any borrower within one year following introduction by the Finder, GJLF must pay a fee to the Finder of 1.5% of the total financing provided to the borrower, as a commission expense. The Fee Agreement was amended on June 1, 2021 ("Revised Fee Agreement") to increase the fee paid to the Finder to 2.5% of the total financing provided to the borrower if the financing closes between the date of the Revised Fee Agreement and September 30, 2021, and 2.0% of the total financing provided to the borrower if the financing closes between October 1, 2021 and June 30, 2023. For the years ended December 31, 2022 and 2021, GJLF incurred and paid $0 and $132,500, of commission expense to the Finder.

Recoverable grants
Recoverable grants are early project investments provided to CDPs that contractually require repayment generally without interest. Recoverable grants receivable are recorded when these amounts are disbursed and an allowance has been established based on historical recoverability experience that, in management's judgment, is adequate to cover potential losses.

Government contracts and loan-related advances
Government contracts and loan-related advances consists of amounts received in advance from government agencies and other organizations for the purpose of providing loans, recoverable grants and project grants to CDPs in accordance with the terms of respective contractual agreements.

Capitalized interest
NEF borrows monies in order to provide short-term secured loans to facilitate the acquisition of Project Partnership investments. It is NEF's policy to capitalize interest paid on these borrowings during the construction period of the Project Partnerships. Upon assignment of the interests of the project investments, NEF may be reimbursed for these interest costs by the Fund. Any unreimbursed costs are recorded as a reduction to fee income.

Discounts and debt issuance costs
Debt issuance costs, net of accumulated amortization, are reported as a direct deduction from the face amount of the long-term debt to which such costs relate. Amortization of debt discount issuance costs is reported as a component of interest expense and is computed using an imputed interest rate on the related loan.

Property and equipment
Property and equipment are stated at cost less accumulated depreciation or amortization, computed using the straight-line method. Furniture, equipment, and software are depreciated over their estimated useful lives of three to seven years. Computer software development costs for internal use are capitalized and amortized on the straight-line basis over an estimated useful life of three years. Leasehold improvements are amortized over the lesser of the estimated useful lives of the assets or the remainder of the lease term, whichever is shorter. Buildings and improvements are depreciated over 27.5 to 40 years. Maintenance and repairs are charged to operations when incurred. Betterments and renewals are capitalized.

Intangible assets
immito's SBA license is recorded as an indefinite-lived intangible asset and is not amortized as the license is valid for an indefinite period of time. The license is valued at approximately $2,400,000. The license is subject to annual impairment testing, impairment being a material adverse change that would prevent immito from conducting its 7(a) business as planned. Unless there is an indicator of impairment, which would require an interim impairment analysis, immito has elected to perform its annual evaluation for impairment on January 1 of each fiscal year.

Accounting for the impairment of real estate assets
The Organization records an impairment loss on its real estate assets (land, building, and improvements) whenever their carrying value cannot be fully recovered through estimated undiscounted future cash flows from their operations, sale, and low-income housing tax credits. The amount of the impairment loss to be recognized would be the difference between the Organization's carrying value and the estimated fair value. Adjustments for impairment loss for such real estate assets are made in each period as necessary to report these investments at the lower of carrying value or fair market value less cost to sell. However, there can be no assurance that any estimated fair value of these real estate assets would ultimately be realized by the Organization in any future sale or disposition transaction. Impairment losses have no impact on the cash flow of the Organization. No impairment loss on real estate assets was recorded in 2022 and 2021.

Functional expenses
The costs of providing program services and other activities have been summarized on a functional basis in the consolidated statement of functional expenses. Accordingly, certain costs have been allocated among program services, management and general and fundraising expenses.

The expenses that are allocated and the method of allocation include the following:

Expenses	Method of allocation
Salaries and fringe benefits	Time and effort
Professional services, consulting and legal	Direct allocation based on services/time and effort
Office and administrative	Direct allocation based on invoices/time and effort
Rent and utilities	Time and effort
CDA Partnerships - property expense	Direct allocation
Project grants	Direct allocation
Service fees	Direct allocation based on services
Interest	Direct allocation
Provision for uncollectible recoverable grants to CDCs	Direct allocation
Provision for uncollectible loans to CDCs	Direct allocation
Bank fees and other financial expenses	Direct allocation
Accounting and auditing fees	Direct allocation
Board expenses	Direct allocation
All other expenses	Time and effort

Income taxes

The Organization recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Income generated from activities unrelated to the Organization's exempt purpose is subject to tax under the Code, Section 511. The Organization did not recognize any unrelated business income tax liabilities for the years ended December 31, 2022 and 2021. Unrelated business income tax liabilities for the years ended December 31, 2022 and 2021 was immaterial.

Income tax returns filed by the Organization are subject to examination by the Internal Revenue Service for a period of three years. While no income tax returns are currently being examined by the Internal Revenue Service, tax years since 2019 remain open.

LISC is exempt from federal income taxes under Section 501(c)(3) of the Code. It has been classified as an organization that is not a private foundation and has been designated a "publicly supported" organization of the type described in Sections 170(b)(1)(A)(vi) and 509(a)(1) of the Code.

NEF is exempt from federal income taxes under Section 501(c)(4) of the Code. As a 501(c)(4) corporation, contributions to NEF are not tax deductible.

NMSC, NP, immito, RRN, LFM, AHLF, SOAR, EOCLF and GJLF are single-member LLCs and are considered disregarded entities for income tax purposes.

Income or losses of the NEF Funds, and the NMTC CDEs are required to be reported by the respective members/partners on their individual tax returns. Therefore, no provision has been made for federal or state income taxes. Additionally, the low-income housing tax credits generated by the Project Partnerships are passed through the NEF Funds to their members. NMTCs are passed through to an investor for each new QEI made by an investor in a CDE.

BFF and BFF Side Car have elected to be treated as a pass-through entity for income tax purposes and, as such, is not subject to income taxes. Rather, all items of taxable income, deductions and tax credits are passed through to and are reported by its founding members on their respective income tax returns. BFF's federal tax status as a pass-through entity is based on its legal status as a limited liability company. Accordingly, BFF is not required to take any tax provisions in order to qualify as a pass-through entity. BFF is required to file and does file tax returns with the Internal Revenue Service and other taxing authorities. Accordingly, these financial statements do not reflect a provision for income taxes and BFF has no other tax positions which must be considered for disclosure. Income tax returns filed by BFF are subject to examination by the Internal Revenue Service for a period of three years. While no income tax returns are currently being examined by the Internal Revenue Service, tax year 2020 remains open for BFF Side Car.

CHOIF is treated as a partnership for income tax purpose. All income and expenses of CHOIF are attributed to the taxable income of the individual members. CNI is treated as a disregarded entity for income tax purposes. All tax attributes of CNI pass through to CHOIF and income taxes, if any, are payable by CHOIF.

CHF is exempt from federal income taxes under the Code Section 501(c)(3) and from California income and franchise taxes under Revenue and Taxation Code Section 23701(d).

BEDF and DHOF are treated as partnerships for income tax purposes. All income and expenses of BEDF and DHOF are attributable to the taxable income of the individual members. Consequently, no provision for income taxes has been made in the accompanying consolidating and consolidated financial statements.

Reclassifications

Reclassifications have been made to the prior year balances to conform to the current year presentations. Such reclassifications were made for comparative purposes only, and do not restate the prior year consolidating and consolidated financial statements.

Recent accounting pronouncements

In June 2016, the FASB issued 2016-12, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which creates a new credit impairment standard for financial instruments. The new standard will require management to make a current estimate of expected credit losses as opposed to current U.S. generally accepted accounting principles which delayed recognition until the loss was probable. As a result of the ASU, management will be required to perform an assessment of expected credit losses on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount.

ASU 2016-12 is applicable to all loans, debt securities, trade receivables, net investment in leases, off-balance-sheet credit exposures, reinsurance receivables and any other financial assets not excluded from the scope that have a contractual right to receive cash.

In the period of adoption, the Organization will record a cumulative-effect adjustment to changes in net assets and in subsequent years, changes in the current expected credit loss for the reporting period will be reported on the statement of activities. Expanded disclosures will also be required.

The ASU, along with certain related ASUs clarifying the scope of the ASU 2016-12 and providing transition relief, will be effective for fiscal years beginning after December 15, 2022. The Organization is currently evaluating the impact of adopting this new guidance on the consolidated financial statements.

In March 2020, the FASB issued ASU 2020-04, Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting. The amendments in this Update provide optional expedients and exceptions for applying generally accepted accounting principles to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. The amendments in this Update apply only to contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform.

The expedients and exceptions provided by the amendments do not apply to contract modifications made and hedging relationships entered into or evaluated after December 31, 2022, except for hedging relationships existing as of December 31, 2022, that an entity has elected certain optional expedients for and that are retained through the end of the hedging relationship.

The ASU became effective as of March 12, 2020 and will continue through December 31, 2022. The Organization intends to adopt ASU 2020-04 in 2023, but does not expect the impact of adopting the new guidance to have a material effect on the consolidated financial statements.

Note 2 - Net assets with donor restrictions

Net assets with donor restrictions are restricted for the Organization's 38 local/regional offices, rural programs, and several other national programs, are to be used in future years for program services, such as project grants, recoverable grants, lending-related activity, technical support, and operating support to community development organizations.

As of December 31, 2022, net assets with donor restrictions were $304,666,934 ($193,206,092 donor-restricted operating funds and $109,956,855 donor-restricted loan funds and included the following components: (1) *Charter School Financing* - approximately $59.6 million of donor-restricted funds are available to support quality public charter and alternative schools in low-income neighborhoods. Included in this amount is $58.9 million related to grants awarded by the U.S. Department of Education to LISC to provide credit enhancement on loans made by financial institutions to stimulate the financing of charter schools; (2) Lending Activities (excluding DOE funds) - in local and regional offices is approximately $51.1 million; 3) Operating and Programmatic Support - approximately $192.5 million of donor-restricted funds that are to support operating and a multitude of specifically defined projects in the local/regional offices and national programs; and (4) During 2022, NEF Housing Charities, an affiliate of NEF, received grants in the amount of $1,503,987 to fund the Pay It Forward program which supports the next generation of emerging Black, Indigenous, and People of Color (BIPOC) Developers in the affordable housing industry.)

Note 3 - Availability and liquidity

The table below represents financial assets available for operating funds expenditures within one year at December 31, 2022 and 2021. Financial assets in the "Loan Funds - Without Donor Restrictions" and "Loan Funds - With Donor Restrictions" are not included in the table below. As explained further in Note 1, these loan funds are for lending and/or credit enhancement activities and are not available for operating expenditures. LISC also has undrawn lines of credit as further described in Note 11. As of December 31, 2022 and 2021, $30,000,000, respectively, of the undrawn line of credit can be used for operating funds expenditures:

	2022	2021
Financial assets at period end		
Cash and cash equivalents	$ 337,283,921	$ 337,436,487
Restricted cash	39,685,873	26,061,325
Investments	87,637,171	135,087,945
Accrued interest receivable	6,385,597	5,554,883
Contributions receivable, gross	42,678,121	48,154,319
Prepaid expenses and other assets	4,863,398	10,988,322
Government grants and contracts receivable	30,747,198	21,422,121
Loan receivable	206,499,698	42,504,885
Due from funds	11,419,096	13,919,946
Temporary investment in Project Partnerships, net of Capital contributions due to temporary investments in project partnership	18,504,234	6,364,689
Recoverable grants to CDPs, gross	40,634,382	23,637,641
Total financial assets	$ 826,338,689	$ 671,132,563
Less amounts not available to be used within one year		
Cash and cash equivalents	(41,212,780)	(8,706,806)
Investments	(13,215,428)	(10,901,512)
Contributions receivable, gross	(15,473,739)	(9,002,000)
Notes and other receivables	(31,170,970)	(17,539,299)
Government grants and contracts receivable	(28,234,347)	(18,994,289)
Recoverable grants to CDPs, gross	(40,634,382)	(23,637,641)
Financial assets not available to be used within one year	(169,941,646)	(88,781,547)
Financial assets available to meet operating fund expenditures over the next 12 months	$ 656,397,043	$ 582,351,016

Also, LISC has financial covenants with certain LISC lenders, some of which address adequate liquidity to cover operating costs and debt service requirements. Specifically, at the end of each quarter, unrestricted operating cash, cash equivalents, and investments must be able to cover at least six months of unrestricted operating expense as defined in the terms of the loan agreements with certain LISC lenders. With regard to debt service, liquid assets must exceed six months of interest and notes payable (as defined in the terms of the loan agreements with certain LISC lenders). At December 31, 2022 and 2021, LISC was in compliance with its financial covenants.

Note 4 - Cash, cash equivalents, restricted cash, and investments

At December 31, 2022 and 2021, the Organization's total portfolio of cash, cash equivalents, restricted cash, and investments consisted of the following:

	Fair value 2022	Fair value 2021
Cash, cash equivalents, and restricted cash	$ 485,378,038	$ 486,651,359
Investments:		
Cash held for investment		
Corporate bonds and fixed income funds	28,360,926	40,835,217
U.S. government agencies	65,445,736	58,878,840
Certificates of deposit	15,679,788	16,663,623
Alternative investments:		
Real estate investment trust	4,481,586	3,588,675
Hedge funds	35,316	8,756,843
Private equity funds	8,698,526	7,276,125
	122,701,878	135,999,323
Total cash, cash equivalents, restricted cash, and investments	$ 608,079,916	$ 622,650,682

The following table is a reconciliation of cash, restricted cash and cash equivalents within the consolidated statements of financial position to the total presented on the consolidating and consolidated statements of cash flows for the years ended December 31, 2022 and 2021:

	2022	2021
Cash and cash equivalents	$ 462,888,495	$ 460,590,034
Restricted Cash:		
NMSC Loan servicing accounts	44,987	5,179
NMSC Funds reserved for Charter School grants	1,864,632	1,864,640
immito lending funds	686,814	2,728,899
BFF funds	7,741,010	7,400,004
NEF Investor reserves	-	8,775,997
CDA Partnerships - reserves/deposits/escrows	440,248	946,521
NEF Project level agreements	3,500	833,026
NEF Grant Agreements	903,987	-
CHOIF reserve	17,249	18,380
AHLF loan loss reserve	1,910,704	1,901,070
SOAR loan loss reserve	3,306,923	1,587,609
DHOF deposits	60,000	-
DHOF grant agreement	486,783	-
EOCLF loan loss reserve	5,022,706	-
Total cash, cash equivalents, and restricted cash		
Consolidating and consolidated statements of financial position	485,378,038	486,651,359
Less: CDA Partnerships - reserves/deposits/escrow	(401,874)	(548,872)
Total cash, cash equivalents, and restricted cash		
Consolidating and consolidated statements of cash flows	$ 484,976,164	$ 486,102,487

The Organization invests in certain alternative investments, through "funds of funds" investments, which employ multiple investment strategies via a variety of investment managers to provide diversification and control risk. These investments create indirect exposure to the Organization through short sales of securities, trading in future and forward contracts, and other derivative products. Derivatives are tools used to maintain asset mix or manage portfolio risk exposure. While these financial instruments may contain varying degrees of risk, the Organization's risk with respect to such transactions is limited to its capital balance in each investment.

At December 31, 2022 and 2021, cash and cash equivalents include approximately $31.6 million and $0.6 million, respectively, held in escrow-like arrangements with loan participants and $7.7 million and $8.1 million, respectively, in loss reserves required by specific programs.

The limitations and restrictions on the Organization's ability to redeem or sell its alternative investments vary by investment. As of December 31, 2022, the following table summarizes the composition of such investments by the various redemption provisions:

	Fair value		Redemption	Redemption
Alternative investments	**2022**	**2021**	**frequency**	**notice period**
Real estate investment trust (A)	$ 4,481,586	$ 3,588,675	Lock-up	Not applicable
Multi-strategy hedge funds (B)	-	8,720,131	Monthly	30 calendar days
Credit-focused hedge fund (C)	35,316	36,712	Lock-up	Not applicable
Private equity funds (D)	8,698,526	7,276,125	Lock-up	Not applicable
	$ 13,215,428	$ 19,621,643		

As of December 31, 2022 and 2021, the Organization had $5,907,127 and $7,525,326 unfunded commitments on its alternative investments.

Information with respect to the strategies of those investment funds that is reported at estimated fair value based upon net asset value per share (or its equivalent) is as follows:

1. *Real estate investment trust* - of which the Organization is a minority shareholder, principal business activities are to invest in affordable multifamily residential mortgage loans, which are subsequently syndicated to institutional investors, and to acquire equity interests in affordable multifamily residential real estate assets.

2. *Multi-strategy hedge funds* - includes investments in funds of funds that invest across multiple hedge fund strategies and styles, including equity long/short, event-driven, relative value, tactical trading, and multi-strategy hedge funds styles.

3. *Credit-focused hedge fund* - comprised of an investment in a hedge fund that seeks to achieve attractive total returns through both capital appreciation and current income. The fund seeks to achieve its investment objective through a portfolio of investments in publicly traded and privately held securities, loans, derivatives and other instruments, primarily in the corporate credit sector of the fixed income and related markets.

4. *Private equity funds* - includes investment in funds licensed by the United States Small Business Administration as small business investment companies. The primary purpose of the fund is to operate as a venture fund and invest in equities, debt securities with the equity participation, secured short-term and long-term loans, and as participants with other funds.

Note 5 - Contributions receivable

At December 31, 2022 and 2021, the Organization had contributions receivable with expected receipts as follows:

	2022	2021
Due within one year	$ 30,841,539	$ 43,243,681
Due in one to five years	15,473,739	9,002,000
	46,315,278	52,245,681
Less discount (0.10%–5.00%)	(2,194,497)	(306,450)
Less allowance for uncollectible contributions receivable	(772,000)	(522,000)
Total contributions receivable, net	$ 43,348,781	$ 51,417,231

At December 31, 2022 and 2021, approximately 38.06% and 18.57%, respectively, of the Organization's contributions receivable was from one donor.

At December 31, 2022 and 2021, approximately 35.66% and 33.43%, respectively, of the Organization's contributions revenue was from five donors.

Note 6 - Government grants and contracts

At December 31, 2022 and 2021, the Organization had grant commitments from various government agencies of approximately $132.4 million and $82.4 million, respectively, with expiring term dates ranging from 2023 to 2026. These grant commitments will be recognized in the accompanying consolidating and consolidated financial statements when it is probable that the conditions surrounding the terms of the grants will be met.

At December 31, 2022 and 2021, government grants and contracts receivable were $30.8 million and $21.4 million, respectively. Approximately $7.0 million and $8.3 million of government grants receivable at December 31, 2022 and 2021, and approximately $11.4 million and $11.5 million of government grants and contracts revenue for the years ended December 31, 2022 and 2021, respectively, were from one government agency.

Note 7 - Program loans, recoverable grants to community development projects, notes and other receivables

Program loans

In furtherance of its charitable purposes, LISC makes loans directly to CDPs and also to its affiliates, to benefit affiliate projects. In general, interest rates on loans to CDPs range from 0% to 8.00% and repayment terms range from 1 year to 36 years. Delinquent loans, measured as those loans whose payment is 90 days past due, totaled $5,913,899 and $444,274, respectively, at December 31, 2022 and 2021. The portion of the allowance dedicated to the delinquent loans totaled $443,542 and $57,880 at December 31, 2022 and 2021, respectively. At December 31, 2022, loan principal of $163,584,349 is due to LISC within one year, of which $98,678,850 is due to LISC within the next six months.

SBA 7(a) Loans Receivable, Paycheck Protection Program
Enacted in March 2020, the CARES Act implemented the PPP loans ("PPP"), a new SBA 7(a) loan program that provides small businesses with uncollateralized and unguaranteed loans at an interest rate of 1.00%. The loans will be fully forgiven, subject to certain limitations, when used by the borrower for payroll costs, interest on mortgages, rent, and utilities. For those loans that are forgiven, the SBA will remit 100% of the remaining outstanding principal plus accrued interest to NMSC. For those loans whose borrowers do not meet the criteria required for forgiveness, repayment obligations commence after the applicable deferment period in equal installments over the remaining term to maturity. The initial loans that were originated under the PPP loans have a two-year term and originally had a deferment period of six months; however, as a result of amendments to the PPP loans, these loans now are deferred for up to 16 months. All loans approved by the SBA after June 5, 2020 have a five-year term and deferment period of 16 months. The loans are fully guaranteed by the SBA provided that, originating lenders follow the requirements set forth in the PPP loans. Accordingly, there is no credit risk associated with these loans since the SBA has guaranteed payment of the principal and interest. Neither the government nor lenders charged borrowers any fees in connection with the PPP loans; however, the SBA paid lenders a fee upon funding loans under the PPP loans.

As a SBA 7(a) licensee, immito is an authorized lender under the PPP loans, originally through June 30, 2020 and extended through May 31, 2021, allowing immito to continue to close PPP loans approved by the SBA prior to May 31, 2021. immito originated loans totaling $6,610,890 under the program during the year ended December 31, 2021 before it closed.

During the years ended December 31, 2021, the SBA paid immito $334,959 in fees upon funding loans under the PPP loans which are deferred and amortized over the estimated life of the loans using the effective interest method and fully amortized when the underlying loan is repaid in full. As of December 31, 2022 and 2021, $0 and $53,230 of the fees were deferred, respectively.

As of December 31, 2022 all of the PPP loas originated have been forgiven and repaid, either in part or in full, by the SBA, including both principal and accrued interest.

Loans to CDPs and affiliates' projects as of December 31, 2022 and 2021 comprised the following:

Loan type:	2022	2021
Acquisition loans (1)	$ 329,686,352	$ 235,330,009
Predevelopment loans and pre-credit loans (2)	67,795,763	44,543,606
Construction loans (3)	166,093,573	170,277,325
Other (4)	333,934,797	228,285,066
Total	$ 897,510,485	$ 678,436,006

LISC disaggregates loan receivables by loan type when assessing and monitoring risk and performance of the entire population. The major loan types are:

(1) Acquisition loans - to pay purchase and closing costs of a property.

(2) Predevelopment loans and pre-credit loans - to pay project predevelopment expenses.

(3) Construction loans - to pay hard and soft costs of new or rehabilitation projects.

(4) Other - includes mainly semi-permanent and permanent financing for projects, SBA 7(a) loans, bridge loans (financing the remaining gap between projects or program costs and cash from committed or anticipated sources not yet available), and working capital lines of credit to provide flexible capital to meet organizational cash flow needs.

The following tables provide an analysis of the aging of loan receivables as of December 31, 2022 and 2021:

2022	31–60 days past due	61–90 days past due	Greater than 90 days past due	Total past due	Current	Total gross loans receivable
Acquistion	$ 1,350,000	$ -	$ 5,913,899	7,263,899	$ 322,422,453	$ 329,686,352
Predevelopment and pre-credit loans	729,084	-	-	729,084	67,066,679	67,795,763
Construction	-	-	-	-	166,093,573	166,093,573
Other	8,892,020	-	-	8,892,020	325,042,777	333,934,797
Total	$ 10,971,104	$ -	$ 5,913,899	$ 16,885,003	$ 880,625,482	$ 897,510,485

2021	31–60 days past due	61–90 days past due	Greater than 90 days past due	Total past due	Current	Total gross loans receivable
Acquistion	$ -	$ -	$ -	$ -	$ 235,330,009	$ 235,330,009
Predevelopment and pre-credit loans	-	-	265,942	265,942	44,277,664	44,543,606
Construction	172,288	-	-	172,288	170,105,037	170,277,325
Other	-	-	178,332	178,332	228,106,734	228,285,066
Total	$ 172,288	$ -	$ 444,274	$ 616,562	$ 677,819,444	$ 678,436,006

The activity in the allowance for uncollectible loans for the years ended December 31, 2022 and 2021 is as follows:

2022	Acquisition	Predevelopment	Construction	Other	Total
Allowance for uncollectible loans, beginning of the year	$ (21,114,451)	$ (4,809,293)	$ (4,689,124)	$ (3,798,293)	$ (34,411,161)
Write-offs	2,100,000	287,000	1,599,191	974,798	4,960,989
Recoveries	(129,550)	(1,784,382)	(194,544)	(841,443)	(2,949,919)
Provision	(8,217,601)	511,269	(3,639,664)	(4,621,630)	(15,967,626)
Allowance for uncollectible loans, end of the year	$ (27,361,602)	$ (5,795,406)	$ (6,924,141)	$ (8,286,568)	$ (48,367,717)

2021	Acquisition	Predevelopment	Construction	Other	Total
Allowance for uncollectible loans, beginning of the year	$ (18,401,055)	$ (4,284,609)	$ (4,028,927)	$ (4,706,194)	$ (31,420,785)
Write-offs	94,421	402,279	997,350	639,791	2,133,841
Recoveries	-	-	(16,205)	148,794	132,589
Provision	(2,807,817)	(926,963)	(1,641,342)	119,316	(5,256,806)
Allowance for uncollectible loans, end of the year	$ (21,114,451)	$ (4,809,293)	$ (4,689,124)	$ (3,798,293)	$ (34,411,161)

Loans receivable, by class and credit quality category, as of December 31, 2022 and 2021, are as follows:

	2022							
	Excellent	Strong	Good	Acceptable	Close Follow	Substandard	Doubtful	Total
Acquisition	$ -	$ 4,109,976	$ 48,273,741	$ 265,135,722	$ 9,158,515	$ 3,008,398	$ -	$ 329,686,352
Predevelopment and pre-credit loans	-	-	10,069,295	57,190,478	535,990	-	-	67,795,763
Construction	-	-	42,084,862	110,382,808	11,567,246	2,058,657	-	166,093,573
Other	35,167	35,023,004	83,530,401	202,085,790	13,260,435	-	-	333,934,797
Total	$ 35,167	$ 39,132,980	$ 183,958,299	$ 634,794,798	$ 34,522,186	$ 5,067,055	$ -	$ 897,510,485

	2021							
	Excellent	Strong	Good	Acceptable	Close Follow	Substandard	Doubtful	Total
Acquisition	$ -	$ 4,390,000	$ 36,987,836	$ 110,139,838	$ 11,156,200	$ 958,398	$ -	$ 163,632,272
Predevelopment and pre-credit loans	-	-	11,680,592	20,277,482	600,363	-	-	32,558,437
Construction	-	2,241,090	48,081,899	100,843,563	1,197,584	629,842	-	152,993,978
Other	97,552	27,032,216	93,595,464	204,554,525	3,793,230	178,332	-	329,251,319
Total	$ 97,552	$ 33,663,306	$ 190,345,791	$ 435,815,408	$ 16,747,377	$ 1,766,572	$ -	$ 678,436,006

Recoverable grants to CDPs-sponsored projects

In furtherance of its charitable purposes, the Organization makes recoverable grants directly to CDPs. Recoverable grant activity for 2021 and 2021 is summarized as follows:

	2022	2021
Gross recoverable grants beginning of year	$ 35,050,365	$ 31,715,424
New recoverable grants made	7,209,335	7,641,933
Write-offs	(846,345)	(1,644,316)
Repayments	(3,778,974)	(2,662,676)
Gross recoverable grants end of year	37,634,381	35,050,365
Allowance for uncollectible recoverable grants, end of year	(19,694,978)	(17,438,016)
Recoverable grants receivable, net, end of year	$ 17,939,403	$ 17,612,349

Note 8 - Grants payable

In furtherance of its charitable purposes, the Organization makes grants to CDPs. The Organization's grant activity for the years ended December 31, 2022 and 2021 is summarized below:

	2022	2021
Grants payable, beginning of year	$ 47,697,227	$ 43,295,401
New project grants made	105,965,176	116,485,893
Disbursements on commitments	(93,207,347)	(112,084,067)
Grants payable, end of year	$ 60,455,056	$ 47,697,227

Note 9 - Temporary Investments in Project Partnerships

NEF Support Corporation, a subsidiary of NEF, may temporarily hold and currently is holding legal interests of Project Partnerships investment in the interim until the interests are assigned to a Fund. Upon assignment of the Project Partnership to a Fund, NEF's investment is typically repaid in full by the Fund.

As of December 31, 2022 and 2021, NEF was holding temporary investments in Project Partnerships of $113,625,948 and $44,822,951, respectively, in which NEF contributed $17,637,679 and $5,654,016, respectively, to the Project Partnerships and entered into promissory notes for future contributions of $95,121,714 and $38,458,262, respectively. As of December 31, 2022 and 2021, NEF also includes preacquisition costs of $866,555 and $$710,673, respectively, in temporary investments in Project Partnerships.

Note 10 - Property and equipment

Property and equipment consist of the following at December 31, 2022 and 2021:

	2022	2021
Furniture, equipment, computer software, and leasehold improvements	$ 18,332,178	$ 17,375,936
Land, buildings, and improvements	38,996,181	58,418,523
Gross property and equipment	57,328,359	75,794,459
Less accumulated depreciation and amortization	(27,082,114)	(34,784,877)
Total property and equipment, net	$ 30,246,245	$ 41,009,582

Related to the CDA entities, as of December 31, 2022 and 2021, the consolidating and consolidated financial statements include $38,996,181 and $58,418,523 in land, buildings and improvements and $1,437,842 and $1,937,177 in furniture, equipment, and leasehold improvements. Accumulated depreciation was $16,896,228 and $25,513,991 as of December 31, 2022 and 2021.

Note 11 - Loans and bond payable

At December 31, 2022 and 2021, loans and bond payable consisted of the following:

	Maturities	Interest rates	2022	2021
Financial institutions and insurance companies	2023-2035	0.00%-5.88%	$ 265,557,424	$ 219,461,050
Sustainability Bonds and Impact Notes	2024-2037	0.50%-4.73%	176,912,000	198,971,000
Foundations	2023-2031	0.00%-4.00%	90,290,971	69,348,729
Public agencies/entities and retirement funds	2023-2043	0.00%-3.61%	54,392,372	54,248,810
Nonprofit and other institutions	2025-2031	0.00%-2.37%	185,172,563	106,178,537
Total			772,325,330	648,208,126
Less: Unamortized Discount and deferred costs (*)			(2,391,334)	(2,549,696)
Loans and Bonds Payable, net			$ 769,933,996	$ 645,658,430

Loans and bonds payable maturities
Loans payable are scheduled to be repaid as of December 31, 2022 as follows:

	Principal
2023	$ 61,576,891
2024	50,696,417
2025	156,699,780
2026	103,125,983
2027	65,982,986
Thereafter	334,243,273
Total	$ 772,325,330

In November 2020, LISC launched an Impact Notes (Notes) program for up to $200,000,000. The proceeds of the offering will be used for general corporate purposes, including to refinance certain of LISC's existing indebtedness and as capital for loans made by LISC and its affiliates, each in support of LISC's overall mission to encourage the growth of, and provide support to, neighborhood and community development organizations and businesses that foster improvement of economic conditions; develop housing and other physical facilities; provide amenities and services; and other activities that help to revitalize disinvested communities. The Notes are sold through the Depository Trust Company (DTC). The Lead Selling Agent, InspereX, agrees to sell these notes to other agents on LISC's behalf. The Notes are issued in increments of $1,000 or more and pay interest at various fixed interest rates. The terms of the Notes offer one-year to 15-year maturities.

As of December 31, 2022, LISC issued $101,912,000 in Notes as follows:

Maturities	Interest rates	2022
February 15, 2024	0.50%	$ 5,000,000
March 15, 2025	2.60%	2,153,000
April 15, 2025	3.10%	2,458,000
November 15, 2025	1.00%	19,880,000
December 15, 2025	0.95%	9,111,000
January 15, 2026	0.95%	8,250,000
March 15, 2026	1.25%	7,002,000
May 15, 2026	1.30%	7,550,000
August 15, 2026	1.25%	7,945,000
March 15, 2027	2.50%	2,023,000
March 15, 2027	2.90%	3,420,000
April 15, 2027	3.35%	1,341,000
October 15, 2027	1.80%	303,000
November 15, 2027	1.40%	294,000
December 15, 2027	1.30%	757,000
April 15, 2028	1.90%	3,880,000
July 15, 2028	1.75%	6,881,000
July 15, 2028	1.60%	122,000
September 15, 2028	1.65%	607,000
December 15, 2028	2.00%	953,000
January 15, 2029	2.15%	212,000
December 15, 2030	1.70%	1,828,000
January 15, 2031	1.80%	40,000
February 15, 2031	1.80%	5,703,000
May 15, 2031	2.30%	144,000
August 15, 2031	2.25%	4,055,000
		$ 101,912,000

The Notes were issued at a discount of $1,351,731 and LISC incurred debt issuance costs of $1,310,886. As of December 31, 2022 and 2021, the unamortized discount and debt issuance costs were $1,878,203 and $1,986,558, respectively.

In April 2017, LISC issued $100,000,000 in Taxable Bonds, Series 2017A ("Sustainability Bonds") ($25,000,000, 3.005% term bonds due March 1, 2022; $25,000,000, 3.782% term bonds due March 1, 2027; and $50,000,000, 4.649% term bonds due March 1, 2037). The proceeds of the Sustainability Bonds were used to finance then existing loans payable and pay a portion of the debt issuance costs. The Sustainability Bonds were issued at a discount of $731,478, and LISC incurred debt issuance costs of $126,811. As of December 31, 2022 and 2021, the unauthorized discount and debt issuance costs were $513,131 and $563,138, respectively.

At December 31, 2022, LISC had $145,948,000 of available undrawn sources of funding with maturities ranging from 2023 to 2032. Interest rates range from 0.00% to 4% fixed rate ($122,948,000) and floating rate range from LIBOR + 1.50% to LIBOR + 2.00% ($10,000,000), PRIME - 1.00% ($3,000,000), and SOFR +2.30% ($10,000,000).

In August 2020, immito borrowed funds from the Federal Reserve through the Paycheck Protection Program Liquidity Facility (the "PPPLF"). Additional funds were borrowed in 2021 including the expansion of the PPP loans program funding a total of $6,610,890. Advances under the PPPLF carry an interest rate of 0.35%, are made on a dollar-for-dollar basis based on the amount of loans originated under the PPP loans and are secured by loans processed by immito under PPP. As of December 31, 2021, the outstanding balance under the PPPLF was $4,291,709.

As of February 14, 2022, all PPP loans were forgiven and the PPPLF Agreement was paid in full.

AHLF entered into loan agreements with various lenders dated as listed below (collectively, the "Lenders"), for credit facilities in the aggregate principal amounts as follows:

Loan Date	Lender	Maximum Amount of Credit Facility	Balance as of 12/31/2022	Balance as of 12/31/2021
September 25, 2020	Chase New Markets Corporation	$ 12,500,000	$ 5,000,000	$ 2,500,000
September 25, 2020	Citizens Bank, N.A.	3,000,000	1,200,000	600,000
September 25, 2020	First Independence Bank	2,500,000	1,000,000	500,000
September 25, 2020	Flagstar Bank, FSB	2,500,000	1,000,000	500,000
December 16, 2020	PNC Community Development Company, LLC	5,000,000	2,000,000	1,000,000
May 14, 2021	CIBC Bank USA	2,500,000	1,000,000	500,000
December 6, 2021	Keybank National Association	10,000,000	4,000,000	-
		$ 38,000,000	$ 15,200,000	$ 5,600,000

Each loan has a non-revolving advance period expiring five years after the respective Closing Date, followed by a ten-year non-revolving term. The loans mature 10 years after the respective Closing Date and bear interest on outstanding principal amounts at a fixed rate per annum of 2% commencing on the first day of the third month following the first full month after the respective Closing Date. Accrued interest is due and payable quarterly through maturity, beginning with the first calendar quarter-end date following the first full quarter interest is accrued. Principal payments are due quarterly beginning five years after the respective Closing Date in an amount equal to 1/120th of all loans outstanding as of such date.

All remaining outstanding principal and any unpaid interest on the loans are due and payable in full at maturity. The Lenders have the right to accelerate the maturity date of their loan upon the occurrence of an Event of Default, as further defined in its respective loan agreement. AHLF may prepay the loans on a pro rata basis, in whole or in part, at any time. The loans are secured by a Guarantee Agreement. For the years ended December 31, 2022 and 2021, interest expense incurred and paid on the loans was $151,494 and $51,972, respectively.

BFF entered into loan agreements with various lenders dated as listed below (collectively, the "Lenders"), for credit facilities in the aggregate principal amounts as follows:

Loan Date	Lender	Maximum Amount of Credit Facility	Balance as of 12/31/2022	Balance as of 12/31/2021
August 3, 2020	First Republic Bank ("FRB")	$ 5,000,000	$ 1,500,000	$ 500,000
August 13, 2020	The San Francisco Foundation ("SFF")	5,000,000	1,500,000	500,000
August 19, 2020	Silicon Valley Community Foundation ("SVCF")	1,000,000	300,000	100,000
October 29, 2020	Chase New Markets Corporation ("CNMC")	15,000,000	4,500,000	1,500,000
January 21, 2021	The Ford Foundation (“FF”)	10,000,000	3,000,000	1,000,000
October 22, 2021	The David and Lucile Packard Foundation ("DLPF")	3,000,000	900,000	-
		$ 39,000,000	$ 11,700,000	$ 3,600,000

Each loan has a non-revolving advance period expiring five years after the respective Loan Date, followed by a five-year non-revolving term. The loans mature ten years after the respective Loan Date (nine years for DLPF loan) and bear interest on outstanding principal amounts at a fixed rate per annum of 2% for the CNMC, FRB, FF, and SVCF loans, 2.5% for the SFF loan, and 1% for the DLPF loan. Accrued interest is due and payable on the last day of each calendar quarter for each loan beginning September 30, 2020 for the FRB, SFF, and SVCF loans, December 31, 2020 for the CNMC loan, March 31, 2021 for the FF loan, and December 31, 2021 for the DLPF loan through maturity. The entire principal and any unpaid interest on the loans are due and payable in full at maturity. The Lenders have the right to accelerate the maturity date of their loan upon the occurrence of an Event of Default, as further defined in its respective loan agreement. As of December 31, 2022 and 2021, there has not been an Event of Default and BFF is in compliance with all covenants. BFF may prepay the loans on a pro rata basis, in whole or in part, at any time. The loans are unsecured and full recourse obligation of BFF. For the years ended December 31, 2022 and 2021 interest expense incurred on the loans was $123,117 and $54,427, respectively, and accrued interest as of December 31, 2022 and 2021 was $0.

CHOIF entered into loan agreements with various lenders dated as listed below, for the credit facilities in the aggregate principal amounts as follows:

Loan Date	Lender	Maximum Amount of Credit Facility	Balance as of 12/31/2022	Balance as of 12/31/2021
September 3, 2019	Banc of America Community Development Corp	$ 2,500,000	$ 2,167,526	$ 1,141,357
September 20, 2019	Foundation For The Carolinas	2,500,000	2,168,262	1,141,013
December 20, 2019	Duke Energy Corporation	2,000,000	1,733,293	911,969
December 20, 2019	The Presbyterian Hospital	6,000,000	5,201,954	2,738,975
December 24, 2019	Ally Bank	5,000,000	4,335,703	2,282,795
March 2, 2020	Truist Bank	4,000,000	3,468,545	1,826,389
		$ 22,000,000	$ 19,075,283	$ 10,042,498

Each loan has a non-revolving advance period expiring five years after the respective Loan Date, followed by a ten-year non-revolving term. The loans mature September 3, 2039 and bear interest on outstanding principal amounts at a fixed rate per annum of 1%, with interest capitalizing on the loans until October 1, 2024. All remaining outstanding principal and any unpaid interest payments on the loans are due and payable in full at maturity. The Lenders have the right to accelerate the maturity date of their loan upon the occurrence of an Event of Default, as further defined in its respective loan agreement. CHOIF may prepay the loans on a pro rate basis, in whole or in part, at any time. As of December 31, 2022 and 2021, the outstanding balance of the loans was $19,075,283 and $10,042,498, respectively, and accrued interest was $0 for each year. For the years ended December 31, 2022 and 2021, respectively, interest expense on the loans was $131,770 and $46,796.

CHF entered into a Loan Agreement with Facebook Community Housing Fund, LLC dated December 9, 2020, and amended on September 14, 2021. Pursuant to the Loan Agreement, Facebook Community Housing Fund, LLC shall make advances to CHF through December 9, 2025, up to an aggregate principal amount of $150,000,000. Pursuant to the Loan Agreement, interest accrues on the outstanding principal balance on the loan at a rate of 1.00% per annum. Interest is due quarterly commencing on March 31, 2021, and continuing on the last day of each calendar quarter thereafter through maturity. Commencing December 9, 2025, and continuing on the last day of each calendar quarter thereafter, CHF shall pay to Facebook Community Housing Fund, LLC an amount equal to the repayments of the Project Loans received by CHF, if any, as payment of outstanding principal on the loan. On December 31, 2038, the remaining unpaid principal together with accrued but unpaid interest is due. CHF may prepay the loans without penalty. As of December 31, 2022 and 2021, the outstanding balance was $91,445,160 and $71,445,160, respectively, and accrued interest was $0. For the year ended December 31, 2022 and the period December 9, 2020 (commencement of operations) to December 31, 2021, interest expense on the loan was $912,708 and $269,639, respectively.

SOAR entered into a Loan and Security Agreement with the Lenders dated April 22, 2021, to make loans to SOAR in the aggregate principal amounts as follows:

Class	Lender	Loan Commitment	Balance as of 12/31/2022	Balance as of 12/31/2021
Class A	Mercy Investment Services, Inc.	$ 1,500,000	$ 1,340,704	$ 388,867
Class A	Microsoft Corporation	20,000,000	17,876,107	5,184,906
Class A	The Grove Foundation	500,000	446,915	129,626
Class A	Isenberg Family Charitable Foundation, Inc.	1,250,000	1,117,247	324,054
Class A	Heifer International Foundation	2,500,000	2,234,532	648,119
Class A	Chase New Markets Corporation	10,000,000	8,938,041	2,592,449
Class A	The David and Lucile Packard Foundation	5,000,000	4,469,026	1,296,226
Class A	Winrock International Foundation LLC	500,000	446,914	129,626
Class A	Woodforest National Bank	1,000,000	893,790	259,241
Class A	Gary Chartrand GRAT II Exempt Trust	1,000,000	893,790	259,241
Class A	Gary R. Chartrand Revocable Trust	1,000,000	893,790	259,241
Class A	Millennium Trust Company, LLC cust. FBO Amy Brakeman IRA	1,000,000	893,790	155,246
Class A	WoodNext Foundation	2,000,000	1,873,075	-
Class B	Arbitblit Suttie 2010 Trust	250,000	250,000	86,663
Class B	The Grove Foundation	500,000	500,000	173,322
Class B	Isenberg Family Charitable Foundation, Inc.	750,000	750,000	259,985
Class B	Mercy Investment Services, Inc.	500,000	500,000	173,322
Class B	Mighty Arrow Family Foundation	250,000	250,000	86,663
Class B	The Roger I. & Ruth B. MacFarlane Foundation	250,000	250,000	86,663
Class B	Ms. Foundation for Women, Inc.	250,000	250,000	86,663
Class B	Kristin Leimkuhler Trust UAD 12/11/2017	250,000	250,000	86,663
Class B	ImpactAssets Inc., FBO Excelsior Impact Fund	250,000	250,000	86,663
Class B	Visa Foundation	5,000,000	5,000,000	1,733,234
Class B	Compton Foundation, Inc.	500,000	500,000	173,322
Class B	W.K. Kellogg Foundation	3,000,000	3,000,000	1,039,939
Class B	Jewish Community Federation of San Francisco, The Peninsula, Marin and Sonoma Counties	1,000,000	1,000,000	-
Class B	Kermit G. Phillips II Charitable Trust	250,000	250,000	-
Class B	The Community Foundation for Greater Atlanta, Inc.	500,000	500,000	-
		$ 60,750,000	$ 55,817,721	$ 15,699,944

Pursuant to the Loan and Security Agreement, interest accrues on the outstanding principal balance of the loans payable at a rate of 2.00% per annum for Class A loans and 2.50% per annum for Class B loans. Interest is due on the 21st of each month for each loan beginning 180 days after the disbursement date through maturity. Each loan is due and payable seven years after the original disbursement date. As of December 31, 2022 and 2021, the outstanding balance of loans payable was $55,817,721 and $15,699,944, respectively, and accrued interest payable was $90,072 and $27,125, respectively. For the year ended December 31, 2022 and the period April 22, 2021 (commencement of operations) to December 31, 2021, interest expense on the loans was $714,186 and $76,138, respectively.

EOCLF entered into a loan and a joinder agreement with lenders listed below dated January 13, 2022 and April 29, 2022, respectively, to make loans to EOCLF in the aggregate principal amounts as follows:

Class	Lender	Loan Commitment	Balance as of 12/31/2022
Class A	JPMorgan Chase Bank, N.A.	$ 20,000,000	$ -
Class A	Block, Inc.	10,000,000	-
Class A	Costco Wholesale Corporation	10,000,000	-
Class A	Amalgamated Bank	10,000,000	-
Class A	Forbright Bank	10,000,000	-
Class A	Rippleworks, Inc.	5,000,000	-
Class B	Chase New Markets Corporation	30,000,000	1,325,000
		$ 95,000,000	$ 1,325,000

Pursuant to the loan agreement, interest accrues on the outstanding principal balance of the loans payable at a rate of 4.00% per annum for Class A loans and 2.00% per annum for Class B loans. Interest is due on the 15th of each month for each loan beginning 180 days after the disbursement date through maturity. The Class A loans are due and payable on January 13, 2032 unless LFM exercises the one-year maturity date extension option pursuant to the loan agreement. The Class B loans are due and payable on the earlier of January 13, 2033 or the date of any acceleration of the loans pursuant to the loan agreement. As of December 31, 2022, the outstanding balance of loans payable was $1,325,000 and accrued interest payable was $11,483. For the period January 6, 2022 (commencement of operations) to December 31, 2022, interest expense on the loans was $11,483.

DHOF entered into a Loan Agreement with Sunflower Bank, N.A. dated September 22, 2022. Pursuant to the Loan Agreement, Sunflower Bank, N.A. shall make advances to DHOF up to an aggregate principal amount of $5,000,000. Interest accrues on the outstanding principal balance of the loan payable at a rate of 1.00% per annum. Interest is due quarterly through the maturity date. Each advance is due and payable five years following the initial disbursement. As of December 31, 2022, the outstanding balance of the loan payable was $1,600,000 and accrued interest payable was $578. For the period November 29, 2021 (commencement of operations) to December 31, 2022, interest expense on the loan was $578.

DHOF was awarded a recoverable grant payable of up to $6,000,000 by the City of Dallas. The recoverable grant funds are available to DHOF to grow and administer an Affordable Housing Fund established to produce at least 1,500 units of housing on or before December 31, 2031, in compliance with the Affordable Housing Program Guidelines. No principal or interest payments on the recoverable grant shall be due and payable unless there is an event of default. The principal amount of the recoverable grant will be forgiven in 1/15 increments as each 100 affordable housing units is produced. As of December 31, 2022, the recoverable grant payable balance was $6,000,000.

Pledged assets
LISC has pledged certain assets as collateral to lenders to secure (1) nonrecourse indebtedness to LISC totaling $0 as of December 31, 2022 and 2021, and (2) $43,151,871 and $44,669,802 of collateral assets for the recourse indebtedness under the Community Development Financial Institution Bond Guarantee Program ("CDFI BGP Loan") totaling $41,137,061 and $42,650,233, as of December 31, 2022 and 2021, respectively.

Subordinated debt
At December 31, 2022, LISC has subordinated debt in loans and bonds payable totaling $40.1 million in the form of twelve equity equivalent investments from seven financial institutions. At December 31,

2021, LISC had subordinated debt included in loans and bonds payable totaling $29.6 million in the form of eleven equity equivalent investments from six financial institutions.

Lines of credit
At December 31, 2022 and 2021, LISC had available bank lines of credit of $65,000,000, which expire between February 10, 2023 and March 28, 2024, with interest rates ranging from LIBOR + 1.80%, PRIME - 1.50%, SOFR +1.875% to + 1.90%, and BSBY + 1.50%. At both the years ended December 31, 2022 and 2021, the outstanding balance included in loans and bonds payable was $0, respectively.

NEF has a $20,000,000 revolving credit facility with a bank to provide a portion of the equity needed to temporarily invest in Project Partnerships, provide bridge financing to the Funds and to fund general corporate and working capital purposes that support NEF's core business activities. The current maturity date is November 30, 2023. Interest on any outstanding amounts is due monthly calculated at the greater of Prime plus 25 basis points or 2.5%. The interest rates ranged from 3.75% to 7.75% in 2022 and was 3.5% in 2021. NEF borrowed $12,500,000 and repaid $12,500,000 in 2022 and borrowed $10,000,000 and repaid $10,000,000 in 2021. The outstanding balance as of December 31, 2022 and 2021 was $0.

NEF has a $20,000,000 revolving credit facility with another bank to provide a portion of the equity needed to temporarily invest in Project Partnerships, provide bridge financing to the Funds and to fund general corporate and working capital purposes that support the Corporation's core business activities. The current maturity date is March 11, 2024. Interest on any outstanding amounts is due quarterly calculated at Prime less 90 basis points. The interest rate ranged from 2.60% to 6.60% in 2022 and was 2.35% in 2021. NEF borrowed $12,500,000 and repaid $12,500,000 in 2022 and borrowed $10,000,000 and repaid $10,000,000 in 2021. The outstanding balance at December 31, 2022 and 2021 was $0. NEF is also required to pay a revolving commitment fee of 0.25% based on the daily amount of the undrawn portion of the revolving credit facility.

Covenants
In accordance with the terms of loan agreements with certain lenders, LISC is required to meet several financial covenants. LISC was in compliance with its financial covenants at December 31, 2022.

Note 12 - Pension and thrift plans

LISC has a Code Section 403(b) defined-contribution pension plan covering all eligible employees. Plan contributions are computed based on formulas defined in the plan. Total pension expense for the years ended December 31, 2022 and 2021, was $3,835,921 and $3,450,285, respectively.

LISC, NEF, NMSC, and immito maintain thrift plans under Section 401(k) of the Code covering all eligible employees. Under the plans, employee contributions are partially matched by LISC, NEF, NMSC, and immito, respectively. Total thrift plan expense for the years ended December 31, 2022 and 2021 was $2,957,544 and $2,723,482, respectively.

Note 13 - Financial instruments with off-balance-sheet risk and fair values

Off-balance-sheet risk
The Organization is a party to certain financial instruments with off-balance-sheet risk to meet the financing needs of community development organizations across the United States. These financial instruments and arrangements include financial guarantees and loan commitments. These

transactions and arrangements involve elements of credit risk. The Organization uses the same credit policies in making commitments and conditional obligations as it does for on-balance-sheet instruments.

The Organization's exposure to credit loss in the event of nonperformance of the Organization's loans have been guaranteed or sold with recourse is equal to the contractual amounts of the instruments.

Loan commitments are agreements to lend as long as there is no violation of any condition established in the contract. The following represents the composition of financial instruments with off-balance-sheet risk:

	2022 Contract amount	2021 Contract amount
Financial instruments whose contract amounts represent credit risk:		
Financial guarantees	$ 5,900,000	$ 6,199,522
Loan commitments outstanding	207,509,681	159,646,904
Total	$ 213,409,681	$ 165,846,426

LISC generally makes loans over $500,000 on a secured basis. The collateral for such loans generally consists of mortgages, security agreements, assignment of contract receivables, and guarantees.

At December 31, 2022 and 2021, LISC had interest rate swap agreements with notional amounts aggregately of $10,000,000, respectively. At December 31, 2022 and 2021, the fair value of the interest rate swaps was $548,937 and $(173,572), respectively.

Fair values
The following methods and assumptions were used by the Organization in estimating its fair value disclosure for financial instruments: for cash, cash equivalents, restricted cash escrow, accrued interest receivable, contributions receivable, government grants receivable, notes and other receivables, recoverable grants, real estate held for sale, accounts payable and accrued expenses, grants payable, capital contributions due to temporary investment in Project Partnerships, and capital contributions due to investment in Project Partnerships, the respective amounts reported in the consolidating and consolidated statement of financial position, approximate fair values due to the short-term nature of these financial instruments. The carrying value of loans receivable approximates fair value, which is based on a discounted cash flow analysis using current rates the Organization would charge to similar borrowers with similar maturities and is considered market rate for loans made by similar community development financial institutions. The inputs used for the fair value estimates of these financial instruments are unobservable and are considered Level 3 in the fair value hierarchy. The carrying value of long-term debt and loans and bond payable approximates fair value, which is based on a discounted cash flow analysis using current borrowing rates, which are significant observable inputs and are considered Level 2 in the fair value hierarchy. The Organization utilized Level 3 inputs in its evaluation of impairment of investments in Project Partnerships, the provision for loss on temporary investments in Project Partnerships, the provision for loss on receivables, and the value of the bond receivable. For a discussion of valuations of investments, see Note 1.

The following tables present the Organization's fair value hierarchy for those assets and liabilities measured at fair value on an annual basis as of December 31, 2022 and 2021:

	December 31, 2022		
	Total	Level 1	Level 2
Cash and cash equivalents, and restricted cash escrow	$ 485,378,038	$ 485,378,038	$ -
Investments:			
Corporate bonds and fixed income funds	$ 28,360,926	$ 28,246,037	$ 114,889
U.S. government agencies	65,445,736	56,764,892	8,680,844
Certificates of deposit	15,679,788	-	15,679,788
	$ 109,486,450	$ 85,010,929	$ 24,475,521
Alternative investments:			
Real estate investment trust	$ 4,481,586		
Hedge funds	35,316		
Private equity funds	8,698,526		
	13,215,428		
Total investments	$ 122,701,878		
Interest rate swap held by LISC	$ 548,937	$ -	$ 548,937
Total interest rate swaps	$ 548,937	$ -	$ 548,937
Loan guarantee - LISC	$ (616,060)	$ -	$ (616,060)

	December 31, 2021		
	Total	Level 1	Level 2
Cash and cash equivalents, and restricted cash escrow	$ 486,651,359	$ 484,914,483	$ 1,736,876
Investments:			
Corporate bonds and fixed income funds	$ 40,835,217	$ 40,676,381	$ 158,836
U.S. government agencies	58,878,840	51,202,320	7,676,520
Certificates of deposit	16,663,623	-	16,663,623
	$ 116,377,680	$ 91,878,701	$ 24,498,979
Alternative investments:			
Real estate investment trust	$ 3,588,675		
Hedge funds	8,756,843		
Private equity funds	7,276,125		
	19,621,643		
Total investments	$ 135,999,323		
Interest rate swap held by LISC	$ (173,572)	$ -	$ (173,572)
Total interest rate swaps	$ (173,572)	$ -	$ (173,572)
Loan guarantee - LISC	$ (655,764)	$ -	$ (655,764)

Note 14 - Concentration of credit risk

LISC makes loans throughout the United States primarily to local community organizations and non-profit developers that are primarily engaged in residential, commercial, and community facility real estate development. Although LISC's portfolio is diversified as to location of borrower, the ability of LISC borrowers to repay their obligations on a timely basis may be affected by a downturn in the economy, a cutback in government subsidies, or the availability of other permanent financing sources, which may limit capital available to complete projects. The Organization places its cash and cash equivalents with high credit quality financial institutions that are federally insured. At times, invested cash may exceed federally insured amounts.

BFF's, BFF Side Car's and CHF's major assets are loans receivable from borrowers with operations in the Bay Area affordable housing market. BFF's, BFF Side Car's and CHF's primary source of revenue is derived from these assets. Future operations could be affected by changes in the economic conditions of the geographical area or by changes in the economic condition of the borrowers or their parent companies.

AHLF's major assets are loans receivable from borrowers with operations concentrated in the Detroit, Michigan residential real estate market. The fund's primary source of revenue is derived from these assets. Future operations could be affected by changes in the economic conditions of that geographical area or by changes in the economic condition of the borrowers or their parent companies.

CHOIF's major assets are loans to and an investment in borrowers with operations concentrated in the affordable housing market in the City of Charlotte and in the surrounding area of Mecklenburg

County, North Carolina. CHOIF's primary source of revenue is derived from these assets. Future operations could be affected by changes in the economic conditions of that geographical area or by changes in the economic condition of the borrowers or their parent companies.

SOAR's major assets are loan receivables from borrowers with operations concentrated in the south and southeastern United States. SOAR's primary source of revenue is derived from these assets. Future operations could be affected by changes in the economic conditions of that geographical area or by changes in the economic condition of the borrowers.

BEDF's and EOCLF's major assets are loan receivables from borrowers with operations throughout the United States. BEDF's and EOCLF's primary source of revenue is derived from these assets. Future operations could be affected by changes in the economic conditions of the borrowers or their parent companies.

DHOF's major assets are loans receivable from borrowers with operations concentrated in Dallas, Texas. The Fund's primary source of revenue is derived from these assets. Future operations could be affected by changes in the economic conditions of that geographical area or by changes in the economic condition of the borrowers or their parent companies.

Note 15 - Commitments and contingencies

Project Partnership guarantees and purchase commitments

In connection with the placement of a Project Partnership into a Fund in 2014, a subsidiary of NEF entered into a put agreement with the investor of the Fund. Under the agreement, the Fund investor could put, assign and transfer the Project Partnership to the subsidiary or its designee at any time after expiration of the credit period and before expiration of the credit compliance period of the Project Partnership, which is anticipated to be 2025 and 2030, respectively ("Put Period"). If the option is exercised, the subsidiary would be responsible for paying the tax credit recapture to the Fund investor if a catastrophic event occurs during the Put Period and the Project Partnership was unable to rebuild the lost units due to zoning reconstruction restrictions. NEF has not accrued any contingent liability as a loss is neither probable nor estimable as of December 31, 2022.

NEF entered into a subscription agreement with a LISC managed fund whose purpose is to provide debt financing to preserve investments in affordable housing projects. NEF has agreed to provide up to $100,000 in capital contributions to this fund in accordance with the subscription agreement. No amounts have been funded as of December 31, 2022.

In connection with NEF Predevelopment Loan Fund I LP, NEF entered into a guaranty agreement with the limited partners of the Fund. NEF has agreed to provide up to $4,000,000 in capital contributions upon the occurrence of a Realized Loss Event as defined in the NEF Predevelopment Loan Fund I LP limited partnership agreement. NEF has not accrued any contingent liability as a loss is neither probable nor estimable as of December 31, 2022.

NEF Support Corporation, a subsidiary of NEF, entered into seven California state tax credit purchase and transfer agreements with unrelated third parties. NEF Support Corporation agreed to purchase the state tax credits associated with seven project partnerships when they become available and immediately assign the state tax credits to Funds or investors. The cumulative estimated purchase price is $36,219,212. As of December 31, 2022, a $1,099,022 payment was made in relation to one of the Project Partnerships. Per the agreements, upon assignment, the Funds or investors will assume the responsibility for paying the purchase price or reimbursing NEF for any amounts advanced. It is expected that the majority of the purchase price will be payable after the assignment has been made to the Funds or investors.

NEF periodically enters into guaranty agreements related to Project Partnerships in the ordinary course of business. NEF provides backstop operating deficit guarantees, construction completion guarantees, and development completion guarantees to construction lenders, investors, and Funds. NEF's maximum exposure is $5,723,998 and $5,025,643 as of December 31, 2022 and 2021, respectively. NEF has not accrued any contingent liability as a loss is neither probable nor estimable as of December 31, 2022.

The CDA Partnerships' low-income housing credits are contingent on its ability to maintain compliance with applicable sections of Section 42. Failure to maintain compliance with occupant eligibility, and/or unit gross rent, or to correct noncompliance within a specified time period could result in recapture of previously taken tax credits plus interest. In addition, such potential noncompliance may require an adjustment to the contributed capital by the limited partner(s).

As of December 31, 2022 and 2021, immito had $0 and $1,551,075, respectively, of unfunded commitments in connection with its SBA 7 (a) loans where portions of loans originated were partially funded. immito will fund these commitments from the same sources it uses to fund its other loans.

Pursuant to the Guarantee Agreement dated September 25, 2020, AHLF incurs a guaranty fee due to the Kresge Foundation ("Kresge") in consideration for Kresge's guarantee, which is limited to the lesser of $10,000,000 or 15% of the aggregate principal amount of loans committed to AHLF by December 31, 2021, to enable AHLF to raise capital from lenders. The guaranty fee of $7,500 is due annually beginning September 25, 2020 through the Termination Date of the agreement, which is the earlier of the fifteenth anniversary of the closing date of the last Qualified Project Financing (as defined in the Guarantee Agreement), or December 31, 2040. Beginning on September 25, 2025 and annually thereafter until the Termination Date, the guaranty fee incurred will be equal to the amount that is 0.40% of the undrawn Guarantee Amount (as defined in the Guarantee Agreement). The guaranty fee incurred for each of the years ended December 31, 2022 and 2021 was $7,500. As of December 31, 2022 and 2021, accounts payable and accrued expenses included $0 of guaranty fees due to Kresge.

Pursuant to the Guaranty Agreement dated September 1, 2020, BFF Side Car is acting as a guarantor in favor of BFF. BFF Side Car irrevocably, absolutely, and unconditionally guarantees the payments due by BFF to its Qualified Lenders under the Qualified Loans (as defined in a Guaranty Agreement), including principal, interest, fees, premiums, expense reimbursements, etc. and BFF Side Car agrees to pay any and all reasonable costs and expenses incurred by BFF or a Qualified Lender in enforcing any rights under the Guaranty Agreement. As of December 31, 2022 and 2021, no claims or payments have been made relative to the Guaranty Agreement.

Litigation

In the ordinary course of its activities, the Organization is a party to several legal proceedings. In the opinion of management and legal counsel, the resolution of such matters will not have a material adverse impact on the Organization's operations or financial position.

COVID-19

In early 2020, an outbreak of a novel strain of coronavirus ("COVID-19") emerged globally. As a result, events have occurred including mandates from federal, state and local authorities. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. economy. The extent of the impact of COVID-19 has not had a negative impact on the Organization's operational and financial performance through December 31, 2022. During 2021, LISC received approximately $6.4 million in private contributions for COVID-19 relief grants to small businesses. Ongoing performance will depend on certain developments, including the duration and spread of the outbreak, and the impact on employees and vendors, all of which are uncertain and cannot be determined at this time.

Operating lease, right of use asset and liability
The Organization's leased assets include office leases with remaining terms from less than one year up to 15 years. Any renewal options are excluded from the calculation of lease liabilities unless exercising the renewal option is reasonably assured. The lease agreements do not contain residual value guarantees or material restrictive covenants. Operating leases are reflected on the consolidating statement of financial position as a right of use asset and a related right of use liability. Right of use assets represent the right to use an underlying asset for the lease term and were $47,548,771 and $50,129,732 as of December 31, 2022 and 2021, respectively, and right of use liability represents the obligation to make lease payments arising from the lease agreement which are discounted using the Organization's incremental borrowing rate, rates ranging from 1.54% to 3.04%, as of December 31, 2022 and rates ranging from 1.54% to 3.04% as of December 31, 2021. Operating lease right of use assets and liabilities are recognized at the commencement date, or the date on which the lessor makes the underlying asset available for use, based upon present value of the lease payments over the respective lease term. Lease expense is recognized on a straight-line basis over the lease term. Variable lease costs such as common area maintenance and property taxes are expenses as incurred.

Minimum rental commitments under noncancelable operating real estate leases in effect at December 31, 2022 and expiring at various dates through February 2035 totaled $62,996,625. These amounts exclude future escalation for real estate taxes and building operating expenses. Minimum future rental commitments as of December 31, 2022 are as follows:

2023	$ 6,010,490
2024	4,498,393
2025	5,172,735
2026	4,815,675
2027	4,799,234
Thereafter	34,027,723
Subtotal	59,324,250
Less: Effects of discounting	(8,512,014)
Total	$ 50,812,236

Rental expense, inclusive of real estate taxes and operating costs, for the years ended December 31, 2022 and 2021, totaled $7,830,442 and $7,966,705, respectively.

Government contracting
Grant and contract revenue recognized from government agencies are based on actual costs incurred and reimbursable expenses from the respective government agencies. These costs are subject to audit by the Office of the Inspector General or the respective granting agencies and the ultimate revenue recognized is contingent upon the outcome of any such audits. Accordingly, the accompanying consolidating and consolidated financial statements are subject to reflecting

provisions for adjustments, if any, which may result from an audit. For the year ended December 31, 2022, no such provisions were necessary.

Note 16 - CDA partnerships - long-term debt, net and notes payable to funds

As of December 31, 2022 and 2021, the CDA Partnerships had an outstanding long-term debt balance of $22,758,710 and $35,687,915, respectively, which consists of mortgage notes held by banks and other lenders. Maturity dates range from 2046 to 2057 and interest rates range from 0% to 3.66% in 2022 and interest rates ranged from 0% to 5.32% in 2021. Debt issuance costs were $114,056 and $472,777 as of December 31, 2022 and 2021, respectively, and are presented net in long-term debt on the consolidating and consolidated statement of financial position.

Annual maturities on long-term debt and notes payable to Funds at December 31, 2022 are as follows:

2023	$ 123,171
2024	127,742
2025	132,484
2026	137,401
2027	142,501
Thereafter	22,781,355
Total	$ 23,444,654

As of December 31, 2022 and 2021, the CDA Partnerships had outstanding unsecured notes payable to the Funds in the amount of $800,000 and $2,261,721, respectively. Interest rates range from 1.68% to 2.86% in 2022 and ranged from 0.98% to 2.86% in 2021. The notes are payable out of surplus cash flow as defined in the promissory note.

Note 17 - Due from funds

Due from Funds, includes the syndication and asset management fees from Funds billed but not received as of December 31, 2022 and 2021. At December 31, 2022 and 2021, $17,163,832 and $9,499,197 in fees, respectively were due to NEF. All fees are due within one year.

Note 18 - Project partnerships

Investment in project partnerships

NEF (or its subsidiaries) has nominal (generally 1% or less) general partner or managing member interests in the Funds and other ventures and partnerships. At December 31, 2022 and 2021, NEF's investment balance in the Funds and other ventures and partnerships was $32,430 and $16,130, respectively, and is included in other assets, in the accompanying consolidating and consolidated statement of financial position. NEF accounts for its investments in Funds and other ventures and partnerships using the equity method of accounting, to the extent of its investment plus unrecovered advances. At December 31, 2022 and 2021, deficit balances related to certain of its investments in Funds and other ventures and partnerships were $947,191 and $891,030, respectively, and are included in accounts payable and accrued expenses in the accompanying consolidating and consolidated statement of financial position. NEF recorded $56,161 and $40,331 of equity in losses as of December 31, 2022 and 2021, respectively.

NEF holds limited partner interests in certain Funds in which it manages. The investment balances of these interests are $66,694 and $7,404 as of December 31, 2022 and 2021, respectively. NEF recorded $2,832 of equity in income and $8,919 of equity in losses as of December 31, 2022 and 2021, respectively.

The CDA entities discussed in Note 1 hold generally a 1% or 0.01% general partnership interest in the CDA Partnerships. Pursuant to U.S. GAAP, CDA is deemed to control the limited partnerships and has, therefore, consolidated all entities in which it served as a general partner or managing member if the limited partners do not overcome the presumption of partnership control. CDA did not assume any general partner interests in 2022 and 2021. CDA transferred its general partner interests in two and one CDA Partnerships to an unrelated third party in 2022 and 2021, resulting in a $3,167,529 gain and $1,351,553 loss on disposition in 2022 and 2021, respectively.

Assignment of project partnership interests
The assignment of Project Partnership interests to a Fund is recognized when the parties are bound by the terms of a contract, all consideration has been exchanged, any permanent financing for which NEF is responsible has been arranged and all conditions precedent to closing have been performed.

Investments in joint venture
CNI owns joint venture interests in the below investees, which are North Carolina limited liability companies that own certain real properties in Charlotte, NC as follows:

Investees	Date	Equity Investment		Membership Interest
Archdale NOAH, LLC (“Lake Mist”)	12/10/2020	$	1,600,000	29.71%
Wendover NOAH, LLC (“Wendover”)	9/27/2021	$	725,000	22.58%
McAlway NOAH, LLC (“McAlway”)	11/3/2021	$	900,000	26.47%
Shamrock NOAH, LLC (“Noah”)	12/14/2021	$	3,800,000	29.80%
Central NOAH, LLC ("Peppertree")	11/2/2022	$	4,700,000	26.49%

FASB Accounting Standards Codification Topic 810 addresses how a reporting company should evaluate whether it has a controlling interest in a variable interest entity ("VIE") through means other than voting rights and under what circumstances the reporting company should consolidate the entity. CNI has determined that the Investees are variable entities and CNI is not the primary beneficiary. Consequently, CNI is not required to consolidate its investment in the Investees. This conclusion was based on the determination that CNI does not have the power to direct the activities that most significantly impact the Investees’ economic performance. CNI's maximum exposure to loss as a result of its involvement with the investment remains limited to the current investment balance. During the years ended December 31, 2022 and 2021, CNI provided no explicit or implicit financial or other support to the Investees that was not previously contractually required or intended.

CNI accounts for its investment in the Investees using the equity method of accounting. Under the equity method of accounting, the investment is recorded at cost and adjusted for CNI's share of income or loss of the Investees, additional investments, and cash distributions from the Investees. Since CNI has no obligation to fund liabilities of the Investees beyond its investment, its investment in the Investees may not be reduced below zero. To the extent that equity losses are incurred when CNI's carrying value of its investment in the Investees has reached zero balance, any losses will be suspended to be used against future income.

CNI has adopted the nature of distributions approach for the classification of distributions received from equity method investees in the consolidated statement of cash flows. In accordance with this approach, distributions received from the Investees are classified as either operating or investing cash inflows based on the nature of the activities of the Investees that generated the distributions. Returns on investments are classified as operating activities in the consolidated statement of cash flows, while returns of investment are classified as investing activities.

CNI has adopted the nature of distributions approach for the classification of distributions received from equity method investees in the statement of cash flows. In accordance with this approach, distributions received from the Investees are classified as either operating or investing cash inflows based on the nature of the activities of the Investees that generated the distributions. Returns on investments are classified as operating activities in the statement of cash flows, while returns are classified as investing activities.

CNI has implemented policies and practices for assessing impairment for its investment. Periodically, the carrying value is evaluated and CNI records a write down if it is determined that any impairment in value exists. If impairment exists, the carrying value is reduced to its fair value. Fair value is determined based on future cash flows. There were no impairment losses recognized for the years ended December 31, 2022 and 2021.

In 2022 and 2021, CNI made a total of $4,700,000 and $5,425,000, respectively, of equity investments to acquire membership interest in the Investees. The Investees were formed to purchase, own, hold, maintain, finance, refinance, lease, renovate, repair market, and sell apartment buildings and other improvements in Charlotte, NC. For the years ended December 31, 2022 and 2021, loss and equity in income from the Investees was $191,643 and $125,996, respectively.

Note 19 - NMTC award administered

As of December 31, 2022 and 2021, approximately $1.155 billion and $1.105 billion, respectively, of the $1.208 billion of total NMTC authority awarded to LISC had been closed. The following tables show the total allocation received, total QEIs closed, and total allocation remaining by round for the years ended December 31, 2022 and 2021:

	Projects	Allocation received	QEIs closed before 2022	QEIs closed during 2022	Total QEIs closed through December 31, 2022	Allocation remaining as of December 31, 2022
Round 1-9 and 11-12	138	$ 993,000,000	$ 993,000,000	$ -	$ 993,000,000	$ -
Round 13	18	60,000,000	58,862,662	1,137,338	60,000,000	-
Round 15	9	50,000,000	40,000,000	9,000,000	49,000,000	1,000,000
Round 16	10	65,000,000	13,000,000	40,000,000	53,000,000	12,000,000
Round 17	—	40,000,000	-	-	-	40,000,000
Total	175	$ 1,208,000,000	$ 1,104,862,662	$ 50,137,338	$ 1,155,000,000	$ 53,000,000

	Projects	Allocation received	QEIs closed before 2021	QEIs closed during 2021	Total QEIs closed through December 31, 2021	Allocation remaining as of December 31, 2021
Round 1-9 and 11-12	122	$ 908,000,000	$ 908,000,000	$ -	$ 908,000,000	$ -
Round 13	16	85,000,000	83,828,125	1,171,875	85,000,000	-
Round 15	13	60,000,000	55,255,208	3,607,454	58,862,662	1,137,338
Round 16	8	50,000,000	19,000,000	21,000,000	40,000,000	10,000,000
Round 17	1	65,000,000	-	13,000,000	13,000,000	52,000,000
Total	160	1,168,000,000	1,066,083,333	38,779,329	$ 1,104,862,662	$ 63,137,338

Note 20 - Subsequent events

In connection with the preparation of the consolidating and consolidated financial statements, the Organization evaluated subsequent events after the balance sheet date as of December 31, 2022 through June 30, 2023, which was the date the consolidating and consolidated financial statements were available to be issued, and concluded that other than the subsequent events discussed below, no additional matters have occurred that would require recognition or disclosure in the consolidating and consolidated financial statements.

On November 4, 2021, LISC entered into a letter agreement regarding a proposed sale of immito to a third-party buyer ("Buyer"). On September 8, 2022, the SBA approved the Lender Assessment Plan (“LAP”) submitted by the Buyer. LISC and the Buyer entered into a definitive purchase agreement on September 22, 2022, and the Buyer submitted an application to the SBA on October 2, 2022, for approval of the purchase agreement and the sale of immito. The SBA has approved the purchase agreement and sale of immito. The sale of immito is expected to be finalized in July 2023.

On January 23, 2023, NEF sold its interest in one CDA partnership to an unrelated third party. The CDA partnership had completed its fifteen-year compliance period.

Local Initiatives Support Corporation and Affiliates

Consolidating and Consolidated Financial Statements and Independent Auditor's Report

December 31, 2021 (With Comparative Financial Information as of and for the Year Ended December 31, 2020)

CohnReznick

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Local Initiatives Support Corporation and Affiliates

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Independent Auditor's Report

The Audit Committee of the Board of Directors and Management
Local Initiatives Support Corporation

Opinion

We have audited the consolidating and consolidated financial statements of Local Initiatives Support Corporation and Affiliates, which comprise the consolidating and consolidated statement of financial position as of December 31, 2021, and the related consolidating and consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidating and consolidated financial statements.

In our opinion, the accompanying consolidating and consolidated financial statements present fairly, in all material respects, the financial position of Local Initiatives Support Corporation and Affiliates as of December 31, 2021, 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.

We did not audit the financial statements of certain consolidated partnerships whose statements reflect total assets constituting $53,244,588 at December 31, 2021 and total change in net assets of ($686,339) for the year then ended. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for certain consolidated partnerships is based solely on the reports of the other auditors.

Basis for Opinion

We conducted our audit 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 Audit of the Financial Statements section of our report. We are required to be independent of Local Initiatives Support Corporation and Affiliates and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidating and 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 consolidating and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidating and 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 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 consolidating and consolidated financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Report on Summarized Comparative Information

We have previously audited Local Initiatives Support Corporation and Affiliates' 2020 consolidating and consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidating and consolidated financial statements in our report dated June 29, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020 is consistent, in all material respects, with the audited consolidating and consolidated financial statements from which it has been derived.

CohnReznick LLP

Bethesda, Maryland
June 28, 2022

Local Initiatives Support Corporation and Affiliates

Consolidating and Consolidated Statement of Financial Position
December 31, 2021
(With summarized comparative financial information as of December 31, 2020)

	LISC Parent Only								LISC Consolidated			
	Operating Funds		Loan Fund									
Assets	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Total	LISC Affiliates & Funds	CDA Partnerships	Eliminations	Without Donor Restrictions	With Donor Restrictions	Total	LISC Consolidated 2020 Total
Cash and cash equivalents (Note 4 and 13)	$ 24,897,522	$ 155,995,769	$ 29,124,153	$ 44,151,843	$ 254,169,287	$ 156,003,412	$ 539,784	$ -	$ 210,564,871	$ 200,147,612	$ 410,712,483	$ 255,110,700
Restricted cash (Note 4 and 13)	-	-	-	-	-	25,114,804	946,521	-	26,061,325	-	26,061,325	19,380,758
Investments (Note 4 and 13)	92,925,581	23,000,000	-	57,943,452	173,869,033	12,007,841	-	-	104,933,422	80,943,452	185,876,874	173,704,822
Investments in affiliates	122,047,677	-	-	-	122,047,677	-	-	(122,047,677)	-	-	-	-
Accrued interest receivable	5,021,526	-	-	-	5,021,526	458,190	-	-	5,479,716	-	5,479,716	4,575,841
Contributions receivable, net (Note 5)	1,648,402	46,505,917	-	3,262,912	51,417,231	-	-	-	1,648,402	49,768,829	51,417,231	47,924,958
Government grants and contracts receivable (Note 6)	463,154	20,958,967	-	-	21,422,121	-	-	-	463,154	20,958,967	21,422,121	32,338,057
Notes and other receivables	-	-	-	-	-	244,342	-	-	244,342	-	244,342	359,877
Due from affiliates	4,420,749	-	-	-	4,420,749	5,372,490	-	(9,523,239)	270,000	-	270,000	-
Due from funds (Note 17)	-	-	-	-	-	9,499,197	-	-	9,499,197	-	9,499,197	7,900,995
Loan receivable (Note 7)	-	-	503,449,614	15,205,637	518,655,251	170,376,333	59,305	(10,654,883)	663,230,369	15,205,637	678,436,006	583,902,018
Allowance for uncollectible loans	-	-	(29,539,311)	-	(29,539,311)	(4,871,850)	-	-	(34,411,161)	-	(34,411,161)	(31,420,785)
Total loans, net	-	-	473,910,303	15,205,637	489,115,940	165,504,483	59,305	(10,654,883)	628,819,208	15,205,637	644,024,845	552,481,233
Recoverable grants to CDPs, net (Note 7)	14,151,902	3,242,097	79,000	139,350	17,612,349	-	-	-	14,230,902	3,381,447	17,612,349	13,983,125
Prepaid expenses and other assets (Note 18)	21,165,889	149,970	-	-	21,315,859	14,998,393	57,906	(2,539,448)	33,682,740	149,970	33,832,710	15,595,784
Right of use asset (Note 15)	47,858,224	-	-	-	47,858,224	2,271,508	-	-	50,129,732	-	50,129,732	54,234,304
Temporary investment in Project Partnerships (Note 9)	-	-	-	-	-	44,822,951	-	-	44,822,951	-	44,822,951	224,975,183
Investment in Funds	-	-	-	-	-	23,534	-	-	23,534	-	23,534	498,271
Investment in Project Partnerships (Note 18)	-	-	-	-	-	7,136,779	-	-	7,136,779	-	7,136,779	1,642,317
Property and equipment, net (Note 10)	4,677,940	-	-	-	4,677,940	1,489,933	34,841,709	-	41,009,582	-	41,009,582	48,415,738
Intangible asset	-	-	-	-	-	2,400,000	-	-	2,400,000	-	2,400,000	2,400,000
Total assets	$ 339,278,566	$ 249,852,720	$ 503,113,456	$ 120,703,194	$ 1,212,947,936	$ 447,347,857	$ 36,445,225	$ (144,765,247)	$ 1,181,419,857	$ 370,555,914	$ 1,551,975,771	$ 1,455,521,963
Liabilities and Net Assets (Deficits)												
Liabilities:												
Accounts payable and accrued expenses (Note 15)	$ 22,517,640	$ 279,011	$ -	$ -	$ 22,796,651	$ 34,243,319	$ 5,255,505	$ (670,346)	$ 61,346,118	$ 279,011	$ 61,625,129	$ 44,921,556
Right of use liability (Note 15)	50,233,030	-	-	-	50,233,030	3,267,764	-	-	53,500,794		53,500,794	57,488,471
Government contracts and loan-related advances	11,537,271	9,705,968	-	182,626	21,425,865	-	-	-	11,537,271	9,888,594	21,425,865	18,324,053
Grants payable (Note 8)	-	47,697,227	-	-	47,697,227	2,300,000	-	(2,300,000)	-	47,697,227	47,697,227	43,295,401
Due to affiliates	-	-	-	-	-	9,276,850	72,000	(9,345,615)	3,235	-	3,235	431,784
Capital contributions due to temporary investment in Project Partnerships (Note 9)	-	-	-	-	-	38,458,262	-	-	38,458,262	-	38,458,262	191,874,683
Deferred liabilities	-	-	-	-	-	9,193,117	36,762	-	9,229,879	-	9,229,879	6,191,814
CDA Partnerships - Long-Term Debt, net (Note 16)	-	-	-	-	-	-	35,215,138	-	35,215,138	-	35,215,138	38,135,416
CDA Partnerships - Notes Payable to Funds (Note 16)	-	-	-	-	-	-	2,261,721	-	2,261,721	-	2,261,721	3,131,121
Loans and bond payable, net (Note 11)	6,644,907	-	518,097,319	-	524,742,226	131,500,087	-	(10,583,883)	645,658,430	-	645,658,430	551,149,527
Total liabilities	90,932,848	57,682,206	518,097,319	182,626	666,894,999	228,239,399	42,841,126	(22,899,844)	857,210,848	57,864,832	915,075,680	954,943,826
Commitments and contingencies (Note 15)												
Net assets:												
Net assets attributable to the Organization (Note 2)	248,345,718	192,170,514	(14,983,863)	120,520,568	546,052,937	122,047,677	-	(122,047,677)	233,361,855	312,691,082	546,052,937	466,544,288
Net assets attributable to the noncontrolling in Project Partnerships & Funds	-	-	-	-	-	97,060,781	(6,395,901)	182,274	90,847,154	-	90,847,154	34,033,849
Total net assets (deficit)	248,345,718	192,170,514	(14,983,863)	120,520,568	546,052,937	219,108,458	(6,395,901)	(121,865,403)	324,209,009	312,691,082	636,900,091	500,578,137
Total liabilities and net assets	$ 339,278,566	$ 249,852,720	$ 503,113,456	$ 120,703,194	$ 1,212,947,936	$ 447,347,857	$ 36,445,225	$ (144,765,247)	$ 1,181,419,857	$ 370,555,914	$ 1,551,975,771	$ 1,455,521,963

See Notes to Consolidating and Consolidated Financial Statements.

Local Initiatives Support Corporation and Affiliates

Consolidating and Consolidated Statement of Activities and Changes in Net Assets
Year Ended December 31, 2021
(With summarized comparative financial information for the year ended December 31, 2020)

	LISC Parent Only								LISC Consolidated 2021			
	Operating Funds		Loan Fund									
SUPPORT AND REVENUES	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	LISC Parent Only	LISC Affiliates & Funds	CDA Partnerships	Eliminations	Without Donor Restrictions	With Donor Restrictions	Total	LISC Consolidated 2020 Total
Contributions (Note 5)	$ 8,776,539	$ 180,572,955	$ -	$ 6,425,000	$ 195,774,494	$ 530,000	$ -	$ (530,000)	$ 8,776,539	$ 186,997,955	$ 195,774,494	$ 249,682,202
Government grants & contracts (Note 6)	2,848,086	37,489,944	-	9,143,639	49,481,669	-	-	-	2,848,086	46,633,583	49,481,669	146,006,721
Interest income on investments	1,724,961	-	-	20,153	1,745,114	597,254	-	-	2,322,215	20,153	2,342,368	2,272,773
Interest income on loans to CDPs (Note 7)	28,341,272	-	-	-	28,341,272	3,210,646	671	-	31,552,589	-	31,552,589	30,030,459
Fee income	-	-	-	-	-	76,712,314	-	(1,227,803)	75,484,511	-	75,484,511	55,424,153
Other income	32,952,274	-	-	-	32,952,274	26,858,762	4,337,525	(13,558,348)	50,590,213	-	50,590,213	29,820,664
Equity in earnings of affiliates	22,844,585	-	-	-	22,844,585	-	-	(22,844,585)	-	-	-	-
Net assets released from restrictions	175,526,362	(161,104,615)	-	(14,421,747)	-	-	-	-	175,526,362	(175,526,362)	-	1,347,273
Total support and revenues	273,014,079	56,958,284	-	1,167,045	331,139,408	107,908,976	4,338,196	(38,160,736)	347,100,515	58,125,329	405,225,844	514,584,245
EXPENSES												
Program Services:												
Project development and other program activities	74,037,122	-	-	-	74,037,122	78,310,983	4,946,230	(10,176,942)	147,117,393	-	147,117,393	114,272,845
Project grants (Note 8)	116,254,504	-	-	-	116,254,504	15,494,500	-	(15,365,150)	116,383,854	-	116,383,854	233,233,794
Project loans:									-			
Interest	13,678,556	-	-	-	13,678,556	1,309,706	950,387	(91,859)	15,846,790	-	15,846,790	16,603,603
Provision for loss on receivable	-	-	-	-	-	46,622	73,701	-	120,323	-	120,323	2,066,314
Increase in provision for uncollectible loans to CDPs (Note 7)	1,947,196	-	(328,378)	-	1,618,818	3,637,988	-	-	5,256,806	-	5,256,806	5,386,938
Provision for uncollectible recoverable grants to CDPs (Note 7)	1,350,033	-	-	-	1,350,033	-	-	-	1,350,033	-	1,350,033	8,923,975
Total program services	207,267,411	-	(328,378)	-	206,939,033	98,799,799	5,970,318	(25,633,951)	286,075,199	-	286,075,199	380,487,469
Supporting Services:												
Management and general	35,290,642	-	-	-	35,290,642	12,247,189	-	(7,690,639)	39,847,192	-	39,847,192	42,371,730
Fund raising	9,186,569	-	-	-	9,186,569	-	-	-	9,186,569	-	9,186,569	8,024,751
Total supporting services	44,477,211	-	-	-	44,477,211	12,247,189	-	(7,690,639)	49,033,761	-	49,033,761	50,396,481
Total expenses	251,744,622	-	(328,378)	-	251,416,244	111,046,988	5,970,318	(33,324,590)	335,108,960	-	335,108,960	430,883,950
Change in net assets before gains and losses on investments derivatives, equity in losses of partnership projects and other noncontrolling interest activities	21,269,457	56,958,284	328,378	1,167,045	79,723,164	(3,138,012)	(1,632,122)	(4,836,146)	11,991,555	58,125,329	70,116,884	83,700,295
Transfers: Board designated net assets for loan fund activities	-	-	-	-	-	-	-	-	-	-	-	-
Realized & unrealized loss on investments	(214,515)	-	-	-	(214,515)	-	-	-	(214,515)	-	(214,515)	1,450,777
Realization of unrealized gain on investment securities available for sale by the operating partnerships	-	-	-	-	-	-	-	-	-	-	-	16,581
CDA Partnerships - Gain on Forgiveness of Debt	-	-	-	-	-	-	1,228,998	-	1,228,998	-	1,228,998	993,708
Equity in income of temporary investment in project partnerships	-	-	-	-	-	-	-	-	-	-	-	(504,052)
Capital contributions	-	-	-	-	-	10,005,862	-	(10,005,862)	-	-	-	-
Gain on transfer of interest in CDA Partnerships (Note 18)	-	-	-	-	-	-	(505,286)	(846,267)	(1,351,553)	-	(1,351,553)	2,728,932
Change in net assets before noncontrolling interest activities	21,054,942	56,958,284	328,378	1,167,045	79,508,649	6,867,850	(908,410)	(15,688,275)	11,654,485	58,125,329	69,779,814	88,386,241
Other noncontrolling interest activities:												
Noncontrolling capital contributions	-	-	-	-	-	66,542,140	-	-	66,542,140	-	66,542,140	32,456,982
Change in net assets	21,054,942	56,958,284	328,378	1,167,045	79,508,649	73,409,990	(908,410)	(15,688,275)	78,196,625	58,125,329	136,321,954	120,843,223
Net assets (deficit), beginning of year	227,290,776	135,212,230	(15,312,241)	119,353,523	466,544,288	145,698,468	(5,487,491)	(106,177,128)	246,012,384	254,565,753	500,578,137	379,734,914
Net asset (deficit), end of year	$ 248,345,718	$ 192,170,514	$ (14,983,863)	$ 120,520,568	$ 546,052,937	$ 219,108,458	$ (6,395,901)	$ (121,865,403)	$ 324,209,009	$ 312,691,082	$ 636,900,091	$ 500,578,137

See Notes to Consolidating and Consolidated Financial Statements.

Local Initiatives Support Corporation and Affiliates

Consolidating and Consolidated Statement of Functional Expenses
Year Ended December 31, 2021
(With summarized comparative financial information for the year ended December 31, 2020)

	LISC Parent Only				LISC Affiliates & Funds			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries and fringe benefits	$ 42,614,170	$ 28,754,682	$ 7,692,688	$ 79,061,540	$ 38,243,163	$ 9,208,391	$ -	$ 47,451,554
Staff travel and related expenses	112,583	75,967	20,323	208,873	252,854	59,741	-	312,595
Professional services, consulting and legal	23,644,513	188,903	107,082	23,940,498	13,395,725	698,865	-	14,094,590
Fund management fees	-	-	-	-	7,409,996	40,735	-	7,450,731
Office and administrative	-	-	-	-	2,351,087	667,303	-	3,018,390
CDA Partnerships - property expense	-	-	-	-	-	-	-	-
NMSC reimbursable costs	-	-	-	-	5,860,710	-	-	5,860,710
Depreciation and amortization	458,838	309,609	82,829	851,276	485,269	136,622	-	621,891
Service fees	-	-	-	-	4,876,442	52,942	-	4,929,384
Rent and utilities	3,355,432	2,264,138	605,721	6,225,291	1,576,123	165,291	-	1,741,414
Office supplies, postage and messenger	1,621,381	1,094,056	292,691	3,008,128	-	-	-	-
Bank fees and other financial expenses	-	752,730	-	752,730	1,136	275,258	-	276,394
Accounting and auditing fees	-	408,119	-	408,119	42,277	459,838	-	502,115
Conference and meeting	148,634	100,294	26,831	275,759	352,077	89,095	-	441,172
Telephone	831,031	560,753	150,017	1,541,801	-	-	-	-
Insurance	433,181	292,297	78,198	803,676	550,034	228,098	-	778,132
Equipment rental	96,867	65,363	17,486	179,716	-	-	-	-
Board expenses	-	2,460	-	2,460	-	20,000	-	20,000
Printing, annual report and publications	49,970	33,718	9,021	92,709	-	-	-	-
Project grants	116,254,504	-	-	116,254,504	15,725,889	-	-	15,725,889
Interest	13,678,556	-	-	13,678,556	1,309,706	-	-	1,309,706
Provision for loss on receivables	-	-	-	-	46,622	-	-	46,622
Provision for uncollectible recoverable grants to CDCs	1,350,033	-	-	1,350,033	-	-	-	-
Provision for uncollectible loans to CDCs	1,618,818	-	-	1,618,818	3,637,988	-	-	3,637,988
Miscellaneous	670,522	387,553	103,682	1,161,757	2,682,701	145,010	-	2,827,711
Total	$ 206,939,033	$ 35,290,642	$ 9,186,569	$ 251,416,244	$ 98,799,799	$ 12,247,189	$ -	$ 111,046,988

Local Initiatives Support Corporation and Affiliates

Consolidating and Consolidated Statement of Functional Expenses
Year Ended December 31, 2021
(With summarized comparative financial information for the year ended December 31, 2020)

	CDA Partnerships				Eliminations			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries and fringe benefits	$ -	$ -	$ -	$ -	$ (5,561,579)	$ -	$ -	$ (5,561,579)
Staff travel and related expenses	-	-	-	-	-	-	-	-
Professional services, consulting and legal	-	-	-	-	-	-	-	-
Fund management fees	20,649	-	-	20,649	-	(7,396,650)	-	(7,396,650)
Office and administrative	-	-	-	-	-	(293,989)	-	(293,989)
CDA Partnerships - property expense	3,034,423	-	-	3,034,423	-	-	-	-
NMSC reimbursable costs	-	-	-	-	-	-	-	-
Depreciation and amortization	1,891,158	-	-	1,891,158	-	-	-	-
Service fees	-	-	-	-	(4,012,367)	-	-	(4,012,367)
Rent and utilities	-	-	-	-	-	-	-	-
Office supplies, postage and messenger	-	-	-	-	-	-	-	-
Bank fees and other financial expenses	-	-	-	-	-	-	-	-
Accounting and auditing fees	-	-	-	-	-	-	-	-
Conference and meeting	-	-	-	-	-	-	-	-
Telephone	-	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-	-
Equipment rental	-	-	-	-	-	-	-	-
Board expenses	-	-	-	-	-	-	-	-
Printing, annual report and publications	-	-	-	-	-	-	-	-
Project grants	-	-	-	-	(15,648,366)	-	-	(15,648,366)
Interest	950,387	-	-	950,387	(91,859)	-	-	(91,859)
Provision for loss on receivables	73,701	-	-	73,701	-	-	-	-
Provision for uncollectible recoverable grants to CDCs	-	-	-	-	-	-	-	-
Provision for uncollectible loans to CDCs	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	(319,780)	-	-	(319,780)
Total	$ 5,970,318	$ -	$ -	$ 5,970,318	$ (25,633,951)	$ (7,690,639)	$ -	$ (33,324,590)

Local Initiatives Support Corporation and Affiliates

Consolidating and Consolidated Statement of Functional Expenses
Year Ended December 31, 2021
(With summarized comparative financial information for the year ended December 31, 2020)

	LISC Consolidated 2021				LISC Consolidated 2020			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries and fringe benefits	$ 75,295,754	$ 37,963,073	$ 7,692,688	$ 120,951,515	$ 68,803,479	$ 32,547,765	$ 6,548,986	$ 107,900,230
Staff travel and related expenses	365,437	135,708	20,323	521,468	481,406	165,653	32,031	679,090
Professional services, consulting and legal	37,040,238	887,768	107,082	38,035,088	24,871,899	1,758,597	206,397	26,836,893
Fund management fees	7,430,645	(7,355,915)	-	74,730	-	-	-	-
Office and administrative	2,351,087	373,314	-	2,724,401	1,461,020	435,815	-	1,896,835
CDA Partnerships - property expense	3,034,423	-	-	3,034,423	5,024,561	-	-	5,024,561
NMSC reimbursable costs	5,860,710	-	-	5,860,710	-	-	-	-
Depreciation and amortization	2,835,265	446,231	82,829	3,364,325	3,546,353	547,474	103,272	4,197,099
Service fees	864,075	52,942	-	917,017	361,760	-	-	361,760
Rent and utilities	4,931,555	2,429,429	605,721	7,966,705	4,678,450	2,456,960	619,109	7,754,519
Office supplies, postage and messenger	1,621,381	1,094,056	292,691	3,008,128	994,658	654,648	173,756	1,823,062
Bank fees and other financial expenses	1,136	1,027,988	-	1,029,124	1,126	1,200,539	-	1,201,665
Accounting and auditing fees	42,277	867,957	-	910,234	10,382	826,029	-	836,411
Conference and meeting	500,711	189,389	26,831	716,931	244,857	134,382	30,685	409,924
Telephone	831,031	560,753	150,017	1,541,801	1,199,644	597,143	133,253	1,930,040
Insurance	983,215	520,395	78,198	1,581,808	852,001	496,957	66,416	1,415,374
Equipment rental	96,867	65,363	17,486	179,716	163,697	80,618	19,002	263,317
Board expenses	-	22,460	-	22,460	91,800	56,230	-	148,030
Printing, annual report and publications	49,970	33,718	9,021	92,709	42,193	29,074	6,932	78,199
Project grants	116,332,027	-	-	116,332,027	233,233,794	-	-	233,233,794
Interest	15,846,790	-	-	15,846,790	16,603,603	-	-	16,603,603
Provision for loss on receivables	120,323	-	-	120,323	2,066,314	-	-	2,066,314
Provision for uncollectible recoverable grants to CDCs	1,350,033	-	-	1,350,033	8,923,975	-	-	8,923,975
Provision for uncollectible loans to CDCs	5,256,806	-	-	5,256,806	5,386,938	-	-	5,386,938
Miscellaneous	3,033,443	532,563	103,682	3,669,688	1,443,559	383,846	84,912	1,912,317
Total	$ 286,075,199	$ 39,847,192	$ 9,186,569	$ 335,108,960	$ 380,487,469	$ 42,371,730	$ 8,024,751	$ 430,883,950

See Notes to Consolidating and Consolidated Financial Statements.

Local Initiatives Support Corporation and Affiliates

Consolidating and Consolidated Statement of Cash Flows
Year Ended December 31, 2021
(With summarized comparative financial information for the year ended December 31, 2020)

	LISC Parent Only	LISC Affiliates & Funds	CDA Partnerships	Eliminations	2021	2020
Cash flows from operating activities						
Change in net assets	$ 79,508,649	$ (3,138,012)	$ (908,410)	$ (5,682,413)	$ 69,779,814	$ 88,386,241
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities						
Equity in earnings of affiliate	(22,844,585)	-	-	22,844,585	-	-
Distributions from investment in affiliates	18,517,788	-	-	(18,517,788)	-	-
Equity in income of temporary investments in project partnerships	-	-		-	-	504,052
Recovery of loan losses	-	(533,759)	-	-	(533,759)	(1,931,833)
Gain on forgiveness of debt	-		(1,228,998)	-	(1,228,998)	(993,708)
Gain on sale of limited partnership interest in Fund	-	-	-	-	-	-
Gain (loss) on transfer of interest in CDA Partnerships	-	-	505,286	846,267	1,351,553	(2,728,932)
Amortization of discounts and issuance costs	399,357	(65,817)	21,750	-	355,290	107,527
Depreciation and amortization	851,276	621,891	1,891,158	-	3,364,325	4,197,099
Realized and unrealized loss (gain) on investments	214,515	-	-	-	214,515	(1,450,777)
Unrealized gain on interest rate swaps held by Project Partnerships	-	-	-	-	-	(16,581)
Equity in income	-	(76,746)	-	-	(76,746)	119,536
(Decrease) increase in allowance for loans to CDPs, net	1,618,818	3,637,988	-	-	5,256,806	5,386,938
Accretion of loan receivables, net	-	241,153	-	-	241,153	(309,920)
Provision for loss on receivables	-	46,622	73,701	-	120,323	2,066,314
Provision for uncollectible recoverable grants	1,350,033	-	-	-	1,350,033	8,923,975
Change in operating assets and liabilities						
Origination of SBA 7(a) loans	-	(13,833,694)	-	-	(13,833,694)	(16,580,690)
Proceeds from sale of guaranteed loans, net of repayment	-	10,884,502	-	-	10,884,502	10,865,632
Principal received from SBA 7(a) loans	-	1,238,991	-	-	1,238,991	113,879
Origination of Payroll Protection Program loans, net		40,607,548			40,607,548	(42,615,367)
Accrued interest receivable	(500,769)	(403,106)	-	-	(903,875)	(1,360,465)
Contributions receivable	(3,492,273)	-	-	-	(3,492,273)	3,261,850
Government contracts receivable	10,915,936	-	-	-	10,915,936	(2,691,542)
Notes and other receivables	-	1,119,372	(32,530)	-	1,086,842	2,618,404
Prepaid expenses and other assets	(18,186,339)	247,493	103,492	(389,945)	(18,225,299)	288,765
Accounts payable and accrued expenses	2,277,901	14,645,151	241,702	(359,620)	16,805,134	2,029,253
Government contracts and loan-related advances	3,101,812	-	-	-	3,101,812	15,254,491
Due from affiliates	510,188	4,412,009	-	(5,192,198)	(270,001)	431,785
Due to affiliates	-	(1,272,219)	-	1,704,003	431,784	-
Right of use asset/liability	343,576	-	-	-	343,576	539,049
Due from funds	-	(1,598,201)	-	-	(1,598,201)	655,415
Grants payable	4,401,826	(300,000)	-	300,000	4,401,826	12,095,986
Deferred liabilities	-	3,020,480	17,585	-	3,038,065	457,379
Net cash provided by (used in) operating activities	78,987,709	59,501,646	684,736	(4,447,109)	134,726,982	87,623,755
Cash flows from investing activities						
Purchase of investments	(8,719,578)	(12,007,841)	-	-	(20,727,419)	(39,072,402)
Proceeds from sale and maturities of investments	8,340,852	-	-	-	8,340,852	7,038,249
Investment in affiliate	(10,535,862)	-	-	10,535,862	-	-
Recoverable grants to CDPs	(7,641,933)	-	-	-	(7,641,933)	(16,932,177)
Repayments received on recoverable grants to CDPs	2,662,676	-	-	-	2,662,676	3,774,257
Loans to CDPs	(168,100,619)	(122,850,877)	-	2,378,791	(288,572,705)	(190,210,199)
Repayments of loans to CDPs	146,522,300	5,471,141	-	-	151,993,441	162,804,636
(Increase) in note receivable	-	121,457	(82,893)	(82,893)	(44,329)	(8,108,290)
Contributions to temporary investments in Project Partnerships and Funds	-	(62,261,328)	-	-	(62,261,328)	(100,072,114)
Distributions from investments in Funds	-	964,547	-	-	964,547	534,810
Proceeds from sale of temporary investment in Project Partnerships and Funds	-	83,572,139	-	-	83,572,139	89,470,175
Contributions to investments in Funds	-	(443,124)	-	-	(443,124)	(6,255)
Investment in Project Partnerships	-	929	-	-	929	599
Transfer of interest in CDA partnerships	-	-	(215,531)	-	(215,531)	(575,250)
Restricted cash escrow	-	-	(91,840)	-	(91,840)	124,655
Sale of property and equipment	-	720	-	-	720	-
Purchase of property and equipment	(413,115)	(229,426)	(75,796)	-	(718,337)	(1,235,592)
Net cash used in investing activities	(37,885,279)	(107,661,663)	(466,060)	12,831,760	(133,181,242)	(92,464,898)

Local Initiatives Support Corporation and Affiliates

Consolidating and Consolidated Statement of Cash Flows
Year Ended December 31, 2021
(With comparative financial information for the year ended December 31, 2020)

	LISC Parent Only	LISC Affiliates & Funds	CDA Partnerships	Eliminations	2021	2020
Cash flows from financing activities						
Debt issuance costs paid	(1,253,452)	-	-	-	(1,253,452)	(672,678)
Proceeds from loans payable	90,692,500	50,711,567	-	-	141,404,067	(17,522,307)
Repayment of loans payable	(66,721,266)	23,058,988	-	(2,378,789)	(46,041,067)	82,406,645
Proceeds from long-term debt	-	-	-	-	-	-
Repayment of long-term debt	-	-	(179,845)	-	(179,845)	(192,727)
Proceeds from notes payable - NEF Funds	-	-	322,998	-	322,998	506,121
Due to affiliate	-	-	-	-	-	-
CDA capital contribution	-	-	-	-	-	-
Capital contribution	-	72,548,002	-	(6,005,862)	66,542,140	32,456,982
Intangible asset	-	-	-	-	-	-
Increase in charter school grant liability	-	-	-	-	-	644,548
Distribution to noncontrolling interests	-	1,297	-	-	1,297	4,947
Net cash provided by financing activities	22,717,782	146,319,854	143,153	(8,384,651)	160,796,138	97,631,531
Net increase (decrease) in cash and cash equivalents	63,820,212	98,159,837	361,829	-	162,341,878	92,790,388
Cash and cash equivalents, beginning of year	190,349,075	82,958,379	575,604	-	273,883,058	181,092,670
Cash and cash equivalents, end of year	$254,169,287	$ 181,118,216	$ 937,433	$ -	$ 436,224,936	$ 273,883,058
Cash paid during the year for						
Interest on indebtedness	$ 13,399,795	$ 637,466	$ 636,820	$ -	$ 14,674,081	$ 16,396,091
Supplemental disclosures of noncash investing activities						
Disposal of fully included appreciated fixed assets	$ 409,792	$ -	$ -	$ -	$ 409,792	$ 824,218
Fixed assets in accounts payable and accrued expenses	$ -	$ -	$ -	$ -	$ -	$ -
Increase in temporary investments in Project Partnerships and capital contributions due to temporary investments in Project Partnerships for the acquisition of Project Partnerships	$ -	$ 601,268,981	$ -	$ -	$ 601,268,981	$ 601,268,981
Decrease in temporary investments in Project Partnerships and capital contributions due to temporary investments in Project Partnerships for the assignment of Project Partnerships to limited partnerships	$ -	$ 423,009,233	$ -	$ -	$ 423,009,233	$ 423,009,233
Supplemental disclosure of cash and noncash investing activities related to deconsolidation of CDA Partnerships						
Assets transferred	$ -	$ -	$ (4,924,798)	$ -	$ (4,924,798)	$ (15,432,514)
Liabilities transferred	-	-	4,929,520	-	4,929,520	18,757,669
Noncontrolling interest	-	-	210,809	-	210,809	(2,749,905)
Cash disposed, net of cash paid	$ -	$ -	$ 215,531	$ -	$ 215,531	$ 575,250

See Notes to Consolidating and Consolidated Financial Statements.

Note 1 - Description of organization and summary of significant accounting policies

Description of organization

Local Initiatives Support Corporation ("LISC"), a New York not-for-profit corporation, was incorporated in 1979 to assist community development organizations throughout the United States in their efforts to transform distressed neighborhoods into healthy communities by marshaling private and public sector resources and extending financial assistance in the form of loans, lines of credit, grants, and loan guarantees and providing technical support. LISC pursues its charitable mission directly and through various subsidiaries and investments funds.

National Equity Fund, Inc.

National Equity Fund, Inc. ("NEF"), a wholly-owned subsidiary of LISC, was organized in 1987 as an Illinois not-for-profit corporation to create a national investment pool to aggregate and channel corporate equity investments into affordable housing developments. Since 1987, NEF has sponsored over 245 separate limited partnerships and limited liability companies (the "Funds") in which investments are made in affordable housing projects (the "Project Partnerships"). Generally, NEF's activities include obtaining commitments from investors, identifying and investing in affordable housing properties to be constructed or rehabilitated through partnerships with nonprofit organizations and private developers, and then monitoring the performance of such properties after completion. Benefits to fund investors are derived principally from Low-Income Housing Tax Credits ("LIHTC").

NEF is governed and its investment decisions are made by a board of directors appointed by LISC, the sole voting member of NEF. LISC has rights and duties in accordance with the Illinois General Not-For-Profit Corporation Act, as amended, with voting rights pursuant to NEF's bylaws and the Illinois Act.

NEF Community Investments, Inc. ("NEFCI"), a wholly-owned subsidiary of NEF, is responsible as the general partner, replacement general partner, managing member, or manager, for the operation and management of certain Funds. NEFCI is organized as an Illinois not-for-profit corporation and is tax-exempt. From time to time, NEF forms special-purpose entities to act as the manager of its Funds. NEFCI is also the sole member of these manager entities. The unaudited assets and liabilities of certain special purpose entity managers for the multi-investor Funds are presented below:

	2021		2020	
	Unaudited		Unaudited	
	Assets	Liabilities	Assets	Liabilities
Special-purpose entity manager				
NEF 2009 LLC	$ 4,324,379	$ 2,987,046	$ 4,195,501	$ 2,890,745
National Equity Fund 2011 LLC	9,781,542	4,835,840	9,584,666	4,677,640
NEF 2011 Fund Manager LLC	4,608,621	3,347,189	4,462,091	3,234,978
NEF 2012 Fund Manager LLC	5,846,443	4,925,286	5,678,820	4,788,858
NEF 2013 Fund Manager LLC	4,891,935	4,531,658	4,770,367	4,430,552
NEF 2014 Fund Manager LLC	5,778,949	6,891,103	5,596,115	6,728,932

The special purpose entity managers are separate legal entities whose assets and credit are not available to satisfy the debts of any other entities or persons.

NEFCI also manages and invests in various non-LIHTC and Preservation Funds whose purpose is to provide debt and/or equity financing to develop and preserve investments that meet the community development needs of low-income communities, including (but not limited to), distressed multifamily rental housing for low and moderate-income households, affordable housing projects at or near the end of the low-income housing tax credit compliance period under Section 42 of the federal tax code, and other related community development projects.

Community Development Advocates, Inc. or its sister companies (collectively referred to as "CDA"), subsidiaries of NEF, act as general partners in certain Project Partnerships to facilitate the promotion or rehabilitation of low-income housing. As of December 31, 2021 and 2020, CDA was the general partner of three and four Project Partnerships, respectively. The Project Partnerships where CDA acts as the general partner are collectively referred to as the "CDA Partnerships." Certain Funds are the limited partners of the CDA Partnerships.

New Markets Support Company, LLC

New Markets Support Company, LLC ("NMSC"), a wholly-owned subsidiary of LISC, is a Delaware limited liability company formed in 2003 to manage the New Markets Tax Credit ("NMTC") activities of LISC. As of December 31, 2021, LISC, the sole member of NMSC, has received $1.168 billion of NMTC investment authority from the Community Development Financial Institutions Fund of the U.S. Department of the Treasury ("CDFI Fund").

The NMTC program provides investors with credits against federal income taxes they incur. NMTCs are passed through to an investor for each Qualified Equity Investment ("QEI") made in a Community Development Entity ("CDE") certified as such by the CDFI Fund. The investor receives credits over a seven-year period for each QEI, equal to 39% of the QEI amount. The CDE uses the QEI proceeds to make Qualified Low-Income Community Investments ("QLICIs") to Qualified Active Low-Income Community Businesses ("QALICBs"). QLICIs include loans to or equity investments in QALICBs or other CDEs. CDEs must comply with various federal requirements or investors risk recapture of tax credits plus penalties and interest thereon.

NMSC is governed by a Board of Managers, which is elected by LISC. As a not-for-profit corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (the "Code"), and therefore, without tax liability, LISC itself cannot use NMTCs. In order to utilize the allocation received by LISC from the CDFI Fund, the Board of Managers of NMSC suballocates NMTC investment authority to various Limited Liability Companies (LLCs) organized and managed by NMSC (generally 0.01% ownership). These CDEs make investments in projects that accomplish goals consistent with the mission of LISC and in accordance with certain terms agreed to in the allocation agreements with the CDFI Fund.

NMSC also provides NMTC transaction-related consulting, administration, accounting, reporting, loan servicing, compliance, and software services to unrelated third parties. These services are generally provided to organizations with similar community development missions and investing objectives as LISC. NMSC also provided management services to LISC unrelated to the NMTC program. LISC hired NMSC to provide loan servicing administration services for LISC's loan portfolio beginning on October 1, 2019. These services include onboarding new loans, invoicing for, collecting and recording of loan payments as well as providing LISC with various reports related to the loan portfolio. Last, NMSC also provides fund administration, investment management, risk management and advisory services through service agreements.

Good Jobs Loan Fund, LLC ("GJLF"), a Delaware limited liability company and a wholly-owned subsidiary of NMSC, was formed on June 16, 2020. GJLF was formed to make loans and engage in other related activities in order to increase access to quality jobs for low-income community residents and to generate financial and social impact returns for lenders to GJLF. NMSC is the sole member (100% ownership interest) of GJLF and committed to make capital contributions to GJLF up to $500,000, all of which was contributed as of December 31, 2021. Profits, losses and cash distributions are generally allocated to NMSC in accordance with GJLF's operating agreement. The term of GJLF will continue until the occurrence of certain dissolution events, as defined in its operating agreement or by law, whichever is earlier.

As a result of NMSC exercising its option under certain redemption agreements, NMSC has become the 100% owner of several LLCs and is deemed to control these entities. The entities typically do not have any assets, liabilities, income or expenses. In circumstances where the LLCs have assets, liabilities, income or expenses at year-end, NMSC consolidates those balances. NMSC intends to dissolve these wholly-owned LLCs when feasible. The consolidated financial statements include the accounts of NMSC, GJLF and the wholly-owned LLCs. NMSC, GJLF and the 100% owned LLCs are collectively referred to as the "Company." All significant intra-entity balances and transactions have been eliminated.

immito, LLC

In January 2018, LISC entered into an agreement to purchase a Small Business Lending Company ("SBLC") license for $2.4 million. The purchase of the SBLC license was approved by the U.S. Small Business Administration ("SBA"). In connection with the acquisition of the SBLC license, LISC formed the wholly-owned subsidiary, immito, LLC ("immito"), a Delaware limited liability company, to make SBA-guaranteed small business loans pursuant to section 7(a) of the Small Business Act ("7(a) loan program"). Generally, SBA will guarantee seventy-five to ninety percent (75% to 90%) of the principal and accrued interest on such loan. As a non-depository lending institution, immito generally will utilize the ability to sell on the secondary market the guaranteed portion of loans to provide liquidity.

Generally, SBA does not deny liability on a 7(a) loan guaranty unless an organization's actions or omissions caused, or would cause, a material loss on the loan. In addition, a loan that experiences early default within the 18-month threshold established by the SBA may be subject to elevated levels of scrutiny by the SBA.

immito is governed and its investment decisions are made by a board of managers appointed by LISC, the sole voting member of immito. LISC has rights and duties in accordance with the Delaware Limited Liability Company Act, as amended, with voting rights pursuant to immito's operating agreement and the Delaware Act.

LISC Fund Management, LLC

LISC Fund Management, LLC ("LFM"), a Delaware limited liability company and a wholly-owned subsidiary of LISC, was formed in June 2019 to act as Fund Manager for various loan funds. The loan funds that LFM manages are Charlotte Housing Opportunity Investment Fund LLC, ("CHOIF"), The Bay's Future Fund LLC ("BFF"), BFF Preservation Side Car LLC ("BFF Side Car"), Detroit AHLF-CDFI Fund, LLC ("AHLF"), Community Housing Fund, LLC ("CHF"), Black Economic Development Fund, LLC, ("BEDF"), and Southern Opportunity and Resilience Fund LLC ("SOAR"). LFM, as the Manager of these loan funds, has the right to manage, control and conduct the business of each fund.

LFM is governed and its investment decisions are made by a board of managers appointed by LISC, the sole voting member of LFM. LISC has rights and duties in accordance with the Delaware Limited Liability Company Act, as amended, with voting rights pursuant to LFM's operating agreement and the Delaware Act.

LFM-Managed Funds

CHOIF, a Delaware limited liability company, was formed in 2019 to address the affordable housing crisis in the City of Charlotte and in the surrounding area of Mecklenburg County, North Carolina by promoting the creation of affordable housing and the preservation and protection of existing affordable housing and in doing so, help to relieve the poor and distressed, eliminate racial discrimination, combat community deterioration, enhance community engagement and lessen the burdens of government.

CHOIF is not a wholly owned subsidiary of LISC. As of April 29, 2020, the date of the most recent Certificate of Admission, CHOIF is comprised of seven members, including LISC with capital commitments totaling $21,000,000. As of December 31, 2021 and 2020, capital contributions received by CHOIF from its members totaled $9,048,076 and $4,075,074. LISC's capital contribution as of December 31, 2021 and 2020 was $430,862 and $194,052.

Pursuant to the LLC Agreement and the Certificates of Admission dated September 20, 2019, November 8, 2019 and April 29, 2020, the following additional members were admitted to CHOIF (collectively, "Members"), and the capital commitment for each Member is as follows:

Member Name	Commitment Amount	Contributed as of 12/31/2021	Contributed as of 12/31/2020
Local Initiatives Support Corporation	$ 1,000,000	$ 430,862	$ 194,052
Barings LLC	$ 1,250,000	$ 538,575	$ 242,563
Branch Banking and Trust Company	$ 4,000,000	$ 1,723,441	$ 776,203
Fifth Third Community Development Company, LLC	$ 3,000,000	$ 1,292,581	$ 582,152
Foundations For The Carolinas	$ 2,500,000	$ 1,077,151	$ 485,127
Foundations For The Carolinas II	$ 8,000,000	$ 3,446,891	$ 1,552,414
Massachusetts Mutual Life Insurance Company	$ 1,250,000	$ 538,575	$ 242,563

Income, gain, loss and expense are allocated to each Member in accordance with the LLC Agreement. These allocations are made based on each Members' share of capital commitment as compared to the aggregate capital commitments of all Members.

The term of CHOIF will continue for sixteen (16) years after the completion of the investment period. The investment period is defined as the earliest of the fifth anniversary of the initial closing date or the date of notice given by LFM to the Members following the date upon which at least 90% of the aggregate capital commitments have been invested; used to pay or reserved for company expenses, including management fees; or reserved for investments including follow-on investments, unless extended for up to two years from and after such date pursuant to the LLC Agreement or by law, whichever is earlier.

CHOIF NOAH Investors, LLC ("CNI"), a consolidated subsidiary of CHOIF, was formed as a Delaware limited liability company on October 29, 2020. Pursuant to CNI's Limited Liability Agreement dated October 29, 2020, CNI was formed to address the affordable housing crisis in the Target Area by focusing on naturally occurring affordable housing in the Target Area. As the sole member of CNI, CHOIF has contributed a cumulative $7,025,000 and $1,600,000, respectively, of capital to CNI as of December 31, 2021 and 2020.

BFF, originally known as the Regional Housing Flexible Fund LLC, was formed on March 15, 2019 as a limited liability company under the laws of the State of Delaware. At the time of its original formation, LISC was the founding and sole member. On June 1, 2019, the original operating agreement was amended and restated and the Chan Zuckerberg Foundation ("CZF") was admitted as an additional founding member. On November 27, 2019 a certificate of amendment was certified by the State of Delaware to formally change the name from Regional Housing Flexible Fund LLC to The Bay's Future Fund LLC. On April 28, 2020, the operating agreement was amended and restated a second time to reduce the capital commitment of CZF and restate each member's ownership interest. On October 29, 2020, the operating agreement was amended and restated a third time (the "Operating Agreement") in its entirety.

In accordance with the Operating Agreement, LISC and CZF (collectively, the "Members") have capital commitments totaling $34,281,116. CZF's capital commitment is $29,281,116 (85.41% ownership interest), all of which was contributed to BFF as of December 31, 2020. LISC's capital commitment is $5,000,000 (14.59% ownership interest), and no capital contributions have been made to BFF as of December 31, 2021 and 2020. Capital contributions are due upon capital calls as defined in the Operating Agreement. Each Member's ownership interest is based on the percentage of its capital commitment and each Member is allocated and distributed its share of profits, losses, and cash flows in accordance with its respective percentage interest of capital contributions paid. No distributions will be paid to either Member while any obligations are outstanding.

The term of BFF will continue until the occurrence of certain dissolution events, as defined in the LLC Agreement or 2037, whichever is earlier.

The purpose of BFF, as described in its Operating Agreement, is to accomplish charitable purposes, including relief of the poor and distressed, elimination of racial discrimination, combatting community deterioration, enhancing community engagement, and lessening the burdens of government in the five-county region located in the State of California consisting of San Francisco, San Mateo, Santa Clara, Alameda and Contra Costa counties (the "Bay Area") by promoting the creation of new affordable housing and the preservation of existing affordable housing. BFF will fulfill its purpose primarily through partnering with three CDFIs, Capital Impact Partners ("CIP"), Corporation for Supportive Housing ("CSH") and LISC (collectively, the "CDFI Lenders"). The CDFI Lenders will underwrite, originate and service loans ("Project Loans") within the Bay Area in accordance with BFF's purpose. Additionally, in accordance with the Operating Agreement, CIP and CSH will provide maximum financing commitments of $50,000,000 and LISC will provide a maximum financing commitment up to $75,000,000 to facilitate the origination of Project Loans.

To fulfill BFF's purpose of originating Project Loans, on June 1, 2019, BFF entered into a Master Loan Agreement with the CDFI Lenders. BFF has also entered into separate origination and servicing agreements with each CDFI Lenders whereby the CDFI Lenders will originate and service Project Loans that meet certain target borrower criteria with BFF committing to a certain percentage interest in each Project Loan based on the Project Loan-type ranging from 15% to 54.5%. For each individual Project Loan originated, the Project Loan is evidenced with the borrower in the form of both a loan agreement and three separate promissory notes (an "A Note", a "B Note" and a "C Note"). The CDFI Lenders retains an interest in the A Note and the C Note. The value of the interest in the C Note is 2% of each individual Project Loan. The value of the A Note is the Project Loan amount, less the B Note and the C Note. BFF purchases an interest in the Project Loan by purchasing the B Note from the CDFI Lender for an amount equivalent to the Project Loan-type target percentage as defined in the respective origination and servicing agreement.

As part of its work with BFF, LFM also manages a parallel fund, BFF Preservation Fund Side Car, LLC, ("BFF Side Car"), originally known as the RHFF Preservation Side Car, LLC. It was formed on August 22, 2019. At the time of its original formation, LISC was the founding and sole member. On November 27, 2019, a certificate of amendment was certified by the State of Delaware to formally change the name of BFF Side Car from RHFF Preservation Side Car, LLC to BFF Preservation Side Care LLC. On January 10, 2020, the original Limited Liability Company Agreement was amended and restated ("LLC Agreement") to admit Chan Zuckerberg Foundation ("CZF") and NEF Investment Partner LLC ("NIP") as additional founding members. BFF Side Car had no operations between August 22, 2019 and January 16, 2020. Accordingly, January 16, 2020 is deemed to be the "commencement of operations" of BFF.

In accordance with the operating agreement for BFF Side Car, the BFF Side Car Members have stated capital commitments totaling $10,100,100. CZF's capital commitment is $10,000,000 (99.0089207% ownership interest), all of which has been contributed to BFF Side Car as of December 31, 2021. NIP's capital commitment is $100,000 (0.9900892% ownership interest), and LISC's commitment is $100 (0.0009901% ownership interest). Capital contributions are due upon capital calls as defined in the LLC Agreement. Each Member's ownership interest is based on the percentage of its capital commitment and each Member is allocated and distributed its share of profits, losses, and cash flows in accordance with its respective percentage interest of capital contributions paid. No distributions will be paid to Members while any obligations are outstanding.

BFF Side Car's purpose is to accomplish charitable purposes, including relief of the poor and distressed, elimination of racial discrimination, combatting community deterioration, enhancing community engagement, and lessening the burdens of government in the five-county region located in the State of California consisting of San Francisco, San Mateo, Santa Clara, Alameda and Contra Costa counties (the "Bay Area") by promoting the creation of new affordable housing and the preservation of existing affordable housing. The term of BFF Side Car will continue until the occurrence of certain dissolution events, as defined in the LLC agreement or 2037, whichever is earlier.

AHLF, a Delaware limited liability company and a wholly-owned subsidiary of LISC, was formed in January 22, 2020. AHLF was formed for the purpose of facilitating the deployment of capital into grants and low-interest loans supporting the preservation and production of affordable housing in Detroit, Michigan and engaging in any and all activities to advance this deployment. The term of AHLF will continue until January 31, 2058, unless extended for up to two years from and after such date pursuant to the AHLF's operating agreement or terminated earlier in accordance with the AHLF's operating agreement or by law.

LISC is the sole Member (100% ownership interest) of AHLF, and has committed to make capital contributions to AHLF up to $20,000,000. As of December 31, 2021 and 2020, LISC has made capital contributions to AHLF totaling $13,215,002 and $9,215,002, respectively. Profits, losses, and cash distributions are allocated to the Member in accordance with the LLC Agreement. The term of AHLF will continue until January 31, 2058, unless extended for up to two years from and after such date pursuant to the LLC Agreement or by law, whichever is earlier.

CHF, a Delaware limited liability company formed November 2, 2020 and classified by the Internal Revenue Service as tax-exempt under Section 501(c)(3) of the Internal Revenue Code of 1986. On

December 9, 2020 (commencement of operations), an Amended and Restated Limited Liability Company Agreement (the "LLC Agreement") was entered by and between LISC. LISC is the sole member (100% ownership interest) of CHF, and has committed to make capital contributions to CHF up to $4,530,000. As of December 31, 2021, LISC has contributed $530,000 of capital to CHF. CHF shall be dissolved and wound-up upon the occurrence of certain events as defined in the LLC Agreement.

Pursuant to the LLC Agreement, Destination: Home SV, a California not-for-profit corporation and supporting organization of Silicon Valley Community Foundation, is the Special Member of CHF and as such, shall provide a conditional contribution to CHF in an amount not to exceed $5,000,000. The Special Member is not a Member of CHF, and has no ownership interest or interest in the profits, losses, and capital of CHF, has no rights to receive any distributions of CHF's assets, is not required to make any capital contributions or other contributions to CHF. The Special Member has no right to bind, vote on, approve or otherwise consent to any action by CHF.

Pursuant to the LLC Agreement, CHF was formed for the purpose of furthering the charitable purposes of its Member and Special Member, including relief of vulnerable and extremely low income households, elimination of racial discrimination, combatting community deterioration, enhancing community engagement, and lessening the burdens of government in the five-county region located in the State of California consisting of San Francisco, San Mateo, Alameda and Contra Costa counties (the "Bay Area"), by financing the creation of affordable housing and preservation of existing affordable housing.

BEDF is a Delaware limited liability company formed November 18, 2020 pursuant to an initial Limited Liability Company Operating Agreement (the "Initial Agreement"). At the time of its original formation, LISC was the founding and sole member. The Initial Agreement was amended and restated on December 11, 2020 (commencement of operations) in its entirety (the "LLC Agreement"). Pursuant to the LLC Agreement, BEDF was formed to meet special social needs specifically by providing Black communities with improved access to capital in order to incentivize economic activity and wealth building opportunities in those communities, and in doing so, promote more stable environments for Black businesses and families, contribute to the elimination of racial discrimination, and provide more equal access to economic opportunity.

The term of BEDF will continue in full force and effect until the third anniversary of the expiration of the termination of the Investment Period, as defined in the LLC Agreement. LFM, as the Manager of BEDF, shall have the right to extend the term of BEDF for up to one additional year and thereafter with the consent of BEDF's advisory committee.

Pursuant to the LLC Agreement and various Subscription Agreements, LISC withdrew as the initial member, and the following members were admitted to the Fund (collectively, the "Members"), and the capital commitment for each Member is as follows:

Member Name	Commitment Amount	Contributed as of 12/31/2021
Aflac Incorporated	$ 25,000,000	$ 6,200,000
Costco Wholesale Corporation	$ 25,000,000	$ 6,200,000
Dick’s Sporting Goods, Inc.	$ 12,500,000	$ 3,100,000
DuPont de Nemours, Inc.	$ 20,000,000	$ 4,960,000
HubSpot, Inc.	$ 12,500,000	$ 3,100,000
McKinsey & Company, Inc.	$ 15,000,000	$ 3,720,000
Netflix, Inc.	$ 25,000,000	$ 6,200,000
PayPal, Inc.	$ 50,000,000	$ 12,400,000
Square, Inc.	$ 25,000,000	$ 6,200,000
Thermo Fisher Scientific Inc.	$ 20,000,000	$ 4,960,000
Wayfair Inc.	$ 20,000,000	$ 4,960,000

As of December 31, 2021, capital contributions received by BEDF from the Members, totaled $62,000,000.

SOAR, a Delaware limited liability company, was formed on February 8, 2021 pursuant to an initial Limited Liability Company Agreement, which was amended and restated on April 22, 2021 (commencement of operations) in its entirety (the "LLC Agreement"). Pursuant to the LLC Agreement, SOAR was formed to accomplish charitable purposes, including relief of vulnerable and extremely low income households, elimination of racial discrimination, combatting community deterioration, enhancing community engagement, and lessening the burdens of government by purchasing eligible loans originated by community development financial institutions (the "CDFI Originators") and pledging the eligible loans as collateral for borrowings from investors. LISC is the sole Member (100% ownership interest) of SOAR. As of December 31, 2021, LISC has made capital contributions to SOAR totaling $5,575,000.

The term of SOAR will continue in full force until dissolved and terminated upon the first to occur (but not earlier than the final repayment in full or liquidation of each debt obligation) of the following events:

(a) A qualifying wind down event as defined in the LLC Agreement;

(b) The disposition of all or substantially all of SOAR's assets and obligations;

(c) The entry of a decree of judicial dissolution; or

(d) The dissolution, bankruptcy, or withdrawal of the last remaining Member.

Additional LISC Entities
Resilience and Recovery Network, LLC, a Texas limited liability company and a wholly-owned subsidiary of LISC, was formed in March 2018 to implement and operate a program to repair homes occupied by low- and moderate-income households that were affected by Hurricane Harvey.

Neighborhood Properties, LLC also has limited activity. It was originally formed to take title on collateral property foreclosed by LISC where LISC is the highest bidder at public auction.

Summary of significant accounting policies

Consolidation
The accompanying consolidating and consolidated financial statements include the assets, liabilities, net assets, and financial activities of LISC, NEF and its affiliates, NMSC and its affiliates, immito, RRN, NP, LFM, AHLF, CHF, BFF, BFF Side Car, BEDF, CHOIF, and SOAR (collectively, the "Organization"). All significant inter-organization balances and transactions have been eliminated in consolidation.

NEF consolidates limited partnerships or similar entities over which it has a controlling financial interest in accordance with FASB ASC 958-810-20, *Consolidation - Control of Partnerships and Similar Entities* ("FASB ASC 958-810-20"). Generally, FASB ASC 958-810-20 requires consolidation of limited partnerships or similar entities by the general partner of that entity under the presumption that the general partner controls the limited partnership entity. The presumption of control by a general partner can be overcome if the limited partners are able to exercise substantive kick-out or participating rights. NEF does not consolidate limited partnerships or similar entities in which it owns a general partnership interest as the presumption of control by the general partner is able to be overcome. NEF reassesses whether it holds a controlling financial interest in limited partnerships or similar entities on an annual basis.

NEF consolidates the CDA Partnerships as the presumption of control was not overcome under guidance of FASB ASC 958-810-20.

Financial statement presentation
The accompanying consolidating and consolidated financial statements are prepared on the accrual basis of accounting. The Organization reports its financial information in the following categories:

Without donor restrictions
The "Operating Funds - Without Donor Restrictions" is used to record activities supported by resources that are not subject to donor-imposed restrictions and over which management and the board of directors have discretionary control.

The "Loan Funds - Without Donor Restrictions" is used to record loans and bonds payable proceeds mainly provided to the Organization by financial institutions, insurance companies, foundations, government agencies, and other nonprofits with lender-imposed restrictions that may include making loans to Community Development Projects ("CDPs") in certain geographic areas. In some instances, loans payable proceeds are provided to fund recoverable grants to CDPs. These funds, as well as the related recoverable grant activities, are recorded in the "Operating Funds Without Donor Restrictions."

As of December 31, 2021, and 2020, Loan Funds - Without Donor Restrictions consist of $10 million of board-designated net assets.

Principal repayments received on loans provided to CDPs funded from loan funds, as well as the provision for loan losses, are recorded in the "Loan Funds - Without Donor Restrictions." Impairment losses are charged to the "Operating Funds - Without Donor Restrictions."

The net assets of LISC Affiliates & Funds and CDA Partnerships are without donor restrictions.

With donor restrictions
These funds are used to record contributions received with donor-imposed restrictions. Contributions are recorded as restricted support if they are received with donor stipulations that limit their use. When a donor's restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidating and consolidated statement of activities and changes in net assets as net assets released from restrictions.

Specifically, the "Loan Funds with Donor Restrictions" ("donor-restricted loan funds") is used to record contributions received with donor-imposed restrictions for lending and/or credit enhancement activities. "Operating Funds - With Donor Restriction" ("donor-restricted operating funds") is used to record net assets received with donor-imposed restrictions for all other activities, excluding lending and/or credit enhancement activities.

Estimates
The preparation of the consolidating and consolidated financial statements in conformity with U.S. 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 consolidating and consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. The significant estimates made in the preparation of these consolidating and consolidated financial statements include the fair value of alternative investments, the allowance for uncollectible loans, the allowance for uncollectible recoverable grants, and the allowance for uncollectible receivables. Actual results could differ from those estimates.

Fair value
Fair value is defined 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 for the asset or liability in an orderly transaction between market participants at the measurement date. The three levels of the fair value hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that a reporting entity has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly and certain alternative investments that can be redeemed at or near balance sheet date (within 90 days). Level 2 inputs may include quoted prices for similar assets and liabilities in active markets, as well as inputs that are observable for the asset or liability (other than quoted prices), such as interest rates, foreign exchange rates, and yield curves that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs for the asset or liability and certain alternative investments that are not redeemable at or near balance sheet date (within 90 days).

Revenue recognition
Revenue and support consists primarily of contributions, government grants & contracts, interest income on loans to CPDs and fee income.

Contributions, including unconditional promises to give (pledges), are recorded as revenue at fair value on the date received or pledged. Contributions are recorded as net assets with donor restrictions if they are received with donor stipulations that limit their use as to purpose or time. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Fair value is estimated giving consideration to anticipated future cash receipts (after allowance is made for uncollectible contributions) and discounting such amounts at a risk adjusted rate commensurate with the duration of the donor's payment plan. These inputs to the fair value estimate are considered Level 3 in the fair value hierarchy. Amortization of the discount is recorded as additional contribution revenue in accordance with the donor imposed restrictions, if any, on the contributions.

Contributed goods are recognized initially as revenue at their estimated fair value at date of receipt and expensed when used. Contributed services are recognized as revenue if the services create or enhance nonfinancial assets or require a specialized skill, are provided by individuals possessing those skills, and typically need to be purchased if not provided by donation. Contributed services that do not meet the above criteria are not recognized as revenue and are not reported in the accompanying consolidating and consolidated financial statements.

LISC also receives government grants and contracts from a number of sources including federal, state, and local governments. These agreements are evaluated as to whether they qualify as contributions or exchange transactions as defined by U.S. generally accepted accounting principles. Government grants and contracts that are considered contributions are recognized as revenue when it is probable that the conditions surrounding the terms of the grant commitments are met. Government grants and contracts that are considered exchange transactions are recognized as revenue when services have been provided in accordance with the terms of the agreements and are reported in other income in the accompanying consolidating and consolidated statement of activities and changes in net assets.

Fee income consists of syndication fee income, asset management fee income, CDA partnerships-rental income, and disposition income.

Syndication Fee Income, Net: NEF (or its subsidiaries) provides syndication services which include organization, acquisition, and construction monitoring services to the Funds. NEF is compensated for its services through a fee that is recognized as follows:

- 25% is recognized at a point in time as a reimbursement of Fund offering and organization costs incurred by NEF;
- 45% is recognized at a point in time as an acquisition fee upon closings of Funds' Project Partnerships; and
- 30% is recognized over time as a construction management fee during the construction period of those Project Partnerships.

In addition, NEF is reimbursed for legal closing costs associated with the acquisition of the Project Partnerships. Such amounts are presented net in the accompanying consolidating and consolidated statements of activities within fee income.

Asset Management Fee Income - Funds: An annual asset management fee is assessed for each Project Partnership in a particular Fund and is recognized over time as services are provided over the 15-year compliance period, after the project has reached qualified occupancy.

Asset Management Fee Income - Project Partnerships: NEF (or its subsidiaries) receives an asset management fee from certain Project Partnerships. The fee is earned annually over time but only payable from the operational performance of the respective Project Partnership. NEF estimated this variable consideration and recognizes only the amount that is probable such that a significant reversal of cumulative revenue recognized will not occur due to the sub-par operational performance of Project Partnerships. As of December 31, 2021 and 2020, NEF recorded a receivable in the amount of $9,176,432 and $8,726,727, respectively, that represents NEF's best estimate of the consideration that NEF is entitled to receive under the contracts. This estimate is re-evaluated annually and takes into account general economic conditions, specific project characteristics and trends in historical collectability rates. Because of uncertainties inherent in the estimation process, management's estimate may change in the near term. However, the amount of the change that is reasonably possible cannot be estimated.

Rental Income - CDA Partnerships: The majority of the CDA Partnerships' revenue is derived from leases with tenants generally for terms of one year or less. Rental income is recognized as rentals become due. Rental payments received in advance are deferred until earned. All leases between the partnership and the tenants of the property are operating leases.

Disposition Income - NEF (or its subsidiaries) received disposition fees from certain Funds and Project Partnerships. The fee is recognized at a point in time when a sale is consummated and proceeds are sufficient enough to satisfy certain other obligations based on the terms of the contract.

NMSC earns revenue by providing organization, underwriting, accounting, asset management, dissolution, and other services to the LLCs, which are governed by the related operating and fee agreements. NMSC classifies these services as investment management revenue. Suballocation fees are recognized when earned or QEIs are funded. Asset management and investment fund management fees are recognized as income as NMSC provides the service (generally over a seven-year period). From these asset management and investment fund management fees, NMSC pays audit, tax, registration and filing fees and other expenses on behalf of certain LLCs. NMSC accounts for the expenses it pays on behalf of these LLCs as a reduction to total investment management revenue. Exit fees are recognized as investment management revenue at the end of the NMTC compliance period, generally when the CDE exits the NMTC transaction.

NMSC also earns revenue by contracting with unrelated third parties to provide consulting, administration and compliance services on various investment transactions. Fees for such services are recognized as revenue as NMSC renders the service. This revenue is classified as fund administration revenue. Additionally, NMSC earns revenue from software licensing and related services that includes all fees earned from granting customers the right to use the software. NMSC also earns interest income on loans made to various borrowers that is accrued as earned in accordance with the contractual terms of the loan agreements.

Notional interest income represents compensation from BEDF Members admitted to BEDF subsequent to the initial closing date, paid to the existing Members of BEDF to equalize Members' interest in BEDF. Notional interest income is calculated based on the Member's pro-rata share of aggregate contributed capital multiplied by 2% per annum for the period from the initial closing date to the date of admission of the subsequent Members.

Secondary market loan sales
immito sells the SBA-guaranteed portion of loans into the secondary market. In accordance with the accounting guidance for asset transfers, immito considers any ongoing involvement with transferred assets in determining whether the assets can be derecognized from the balance sheet. With the exception of servicing and certain performance-based guarantees, immito's continuing involvement with financial assets sold is minimal.

When immito sells the SBA-guaranteed portion of loans, it may retain servicing rights. The gain or loss on sale depends on the previous carrying amount of the SBA-guaranteed portion of loan sold, the servicing right recognized, and the consideration received, and any liabilities incurred in exchange for the transferred assets.

Upon the sale of SBA-guaranteed portion of loans, any servicing assets retained by immito are carried at the lower of cost or fair value. The servicing asset is amortized in proportion to and over the period of estimated net servicing income. Servicing income is earned for the full term of the loan or until the loan is repaid. In addition, servicing assets are assessed for impairment based on fair value at each reporting date.

During the years ended December 31, 2021 and 2020, immito entered into 23 and 16 transactions, respectively, which provided for the sale of the SBA-guaranteed portion of certain loans to unrelated parties on the secondary market. immito retained the non-guaranteed portion of these loans and the related servicing rights for all loans sold on the secondary market. The average interest rate for the loans sold on the secondary market was 5.97% and 6.00% for the years ended December 31, 2021 and 2020, respectively.

Enacted in March 2020, Section 1112 of the Coronavirus Aid, Relief, and Economic Security Act ("Section 1112" or “the CARES Act”) provided for subsidy loan payments on all loans originated under the SBA 7(a) Small Business Loan Program in 'regular' servicing, which subsidies were not required to be repaid by the borrowers. The subsidy payments were paid by the SBA and reflected the initial six months of payments, including scheduled principal and interest payments, for any new loan originated from the implementation of the CARES Act through September 27, 2020. These provisions were amended on December 27, 2020, through the Economic Aid to Hard-Hit Small Businesses, Non-Profits and Venues Act ("Economic Aid Act"). The Economic Aid Act authorized additional debt relief payments to 7(a) borrowers beyond the six-month period prescribed in the CARES Act. The level of assistance varies based on when the loan was approved and began on or after February 1, 2021.

Cash and cash equivalents
Cash and cash equivalents include cash in banks and on hand and highly-liquid debt instruments that have maturities of three months or less from the date of purchase by the Organization, except for those amounts held by the Organization's investment managers.

Restricted cash
As of December 31, 2021 and 2020, NEF had total restricted cash of $9,609,023 and $40,384, respectively, which has been designated for distributions to investors for Funds in the process of dissolution. In addition, as of December 31, 2021 and 2020, NEF also has restricted cash of $946,521 and $1,070,747, respectively, pursuant to terms of certain agreements.

NMSC acts as a fiduciary agent and collects debt service payments from borrowers on behalf of related or third-party lenders. Debt service payments received are deposited into restricted cash accounts and are disbursed monthly to the related or third-party lenders. As the agent, NMSC recognizes a liability to the related or third-party lenders concurrent with its receipt of the debt service payments. As of December 31, 2021 and 2020, restricted cash includes loan servicing amounts of $5,179 and $1,009, respectively, held by NMSC on behalf of certain Investment Funds.

NMSC acted as the managing member of two LLCs from their inception in 2011 and 2013 through their dissolutions on August 23, 2019 and December 16, 2020. On those dates, NMSC became 100% owner of the LLCs as a result of the Exit Agreements executed on the same dates. Pursuant to each entity's operating agreement, a loan loss reserve was held by each entity for the duration of the compliance period as a reserve against losses of principal on loans made by each entity. Upon the collection of all outstanding loans and fee receivable, payment of all expenses, and the making of required distributions per each entity's operating agreement, any cash remaining in the loan loss reserve was available for NMSC to grant to qualifying charter schools and as such is recorded as restricted cash and a charter school grant liability in the amount of $1,864,640 and $1,864,225 as of December 31, 2021 and 2020, respectively, on the accompanying consolidated statement of financial position.

immito's restricted cash includes cash amounts held in separate accounts and restricted for lending (i.e. non-operational) use, including amounts due on SBA loan-related remittances to third parties. As of December 31, 2021 and 2020, restricted cash held by immito was $2,728,899 and $500,081, respectively.

As of December 31, 2021 and 2020, BFF's restricted cash of $7,400,004 and $15,103,825 includes cash amounts restricted for use including fulfilling BFF's purpose and payment of BFF's expenses.

Pursuant to the Intercreditor Agreement between AHLF, Chase New Markets Corporation ("CNMC") and its lenders dated September 25, 2020, a loan loss reserve is to be funded in the amount of 5.0% of the combined amount CNMC and each lender has committed to AHLF. As of December 31, 2021 and 2020, the loan loss reserve was funded in accordance with the Intercreditor Agreement, and there has been no reliance on the restricted loan loss reserve to date. As of December 31, 2021 and 2020, the balance in the loan loss reserve account was $1,901,070 and $799,888, respectively.

As of December 31, 2021 and 2020, the balance in CHOIF's reserve account was $18,380 and $599 for use including fulfilling CHOIF's purpose and payment of CHOIF's expenses.

Pursuant to the Loan Purchase Agreement between SOAR, LFM and the CDFI Originators dated April 22, 2021, a CDFI loan loss reserve is to be funded in an amount to equal or exceed 5.0% of the aggregate amount of Non-Portfolio Loans outstanding. As of December 31, 2021, the CDFI loan loss reserve was funded in accordance with the Loan Purchase Agreement, and there has been no reliance on the restricted loan loss reserve to date. As of December 31, 2021, the balance in the CDFI loan loss reserve account was $80,002. The original funding amount into the CDFI loan loss reserve account totals $80,000 and the 2021 year-end account balance includes interest income earned on cash balances.

Pursuant to the Loan and Security Agreement between SOAR, LFM and various lenders dated April 22, 2021, a Fund loan loss reserve is to be funded to equal or exceed 5.0% of the aggregate principal amount of outstanding loans, defined as "Class A Loan and/or a Class B Loan" in the Loan and Security Agreement. As of December 31, 2021, SOAR's loan loss reserve was funded in accordance with the Loan and Security Agreement, and there has been no reliance on the restricted loan loss reserve to date. As of December 31, 2021, the balance in SOAR's loan loss reserve account was

$1,507,607. The original funding amount into SOAR's loan loss reserve account totals $1,520,000 and the 2021 year-end account balance is net of interest income earned on cash balances and bank fees that management plans to reimburse in 2022.

Investments
Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value in the consolidating and consolidated statement of financial position. Fair value of equity securities is based on quoted market prices. Fair values of fixed maturity securities, other than those based on quoted market prices, are based on prices provided by the Organization's custodian bank. The custodian bank uses a variety of pricing sources to determine market valuations. Each designates specific pricing services or indexes for each sector of the market upon the provider's expertise. The fair values of alternative investments are based on the net asset value, a practical expedient provided by the investment managers or general partners. Those estimated net asset values may differ significantly from the values that would have been used had a ready market for these securities existed.

Investment in funds and projects
NEF and its subsidiaries account for its partner and member interests in the Funds (collectively "Partner and Member Interests") using the equity method of accounting. Under the equity method, these investments are carried at cost, adjusted for NEF's share of net income, loss, and for cash distributions received. Under the equity method of accounting, the Partner and Member Interests will not be carried below zero unless NEF has continuing involvement in the entity. To the extent that the Partner and Member Interests with a carrying value of zero distribute cash to NEF or its subsidiaries, the distribution is recorded as other income in the Organization's consolidating and consolidated statement of activities.

NEF assesses other-than-temporary declines in values of its investments in its Partner and Member Interests. Annually, the carrying value of each investment is compared to its respective fair values. If another-than-temporary decline in carrying value exists, an impairment loss is recorded in the Organization's consolidating and consolidated statement of activities and changes in net assets to reduce the investment to fair value.

Contract-related assets
Contract related assets from Funds and Project Partnerships, net of estimated uncollectible accounts, were $18,675,629 and $16,627,723 as of December 2021 and 2020, respectively, and are included in due from funds and prepaid expenses and other assets in the accompanying consolidated statements of financial position. NEF evaluates impairment on contract-related assets annually. For the years ended December 31, 2021 and 2020, no impairment loss was recognized on contract related assets.

Risks and uncertainties
The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the consolidating and consolidated statement of financial position.

Loans receivable and the allowance for uncollectible loans
Loans receivable consist primarily of loans to CDPs originated by LISC, CHF and BEDF.

Loan receivable are carried at their unpaid principal balance less unamortized discounts and premiums, retained loan discounts, and an allowance to reflect potentially uncollectible loan balances. The allowance for uncollectible loans is maintained at a level that, in management's judgment, is adequate to provide for potential losses. Large loans are evaluated individually for impairment; an allowance is established when the discounted cash flows of an impaired loan are lower than the carrying value of the loan. For the remainder of the portfolio, an allowance is established based on historical loan loss experience and management's evaluation of the collectability of the loans, taking into consideration project characteristics and trends. The accrual of interest income is discontinued on loans that are delinquent for over 30 days. Loans are written off when repayment is not expected to occur.

To monitor the likelihood of losses to its loan portfolio, LISC, CHOIF, ALHF and BEDF employ the following internal risk rating categories:

I. Excellent - The loan is a very strong credit, and sound in every respect. The prospect for repayment is excellent.

II. Strong - The loan is a strong credit and sound in most respects. The prospect for repayment is strong.

III. Good - The loan is a sound credit with reasonable risk for the Organization and with good repayment prospects.

IV. Acceptable - The loan is credit-worthy, but contains heightened risks from the outset. A number of developments that would reduce LISC's repayment risk have yet to occur, but no material problems have developed.

V. Close Follow - The loan has more significant risks that an "Acceptable" loan, but it is still credit-worthy.

VI. Substandard - Conditions seriously jeopardizing loan repayment have developed, and it is likely some loss of loan principal will occur.

VII. Doubtful - The loan has been partially written down but in work-out in the hopes of receiving partial payment.

BFF Side Car purchases 100% of the junior promissory note from the NEF Preservation Fund II, LP, the originator of the note's receivable. NEF Preservation Fund II, LP is a related party to NEF, a founding member and loan servicer of BFF Side Car. BFF Side Car relies on NEF for credit analysis of the end borrower and monitors the likelihood of losses on BFF Side Car's notes receivable.

Lending Facility Fees

BFF has entered into an origination and servicing agreement with CIP and BFF incurs an annual fee of $200,000 due to CIP. BFF also entered into an origination and servicing agreement with CSH and BFF incurs an annual fee of $100,000 due to CSH. Effective June 1, 2020, the fee increased to $206,000 and $200,000 respectively. The fee will increase annually by 3% subject to the approval of BFF's annual budget and ends on June 1, 2021. The fee is recognized ratably over each annual period to which it relates. For the years ended December 31, 2021 and 2020, originator fees of $413,105 and $361,833, respectively, were expensed. As of December 31, 2021 and 2020, origination fees of $174,242 and $169,167, respectively, were prepaid and are included in prepaid expenses and other assets on the accompanying consolidating and consolidated statement of financial position.

CHF operates under an Origination and Servicing Agreement with CSH date March 17, 2021, for financial services provided, including loan payment collection and related management and customer services. CHF incurs a servicing and asset management fee due to CSH in the amount of 0.25% for the servicing fee and 0.50% for the asset management fee (collectively, the "CSH Lending Facility Fees") of the outstanding principal balance of each Project Loan that CSH originates.

CHF operates under an additional Origination and Servicing Agreement with Capital Limited partners ("CL") dated August 2, 2021, for financial services provided, including loan payment collection and related management and customer services. CHF incurs a servicing and asset management fee due to CIP in the amount of 0.25% for the servicing fee and 0.50% for the asset management fee (collectively, the "CIP Lending Facility Fees") of the outstanding principal balance of each Project Loan that CIP originates. Together CHF and CIP are the Originators and the CSH Lending Facility Fees and the CIP Lending Facility Fees are the Lending Facility Fees.

For the year ended December 31, 2021, CHF incurred $31,263 of servicing fees and $62,525 of asset management fees due to the Originators. As of December 31, 2021, Lending Facility Fees of $93,788 were due and payable to the Originators and are included in accounts payables and accrued expenses on the accompanying consolidating and consolidated statement of financial position.

Commission expense
GJLF entered into a fee agreement ("Fee Agreement") with Castello Investment Advisory Services ("Finder") to provide introductions to GJLF of operating companies in need of debt or equity financing. Pursuant to the Fee Agreement dated November 5, 2020, if GJLF provides financing to any borrower within one year following introduction by the Finder, GJLF must pay a fee to the Finder of 1.5% of the total financing provided to the borrower, as a commission expense. The Fee Agreement was amended on June 1, 2021 ("Revised Fee Agreement") to increase the fee paid to the Finder to 2.5% of the total financing provided to the borrower if the financing closes between the date of the Revised Fee Agreement and September 30, 2021, and 2.0% of the total financing provided to the borrower if the financing closes between October 1, 2021 and June 30, 2023. For the years ended December 31, 2021 and 2020, GJLF incurred and paid $132,500 and $0, of commission expense to the Finder.

Recoverable grants
Recoverable grants are early project investments provided to CDPs that contractually require repayment generally without interest. Recoverable grants receivable are recorded when these amounts are disbursed and an allowance has been established based on historical recoverability experience that, in management's judgment, is adequate to cover potential losses.

Government contracts and loan-related advances
Government contracts and loan-related advances consists of amounts received in advance from government agencies and other organizations for the purpose of providing loans, recoverable grants and project grants to CDPs in accordance with the terms of respective contractual agreements.

Capitalized interest
NEF borrows monies in order to provide short-term secured loans to facilitate the acquisition of Project Partnership investments. It is NEF's policy to capitalize interest paid on these borrowings during the construction period of the Project Partnerships. Upon assignment of the interests of the

project investments, NEF may be reimbursed for these interest costs by the Fund. Any unreimbursed costs are recorded as a reduction to fee income.

Discounts and debt issuance costs
Debt issuance costs, net of accumulated amortization, are reported as a direct deduction from the face amount of the long-term debt to which such costs relate. Amortization of debt discount issuance costs is reported as a component of interest expense and is computed using an imputed interest rate on the related loan.

Property and equipment
Property and equipment are stated at cost less accumulated depreciation or amortization, computed using the straight-line method. Furniture, equipment, and software are depreciated over their estimated useful lives of three to seven years. Computer software development costs for internal use are capitalized and amortized on the straight-line basis over an estimated useful life of three years. Leasehold improvements are amortized over the lesser of the estimated useful lives of the assets or the remainder of the lease term, whichever is shorter. Buildings and improvements are depreciated over 27.5 to 40 years. Maintenance and repairs are charged to operations when incurred. Betterments and renewals are capitalized.

Intangible assets
immito's SBA license is recorded as an indefinite-lived intangible asset and is not amortized as the license is valid for an indefinite period of time. The license is valued at approximately $2,400,000. The license is subject to annual impairment testing, impairment being a material adverse change that would prevent immito from conducting its 7(a) business as planned. Unless there is an indicator of impairment, which would require an interim impairment analysis, immito has elected to perform its annual evaluation for impairment on January 1 of each fiscal year.

Accounting for the impairment of real estate assets
The Organization records an impairment loss on its real estate assets (land, building, and improvements) whenever their carrying value cannot be fully recovered through estimated undiscounted future cash flows from their operations, sale, and low-income housing tax credits. The amount of the impairment loss to be recognized would be the difference between the Organization's carrying value and the estimated fair value. Adjustments for impairment loss for such real estate assets are made in each period as necessary to report these investments at the lower of carrying value or fair market value less cost to sell. However, there can be no assurance that any estimated fair value of these real estate assets would ultimately be realized by the Organization in any future sale or disposition transaction. Impairment losses have no impact on the cash flow of the Organization. No impairment loss on real estate assets was recorded in 2021 and 2020.

Functional expenses
The costs of providing program services and other activities have been summarized on a functional basis in the consolidated statement of functional expenses. Accordingly, certain costs have been allocated among program services, management and general and fundraising expenses.

The expenses that are allocated and the method of allocation include the following:

Expenses	Method of allocation
Salaries and fringe benefits	Time and effort
Professional services, consulting and legal	Direct allocation based on services/time and effort
Office and administrative	Direct allocation based on invoices/time and effort
Rent and utilities	Time and effort
CDA Partnerships - property expense	Direct allocation
Project grants	Direct allocation
Service fees	Direct allocation based on services
Interest	Direct allocation
Provision for uncollectible recoverable grants to CDCs	Direct allocation
Provision for uncollectible loans to CDCs	Direct allocation
Bank fees and other financial expenses	Direct allocation
Accounting and auditing fees	Direct allocation
Board expenses	Direct allocation
All other expenses	Time and effort

Income taxes

The Organization recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Income generated from activities unrelated to the Organization's exempt purpose is subject to tax under the Code, Section 511. The Organization did not recognize any unrelated business income tax liabilities for the years ended December 31, 2021 and 2020. Unrelated business income tax liabilities for the years ended December 31, 2021 and 2020 was immaterial.

Income tax returns filed by the Organization are subject to examination by the Internal Revenue Service for a period of three years. While no income tax returns are currently being examined by the Internal Revenue Service, tax years since 2018 remain open.

LISC is exempt from federal income taxes under Section 501(c)(3) of the Code. It has been classified as an organization that is not a private foundation and has been designated a "publicly supported" organization of the type described in Sections 170(b)(1)(A)(vi) and 509(a)(1) of the Code.

NEF is exempt from federal income taxes under Section 501(c)(4) of the Code. As a 501(c)(4) corporation, contributions to NEF are not tax deductible.

NMSC, NP, immito, RRN, LFM, AHLF, SOAR, and GJLF are single-member LLCs and are considered disregarded entities for income tax purposes.

Income or losses of the NEF Funds, and the NMTC CDEs are required to be reported by the respective members/partners on their individual tax returns. Therefore, no provision has been made for federal or state income taxes. Additionally, the low-income housing tax credits generated by the Project Partnerships are passed through the NEF Funds to their members. NMTCs are passed through to an investor for each new QEI made by an investor in a CDE.

BFF and BFF Side Car have elected to be treated as a pass-through entity for income tax purposes and, as such, is not subject to income taxes. Rather, all items of taxable income, deductions and tax credits are passed through to and are reported by its founding members on their respective income tax returns. BFF's federal tax status as a pass-through entity is based on its legal status as a limited liability company. Accordingly, BFF is not required to take any tax provisions in order to qualify as a pass-through entity. BFF is required to file and does file tax returns with the Internal Revenue Service and other taxing authorities. Accordingly, these financial statements do not reflect a provision for income taxes and BFF has no other tax positions which must be considered for disclosure. Income tax returns filed by BFF are subject to examination by the Internal Revenue Service for a period of three years.

CHOIF is treated as a partnership for income tax purpose. All income and expenses of CHOIF are attributed to the taxable income of the individual members. CNI is treated as a disregarded entity for income tax purposes. All tax attributes of CNI pass through to CHOIF and income taxes, if any, are payable by CHOIF.

CHF is exempt from federal income taxes under the Code Section 501(c)(3) and from California income and franchise taxes under Revenue and Taxation Code Section 23701(d).

BEDF is treated as a partnership for income tax purposes. All income and expenses of BEDF are attributable to the taxable income of the individual members. Consequently, no provision for income taxes has been made in the accompanying consolidating and consolidated financial statements.

Reclassifications

Reclassifications have been made to the prior year balances to conform to the current year presentations. Such reclassifications were made for comparative purposes only, and do not restate the prior year consolidating and consolidated financial statements.

Recent accounting pronouncements

In August 2018, the Financial Account Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework-Changes to the disclosure requirements for fair value measurements*, which modifies the disclosure requirements for fair value measurements. The ASU is effective for annual reporting periods beginning after December 15, 2019. The Organization has implemented the provisions of ASU 2018-13 in the accompanying consolidating and consolidated financial statements. The adoption of ASU 2018-13 did not materially impact the Organization's results of operations, cash flows, or presentation thereof.

In June 2016, the FASB issued 2016-12, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which creates a new credit impairment standard for financial instruments. The new standard will require management to make a current estimate of expected credit losses as opposed to current U.S. generally accepted accounting principles which delayed recognition until the loss was probable. As a result of the ASU, management will be required to perform an assessment of expected credit losses on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount.

ASU 2016-12 is applicable to all loans, debt securities, trade receivables, net investment in leases, off-balance-sheet credit exposures, reinsurance receivables and any other financial assets not excluded from the scope that have a contractual right to receive cash.

In the period of adoption, the Organization will record a cumulative-effect adjustment to changes in net assets and in subsequent years, changes in the current expected credit loss for the reporting period will be reported on the statement of activities. Expanded disclosures will also be required.

The ASU, along with certain related ASUs clarifying the scope of the ASU 2016-12 and providing transition relief, will be effective for fiscal years beginning after December 15, 2022. The Organization is currently evaluating the impact of adopting this new guidance on the financial statements.

In March 2020, the FASB issued ASU 2020-04, Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting. The amendments in this Update provide optional expedients and exceptions for applying generally accepted accounting principles to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. The amendments in this Update apply only to contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform.

The expedients and exceptions provided by the amendments do not apply to contract modifications made and hedging relationships entered into or evaluated after December 31, 2022, except for hedging relationships existing as of December 31, 2022, that an entity has elected certain optional expedients for and that are retained through the end of the hedging relationship.

The ASU became effective as of March 12, 2020 and will continue through December 31, 2022. The Organization intends to adopt ASU 2020-04 in 2022, but does not expect the impact of adopting the new guidance to have a material effect on the financial statements.

Note 2 - Net assets with donor restrictions

Net assets with donor restrictions are restricted for the Organization's 38 local/regional offices, rural programs, and several other national programs, are to be used in future years for program services, such as project grants, recoverable grants, lending-related activity, technical support, and operating support to community development organizations.

As of December 31, 2021, net assets with donor restrictions were $312,691,082 ($192,170,514 donor-restricted operating funds and $120,520,568 donor-restricted loan funds and included the following components: (1) *Charter School Financing* - approximately $59.4 million of donor-restricted funds are available to support quality public charter and alternative schools in low-income neighborhoods. Included in this amount is $58.2 million related to grants awarded by the U.S. Department of Education to LISC to provide credit enhancement on loans made by financial institutions to stimulate the financing of charter schools; (2) Lending Activities (excluding DOE funds) - in local and regional offices is approximately $62.3 million; and (3) Operating and Programmatic Support - approximately $191.3 million of donor-restricted funds that are to support operating and a multitude of specifically defined projects in the local/regional offices and national programs.

Note 3 - Availability and liquidity

The table below represents financial assets available for operating funds expenditures within one year at December 31, 2021 and 2020. Financial assets in the "Loan Funds - Without Donor Restrictions" and "Loan Funds - With Donor Restrictions" are not included in the table below. As explained further in Note 1, these loan funds are for lending and/or credit enhancement activities and are not available for operating expenditures. LISC also has undrawn lines of credit as further described in Note 11. As of December 31, 2021 and 2020, $90,000,000 and $85,000,000, respectively, of the undrawn line of credit can be used for operating funds expenditures:

	2021	2020
Financial assets at period end		
Cash and cash equivalents	$ 337,436,487	$ 184,471,520
Restricted cash	26,061,325	19,380,758
Investments	135,087,945	117,407,188
Accrued interest receivable	5,554,883	4,568,842
Contributions receivable, gross	48,154,319	43,308,738
Prepaid expenses and other assets	17,527,770	9,790,774
Government grants and contracts receivable	21,422,121	31,887,819
Loan receivable	42,504,885	87,205,118
Due from funds	7,380,498	7,900,995
Temporary investment in Project Partnerships, net of capital contributions due to temporary investments in project partnerships	6,364,689	33,100,500
Recoverable grants to CDPs, gross	23,637,641	21,225,775
Total financial assets	671,132,563	560,248,027
Less amounts not available to be used within one year		
Cash and cash equivalents	(8,706,806)	(7,519,595)
Restricted cash	-	-
Investments	(10,901,512)	(9,240,737)
Contributions receivable, gross	(9,002,000)	(12,869,887)
Notes and other receivables	(17,539,298)	(8,902,795)
Government grants and contracts receivable	(22,240,486)	(26,208,445)
Recoverable grants to CDPs, gross	(23,637,641)	(21,225,775)
Financial assets not available to be used within one year	(92,027,743)	(85,967,234)
Financial assets available to meet operating fund expenditures over the next 12 months	$ 579,104,820	$ 474,280,793

Also, LISC has financial covenants with certain LISC lenders, some of which address adequate liquidity to cover operating costs and debt service requirements. Specifically, at the end of each quarter, unrestricted operating cash, cash equivalents, and investments must be able to cover at least six months of unrestricted operating expense as defined in the terms of the loan agreements with certain LISC lenders. With regard to debt service, liquid assets must exceed six months of interest and notes payable (as defined in the terms of the loan agreements with certain LISC lenders). At December 31, 2021 and 2020, LISC was in compliance with its financial covenants.

Note 4 - Cash, cash equivalents, restricted cash, and investments

At December 31, 2021 and 2020, the Organization's total portfolio of cash, cash equivalents, restricted cash, and investments consisted of the following:

	Fair value 2021	Fair value 2020
Cash, cash equivalents, and restricted cash	$ 436,773,808	$ 274,491,458
Investments		
Cash held for investment	48,140,675	47,961,397
Corporate bonds and fixed income funds	40,835,217	40,307,588
U.S. government agencies	58,878,840	59,352,995
Certificates of deposit	18,400,499	5,901,080
Alternative investments		
Real estate investment trust	3,588,675	3,233,921
Hedge funds	8,756,843	10,993,236
Private equity funds	7,276,125	5,954,605
	185,876,874	173,704,822
Total cash, cash equivalents, restricted cash, and investments	$ 622,650,682	$ 448,196,280

The following table is a reconciliation of cash, restricted cash and cash equivalents within the consolidated statements of financial position to the total presented on the consolidating and consolidated statements of cash flows for the years ended December 31, 2021 and 2020:

	2021	2020
Cash and cash equivalents	$ 410,712,483	$ 255,110,700
Restricted Cash		
NMSC Loan servicing accounts	5,179	1,009
NMSC Funds reserved for Charter School grants	1,864,640	1,864,225
immito lending funds	2,728,899	500,081
BFF funds	7,400,004	15,103,825
NEF Investor reserves	8,775,997	40,384
CDA Partnerships - reserves/deposits/escrows	946,521	1,058,947
NEF Project level agreements	833,026	11,800
CHOIF reserve	18,380	599
AHLF loan loss reserve	1,901,070	799,888
SOAR loan loss reserve	1,587,609	-
Total cash, cash equivalents, and restricted cash		
Consolidating and consolidated statements of financial position	436,773,808	274,491,458
Less CDA Partnerships - reserves/deposits/escrow	(548,872)	(608,400)
Total cash, cash equivalents, and restricted cash		
Consolidating and consolidated statements of cash flows	$ 436,224,936	$ 273,883,058

The Organization invests in certain alternative investments, through "funds of funds" investments, which employ multiple investment strategies via a variety of investment managers to provide diversification and control risk. These investments create indirect exposure to the Organization through short sales of securities, trading in future and forward contracts, and other derivative products. Derivatives are tools used to maintain asset mix or manage portfolio risk exposure. While these financial instruments may contain varying degrees of risk, the Organization's risk with respect to such transactions is limited to its capital balance in each investment.

At December 31, 2021 and 2020, cash and cash equivalents include approximately $0.6 million and $0.7 million, respectively, held in escrow-like arrangements with loan participants and $8.1 million and $6.8 million, respectively, in loss reserves required by specific programs.

The limitations and restrictions on the Organization's ability to redeem or sell its alternative investments vary by investment. As of December 31, 2021, the following table summarizes the composition of such investments by the various redemption provisions:

	Fair value		Redemption	Redemption
Alternative investments	2021	2020	frequency	notice period
Real estate investment trust (A)	$ 3,588,675	$ 3,233,921	Lock-up	Not applicable
Multi-strategy hedge funds (B)	8,720,131	10,941,025	Monthly	30 calendar days
Credit-focused hedge fund (C)	36,712	52,211	Lock-up	Not applicable
Private equity funds (D)	7,276,125	5,954,605	Lock-up	Not applicable
	$ 19,621,643	$ 20,181,762		

As of December 31, 2021 and 2020, the Organization had $7,525,326 and $3,186,662 unfunded commitments on its alternative investments.

Information with respect to the strategies of those investment funds that is reported at estimated fair value based upon net asset value per share (or its equivalent) is as follows:

1. *Real estate investment trust* - of which the Organization is a minority shareholder, principal business activities are to invest in affordable multifamily residential mortgage loans, which are subsequently syndicated to institutional investors, and to acquire equity interests in affordable multifamily residential real estate assets.

2. *Multi-strategy hedge funds* - includes investments in funds of funds that invest across multiple hedge fund strategies and styles, including equity long/short, event-driven, relative value, tactical trading, and multi-strategy hedge funds styles.

3. *Credit-focused hedge fund* - comprised of an investment in a hedge fund that seeks to achieve attractive total returns through both capital appreciation and current income. The fund seeks to achieve its investment objective through a portfolio of investments in publicly traded and privately held securities, loans, derivatives and other instruments, primarily in the corporate credit sector of the fixed income and related markets.

4. *Private equity funds* - includes investment in funds licensed by the United States Small Business Administration as small business investment companies. The primary purpose of the fund is to operate as a venture fund and invest in equities, debt securities with the equity participation, secured short-term and long-term loans, and as participants with other funds.

Note 5 - Contributions receivable

At December 31, 2021 and 2020, the Organization had contributions receivable with expected receipts as follows:

	2021	2020
Due within one year	$ 43,243,681	$ 37,831,482
Due in one to five years	9,002,000	12,869,887
	52,245,681	50,701,369
Less discount (0.10%–5.00%)	(306,450)	(2,127,411)
Less allowance for uncollectible contributions receivable	(522,000)	(649,000)
Total contributions receivable, net	$ 51,417,231	$ 47,924,958

At December 31, 2021 and 2020, approximately 18.57% and 13.61%, respectively, of the Organization's contributions receivable was from one donor.

At December 31, 2021 and 2020, approximately 33.43% and 56.40%, respectively, of the Organization's contributions revenue was from five donors.

Note 6 - Government grants and contracts

At December 31, 2021 and 2020, the Organization had grant commitments from various government agencies of approximately $82.4 million and $68.9 million, respectively, with expiring term dates ranging from 2022 to 2025. These grant commitments will be recognized in the accompanying consolidating and consolidated financial statements when it is probable that the conditions surrounding the terms of the grants will be met.

At December 31, 2021 and 2020, government grants and contracts receivable were $21.4 million and $32.3 million, respectively. Approximately $8.3 million and $9.5 million of government grants receivable at December 31, 2021 and 2020, and approximately $11.5 million and $63.9 million of government grants and contracts revenue for the years ended December 31, 2021 and 2020, respectively, were from one government agency.

Note 7 - Program loans, recoverable grants to community development projects, notes and other receivables

Program loans

In furtherance of its charitable purposes, LISC makes loans directly to CDPs and also to its affiliates, to benefit affiliate projects. In general, interest rates on loans to CDPs range from 0% to 8.00% and repayment terms range from 1 year to 39 years. Delinquent loans, measured as those loans whose payment is 90 days past due, totaled $444,274 and $2,395,448, respectively, at December 31, 2021 and 2020. The portion of the allowance dedicated to the delinquent loans totaled $57,880 and $765,410 at December 31, 2021 and 2020, respectively. At December 31, 2021, loan principal of $163,672,739 is due to LISC within one year, of which $92,567,703 is due to LISC within the next six months.

SBA 7(a) Loans Receivable, Paycheck Protection Program
Enacted in March 2020, the CARES Act implemented the PPP loans ("PPP"), a new SBA 7(a) loan program that provides small businesses with uncollateralized and unguaranteed loans at an interest rate of 1.00%. The loans will be fully forgiven, subject to certain limitations, when used by the borrower for payroll costs, interest on mortgages, rent, and utilities. For those loans that are forgiven, the SBA will remit 100% of the remaining outstanding principal plus accrued interest to the Company. For those loans whose borrowers do not meet the criteria required for forgiveness, repayment obligations commence after the applicable deferment period in equal installments over the remaining term to maturity. The initial loans that were originated under the PPP loans have a two-year term and originally had a deferment period of six months; however, as a result of amendments to the PPP loans, these loans now are deferred for up to 16 months. All loans approved by the SBA after June 5, 2020 have a five-year term and deferment period of 16 months. The loans are fully guaranteed by the SBA provided that, originating lenders follow the requirements set forth in the PPP loans. Accordingly, there is no credit risk associated with these loans since the SBA has guaranteed payment of the principal and interest. Neither the government nor lenders charged borrowers any fees in connection with the PPP loans; however, the SBA paid lenders a fee upon funding loans under the PPP loans.

As a SBA 7(a) licensee, immito is an authorized lender under the PPP loans, originally through June 30, 2020 and extended through May 31, 2021, allowing immito to continue to close PPP loans approved by the SBA prior to May 31, 2021. immito originated loans totaling $6,610,890 and $48,167,865 under the program during the years ended December 31, 2021 and 2020, respectively.

As of December 31, 2021, $50,487,046 of the $54,778,755 PPP loans originated during the years ended December 31, 2020 and 2021 were forgiven. The remaining PPP loans were forgiven and repaid, either in part or in full, by the SBA, including both principal and accrued interest in January and February 2022.

During the years ended December 31, 2021 and 2020, the SBA paid immito $334,959 and $1,681,243, respectively, in fees upon funding loans under the PPP loans which are deferred and amortized over the estimated life of the loans using the effective interest method and fully amortized when the underlying loan is repaid in full. As of December 31, 2021 and 2020, $53,230 and $967,667 of the fees were deferred, respectively.

Loans to CDPs and affiliates' projects as of December 31, 2021 and 2020 comprised the following:

Loan type:	2021	2020
Acquisition loans (1)	$ 235,330,009	$ 170,599,468
Predevelopment loans and pre-credit loans (2)	44,543,606	36,820,814
Construction loans (3)	170,277,325	130,266,555
Other (4)	228,285,066	246,215,181
Total	$ 678,436,006	$ 583,902,018

LISC disaggregates loan receivables by loan type when assessing and monitoring risk and performance of the entire population. The major loan types are:

(1) Acquisition loans - to pay purchase and closing costs of a property.

(2) Predevelopment loans and pre-credit loans - to pay project predevelopment expenses.

(3) Construction loans - to pay hard and soft costs of new or rehabilitation projects.

(4) Other - includes mainly semi-permanent and permanent financing for projects, SBA 7(a) loans, bridge loans (financing the remaining gap between projects or program costs and cash from committed or anticipated sources not yet available), and working capital lines of credit to provide flexible capital to meet organizational cash flow needs.

The following tables provide an analysis of the aging of loan receivables as of December 31, 2021 and 2020:

	2021					
	31–60 days past due	61–90 days past due	Greater than 90 days past due	Total past due	Current	Total gross loans receivable
Acquisition	$ -	$ -	$ -	$ -	$ 235,330,009	$ 235,330,009
Predevelopment and pre-credit loans	-	-	265,942	265,942	44,277,664	44,543,606
Construction	172,288	-	-	172,288	170,105,037	170,277,325
Other	-	-	178,332	178,332	228,106,734	228,285,066
Total	$ 172,288	$ -	$ 444,274	$ 616,562	$ 677,819,444	$ 678,436,006

	2020					
	31–60 days past due	61–90 days past due	Greater than 90 days past due	Total past due	Current	Total gross loans receivable
Acquisition	$ 1,289,054	$ -	$ 94,421	$ 1,383,475	$ 169,215,993	$ 170,599,468
Predevelopment and pre-credit loans	-	-	-	-	36,820,814	36,820,814
Construction	-	-	997,350	997,350	129,269,205	130,266,555
Other	-	-	1,303,677	1,303,677	244,911,504	246,215,181
Total	$ 1,289,054	$ -	$ 2,395,448	$ 3,684,502	$ 580,217,516	$ 583,902,018

The activity in the allowance for uncollectible loans for the years ended December 31, 2021 and 2020 is as follows:

2021	Acquisition	Predevelopment	Construction	Other	Total
Allowance for uncollectible loans, beginning of the year	$ (18,401,055)	$ (4,284,609)	$ (4,028,927)	$ (4,706,194)	$ (31,420,785)
Write-offs	94,421	402,279	997,350	639,791	2,133,841
Recoveries	-	-	(16,205)	148,794	132,589
Provision	(2,807,817)	(926,963)	(1,641,342)	119,316	(5,256,806)
Allowance for uncollectible loans, end of the year	$ (21,114,451)	$ (4,809,293)	$ (4,689,124)	$ (3,798,293)	$ (34,411,161)

2020	Acquisition	Predevelopment	Construction	Other	Total
Allowance for uncollectible loans, beginning of the year	$ (16,413,131)	$ (3,660,523)	$ (5,794,823)	$ (3,904,481)	$ (29,772,958)
Write-offs	240,842	149,712	2,272,779	1,707,069	4,370,402
Recoveries	-	-	(4,746)	(4,761)	(9,507)
Provision	(2,228,766)	(773,798)	(502,137)	(2,504,021)	(6,008,722)
Allowance for uncollectible loans, end of the year	$ (18,401,055)	$ (4,284,609)	$ (4,028,927)	$ (4,706,194)	$ (31,420,785)

Loans receivable, by class and credit quality category, as of December 31, 2021 and 2020, are as follows:

	2021							
	Excellent	Strong	Good	Acceptable	Close Follow	Substandard	Doubtful	Total
Acquisition	$ -	$ 4,390,000	$ 36,987,836	$ 110,139,838	$ 11,156,200	$ 958,398	$ -	$ 163,632,272
Predevelopment and pre-credit loans	-	-	11,680,592	20,277,482	600,363	-	-	32,558,437
Construction	-	2,241,090	48,081,899	100,843,563	1,197,584	629,842	-	152,993,978
Other	97,552	27,032,216	93,595,464	204,554,525	3,793,230	178,332	-	329,251,319
Total	$ 97,552	$ 33,663,306	$ 190,345,791	$ 435,815,408	$ 16,747,377	$ 1,766,572	$ -	$ 678,436,006

	2020							
	Excellent	Strong	Good	Acceptable	Close Follow	Substandard	Doubtful	Total
Acquisition	$ -	$ 5,460,119	$ 23,573,001	$ 115,939,753	$ 7,150,902	$ 94,421	$ -	$ 152,218,196
Predevelopment and pre-credit loans	-	918,808	9,020,461	22,476,878	978,861	-	-	33,395,008
Construction	-	-	48,826,859	64,864,313	14,216,985	682,621	-	128,590,778
Other	149,193	33,677,263	92,714,638	131,042,885	10,950,701	-	1,163,356	269,698,036
Total	$ 149,193	$ 40,056,190	$ 174,134,959	$ 334,323,829	$ 33,297,449	$ 777,042	$ 1,163,356	$ 583,902,018

Recoverable grants to CDPs-sponsored projects

In furtherance of its charitable purposes, the Organization makes recoverable grants directly to CDPs. Recoverable grant activity for 2021 and 2020 is summarized as follows:

	2021	2020
Gross recoverable grants beginning of year	$ 31,715,424	$ 20,733,077
New recoverable grants made	7,641,933	16,932,177
Write-offs	(1,644,316)	(2,175,573)
Repayments	(2,662,676)	(3,774,257)
Gross recoverable grants end of year	35,050,365	31,715,424
Allowance for uncollectible recoverable grants, end of year	(17,438,016)	(17,732,299)
Recoverable grants receivable, net, end of year	$ 17,612,349	$ 13,983,125

Note 8 - Grants payable

In furtherance of its charitable purposes, the Organization makes grants to CDPs. The Organization's grant activity for the years ended December 31, 2021 and 2020 is summarized below:

	2021	2020
Grants payable, beginning of year	$ 43,295,401	$ 31,199,415
New project grants made	116,485,893	232,781,294
Disbursements on commitments	(112,084,067)	(220,685,308)
Grants payable, end of year	$ 47,697,227	$ 43,295,401

Note 9 - Temporary Investments in Project Partnerships

NEF Support Corporation, a subsidiary of NEF, may temporarily hold and currently is holding legal interests of Project Partnerships investment in the interim until the interests are assigned to a Fund. Upon assignment of the Project Partnership to a Fund, NEF's investment is typically repaid in full by the Fund.

As of December 31, 2021 and 2020, NEF was holding temporary investments in Project Partnerships of $44,822,951 and $224,975,183, in which NEF contributed $5,654,016 and $31,925,930, respectively, to the Project Partnerships and entered into promissory notes for future contributions of $38,458,262 and $191,874,683, respectively. During 2020, NEF recorded a $504,052 loss on transfer of temporary investments in two Project Partnerships. As of December 31, 2021 and 2020, NEF also includes preacquisition costs of $710,673 and $1,174,570, respectively, in temporary investments in Project Partnerships.

Note 10 - Property and equipment

Property and equipment consist of the following at December 31, 2021 and 2020:

	2021	2020
Furniture, equipment, computer software, and leasehold improvements	$ 17,375,936	$ 17,130,195
Land, buildings, and improvements	58,418,523	66,493,273
Gross property and equipment	75,794,459	83,623,468
Less accumulated depreciation and amortization	(34,784,877)	(35,207,730)
Total property and equipment, net	$ 41,009,582	$ 48,415,738

Related to the CDA entities, as of December 31, 2021 and 2020, the consolidating and consolidated financial statements include $58,418,523 and $66,493,273 in land, buildings and improvements and $1,937,177 and $2,134,306 in furniture, equipment, and leasehold improvements. Accumulated depreciation was $25,513,991 and $27,171,656 as of December 31, 2021 and 2020.

Note 11 - Loans and bond payable

At December 31, 2021 and 2020, loans and bond payable consisted of the following:

	Maturities	Interest rates	2021	2020
Financial institutions and insurance companies	2021-2030	0.00%-4.50%	$ 219,461,050	$ 257,274,731
Sustainability Bonds and Impact Notes	2022-2037	0.95%-4.65%	198,971,000	131,870,000
Foundations	2021-2029	0.00%-4.00%	69,348,729	61,257,983
Public agencies/entities and retirement funds	2021-2043	0.00%-4.00%	54,248,810	93,939,465
Nonprofit and other institutions	2021-2026	0.00%-2.00%	106,178,537	8,502,949
Total			648,208,126	552,845,128
Less: unamortized Discount and deferred costs			(2,549,696)	(1,695,601)
Loans and Bonds Payable, net			$ 645,658,430	$ 551,149,527

Loans and bonds payable maturities
Loans payable are scheduled to be repaid as of December 31, 2021 as follows:

	Principal
2022	$ 79,706,241
2023	53,684,034
2024	51,263,878
2025	58,150,508
2026	72,532,872
Thereafter	332,870,593
Total	$ 648,208,126

In November 2020, LISC launched an Impact Notes (Notes) program for up to $200,000,000. The proceeds of the offering will be used for general corporate purposes, including to refinance certain of LISC's existing indebtedness and as capital for loans made by LISC and its affiliates, each in support of LISC's overall mission to encourage the growth of, and provide support to, neighborhood and community development organizations and businesses that foster improvement of economic conditions; develop housing and other physical facilities; provide amenities and services; and other activities that help to revitalize disinvested communities. The Notes are sold through the Depository Trust Company (DTC). The Lead Selling Agent, InspereX, agrees to sell these notes to other agents on LISC's behalf. The Notes are issued in increments of $1,000 or more and pay interest at various fixed interest rates. The terms of the Notes offer one-year to 15-year maturities.

As of December 31, 2021, LISC issued $98,971,000 in Notes as follows:

Maturities	Interest rates	2021
October 15, 2022	0.35%	$ 8,646,000
February 15, 2024	0.50%	5,000,000
November 15, 2025	1.00%	19,880,000
December 15, 2025	0.95%	9,111,000
January 15, 2026	0.95%	8,250,000
March 15, 2026	1.25%	7,002,000
May 15, 2026	1.30%	7,550,000
August 15, 2026	1.25%	7,945,000
October 15, 2027	1.80%	303,000
November 15, 2027	1.40%	294,000
December 15, 2027	1.30%	757,000
April 15, 2028	1.90%	3,880,000
July 15, 2028	1.75%	6,901,000
July 15, 2028	1.60%	122,000
September 15, 2028	1.65%	607,000
December 15, 2028	2.00%	953,000
December 15, 2030	1.70%	1,828,000
January 15, 2031	1.80%	40,000
February 15, 2031	1.80%	5,703,000
May 15, 2031	2.30%	144,000
August 15, 2031	2.25%	4,055,000
		$ 98,971,000

The Notes were issued at a discount of $1,225,817 and LISC incurred debt issuance costs of $1,053,577. As of December 31, 2021 and 2020, the unamortized discount and deferred costs were $1,986,558 and $1,069,216, respectively.

In April 2017, LISC issued $100,000,000 in Taxable Bonds, Series 2017A ("Sustainability Bonds") ($25,000,000, 3.005% term bonds due March 1, 2022; $25,000,000, 3.782% term bonds due March 1, 2027; and $50,000,000, 4.649% term bonds due March 1, 2037). The proceeds of the Sustainability Bonds were used to finance then existing loans payable and pay a portion of the debt issuance costs. The Sustainability Bonds were issued at a discount of $731,478, and LISC incurred debt issuance costs of $126,811. As of December 31, 2021 and 2020, the unauthorized discount and deferred costs were $563,138 and $626,385, respectively.

At December 31, 2021, LISC had $214,887,500 of available undrawn sources of funding with maturities ranging from 2022 to 2031. Interest rates range from 0.00% to 4% fixed rate ($186,887,500) and floating rate range from LIBOR + 1.50% to LIBOR + 2.15% ($25,000,000), PRIME - 1.00% ($3,000,000).

In August 2020, immito borrowed funds from the Federal Reserve through the Paycheck Protection Program Liquidity Facility (the "PPP loans LF"). Additional funds were borrowed in 2021 including the expansion of the PPP loans program funding a total of $6,610,890. Advances under the PPP loans LF carry an interest rate of 0.35%, are made on a dollar-for-dollar basis based on the amount of loans originated under the PPP loans and are secured by loans processed by immito under the PPP loans . The maturity date of PPP loans LF borrowings is the same as the maturity date of the loans pledged to secure the extension of credit, two to five years. At maturity, both principal and accrued interest are due. The maturity date of a PPP loans LF borrowing will be accelerated if, among other things, immito has been reimbursed by the SBA for a loan forgiveness (to the extent of the forgiveness), received payment from the SBA representing exercise of the loan guarantee or received payment from the underlying borrower (to the extent of the payment received). immito borrowed funds under the PPP loans LF to finance all the loans immito originated under the PPP loans . At December 31, 2021, the outstanding balance under the PPP loans LF was $4,291,709.

AHLF entered into loan agreements with various lenders dated as listed below (collectively, the "Lenders"), for credit facilities in the aggregate principal amounts as follows:

Loan Date	Lender	Maximum Amount of Credit Facility	Balance as of 12/31/2021	Balance as of 12/31/2020
September 25, 2020	Chase New Markets Corporation	$ 12,500,000	$ 2,500,000	$ -
September 25, 2020	Citizens Bank, N.A.	3,000,000	600,000	-
September 25, 2020	First Independence Bank	2,500,000	500,000	-
September 25, 2020	Flagstar Bank, FSB	2,500,000	500,000	-
December 16, 2020	PNC Community Development Company, LLC	5,000,000	1,000,000	-
May 14, 2021	CIBC Bank USA	2,500,000	500,000	-
December 6, 2021	Keybank National Association	10,000,000	-	-
		$ 38,000,000	$ 5,600,000	$ -

Each loan has a non-revolving advance period expiring five years after the respective Loan Date, followed by a ten-year non-revolving term. The loans mature 10 years after the respective Loan Date and bear interest on outstanding principal amounts at a fixed rate per annum of 2% commencing on the first day of the third month following the first full month after the respective Loan Date. Accrued interest is due and payable quarterly on each loan beginning March 31, 2021 through maturity.

Principal payments are due quarterly beginning five years after the respective Loan Date in an amount equal to 1/120th of all loans outstanding as of such date.

All remaining outstanding principal and any unpaid interest on the loans are due and payable in full at maturity. The Lenders have the right to accelerate the maturity date of their loan upon the occurrence of an Event of Default, as further defined in its respective loan agreement. The Fund may prepay the loans on a pro rata basis, in whole or in part, at any time. The loans are secured by a Guarantee Agreement. For the years ended December 31, 2021 and 2020, interest expense incurred on the loans was $51,972 and $0, respectively, and accrued interest as of both December 31, 2021 and 2020 was $0.

BFF entered into loan agreements with various lenders dated as listed below (collectively, the "Lenders"), for credit facilities in the aggregate principal amounts as follows:

Loan Date	Lender	Maximum Amount of Credit Facility	Balance as of 12/31/2021	Balance as of 12/31/2020
August 3, 2020	First Republic Bank ("FRB")	$ 5,000,000	$ 500,000	$ -
August 13, 2020	The San Francisco Foundation ("SFF")	5,000,000	500,000	-
August 19, 2020	Silicon Valley Community Foundation ("SVCF")	1,000,000	100,000	-
October 29, 2020	Chase New Markets Corporation ("CNMC")	15,000,000	1,500,000	-
January 21, 2021	The Ford Foundation (“FF”)	10,000,000	1,000,000	-
October 22, 2021	The David and Lucile Packard Foundation ("DLPF")	3,000,000	-	-
		$ 39,000,000	$ 3,600,000	$ -

Each loan has a non-revolving advance period expiring five years after the respective Loan Date, followed by a five-year non-revolving term. The loans mature ten years after the respective Loan Date (nine years for DLPF loan) and bear interest on outstanding principal amounts at a fixed rate per annum of 2% for the CNMC, FRB, FF, and SVCF loans, 2.5% for the SFF loan, and 1% for the DLPF loan. Accrued interest is due and payable on the last day of each calendar quarter for each loan beginning September 30, 2020 for the FRB, SFF, and SVCF loans, December 31, 2020 for the CNMC loan, March 31, 2021 for the FF loan, and December 31, 2021 for the DLPF loan through maturity. The entire principal and any unpaid interest on the loans are due and payable in full at maturity. The Lenders have the right to accelerate the maturity date of their loan upon the occurrence of an Event of Default, as further defined in its respective loan agreement. As of December 31, 2021 and 2020, there has not been an Event of Default and BFF is in compliance with all covenants. BFF may prepay the loans on a pro rata basis, in whole or in part, at any time. The loans are unsecured and full recourse obligation of the Fund. For the years ended December 31, 2021 and 2020 interest expense incurred on the loans was $54,427 and $0, respectively, and accrued interest as of December 31, 2021 and 2020 was $0.

CHOIF entered into loan agreements with various lenders dated as listed below, for the credit facilities in the aggregate principal amounts as follows:

Loan Date	Lender	Maximum Amount of Credit Facility	Balance as of 12/31/2021	Balance as of 12/31/2020
September 3, 2019	Bank of America Community Development Corp	$ 2,500,000	$ 1,141,357	$ 429,924
September 20, 2019	Foundation For The Carolinas	2,500,000	1,141,013	429,924
December 20, 2019	Duke Energy Corporation	2,000,000	911,969	343,939
December 20, 2019	The Presbyterian Hospital	6,000,000	2,738,975	1,031,816
December 24, 2019	Ally Bank	5,000,000	2,282,795	859,847
March 2, 2020	Truist Bank	4,000,000	1,826,389	687,876
		$ 22,000,000	$ 10,042,498	$ 3,783,326

Each loan has a non-revolving advance period expiring five years after the respective Loan Date, followed by a ten-year non-revolving term. The loans mature September 3, 2039 and bear interest on outstanding principal amounts at a fixed rate per annum of 1%, with interest payments commencing on October 1, 2024. All remaining outstanding principal and any unpaid interest payments on the loans are due and payable in full at maturity. The Lenders have the right to accelerate the maturity date of their loan upon the occurrence of an Event of Default, as further defined in its respective loan agreement. CHOIF may prepay the loans on a pro rate basis, in whole or in part, at any time. As of December 31, 2021 and 2020, the outstanding balance of the loans was $10,042,498 and $3,783,326, respectively, and accrued interest was $0 and $10,377, respectively. For the years ended December 31, 2021 and 2020, respectively, interest expense on the loans was $46,796 and $10,377.

CHF entered into a Loan Agreement with Facebook Community Housing Fund, LLC dated December 9, 2020, and amended on September 14, 2021. Pursuant to the Loan Agreement, Facebook Community Housing Fund, LLC shall make advances to CHF through December 9, 2025, up to an aggregate principal amount of $150,000,000. Pursuant to the Loan Agreement, interest accrues on the outstanding principal balance on the loan at a rate of 1.00% per annum. Interest is due quarterly commencing on March 31, 2021, and continuing on the last day of each calendar quarter thereafter through maturity. Commencing December 9, 2025, and continuing on the last day of each calendar quarter thereafter, CHF shall pay to Facebook Community Housing Fund, LLC an amount equal to the repayments of the Project Loans received by CHF, if any, as payment of outstanding principal on the loan. On December 31, 2038, the remaining unpaid principal together with accrued but unpaid interest is due. CHF may prepay the loans without penalty. As of December 31, 2021, the outstanding balance was $71,445,160 and accrued interest was $0. For the year ended December 31, 2021, interest expense on the loan was $269,639.

SOAR entered into a Loan and Security Agreement with the Lenders dated April 22, 2021, to make loans to SOAR in the aggregate principal amounts as follows:

Class	Lender	Loan Commitment	Balance as of 12/31/2021
Class A	Mercy Investment Services, Inc.	$ 1,500,000	$ 388,867
Class A	Microsoft Corporation	20,000,000	5,184,906
Class A	The Grove Foundation	500,000	129,626
Class A	Isenberg Family Charitable Foundation, Inc.	1,250,000	324,054
Class A	Heifer International Foundation	2,500,000	648,119
Class A	Chase New Markets Corporation	10,000,000	2,592,449
Class A	The David and Lucile Packard Foundation	5,000,000	1,296,226
Class A	Winrock International Foundation LLC	500,000	129,626
Class A	Woodforest National Bank	1,000,000	259,241
Class A	Gary Chartrand GRAT II Exempt Trust	1,000,000	259,241
Class A	Gary R. Chartrand Revocable Trust	1,000,000	259,241
Class A	Millennium Trust Company, LLC cust. FBO Amy Brakeman IRA	1,000,000	155,246
Class B	Arbitblit Suttie 2010 Trust	250,000	86,663
Class B	The Grove Foundation	500,000	173,322
Class B	Isenberg Family Charitable Foundation, Inc.	750,000	259,985
Class B	Mercy Investment Services, Inc.	500,000	173,322
Class B	Mighty Arrow Family Foundation	250,000	86,663
Class B	The Roger I. & Ruth B. MacFarlane Foundation	250,000	86,663
Class B	Ms. Foundation for Women, Inc.	250,000	86,663
Class B	Kristin Leimkuhler Trust UAD 12/11/2017	250,000	86,663
Class B	ImpactAssets Inc., FBO Excelsior Impact Fund	250,000	86,663
Class B	Visa Foundation	5,000,000	1,733,234
Class B	Compton Foundation, Inc.	500,000	173,322
Class B	W.K. Kellogg Foundation	3,000,000	1,039,939
Class B	Jewish Community Federation of San Francisco, The Peninsula, Marin and Sonoma Counties	1,000,000	-
Class B	Kermit G. Phillips II Charitable Trust	250,000	-
		$ 58,250,000	$ 15,699,944

Pursuant to the Loan and Security Agreement, interest accrues on the outstanding principal balance of the loans payable at a rate of 2.00% per annum for Class A loans and 2.50% per annum for Class B loans. Interest is due on the 21st of each month for each loan beginning 180 days after the disbursement date through maturity. Each loan is due and payable seven years after the original disbursement date. As of December 31, 2021, the outstanding balance of loans payable was $15,699,944 and accrued interest payable was $27,125. For the year ended December 31, 2021, interest expense on the loans was $76,138.

Pledged assets

LISC has pledged certain assets as collateral to lenders to secure (1) nonrecourse indebtedness to LISC totaling $0 as of December 31, 2021 and 2020, and (2) $44,669,802 and $46,513,064 of collateral assets for the recourse indebtedness under the Community Development Financial Institution Bond Guarantee Program ("CDFI BGP Loan") totaling $42,650,233 and $44,119,430, as of December 31, 2021 and 2020, respectively.

Subordinated debt

At December 31, 2021, LISC has subordinated debt in loans and bonds payable totaling $29.6 million in the form of eleven equity equivalent investments from six financial institutions. At December 31, 2020, LISC had subordinated debt included in loans and bonds payable totaling $34.5 million in the form of 14 equity equivalent investments from six financial institutions.

Lines of credit

At December 31, 2021 and 2020, LISC had available bank lines of credit of $65,000,000, which expire between February 10, 2022 and March 28, 2023, with interest rates ranging from LIBOR + 1.80% to LIBOR + 1.875%, PRIME - 1.50%, SOFR + 1.90%, and BSBY + 1.50%. At both the years ended December 31, 2021 and 2020, the outstanding balance included in loans and bonds payable was $0 and $10,000,000, respectively.

During 2020, NEF had a $10,000,000 unsecured revolving credit facility with a bank. During 2021, the unsecured revolving credit facility was increased to $20,000,000. The current maturity date is November 30, 2022. Interest on any outstanding amounts is due monthly at the greater of Prime plus 25 basis points or 2.5%. The interest rate was 3.5% in 2021. NEF borrowed $10,000,000 on the unsecured credit facility and repaid $10,000,000 in 2021. NEF did not borrow on the unsecured credit facility in 2020. The outstanding balance as of December 31, 2021 and 2020 was $0.

During 2020, NEF had a $10,000,000 secured revolving credit facility with a bank to provide a portion of the equity needed to temporarily invest in project partnerships. The limited partnership interests in the project partnerships secured any monies advanced. The $10,000,000 secured credit facility was terminated in May 2021 when the unsecured revolving credit facility was increased from $10,000,000 to $20,000,000. NEF did not borrow on the secured credit facility in 2021. NEF borrowed $9,288,047 on the secured credit facility and repaid $9,288,047 in 2020. Interest on any outstanding amounts was due monthly at the greater of Prime or 2.5%. Interest rates ranged from 3.25% to 4% in 2020.

NEF has a $20,000,000 revolving credit facility with another bank to provide a portion of the equity needed to temporarily invest in project partnerships, provide bridge financing to the Funds and to fund general corporate and working capital purposes that support the Corporation's core business activities. The current maturity date is March 10, 2023. Interest on any outstanding amounts is due quarterly calculated at Prime less 90 basis points. The interest rate in 2021 was 2.35% and ranged from 1.79% to 2.48% in 2020. NEF borrowed $10,000,000 and repaid $10,000,000 in 2021 and borrowed $15,000,000 and repaid $15,000,000 in 2020. The outstanding balance at December 31, 2021 and 2020 was $0. NEF is also required to pay a revolving commitment fee of 0.25% based on the daily amount of the undrawn portion of the revolving credit facility.

In May 2020, immito entered into a Loan and Security Agreement ("Loan") for a $25,000,000 warehouse line of credit facility with a financial institution to fund the guaranteed portion of SBA 7(a) loans for up to 90 days and PPP loans until refinanced and/or forgiven by the SBA. Under the terms of the Loan, the interest rate is 0.50% per annum. Any outstanding principal, interest or other charges are due no later than May 2022. At December 31, 2020, immito had no outstanding balance. immito did not utilize this facility in 2021 and canceled this Agreement in June 2021.

Covenants

In accordance with the terms of loan agreements with certain lenders, LISC is required to meet several financial covenants. LISC was in compliance with its financial covenants at December 31, 2021.

Note 12 - Pension and thrift plans

LISC has a Code Section 403(b) defined-contribution pension plan covering all eligible employees. Plan contributions are computed based on formulas defined in the plan. Total pension expense for the years ended December 31, 2021 and 2020, was $3,450,285 and $2,936,743, respectively.

LISC, NEF and immito maintain thrift plans under Section 401(k) of the Code covering all eligible employees. Under the plans, employee contributions are partially matched by LISC, NEF and immito, respectively. Total thrift plan expense for the years ended December 31, 2021 and 2020 was $2,723,482 and $2,476,190, respectively.

Note 13 - Financial instruments with off-balance-sheet risk and fair values

Off-balance-sheet risk

The Organization is a party to certain financial instruments with off-balance-sheet risk to meet the financing needs of community development organizations across the United States. These financial instruments and arrangements include financial guarantees and loan commitments. These transactions and arrangements involve elements of credit risk. The Organization uses the same credit policies in making commitments and conditional obligations as it does for on-balance-sheet instruments.

The Organization's exposure to credit loss in the event of nonperformance of the Organization's loans have been guaranteed or sold with recourse is equal to the contractual amounts of the instruments.

Loan commitments are agreements to lend as long as there is no violation of any condition established in the contract. The following represents the composition of financial instruments with off-balance-sheet risk:

	2021 Contract amount	2020 Contract amount
Financial instruments whose contract amounts represent credit risk		
Financial guarantees	$ 6,199,522	$ 6,692,173
Loan commitments outstanding	159,646,904	138,948,679
Total	$ 165,846,426	$ 145,640,852

LISC generally makes loans over $500,000 on a secured basis. The collateral for such loans generally consists of mortgages, security agreements, assignment of contract receivables, and guarantees.

At December 31, 2021 and 2020, LISC had interest rate swap agreements with notional amounts aggregately of $10,000,000, respectively. At December 31, 2021 and 2020, the fair value of the interest rate swaps was $(173,572) and $(546,274), respectively.

Fair values

The following methods and assumptions were used by the Organization in estimating its fair value disclosure for financial instruments: for cash, cash equivalents, restricted cash escrow, accrued interest receivable, contributions receivable, government grants receivable, notes and other receivables, recoverable grants, real estate held for sale, accounts payable and accrued expenses, grants payable, capital contributions due to temporary investment in Project Partnerships, and capital contributions due to investment in Project Partnerships, the respective amounts reported in the consolidating and consolidated statement of financial position, approximate fair values due to the short-term nature of these financial instruments. The carrying value of loans receivable approximates fair value, which is based on a discounted cash flow analysis using current rates the Organization would charge to similar borrowers with similar maturities and is considered market rate for loans made by similar community development financial institutions. The inputs used for the fair value estimates of these financial instruments are unobservable and are considered Level 3 in the fair value hierarchy. The carrying value of long-term debt and loans and bond payable approximates fair value, which is based on a discounted cash flow analysis using current borrowing rates, which are significant observable inputs and are considered Level 2 in the fair value hierarchy. The Organization utilized Level 3 inputs in its evaluation of impairment of investments in Project Partnerships, the provision for loss on temporary investments in Project Partnerships, the provision for loss on receivables, and the value of the bond receivable. For a discussion of valuations of investments, see Note 1.

The following tables present the Organization's fair value hierarchy for those assets and liabilities measured at fair value on an annual basis as of December 31, 2021 and 2020:

	December 31, 2021		
	Total	Level 1	Level 2
Cash and cash equivalents, and restricted cash escrow	$ 436,773,808	$ 436,773,808	$ -
Investments			
Cash held for investment	$ 48,140,675	$ 48,140,675	$ -
Corporate bonds and fixed income funds	40,835,217	40,676,381	158,836
U.S. government agencies	58,878,840	51,202,320	7,676,520
Certificates of deposit	18,400,499	-	18,400,499
	166,255,231	140,019,376	26,235,855
Alternative investments			
Real estate investment trust	3,588,675		
Project partnership and joint venture	-		
Hedge funds	8,756,843		
Private equity funds	7,276,125		
	19,621,643		
Total investments	$ 185,876,874		
Interest rate swap held by LISC	$ (173,572)	$ -	$ (173,572)
Total interest rate swaps	$ (173,572)	$ -	$ (173,572)
Loan guarantee - LISC	$ (655,764)	$ -	$ (655,764)

	December 31, 2020		
	Total	Level 1	Level 2
Cash and cash equivalents, and restricted cash escrow	$ 274,491,458	$ 274,491,458	$ -
Investments			
Cash held for investment	$ 47,961,397	$ 47,961,397	$ -
Corporate bonds and fixed income funds	40,307,588	40,115,312	192,276
U.S. government agencies	59,352,995	51,452,095	7,900,900
Certificates of deposit	5,901,080	-	5,901,080
	153,523,060	139,528,804	13,994,256
Alternative investments			
Real estate investment trust	3,233,921		
Hedge funds	10,993,236		
Private equity funds	5,954,605		
	20,181,762		
Total investments	$ 173,704,822		
Interest rate swap held by LISC	$ (546,274)	$ -	$ (546,274)
Total interest rate swaps	$ (546,274)	$ -	$ (546,274)
Loan guarantee - LISC	$ (298,902)	$ -	$ (298,902)

Note 14 - Concentration of credit risk

LISC makes loans throughout the United States primarily to local community organizations and non-profit developers that are primarily engaged in residential, commercial, and community facility real estate development. Although LISC's portfolio is diversified as to location of borrower, the ability of LISC borrowers to repay their obligations on a timely basis may be affected by a downturn in the economy, a cutback in government subsidies, or the availability of other permanent financing sources, which may limit capital available to complete projects. The Organization places its cash and cash equivalents with high credit quality financial institutions that are federally insured. At times, invested cash may exceed federally insured amounts.

BFF's, BFF Side Car's and CHF's major assets are loans receivable from borrowers with operations in the Bay Area affordable housing market. BFF's, BFF Side Car's and CHF's primary source of revenue is derived from these assets. Future operations could be affected by changes in the economic conditions of the geographical area or by changes in the economic condition of the borrowers or their parent companies.

AHLF's major assets are loans receivable from borrowers with operations concentrated in the Detroit, Michigan residential real estate market. The fund's primary source of revenue is derived from these assets. Future operations could be affected by changes in the economic conditions of that geographical area or by changes in the economic condition of the borrowers or their parent companies.

CHOIF's major assets are loans to and an investment in borrowers with operations concentrated in the affordable housing market in the City of Charlotte and in the surrounding area of Mecklenburg

County, North Carolina. CHOIF's primary source of revenue is derived from these assets. Future operations could be affected by changes in the economic conditions of that geographical area or by changes in the economic condition of the borrowers or their parent companies.

SOAR's major assets are loan receivables from borrowers with operations concentrated in the south and southeastern United States. SOAR's primary source of revenue is derived from these assets. Future operations could be affected by changes in the economic conditions of that geographical area or by changes in the economic condition of the borrowers.

BEDF's major assets are loan receivables from borrowers with operations throughout the United States. BEDF's primary source of revenue is derived from these assets. Future operations could be affected by changes in the economic conditions of the borrowers or their parent companies.

Note 15 - Commitments and contingencies

Project Partnership guarantees and purchase commitments

In connection with the placement of a Project Partnership into a Fund in 2014, a subsidiary of NEF entered into a put agreement with the investor of the Fund. Under the agreement, the Fund investor could put, assign and transfer the Project Partnership to the subsidiary or its designee at any time after expiration of the credit period and before expiration of the credit compliance period of the Project Partnership, which is anticipated to be 2025 and 2030, respectively ("Put Period"). If the option is exercised, the subsidiary would be responsible for paying the tax credit recapture to the Fund investor if a catastrophic event occurs during the Put Period and the Project Partnership was unable to rebuild the lost units due to zoning reconstruction restrictions. NEF has not accrued any contingent liability as a loss is neither probable nor estimable as of December 31, 2021.

During 2019, NEF entered into a subscription agreement with a LISC managed fund whose purpose is to provide debt financing to preserve investments in affordable housing projects. NEF has agreed to provide up to $100,000 in capital contributions to this fund in accordance with the subscription agreement. No amounts have been funded as of December 31, 2021.

During 2021, NEF Support Corporation, a subsidiary of NEF, entered into two California state tax credit purchase and transfer agreements with unrelated third parties. NEF Support Corporation agreed to purchase the state tax credits associated with two project partnerships when they become available and immediately assign the state tax credits to two separate investors. The cumulative estimated purchase price is $11,498,360, which is payable as the project partnerships reach stabilization and qualified occupancy. Per the agreements with the investors, upon assignment to the investors, the purchase price will be repaid in full.

NEF periodically enters into guaranty agreements related to project partnerships in the ordinary course of business. NEF provides backstop operating deficit guarantees, construction completion guarantees, and development completion guarantees to construction lenders, investors, and Funds. NEF's maximum exposure is $5,025,643 and $6,425,643 as of December 31, 2021 and 2020, respectively. NEF has not accrued any contingent liability as a loss is neither probable nor estimable as of December 31, 2021.

The CDA Partnerships' low-income housing credits are contingent on its ability to maintain compliance with applicable sections of Section 42. Failure to maintain compliance with occupant eligibility, and/or unit gross rent, or to correct noncompliance within a specified time period could result in recapture of previously taken tax credits plus interest. In addition, such potential noncompliance may require an adjustment to the contributed capital by the limited partner(s).

As of December 31, 2021 and 2020, immito had $1,551,075 and $2,871,357, respectively, of unfunded commitments in connection with its SBA 7 (a) loans where portions of loans originated were partially funded. immito will fund these commitments from the same sources it uses to fund its other loans.

Pursuant to the Guarantee Agreement dated September 25, 2020, AHLF incurs a guaranty fee due to the Kresge Foundation ("Kresge") in consideration for Kresge's guarantee, which is limited to the lesser of $10,000,000 or 15% of the aggregate principal amount of loans committed to AHLF by December 31, 2021, to enable AHLF to raise capital from lenders. The guaranty fee of $7,500 is due annually beginning September 25, 2020 through the Termination Date of the agreement, which is the earlier of the fifteenth anniversary of the closing date of the last Qualified Project Financing (as defined in the Guarantee Agreement), or December 31, 2040. Beginning on September 25, 2025 and annually thereafter until the Termination Date, the guaranty fee incurred will be equal to the amount that is 0.40% of the undrawn Guarantee Amount (as defined in the Guarantee Agreement). The guaranty fee incurred for each of the years ended December 31, 2021 and 2020 was $7,500. As of December 31, 2021 and 2020, accounts payable and accrued expenses included $0 and $7,500, respectively, of guaranty fees due to Kresge.

Pursuant to the Guaranty Agreement dated September 1, 2020, BFF Side Car is acting as a guarantor in favor of BFF. BFF Side Car irrevocably, absolutely, and unconditionally guarantees the payments due by BFF to its Qualified Lenders under the Qualified Loans (as defined in a Guaranty Agreement), including principal, interest, fees, premiums, expense reimbursements, etc. and BFF Side Car agrees to pay any and all reasonable costs and expenses incurred by BFF or a Qualified Lender in enforcing any rights under the Guaranty Agreement. As of December 31, 2021 and 2020, no claims or payments have been made relative to the Guaranty Agreement.

Litigation

In the ordinary course of its activities, the Organization is a party to several legal proceedings. In the opinion of management and legal counsel, the resolution of such matters will not have a material adverse impact on the Organization's operations or financial position.

COVID-19

In early 2020, an outbreak of a novel strain of coronavirus ("COVID-19") emerged globally. As a result, events have occurred including mandates from federal, state and local authorities. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. economy. The extent of the impact of COVID-19 has not had a negative impact on the Organization's operational and financial performance through December 31, 2021. During 2021, LISC received approximately $36.3 million in private contributions for COVID-19 relief grants to small businesses. Ongoing performance will depend on certain developments, including the duration and spread of the outbreak, and the impact on employees and vendors, all of which are uncertain and cannot be determined at this time.

Operating lease, right of use asset and liability

The Organization's leased assets include office leases with remaining terms from less than one year up to 15 years. Any renewal options are excluded from the calculation of lease liabilities unless exercising the renewal option is reasonably assured. The lease agreements do not contain residual value guarantees or material restrictive covenants. Operating leases are reflected on the consolidating statement of financial position as a right of use asset and a related right of use liability. Right of use assets represent the right to use an underlying asset for the lease term and were $50,129,732 and $54,234,304 as of December 31, 2021 and 2020, respectively, and right of use liability represents the obligation to make lease payments arising from the lease agreement which are discounted using the Organization's incremental borrowing rate, rates ranging from 1.54% to 3.04%, as of December 31, 2021 and rates ranging from 1.72% to 2.88% as of December 31, 2020. Operating lease right of use assets and liabilities are recognized at the commencement date, or the date on which the lessor makes the underlying asset available for use, based upon present value of the lease payments over the respective lease term. Lease expense is recognized on a straight-line basis over the lease term. Variable lease costs such as common area maintenance and property taxes are expenses as incurred.

Minimum rental commitments under noncancelable operating real estate leases in effect at December 31, 2021 and expiring at various dates through February 2035 totaled $62,996,625. These amounts exclude future escalation for real estate taxes and building operating expenses. Minimum future rental commitments as of December 31, 2021 are as follows:

2022	$ 6,347,927
2023	5,650,918
2024	4,063,743
2025	4,901,671
2026	4,598,353
Thereafter	37,434,013
Subtotal	62,996,625
Less: effects of discounting	(9,495,831)
Total	$ 53,500,794

Rental expense, inclusive of real estate taxes and operating costs, for the years ended December 31, 2021 and 2020, totaled $7,966,705 and $7,754,519, respectively.

Government contracting

Grant and contract revenue recognized from government agencies are based on actual costs incurred and reimbursable expenses from the respective government agencies. These costs are subject to audit by the Office of the Inspector General or the respective granting agencies and the ultimate revenue recognized is contingent upon the outcome of any such audits. Accordingly, the accompanying consolidating and consolidated financial statements are subject to reflecting provisions for adjustments, if any, which may result from an audit. For the year ended December 31, 2021, no such provisions were necessary.

Note 16 - CDA partnerships - long-term debt, net and notes payable to funds

As of December 31, 2021 and 2020, the CDA Partnerships had an outstanding long-term debt balance of $35,687,915 and $38,646,237, respectively, which consists of mortgage notes held by banks and other lenders. Maturity dates range from 2036 to 2057 and interest rates range from 0% to 5.32% as of December 31, 2021 and 2020, respectively. Debt issuance costs were $472,777 and $510,821 as of December 31, 2021 and 2020, respectively, and are presented net in long-term debt on the consolidating and consolidated statement of financial position.

Annual maturities on long-term debt and notes payable to Funds at December 31, 2021 are as follows:

2022	$	186,418
2023		193,233
2024		200,296
2025		207,619
2026		215,208
Thereafter		36,474,085
Total	$	37,476,859

As of December 31, 2021 and 2020, the CDA Partnerships had outstanding unsecured notes payable to the Funds in the amount of $2,261,721 and $3,131,121, respectively. Interest rates range from 0.98% to 2.86% and the notes are payable out of surplus cash flow as defined in the promissory note.

Note 17 - Due from funds

Due from Funds, includes the syndication and asset management fees from Funds billed but not received as of December 31, 2021 and 2020. At December 31, 2021 and 2020, $9,499,197 and $7,900,995 in fees, respectively were due to NEF. All fees are due within one year.

Note 18 - Project partnerships

Investment in project partnerships

NEF (or its subsidiaries) has nominal (generally 1% or less) general partner or managing member interests in the Funds and other ventures and partnerships. At December 31, 2021 and 2020, NEF's investment balance in the Funds and other ventures and partnerships was $16,130 and $14,530, respectively, and is included in other assets, in the accompanying consolidating and consolidated statement of financial position. NEF accounts for its investments in Funds and other ventures and partnerships using the equity method of accounting, to the extent of its investment plus unrecovered advances. At December 31, 2021 and 2020, deficit balances related to certain of its investments in Funds and other ventures and partnerships were $891,030 and $850,699, respectively, and are included in accounts payable and accrued expenses in the accompanying consolidating and consolidated statement of financial position. NEF recorded $40,331 of equity in losses and $16,960 of equity in income as of December 31, 2021 and 2020, respectively. During 2021, NEF received a $1,892,941 distribution on account of carried interest for its general partner interest in NEF Preservation Fund I LP.

NEF holds limited partner interests in certain Funds in which it manages. The investment balances of these interests are $7,404 and $483,741 as of December 31, 2021 and 2020, respectively. NEF recorded $8,919 and $140,023 of equity in losses as of December 31, 2021 and 2020, respectively. During 2021, NEF received distributions in excess of its investment balance of $403,842.

The CDA entities discussed in Note 1 hold generally a 1% or 0.01% general partnership interest in the CDA Partnerships. Pursuant to U.S. GAAP, CDA is deemed to control the limited partnerships and has, therefore, consolidated all entities in which it served as a general partner or managing member if the limited partners do not overcome the presumption of partnership control. CDA did not assume any general partner interests in 2021 and 2020. CDA transferred its general partner interests in one and four CDA Partnerships to an unrelated third party in 2021 and 2020, resulting in a $1,351,553 loss and $2,728,932 gain on disposition in 2021 and 2020, respectively.

Assignment of project partnership interests
The assignment of Project Partnership interests to a Fund is recognized when the parties are bound by the terms of a contract, all consideration has been exchanged, any permanent financing for which NEF is responsible has been arranged and all conditions precedent to closing have been performed.

Interest rate swaps held by CDA Partnerships
One CDA Partnership is party to a derivative financial instrument to limit its exposure to interest rate fluctuations through the use of interest rate swaps. These instruments are held only for the purpose of hedging or limiting such risks, not for speculation. As the CDA Partnership's derivative financial instrument does not qualify for hedge accounting, the CDA Partnership recorded a $0 and $16,581 gain on interest rate swaps in 2021 and 2020, respectively. This balance is classified within Level 2 of the fair value hierarchy.

Investments in joint venture
CNI owns joint venture interests in the below investees, which are North Carolina limited liability companies that own certain real properties in Charlotte, NC as follows:

Investees	Date	Equity investment	Membership interest
Archdale NOAH, LLC (“Lake Mist”)	12/10/2020	$ 1,600,000	29.71%
Wendover NOAH, LLC (“Wendover”)	9/27/2021	$ 725,000	22.58%
McAlway NOAH, LLC (“McAlway”)	11/3/2021	$ 900,000	26.47%
Shamrock NOAH, LLC (“Noah”)	12/14/2021	$ 3,800,000	29.80%

FASB Accounting Standards Codification Topic 810 addresses how a reporting company should evaluate whether it has a controlling interest in a variable interest entity ("VIE") through means other than voting rights and under what circumstances the reporting company should consolidate the entity. CNI has determined that Lake Mist is a variable entity and CNI is not the primary beneficiary. Consequently, CNI is not required to consolidate its investment in Lake Mist. This conclusion was based on the determination that CNI does not have the power to direct the activities that most significantly impact Lake Mist's economic performance. CNI's maximum exposure to loss as a result of its involvement with the investment remains limited to the current investment balance. During the year ended December 31, 2021, CNI provided no explicit or implicit financial or other support to Lake Mist that was not previously contractually required or intended.

CNI accounts for its investment in the Investees using the equity method of accounting. Under the equity method of accounting, the investment is recorded at cost and adjusted for CNI's share of income or loss of the Investees, additional investments, and cash distributions from the Investees. Since CNI has no obligation to fund liabilities of the Investees beyond its investment, its investment in the Investees may not be reduced below zero. To the extent that equity losses are incurred when CNI's carrying value of its investment in the Investees has reached zero balance, any losses will be suspended to be used against future income.

CNI has adopted the nature of distributions approach for the classification of distributions received from equity method investees in the consolidated statement of cash flows. In accordance with this approach, distributions received from the Investees are classified as either operating or investing cash inflows based on the nature of the activities of the Investees that generated the distributions. Returns on investments are classified as operating activities in the consolidated statement of cash flows, while returns of investment are classified as investing activities.

CNI has implemented policies and practices for assessing impairment for its investment. Periodically, the carrying value is evaluated and CNI records a write down if it is determined that any impairment in value exists. If impairment exists, the carrying value is reduced to its fair value. Fair value is determined based on future cash flows. There were no impairment losses recognized for the years ended December 31, 2021 and 2020.

Note 19 - NMTC award administered

As of December 31, 2021 and 2020, approximately $1.105 billion and $1.066 billion, respectively, of the $1.168 billion of total NMTC authority awarded to LISC had been closed. The following tables show the total allocation received, total QEIs closed, and total allocation remaining by round for the years ended December 31, 2021 and 2020:

	Projects	Allocation received	QEIs closed before 2021	QEIs closed during 2021	Total QEIs closed through December 31, 2021	Allocation remaining as of December 31, 2021
Round 1-9 and 11-12	122	$ 908,000,000	$ 908,000,000	$ -	$ 908,000,000	$ -
Round 13	16	85,000,000	83,828,125	1,171,875	85,000,000	-
Round 15	13	60,000,000	55,255,208	3,607,454	58,862,662	1,137,338
Round 16	8	50,000,000	19,000,000	21,000,000	40,000,000	10,000,000
Round 17	1	65,000,000	-	13,000,000	13,000,000	52,000,000
Total	160	$ 1,168,000,000	$ 1,066,083,333	$ 38,779,329	$ 1,104,862,662	$ 63,137,338

	Projects	Allocation received	QEIs closed before 2020	QEIs closed during 2020	Total QEIs closed through December 31, 2020	Allocation remaining as of December 31, 2020
Round 1-9 and 11-12	122	$ 908,000,000	$ 908,000,000	$ -	$ 908,000,000	$ -
Round 13	15	85,000,000	83,828,125	-	83,828,125	1,171,875
Round 15	12	60,000,000	47,000,000	8,255,208	55,255,208	4,744,792
Round 16	3	50,000,000	-	19,000,000	19,000,000	31,000,000
Total	152	$ 1,103,000,000	$ 1,038,828,125	$ 27,255,208	$ 1,066,083,333	$ 36,916,667

Note 20 - Subsequent events

In connection with the preparation of the consolidating and consolidated financial statements, the Organization evaluated subsequent events after the balance sheet date as of December 31, 2021 through June 28, 2022, which was the date the consolidating and consolidated financial statements were available to be issued, and concluded that other than the subsequent events discussed below, no additional matters have occurred that would require recognition or disclosure in the consolidating and consolidated financial statements.

On November 4, 2021, LISC entered into a letter agreement regarding a proposed sale of immito to a prospective third-party buyer ("Prospective Buyer"). If the SBA approves the Lender Assessment Plan ("LAP") submitted by the Prospective Buyer for review, LISC and the Prospective Buyer will enter into a definitive purchase agreement and the Prospective Buyer will submit an application to the SBA for approval of the definitive purchase agreement and the sale of immito. In the event that the SBA has not approved the LAP by June 30, 2022, LISC has the right to terminate the letter of agreement without further obligation.

As of February 14, 2022, all PPP loans were forgiven and the PPPLF was paid in full.

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APPENDIX II

UNAUDITED INTERIM FINANCIAL STATEMENTS OF LOCAL INITIATIVES SUPPORT CORPORATION AS OF AND FOR THE SIX MONTHS ENDED JUNE 30, 2023

Local Initiatives Support Corporation
(Parent Only)

Interim Unaudited Financial Statements

June 30, 2023
(With Comparative Financial Information as of and For the Period Ended June 30, 2022)

Local Initiatives Support Corporation
(Parent Only)

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LOCAL INITIATIVES SUPPORT CORPORATION
(Parent-Only)
Interim Unaudited Statement of Financial Position
June 30, 2023
(With summarized comparative financial information as of June 30, 2022)

	Operating funds		Loan funds			
Assets	Without donor restrictions	With donor restrictions	Without donor restrictions	With donor restrictions	2023 Total	2022 Total
Cash and cash equivalents (Note 4 and 12)	$ 22,004,946	$ 174,573,556	$ 53,851,012	$ 39,573,626	$ 290,003,140	$ 283,313,453
Investments (Note 4 and 12)	65,400,908	-	-	47,686,290	113,087,198	113,767,286
Accrued interest receivable	5,598,538	-	-	-	5,598,538	5,582,117
Contributions receivable, net (Note 5)	488,967	31,824,116	-	-	32,313,083	55,888,851
Government grants and contracts receivable (Note 6)	242,796	88,435,638	-	-	88,678,434	22,585,016
Consulting receivable	8,915,517	-	-	-	8,915,517	15,152,824
Other assets	609,560	13,000	7,102,116	-	7,724,676	5,817,931
Due (to)/from affiliates (Note 16)	5,836,860	-	-	-	5,836,860	1,653,746
Loans to Community Development Projects (CDPs) and affiliates projects (Notes 7, 10, and 16)	-	-	636,589,103	24,032,133	660,621,236	584,120,515
Allowance for uncollectible loans (Note 7)	-	-	(31,707,229)	-	(31,707,229)	(33,681,215)
Total loans, net	-	-	604,881,874	24,032,133	628,914,007	550,439,300
Recoverable grants to CDPs, net (Note 7 and 16)	15,520,024	3,550,975	2,000,935	100,000	21,171,934	16,940,748
Prepaid expenses and deposits	872,684	294,681	-	-	1,167,365	1,466,266
Right of use asset	42,731,994	-	-	-	42,731,994	46,033,001
Investment in affiliates and Funds (Notes 1, 15, and 16)	128,777,923	-	-	-	128,777,923	140,011,827
Fixed assets, net	5,317,245	-	-	-	5,317,245	4,866,999
Total assets	$ 302,317,962	$ 298,691,966	$ 667,835,937	$ 111,392,049	$ 1,380,237,914	$ 1,263,519,365
Liabilities and Net Assets						
Accounts payable and accrued expenses (Note 14)	$ 15,240,605	$ 4,296,960	$ 657,427	$ 248,153	$ 20,443,145	$ 19,752,036
Right of use liability	44,895,186	-	-	-	44,895,186	48,032,147
Government contracts and loan-related advances (Note 1)	122,327	19,889,039	29,035,501	-	49,046,867	43,430,975
Grants payable (Note 8)	2,751,989	112,055,481	-	-	114,807,470	58,424,188
Loans and bonds payable (Note 10)	10,357,758	-	619,514,177	-	629,871,935	544,825,941
Total liabilities	73,367,865	136,241,480	649,207,105	248,153	859,064,603	714,465,287
Board designated net assets for loan fund activity	-	-	10,000,000	-	10,000,000	10,000,000
Net assets not board designated	228,950,097	162,450,486	8,628,832	111,143,896	511,173,311	539,054,078
Total net assets	228,950,097	162,450,486	18,628,832	111,143,896	521,173,311	549,054,078
Total liabilities and net assets	$ 302,317,962	$ 298,691,966	$ 667,835,937	$ 111,392,049	$ 1,380,237,914	$ 1,263,519,365

See Notes to Interim Unaudited Financial Statements

LOCAL INITIATIVES SUPPORT CORPORATION
(Parent Only)
Interim Unaudited Statement of Activities and Changes in Net Assets
For the Period Ended June 30, 2023
(With summarized comparative financial information for the period ended June 30, 2022)

	Operating funds		Loan funds			
	Without donor restrictions	With donor restrictions	Without donor restrictions	With donor restrictions	2023 Total	2022 Total
Support and revenues						
Contributions	$ 2,697,517	$ 37,070,954	$ -	$ 1,000,000	$ 40,768,471	$ 65,911,416
Government grants and contracts (Note 6)	1,328,032	83,784,629	-	3,450,000	88,562,661	22,385,418
Interest income on investments	2,247,804	-	-	1,215,589	3,463,393	791,267
Interest income on loans to CDPs (Note 7)	16,205,663	-	-	-	16,205,663	14,975,678
Consulting income	6,842,641	-	-	-	6,842,641	19,374,868
Other income	3,241,275	-	-	-	3,241,275	3,592,488
Equity in earnings of affiliates and Funds (Note 1, 15 and 16)	7,724,329	-	-	-	7,724,329	8,879,925
Net assets released from restrictions	152,172,145	(151,611,189)	3,956,619	(4,517,575)	-	-
Total support and revenues	192,459,406	(30,755,606)	3,956,619	1,148,014	166,808,433	135,911,060
Expenses						
Program services						
Project development and other program activities	45,674,463	-	-	-	45,674,463	44,776,946
Project grants (Note 8)	116,495,042	-	-	-	116,495,042	54,163,614
Project loans						
Interest on loans and bonds payable	8,405,980	-	-	-	8,405,980	6,679,493
Increase in allowance for uncollectible loans to CDPs (Note 7)	3,229,023	-	(844,529)	-	2,384,494	3,984,061
Provision for uncollectible recoverable grants to CDPs	2,428,680	-	-	-	2,428,680	761,328
Total program services	176,233,188	-	(844,529)	-	175,388,659	110,365,442
Supporting services						
Management and general	14,172,357	-	-	-	14,172,357	14,104,981
Fund-raising	4,854,374	-	-	-	4,854,374	4,684,737
Total supporting services	19,026,731	-	-	-	19,026,731	18,789,718
Total expenses	195,259,919	-	(844,529)	-	194,415,390	129,155,160
Changes in net assets before transfers, and realized and unrealized gain(loss) on investments	(2,800,513)	(30,755,606)	4,801,148	1,148,014	(27,606,957)	6,755,900
Realized (loss) gain on investments and derivatives	5,233	-	-	-	5,233	3,778,859
Unrealized gain(loss) on investments and derivatives	195,608	-	-	39,027	234,635	(7,533,618)
Net realized and unrealized (loss) on investments and derivatives	200,841	-	-	39,027	239,868	(3,754,759)
Board-designated transfer of net assets for loan						
See accomp fund activities		-		-	-	-
Change in net assets	(2,599,672)	(30,755,606)	4,801,148	1,187,041	(27,367,089)	3,001,141
Net assets (deficit), beginning of year	231,549,769	193,206,092	13,827,684	109,956,855	548,540,400	546,052,937
Net assets (deficit), end of period	$ 228,950,097	$ 162,450,486	$ 18,628,832	$ 111,143,896	$ 521,173,311	$ 549,054,078

See Notes to Interim Unaudited Financial Statements

LOCAL INITIATIVES SUPPORT CORPORATION
(Parent Only)
Interim Unaudited Statement of Functional Expenses
Period ended June 30, 2023
(With comparative financial information for the period ended June 30, 2022)

	2023				2022			
	Program services	Management and general	Fundraising	Total	Program services	Management and general	Fundraising	Total
Salaries and fringe benefits	$ 30,176,472	$ 11,430,482	$ 4,114,972	$ 45,721,926	$ 28,603,202	$ 10,834,546	$ 3,900,437	$ 43,338,185
Staff travel and related expenses	417,297	158,067	56,904	632,268	200,324	75,880	27,317	303,521
Consulting and legal	9,963,919	239,062	6,177	10,209,158	11,233,316	829,194	116,517	12,179,027
Depreciation and amortization	236,153	89,452	32,203	357,808	283,246	107,290	38,624	429,160
Rent and utilities	2,121,182	803,478	289,252	3,213,912	2,066,241	782,667	281,760	3,130,668
Office supplies, postage and messenger	1,208,968	457,942	164,858	1,831,768	1,167,862	442,372	159,254	1,769,488
Bank fees and other financial expenses	-	210,132	-	210,132	-	290,637	-	290,637
Accounting and auditing fees	-	252,275	-	252,275	-	295,650	-	295,650
Conference and meeting	200,634	75,998	27,359	303,991	95,820	36,296	13,066	145,182
Telephone	237,931	90,126	32,445	360,502	375,808	142,352	51,247	569,407
Insurance	361,620	136,977	49,312	547,909	344,376	130,446	46,960	521,782
Equipment rental	47,213	17,884	6,438	71,535	56,100	21,250	7,650	85,000
Board expenses	-	3,663	-	3,663	-	-	-	-
Printing, annual report and publications	46,562	17,637	6,350	70,549	25,051	9,489	3,416	37,956
Project grants	116,495,042	-	-	116,495,042	54,163,614	-	-	54,163,614
Interest	8,405,980	-	-	8,405,980	6,679,493	-	-	6,679,493
Provision for uncollectible recoverable grants to CDCs	2,428,680	-	-	2,428,680	761,328	-	-	761,328
Provision for uncollectible loans to CDCs	2,384,494	-	-	2,384,494	3,984,061	-	-	3,984,061
Miscellaneous	656,512	189,182	68,104	913,798	325,600	106,912	38,489	471,001
	$ 175,388,659	$ 14,172,357	$ 4,854,374	$ 194,415,390	$ 110,365,442	$ 14,104,981	$ 4,684,737	$ 129,155,160

See Notes to Interim Unaudited Financial Statements

LOCAL INITIATIVES SUPPORT CORPORATION

(Parent Only)

Interim Unaudited Statement of Cash Flows

June 30, 2023

(With summarized comparative financial information for the period ended June 30, 2022)

	2023	2022
Cash flows from operating activities		
Change in net assets	$ (27,367,089)	$ 3,001,141
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Equity in earnings of affiliates and Funds	(7,724,329)	(8,879,925)
Interaffiliate revenue and expenses	3,937,345	3,092,877
Realized and unrealized loss on investments and derivatives	(239,868)	3,754,759
Depreciation and amortization	357,808	429,160
Amortization of discounts and issuance costs	287,064	256,447
Provision for uncollectible loans to CDPs	2,384,494	4,141,904
Provision for uncollectible recoverable grants to CDPs	2,428,680	761,328
Change in operating assets and liabilities		
Accrued interest receivable	(281,675)	(560,591)
Contributions receivable	10,435,698	(4,471,620)
Government grants receivable	(57,931,236)	(1,162,895)
Consulting receivable	9,898,171	
Other assets	(585,680)	(1,999,405)
Due to/from affiliates	5,551,294	2,767,003
Right of use asset/liability	(347,729)	(375,660)
Prepaid expenses and deposits	997,481	878,243
Accounts payable and accrued expenses	(11,582,342)	(3,044,615)
Government contracts and loan-related advances	935,985	22,005,110
Grants payable	54,352,414	10,726,961
Net cash provided by operating activities	(14,493,514)	31,320,222
Cash flows from investing activities		
Purchases of investments	(66,095,687)	33,746,475
Proceeds from sale and maturities of investments	63,916,892	22,600,513
Investment in affiliates and Funds	(2,990,547)	(13,127,102)
Purchases of fixed assets	(383,891)	(618,219)
Recoverable grants made to CDPs	(3,895,605)	(2,455,897)
Repayments received on recoverable grants to CDPs	1,234,396	2,366,170
Loans to CDPs and affiliated projects	(172,376,727)	(119,912,244)
Repayments received on loans to CDPs and affiliated projects	71,837,150	54,446,980
Net cash (used in) investing activities	(108,754,019)	(22,953,324)
Cash flows from financing activities		
Return of capital from investment in affiliates	-	950,000
Debt issuance costs paid	(208,530)	(151,543)
Proceeds from loans and bonds payable	101,350,338	79,089,000
Repayments of loans and bonds payable	(29,266,377)	(59,110,189)
Net cash provided by financing activities	71,875,431	20,777,268
Net increase in cash and cash equivalents	(51,372,102)	29,144,166
Cash and cash equivalents, beginning of year	341,375,242	254,169,287
Cash and cash equivalents, end of period	$ 290,003,140	$ 283,313,453
Supplemental disclosure of cash flow information		
Cash paid during the period for		
Interest on indebtedness	$ 7,728,389	$ 6,474,335

See Notes to Interim Unaudited Financial Statements

Note 1 - Organization and summary of significant accounting policies

Corporate purposes

Local Initiatives Support Corporation ("LISC" or the "Organization"), a New York not-for-profit corporation, was incorporated in 1979 to assist local community organizations throughout the United States in their efforts to transform distressed neighborhoods into healthy communities by marshaling private and public sector resources, extending financial assistance in the form of loans, lines of credit, grants, and loan guarantees, and providing technical support.

Basis of accounting

In accordance with LISC's Loan or Report Agreements between the Organization and certain lenders (the "Agreements"), these interim unaudited financial statements include the assets, liabilities, revenues, and expenses of LISC parent-only. A not-for-profit entity is permitted to include its interest in net assets of its controlled affiliates in its parent-only financial statements, but it is not required. LISC includes its interest in net assets of controlled affiliates, as LISC believes it better reflects the operations and financial position of LISC. LISC's controlled affiliates consist of National Equity Fund, Inc. ("NEF"), New Markets Support Company, LLC ("NMSC"), Neighborhood Properties, LLC ("NP"), immito, LLC, Resilience and Recovery Network, LLC ("RRN"), LISC Fund Management, LLC ("LFM"), Detroit AHLF-CDFI Fund, LLC ("AHLF"), Community Housing Fund LLC ("CHF"), Southern Opportunity and Resilience ("SOAR") Fund, and Entrepreneurs of Color Loan Fund (EOCLF). Also included in the parent-only financial statements is LISC's 5% interest in the Charlotte Housing Opportunity Investment Fund, LLC ("CHOIF"), .001% interest in BFF Preservation Fund Side Car LLC (“BFF Side Car”), and 14.59% interest in The Bay’s Future Fund LLC (“BFF”).

NEF and NMSC are the controlled affiliates who have significant activity. NEF was organized as an Illinois not-for-profit corporation to create a national investment pool to aggregate and channel Low Income Housing Tax Credit equity investments into affordable housing developments. NMSC, a Delaware limited liability company, was formed in 2003 to manage the New Markets Tax Credit ("NMTC") activities of LISC.

In January 2018, LISC entered into an agreement to purchase a "Small Business Lending Company" ("SBLC") license for $2.4 million. The purchase of the SBLC license was approved by the U.S. Small Business Administration ("SBA"). LISC formed the wholly-owned subsidiary immito, LLC (previously referred to as LISC SBLC) to make SBA-guaranteed small business loans pursuant to section 7(a) of the Small Business Act ("7(a) loan program").

RRN, a Texas limited liability company, was formed in March 2018 to implement and operate a program to repair homes occupied by low- and moderate-income households that were affected by Hurricane Harvey.

LFM, a Delaware limited liability company, was formed in June 2019 to act as Fund Manager to various loan funds.

AHLF, a Delaware limited liability company, was formed in January 2020 to pursue affordable housing preservation and production in the City of Detroit.

CHF, a Delaware limited liability company, was formed in December 2020 and is organized exclusively for charitable purposes under section 501(c)(3) of the Code. CHF will provide financing for the creation of new affordable housing and the preservation of existing affordable housing in the five-county region located in the State of California consisting of San Francisco, San Mateo, Alameda and Contra Costa counties (the Bay Area).

The SOAR Fund, a Delaware limited liability company, was formed in April 2021 to address the capital needs of historically disenfranchised communities across the South and Southeast United States. The Fund targets small businesses and nonprofits with 50 employees and fewer, with an explicit focus on historically under-resourced communities, including organizations in low-income areas and businesses owned by women and people of color.

CHOIF, a Delaware limited liability company, was formed in 2019 to address the affordable housing crisis in the City of Charlotte and in the surrounding area of Mecklenburg County, North Carolina by promoting the creation of affordable housing and the preservation and protection of existing affordable housing and in doing so, help to relieve the poor and distressed, eliminate racial discrimination, combat community deterioration, enhance community engagement and lessen the burdens of government.

EOCLF, a Delaware limited liability company, was formed in 2020 to provide racial and ethnic minority entrepreneurs with improved access to capital in order to incentivize economic activity and wealth building opportunities in communities of color in the United States.

BFF, originally known as the Regional Housing Flexible Fund LLC, was formed on March 15, 2019 as a limited liability company under the laws of the State of Delaware. On November 27, 2019 a certificate of amendment was certified by the State of Delaware to formally change the name from Regional Housing Flexible Fund LLC to The Bay's Future Fund LLC. The purpose of BFF is to accomplish charitable purposes, including relief of the poor and distressed, elimination of racial discrimination, combatting community deterioration, enhancing community engagement, and lessening the burdens of government in the five-county region located in the State of California consisting of San Francisco, San Mateo, Santa Clara, Alameda and Contra Costa counties (the "Bay Area") by promoting the creation of new affordable housing and the preservation of existing affordable housing.

BFF Preservation Fund Side Car, LLC, ("BFF Side Car"), originally known as the RHFF Preservation Side Car, LLC. It was formed on August 22, 2019. On November 27, 2019, a certificate of amendment was certified by the State of Delaware to formally change the name of BFF Side Car from RHFF Preservation Side Car, LLC to BFF Preservation Side Car LLC. BFF Side Car's purpose is to accomplish charitable purposes, including relief of the poor and distressed, elimination of racial discrimination, combatting community deterioration, enhancing community engagement, and lessening the burdens of government in the Bay Area by promoting the creation of new affordable housing and the preservation of existing affordable housing.

All interaffiliate transactions in the interim unaudited statement of activities have been eliminated.

These interim unaudited financial statements are not intended to present the financial position and change in net assets of LISC in conformity with U.S. generally accepted accounting principles, as the accounts of the controlled affiliates have not been consolidated, and such consolidated financial statements have not yet been issued.

Tax status
LISC is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code (the "Code"). LISC has been classified as an organization that is not a private foundation and has been designated a "publicly supported" organization of the type described in Sections 170(b)(1)(A)(VI) and 509(a)(1) of the Code.

The Organization recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Income generated from activities unrelated to the Organization's exempt purpose is subject to tax under the Code Section 511. The Organization did not recognize any unrelated business income tax liabilities for the periods ended June 30, 2023 and 2022. Income tax returns filed by the Organization are subject to examination by the Internal Revenue Service (the "IRS") for a period of three years. While no income tax returns are currently being examined by the IRS, tax years since 2019 remain open.

Financial statement presentation
The accompanying interim unaudited financial statements are prepared on the accrual basis of accounting. The Organization reports its financial information in the following categories:

Without Donor Restrictions
The "Operating Funds - Without Donor Restrictions" is used to record activities supported by resources that are not subject to donor-imposed restrictions and over which management and the board of directors have discretionary control.

The "Loan Funds - Without Donor Restrictions" is used to record loans and bonds payable proceeds mainly provided to the Organization by financial institutions, insurance companies, foundations, government agencies, and other nonprofits with lender-imposed restrictions that may include making loans to Community Development Projects ("CDPs") in certain geographic areas. In some instances, loans payable proceeds are provided to fund recoverable grants to CDPs. These funds as well as the related recoverable grant activities are recorded in the "Operating Funds Without Donor Restrictions."

As of June 30, 2023 and 2022, Loan Funds - net assets without donor restrictions consist of $10 million of board-designated net assets.

Principal repayments received on loans provided to CDPs funded from loan funds, as well as the provision for loan losses, are recorded in the "Loan Funds - Without Donor Restrictions." Impairment losses are charged to the "Operating Funds Without Donor Restrictions."

With Donor Restrictions
These funds are used to record contributions received with donor-imposed restrictions. Contributions are recorded as restricted support if they are received with donor stipulations that limit their use. When a donor's restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the interim unaudited statement of activities as net assets released from restrictions.

Specifically, the "Loan Funds With Donor Restrictions" ("donor-restricted loan funds") is used to record contributions received with donor-imposed restrictions for lending and/or credit enhancement activities. "Operating Funds - With Donor Restriction" (donor-restricted operating funds") is used to record assets received with donor-imposed restrictions for all other activities, excluding lending and/or credit enhancement activities.

Fixed assets
Fixed assets consist of software, equipment, and leasehold improvements and are stated at cost less accumulated depreciation or amortization, computed using the straight-line method. Furniture, software, and equipment are depreciated over their estimated useful lives of three to five years. Leasehold improvements are amortized over the lease term or the life of the asset, whichever is shorter.

Cash and cash equivalents
Cash and cash equivalents include cash in banks and on hand and highly-liquid debt instruments that have maturities of three months or less from the date of purchase by the Organization, except for those amounts held by the Organization's investment managers, which are classified as investments.

Investments
Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value in the interim unaudited statement of financial position. Fair value of such equity securities is based on quoted market prices. Fair values of fixed maturity securities, other than those based on quoted market prices, are based on prices provided by the Organization's custodian banks. The custodian banks use a variety of pricing sources to determine market valuations. Each designates specific pricing services or indexes for each sector of the market upon the provider's expertise. The fair values of alternative investments are based on the net asset values, a practical expedient provided by the investment managers or general partners. Those estimated net asset values may differ significantly from the values that would have been used had a ready market for these securities existed.

Contributions and government grants and contracts
Contributions, including unconditional promises to give (pledges), are recorded as revenue on the date received or pledged. Contributions are recorded as net assets with donor restrictions if they are received with donor stipulations that limit their use as to purpose or time. Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met. Contributions receivable due to be collected greater than one year from the date of the interim unaudited statement of financial position are discounted using a risk-adjusted rate commensurate with the duration of the donor's payment plan. Amortization of the discount is recorded as additional contribution revenue in accordance with the donor-imposed restrictions, if any, on the contributions.

Contributed goods are recognized as revenue at their estimated fair value at date of receipt and expensed when used. Contributed services are recognized as revenue if the services create or enhance nonfinancial assets or require a specialized skill, are provided by individuals possessing those skills, and typically need to be purchased if not provided by donation. Contributed services that do not meet the above criteria are not recognized as revenues and are not reported in the accompanying interim unaudited financial statements.

LISC also receives government grants and contracts from a number of sources including federal, state, and local governments. These agreements are evaluated as to whether they qualify as contributions or exchange transactions as defined by U.S. generally accepted accounting principles. Government grants and contracts that are considered unconditional contributions are recognized immediately. Government grants and contracts that are considered conditional contributions are not recognized as revenue until the barriers to entitlement are overcome. Government grants and contracts that are considered exchange transactions are recognized as revenue when services have been provided in accordance with the terms of the Agreements and are reported in other income in the interim unaudited statement of activities.

Risks and uncertainties
The Organization invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the interim unaudited statement of financial position.

Fair value
Fair value is defined 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 for the asset or liability in an orderly transaction between market participants at the measurement date. The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that a reporting entity has the ability to access at the measurement date.

- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

- Level 3 inputs are unobservable inputs for the asset or liability.

Estimates
The preparation of the interim unaudited financial statements in conformity with the Agreements 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 interim unaudited financial statements and the reported amounts of revenues and expenses during the reporting period. The significant estimates made in the preparation of these interim unaudited financial statements include the fair value of alternative investments, the allowance for uncollectible loans, the allowance for uncollectible recoverable grants, and the allowance for uncollectible contributions receivable. Actual results could differ from those estimates.

Loans receivable and the allowance for uncollectible loans
Loans receivable are carried at their unpaid principal balance less an allowance to reflect potentially uncollectible loan balances. The allowance for uncollectible loans is maintained at a level that, in management's judgment, is adequate to provide for potential losses. The amount of the allowance is based on management's evaluation of the collectability of the loans. Large loans are evaluated individually for impairment an allowance is established when the discounted cash flows of an impaired loan are lower than the carrying value of the loan. For the remainder of the portfolio, an allowance is established based on historical loan loss experience and management's evaluation of the collectability of the loans, taking into consideration project characteristics and trends. The accrual of interest income is discontinued on loans that are delinquent for over 90 days. Loans are written off when repayment is not expected to occur.

To monitor the likelihood of losses to its loan portfolio, LISC employs the following internal risk rating categories:

I. Excellent - The loan is a very strong credit, and sound in every respect. The prospect for repayment is excellent.

II. Strong - The loan is a strong credit and sound in most respects. The prospect for repayment is strong.

III. Good - The loan is a sound credit with reasonable risk for the Organization and with good repayment prospects.

IV. Acceptable - The loan is credit worthy, but contains heightened risks from the outset. A number of developments that would reduce LISC's repayment risk have yet to occur, but no material problems have developed.

V. Close Follow - The loan has more significant risks than an "Acceptable" loan, but it is still credit worthy.

VI. Substandard - Conditions seriously jeopardizing loan repayment have developed, and it is likely some loss of loan principal will occur.

VII. Doubtful - The loan has been partially written down but in work out in the hopes of receiving partial payment.

Recoverable grants

Recoverable grants are early project investments provided to CDPs that contractually require repayment without interest. Recoverable grants receivable are recorded when these amounts are disbursed and an allowance has been established based on historical recoverability experience that, in management's judgment, is adequate to cover potential losses.

Government contracts and loan-related advances

Government contracts and loan-related advances consist of amounts received in advance from government agencies and other organizations for the purpose of providing loans, recoverable grants, and project grants in accordance with the terms of respective contractual agreements.

Discounts and issuance costs on debt issuance

Discounts and issuance costs, net of accumulated amortization, are reported as a direct deduction from the face amount of the loans and bonds payable to which such costs relate. Amortization of debt discount and issuance costs are reported as a component of interest expense and are computed using an imputed interest rate on the related loans and bonds payable.

Functional expenses

The costs of providing program services and other activities have been summarized on a functional basis in the interim unaudited statement of functional expenses. Accordingly, certain costs have been allocated among program services, management and general and fundraising expenses. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

Expenses	Method of allocation
Salaries and fringe benefits	Time and effort
Consultant and legal	Direct allocation based on services/time and effort
Rent and utilities	Time and effort
Project grants	Direct allocation
Interest	Direct allocation
Provision for uncollectible recoverable grants to CDCs	Direct allocation
Provision for uncollectible loans to CDCs	Direct allocation
Bank fees and other financial expenses; accounting and auditing fees; board expenses	Direct allocation
All other expenses	Time and effort

Comparative financial information

The accompanying interim unaudited statement of activities is presented with prior year summarized financial information in total, but not by net asset class. Such information does not include sufficient detail to constitute a complete presentation; accordingly, such information should be read in conjunction with the Organization's June 30, 2022 interim unaudited financial statements, from which the summarized information was derived.

Reclassifications

Reclassifications have been made to the prior year balances to conform to the current year presentations. Such reclassifications were made for comparative purposes only, and do not restate the prior year consolidating and consolidated financial statements.

Recent accounting pronouncements

In June 2016, the FASB issued 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which creates a new credit impairment standard for financial instruments. The new standard will require management to make a current estimate of expected credit losses as opposed to current U.S. generally accepted accounting principles which delayed recognition until the loss was probable. As a result of the ASU, management will be required to perform an assessment of expected credit losses on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount.

ASU 2016-13 is applicable to all loans, debt securities, trade receivables, net investment in leases, off-balance-sheet credit exposures, reinsurance receivables and any other financial assets not excluded from the scope that have a contractual right to receive cash.

In the period of adoption, the Organization will record a cumulative-effect adjustment to changes in net assets and in subsequent years, changes in the current expected credit loss for the reporting period will be reported on the statement of activities. Expanded disclosures will also be required.

The ASU along with certain related ASUs clarifying the scope of the ASU 2016-13 and providing transition relief will be effective for fiscal years beginning after December 15, 2022. The Organization is currently evaluating the impact of adopting this new guidance on the interim unaudited financial statements.

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. The amendments in this Update provide optional expedients and exceptions for applying generally accepted accounting principles (GAAP) to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. The amendments in this Update apply only to contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform.

The expedients and exceptions provided by the amendments do not apply to contract modifications made and hedging relationships entered into or evaluated after December 31, 2022, except for hedging relationships existing as of December 31, 2022, that an entity has elected certain optional expedients for and that are retained through the end of the hedging relationship.

The ASU became effective as of March 12, 2020 and will continue through December 31, 2022. The Organization intends to adopt ASU 2020-04 in 2023, but does not expect the impact of adopting the new guidance to have a material effect on the interim unaudited financial statements.

Note 2 - Net assets with donor restrictions

Net assets with donor restrictions are restricted for the Organization's 37 local/regional offices, rural programs, and several other national programs, or are to be used in future years for program services, such as project grants, recoverable grants, lending-related activity, technical support, and operating support to community development organizations.

As of June 30, 2023, net assets with donor restrictions were $273,594,382 ($162,450,486 donor-restricted operating funds and $111,143,896 donor-restricted loan funds) and included the following components: (1) Charter School Financing - approximately $60.1 million of donor-restricted funds are available to support quality public charter and alternative schools in low-income neighborhoods. Included in this amount is $60.0 million related to grants awarded by the U.S. Department of Education ("DOE") to LISC to provide credit enhancement on loans made by financial institutions to stimulate the financing of charter schools, (2) Lending Activities (excluding "DOE" funds) in local and regional offices - approximately $51.1 million and (3) Operating and Programmatic Support - approximately $162.4 million of donor-restricted funds available to support operating and a multitude of specifically defined projects in the local/regional offices and national programs.

Note 3 - Availability and liquidity

The table below represents financial assets available for operating funds expenditures within one year at June 30, 2023 and 2022. Financial assets in the "Loan Funds - Without Donor Restrictions" and "Loan Funds - With Donor Restrictions" are not included in the table below. As explained further in Note 1, these loan funds are for lending and/or credit enhancement activities and are not available for operating funds expenditures. LISC also has undrawn lines of credit as further described in Note 10. As of June 30, 2023 and 2022, $15,000,000 and $25,700,000, respectively, of the undrawn line of credit can be used for operating funds expenditures:

	2023	2022
Financial assets at period end		
Cash and cash equivalents	$ 196,578,502	$170,359,069
Investments	65,400,908	105,729,785
Accrued interest receivable	5,598,538	5,582,117
Contributions receivables, net	32,313,083	55,069,619
Government grants and contracts receivable	88,678,434	22,585,016
Due (to)/from affiliates	5,836,860	1,653,746
Recoverable grants to CDPs, gross	42,901,941	21,621,096
Total financial assets	$ 437,308,266	$ 382,600,448
Less amounts not available to be used within one year		
Cash and cash equivalents	(30,423,407)	(8,677,475)
Investments	(13,388,526)	(12,738,216)
Contributions receivables, net	(8,587,500)	(16,412,240)
Government grants and contracts receivable	(86,710,204)	(20,035,642)
Recoverable grants to CDPs, gross	(42,901,941)	(21,621,096)
Financial assets not available to be used within one year	$ (182,011,578)	$ (79,484,669)
Financial assets available to meet operating fund expenditures over the next 12 months	$ 255,296,688	$ 303,115,779

Also, LISC has financial covenants with certain LISC lenders, some of which address adequate liquidity to cover operating costs and debt service requirements. Specifically, at the end of each quarter, unrestricted operating cash, cash equivalents, and investments must be able to cover at least six months of unrestricted operating expense as defined in the terms of the loan agreements with certain LISC lenders. With regard to debt service, liquid assets must exceed six months of interest and notes payable (as defined in the terms of the loan agreements with certain LISC lenders). At June 30, 2023 and 2022, LISC was in compliance with its financial covenants.

Note 4 - Cash, cash equivalents, and investments

At June 30, 2023 and 2022, the Organization's total portfolio of cash, cash equivalents, and investments consisted of the following:

	Fair value	
	2023	2022
ash and cash equivalents	$ 290,003,140	$ 283,313,453
vestments		
Corporate bonds and fixed-income funds	29,247,840	39,490,526
U.S. government agencies	66,493,304	56,973,458
Certificates of deposit	3,957,528	4,565,086
Alternative investments		
Real estate investment trust	4,733,365	3,588,675
Hedge funds	35,316	34,574
Private equity funds	8,619,845	9,114,967
	113,087,198	113,767,286
Total cash, cash equivalents and investments	$ 403,090,338	$ 397,080,739

The Organization invests in certain alternative investments, through "funds of funds" investments, which employ multiple investment strategies via a variety of investment managers to provide diversification and control risk. These investments create indirect exposure to the Organization through short sales of securities, trading in future and forward contracts, and other derivative products. Derivatives are tools used to maintain asset mix or manage portfolio risk exposure. While these financial instruments may contain varying degrees of risk, the Organization's risk with respect to such transactions is limited to its capital balance in each investment.

At June 30, 2023 and 2022, cash and cash equivalents include approximately $23.0 million and $27.6 million, respectively, held in escrow-like arrangements with loan participants and $7.5 million and $7.9 million, respectively, in loss reserves required by specific programs.

The limitations and restrictions on the Organization's ability to redeem or sell its alternative investments vary by investment. As of June 30, 2023 and 2022, the following table summarizes the composition of such investments by the various redemption provisions:

	Fair value		Redemption frequency	Redemption notice period
	2023	2022		
Alternative investments				
Real estate investment trust (A)	$ 4,733,365	$ 3,588,675	Lock-up	Not applicable
Credit-focused hedge funds (B)	35,316	34,574	Lock-up	Not applicable
Private equity funds (C)	8,619,845	9,114,967	Lock-up	Not applicable
	$ 13,388,526	$ 12,738,216		

As of June 30, 2023, and 2022, the Organization had $5,763,643 and $6,064,202 unfunded commitments on its alternative investments.

Information with respect to the strategies of those investment funds, which are reported at estimated fair value based upon net asset value per share (or its equivalent), is as follows:

(A) *Real estate investment trusts* - of which the Organization is a minority shareholder; principal business activities are to invest in affordable multifamily residential mortgage loans, which are subsequently syndicated to institutional investors, and to acquire equity interests in affordable multifamily residential real estate assets.

(B) *Credit-focused hedge funds* - comprised of an investment in a hedge fund that seeks to achieve attractive total returns through both capital appreciation and current income. The fund seeks to achieve its investment objective through a portfolio of investments in publicly traded and privately held securities, loans, derivatives, and other instruments, primarily in the corporate *credit sector of the fixed income and related markets.*

(C) *Private equity funds* - includes investments in funds licensed by the United States Small Business Administration as small business investment companies. The primary purpose of each fund is to operate as a venture fund and invest in equities, debt securities with equity participation, secured short-term and long-term loans, and as participants with other funds.

Note 5 - Contributions receivable

At June 30, 2023 and 2022, the Organization had contributions receivable with expected receipts as follows:

	2023	2022
Due within one year	$ 26,692,080	$40,305,061
Due in one to five years	8,587,500	16,412,240
	35,279,580	56,717,301
Less discount (0.10%-5.00%)	(2,194,497)	(306,450)
Less allowance for uncollectible contributions receivable	(772,000)	(522,000)
Total contributions receivable, net	$ 32,313,083	$ 55,888,851

At June 30, 2023 and 2022, approximately 32.53% and 30.33%, respectively, of the Organization's contributions receivable were from one donor.

At June, 2023 and 2022, approximately 33.20% and 65.55%, respectively, of the Organization's contributions revenue were from five donors.

Note 6 - Government grants and contracts

At June 30, 2023 and 2022, the Organization had grant commitments from various government agencies of approximately $123.2 million and $86.3 million, respectively, with expiring term dates ranging from 2023 to 2027. These grant commitments will be recognized in the accompanying consolidating and consolidated financial statements when it is probable that the conditions surrounding the terms of the grants will be met.

At June 30, 2023 and 2022, government grants and contracts receivable were $89.1 million and $22.6 million, respectively. Approximately $9.1 million and $8.7 million of government grants receivable at June 30, 2023 and 2022, and approximately $7.0 million and $6.8 million of government grants and contracts revenue for the years ended June 30, 2023 and 2022, respectively, were from one government agency.

Note 7 - Program loans and recoverable grants to community development projects

Program loans

In furtherance of its charitable purposes, LISC makes loans directly to CDPs and also to its affiliates, to benefit affiliate projects. In general, interest rates on loans to CDPs range from 0% to 8.00% and repayment terms range from 1 year to 36 years. Delinquent loans, measured as those loans whose payment is greater than 90 days past due, totaled $3,410,188 and $6,109,122, respectively, at June 30, 2023 and 2022. The portion of the allowance dedicated to the delinquent loans totaled $852,547 and $608,174 at June 30, 2023 and 2022, respectively. At June 30, 2023, loan principal of $193,630,516 is due to LISC within one year, of which $107,487,552 is due to LISC within the next six months.

Loans to CDPs and affiliates' projects as of June 30, 2023 and 2022 are comprised of the following:

	2023	2022
Loan type		
Acquisition loans	$ 216,763,715	$ 190,384,507
Predevelopment loans	145,696,392	44,962,651
Construction loans	63,191,967	126,651,469
Other	234,969,162	222,121,888
Total	$ 660,621,236	$ 584,120,515

LISC disaggregates loan receivables by loan type when assessing and monitoring risk and performance of the entire population. The major loan types are:

1. Acquisition loans - to pay purchase and closing costs of a property;
2. Predevelopment loans - to pay project predevelopment expenses;
3. Construction loans - to pay hard and soft costs of new or rehabilitation projects;
4. Other - includes mainly semi-permanent and permanent financing for projects, bridge loans (financing the remaining gap between projects or program costs and cash from committed or anticipated sources not yet available), and working capital line of credits to provide flexible capital to meet organizational cash flow needs.

The following tables provide an analysis of the aging of loan receivables as of June 30, 2023 and 2022:

	2023					
	31–60 days past due	61–90 days past due	Greater than 90 days past due	Total past due	Current	Total gross loans receivable
Acquisition	$ 682,376	$ 958,398	$ -	$ 1,640,774	$ 215,122,941	$ 216,763,715
Predevelopment	-	-	-	-	145,696,392	145,696,392
Construction	1,090,416	-	3,114,311	4,204,727	58,987,240	63,191,967
Other	1,838,678	-	295,877	2,134,555	232,834,607	234,969,162
Total	$ 3,611,470	$ 958,398	$ 3,410,188	$ 7,980,056	$ 652,641,180	$ 660,621,236

	2022					
	31–60 days past due	61–90 days past due	Greater than 90 days past due	Total past due	Current	Total gross loans receivable
Acquisition	$ 5,572,086	$ -	$ 958,398	$ 6,530,484	$ 183,854,023	$ 190,384,507
Predevelopment	-	1,659,838	-	1,659,838	43,302,813	44,962,651
Construction	1,077,103	-	4,000,000	5,077,103	121,574,366	126,651,469
Other	2,343,203	19,387	1,150,724	3,513,314	218,608,574	222,121,888
Total	$ 8,992,392	$ 1,679,225	$ 6,109,122	$ 16,780,739	$ 567,339,776	$ 584,120,515

The activity in the allowance for uncollectible loans for the years ended June 30, 2023, and 2022 is as follows:

	2023				
	Acquisition	Pre-development	Construction	Other	Total
Allowance for uncollectible loans, beginning of year	$ (20,998,745)	$ (4,675,267)	$ (4,236,409)	$ (2,641,337)	$ (32,551,758)
Write-offs	2,050,000	-	1,599,191	-	3,649,191
Recoveries	(2,905)	(188,000)	(229,263)	-	(420,168)
Provision	(852,619)	(118,487)	(1,029,764)	(383,624)	(2,384,494)
Allowance for uncollectible loans, end of period	$ (19,804,269)	$ (4,981,754)	$ (3,896,245)	$ (3,024,961)	$ (31,707,229)

	2022				
	Acquisition	Pre-development	Construction	Other	Total
Allowance for uncollectible loans, beginning of year	$ (19,157,650)	$ (4,103,676)	$ (4,012,921)	$ (2,265,064)	$ (29,539,311)
Write-offs	-	-	-	-	-
Recoveries	(128,350)	-	(7,825)	(21,668)	(157,843)
Provision	(1,557,098)	(394,716)	(523,846)	(1,508,401)	(3,984,061)
Allowance for uncollectible loans, end of period	$ (20,843,098)	$ (4,498,392)	$ (4,544,592)	$ (3,795,133)	$ (33,681,215)

Loans receivable, by class and credit quality category, as of June 30, 2023, and 2022, are as follows:

	2023						
	Excellent	Strong	Good	Acceptable	Close Follow	Substandard	Total
Acquisition	$ -	$ 3,687,186	$ 58,497,622	$ 133,476,706	$ 14,328,363	$ 6,773,838	$ 216,763,715
Predevelopment	-	-	49,125,015	85,450,134	10,773,686	347,557	145,696,392
Construction	-	-	8,319,608	46,123,795	5,634,253	3,114,311	63,191,967
Other	22,226	34,874,998	103,185,202	80,029,135	16,561,724	295,877	234,969,162
Total	$ 22,226	$ 38,562,184	$ 219,127,447	$ 345,079,770	$ 47,298,026	$ 10,531,583	$ 660,621,236

	2022						
	Excellent	Strong	Good	Acceptable	Close Follow	Substandard	Total
Acquisition	$ -	$ 4,141,923	$ 47,659,795	$ 129,903,458	$ 7,720,933	$ 958,398	$ 190,384,507
Predevelopment	-	-	16,948,677	27,496,366	517,608	-	44,962,651
Construction	-	-	33,759,521	91,681,969	707,772	502,207	126,651,469
Other	69,784	28,308,794	95,809,164	92,465,896	5,468,250	-	222,121,888
Total	$ 69,784	$ 32,450,717	$ 194,177,157	$ 341,547,689	$ 14,414,563	$ 1,460,605	$ 584,120,515

LISC had $7,133,475 and $673,802, respectively in loan receivables that were considered troubled debt restructurings or impaired loans for the years ended June 30, 2023, and 2022.

Recoverable grants

In furtherance of its charitable purposes, LISC makes recoverable grants directly to CDPs. Recoverable grant activity for 2023 and 2022 is summarized as follows:

	2023	2022
Gross recoverable grants receivable, beginning of year	$ 40,634,382	$ 35,050,365
New recoverable grants made	3,895,605	2,455,897
Write-offs	(393,650)	(663,568)
Repayments	(1,234,396)	(2,366,170)
Gross recoverable grants receivable, end of period	42,901,941	34,476,524
Allowance for uncollectible recoverable grants, end of period	(21,730,007)	(17,535,776)
Recoverable grants receivable, net, end of period	$ 21,171,934	$ 16,940,748

Note 8 - Grants payable

In furtherance of its charitable purposes, LISC makes grants to CDPs. Grant expense is recorded as an expense when the grant is approved by the Organization. Grants are generally awarded for a six-month to three-year period. The Organization's grant activity for the periods ended June 30, 2023 and 2022 is summarized below:

	2023	2022
Grants payable, beginning of year	$ 60,455,056	$ 47,697,227
New project grants made	116,495,042	54,163,614
Disbursements on commitments	(62,142,628)	(43,436,653)
Grants payable, end of period	$ 114,807,470	$ 58,424,188

Note 9 - Fixed assets

Fixed assets consist of the following at June 30, 2023 and 2022:

	2023	2022
Software	$ 2,435,339	$ 1,366,844
Equipment	-	371,194
Furniture & Fixtures	2,290,583	2,272,070
Leasehold improvements	3,143,756	3,101,336
Gross fixed assets	7,869,678	7,111,444
Less accumulated depreciation and amortization	(2,552,433)	(2,244,445)
Fixed assets, net	$ 5,317,245	$ 4,866,999

Note 10 - Loans and bonds payable

At June 30, 2023 and 2022, loans and bonds payable consisted of the following:

	Maturities	Interest rates	2023	2022
Financial institutions and insurance companies	2023-2035	0.00%-6.83%	$ 279,647,254	$ 235,237,959
Sustainability bonds and impact notes	2024-2037	0.50%-5.65%	212,380,000	185,578,000
Foundations	2023-2031	0.00%-4.00%	64,695,912	68,860,000
Public agencies/entities and retirement funds	2023-2043	0.00%-3.61%	47,117,187	49,204,343
Nonprofit and other institutions	2025-2037	0.00%-2.37%	28,344,381	8,390,431
Total			632,184,734	547,270,733
Less unamortized discount and deferred costs (**)			(2,312,799)	(2,444,792)
Loans and bonds payable, net			$ 629,871,935	$ 544,825,941

As of June 30, 2023, and 2022, accrued interest was $2,843,723 and $2,401,632, respectively, and is included as a component of accounts payable and accrued expenses on the accompanying interim unaudited statement of financial position.

Loans and bonds principal and future interest payments as of June 30, 2023, are scheduled to be repaid as follows:

	Principal	Interest	Total
2023	$ 12,598,514	$ 8,134,112	$ 20,732,626
2024	84,250,417	15,011,416	99,261,833
2025	111,722,620	12,055,272	123,777,892
2026	114,529,321	10,106,977	124,636,298
Thereafter	309,083,862	38,217,670	347,301,532
Total	$ 632,184,734	$ 83,525,447	$ 715,710,181

* As of June 30, 2023, loans outstanding of $12,598,514 and scheduled interest payments of $8,134,112 are due in the next six months.

** In November 2020, LISC launched an Impact Notes (Notes) program for up to $200,000,000. The proceeds of the offering will be used for general corporate purposes, including to refinance certain of LISC's existing indebtedness and as capital for loans made by LISC and its affiliates, each in support of LISC's overall mission to encourage the growth of, and provide support to, neighborhood and community development organizations and businesses that foster improvement of economic conditions; develop housing and other physical facilities; provide amenities and services; and other activities that help to revitalize disinvested communities. The Notes are sold through the Depository Trust Company (DTC). The Lead Selling Agent, InspereX, agrees to sell these notes to other agents on LISC's behalf. The Notes are issued in increments of $1,000 or more and pay interest at various fixed interest rates. The terms of the Notes offer one-year to 15-year maturities.

As of June 30, 2023, LISC issued $137,380,000 in Notes as follows:

Maturities	Interest rates	2023
February 15, 2024	0.50%	5,000,000
November 15, 2024	5.50%	11,945,000
December 15, 2024	5.65%	6,859,000
March 15, 2025	2.60%	2,153,000
April 15, 2025	3.10%	2,308,000
May 15, 2025	5.30%	7,443,000
November 17, 2025	1.00%	19,880,000
December 15, 2025	0.95%	9,111,000
January 15, 2026	0.95%	8,250,000
February 15, 2026	4.00%	6,193,000
March 16, 2026	1.25%	7,002,000
April 15, 2026	5.15%	3,241,000
May 15, 2026	1.30%	7,550,000
August 15, 2026	1.25%	7,945,000
March 15, 2027	2.50%	2,023,000
March 15, 2027	2.90%	3,420,000
April 15, 2027	3.35%	1,341,000
October 15, 2027	1.80%	303,000
November 15, 2027	1.40%	294,000
December 15, 2027	1.30%	757,000
April 15, 2028	1.90%	3,880,000
July 15, 2028	1.75%	6,881,000
July 15, 2028	1.60%	122,000
September 18, 2028	1.65%	607,000
December 15, 2028	2.00%	953,000
January 15, 2029	2.15%	212,000
December 15, 2030	1.70%	1,828,000
January 15, 2031	1.80%	40,000
February 15, 2031	1.80%	5,703,000
May 15, 2031	2.30%	144,000
August 15, 2031	2.25%	3,992,000
		$ 137,380,000

The Notes were issued at a discount of $1,550,415 and LISC incurred debt issuance costs of $1,320,732. As of June 30, 2023 and 2022, the unamortized discount and debt issuance costs were $1,823,347 and $1,907,981 respectively.

In April 2017, LISC issued $100,000,000 in Taxable Bonds, Series 2017A (Sustainability Bonds) ($25,000,000, 3.005% term bonds due March 1, 2022; $25,000,000, 3.782% term bonds due March 1, 2027; $50,000,000, 4.649% term bonds due March 1, 2037). The proceeds of the Sustainability Bonds were used to finance then existing loans payable and pay a portion of the debt issuance costs. The Sustainability Bonds were issued at a discount of $731,478, and LISC incurred debt issuance costs of $126,811. As of June 30, 2023 and 2022, the unamortized discount and debt issuance costs were $489,453 and $536,811 respectively.

At June 30, 2023, LISC had $140,478,662 of available undrawn sources of funding with maturities ranging from 2023 to 2032. Interest rates range from 0.00% to 4% fixed rate ($114,478,662) and floating rate range from LIBOR + 2.00% ($10,000,000), PRIME - 1.00% ($3,000,000), and SOFR +1.50% to SOFR +2.30% ($13,000,000).

Pledged assets
LISC has pledged certain assets as collateral to lenders to secure (1) nonrecourse indebtedness to LISC totaling $0 as of June 30, 2023 and 2022 and (2) $42,304,476 and $43,920,867 of collateral assets for the recourse indebtedness under the Community Development Financial Institution Bond Guarantee Program (CDFI BGP Loan) totaling $40,361,876 and $41,897,475 as of June 30, 2023 and 2022, respectively.

Subordinated debt
At June 30, 2023, LISC has subordinated debt included in loans and bonds payable totaling $37.1 million in the form of eleven equity equivalent investments from seven financial institutions. At June 30, 2022, LISC had subordinated debt included in loans and bonds payable totaling $30.1 million in the form of eleven equity equivalent investments from six financial institutions.

Lines of credit
At June 30, 2023 and 2022, LISC had available bank lines of credit of $60,000,000 and $65,000,000, respectively, which expire between December 22, 2023 and May 28, 2027, with interest rates ranging from SOFR + 1.80% to + 1.90% and BSBY + 1.50%. At June 30, 2023 and 2022, the outstanding balance included in loans and bond payable was $22,000,000 and $19,300,000, respectively.

Covenants
In accordance with the terms of loan agreements with certain LISC lenders, LISC is required to meet several financial covenants. LISC was in compliance with its financial covenants at June 30, 2023.

Note 11 - Pension and thrift plans

LISC has a Code Section 403(b) defined-contribution pension plan covering all eligible employees. Plan contributions are computed based on formulas defined in the plan. Total pension expense for the periods ended June 30, 2023 and 2022 was $2,130,271 and $1,870,224, respectively.

LISC also maintains a thrift plan under Section 401(k) of the Code covering all eligible employees. Under the plan, employee contributions are partially matched by LISC. Total thrift plan expense for the periods ended June 30, 2023 and 2022 was $362,059 and $332,113, respectively.

Note 12 - Financial instruments with off-balance-sheet risk and fair values

Off-balance-sheet risk
LISC is a party to certain financial instruments with off-balance-sheet risk to meet the financing needs of community development organizations across the United States. These financial instruments and arrangements include financial guarantees and loan commitments. These transactions and arrangements involve elements of credit risk. LISC uses the same credit policies in making commitments and conditional obligations as it does for on-balance-sheet instruments.

Loan commitments are agreements to lend as long as there is no violation of any condition established in the contract.

The following represents the composition of financial instruments whose contract amounts represent off-balance-sheet credit risk:

	2023 Contract amount	2022 Contract amount
Financial instruments whose contract amounts represent off-balance-sheet credit risk		
Financial guarantees	$ 5,900,000	$ 6,103,964
Loan commitments outstanding	249,078,214	157,366,333
Total	$ 254,978,214	$ 163,470,297

LISC generally makes loans over $500,000 on a secured basis. The collateral for such loans generally consists of mortgages, security agreements, assignment of contract receivables, and guarantees.

At June 30, 2023 and 2022, LISC has interest rate swap agreements with notional amounts in the aggregate of $10,000,000, respectively. At June 30, 2023 and 2022, the fair value of the interest rate swaps was $488,148 and $335,412, respectively, and is included as a component of Other Assets on the accompanying interim unaudited statement of financial position.

Local Initiatives Support Corporation
(Parent-Only)

Notes to Interim Unaudited Financial Statements
June 30, 2023

Fair values

The following tables present the Organization's fair value hierarchy for those assets and liabilities measured at fair value on an annual basis as of June 30, 2023 and 2022:

	June 30, 2023		
	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)
Cash and cash equivalents	$ 290,003,140	$ 288,266,264	$ 1,736,876
Investments			
Corporate bonds and fixed-income funds	$ 29,247,840	29,138,795	109,045
U.S. government agencies	66,493,304	57,915,964	8,577,340
Certificates of deposit	3,957,528	-	3,957,528
	$ 99,698,672	$ 87,054,759	$ 12,643,913
Investments reported at net asset value or its equivalent			
Real estate investment trust	4,733,365		
Hedge funds	35,316		
Private equity funds	8,619,845		
	13,388,526		
Total investments	$ 113,087,198		
Interest rate swaps	$ 488,148	$ -	$ 488,148
Loan guarantee	$ (557,585)	$ -	$ (557,585)

	June 30, 2022		
	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)
Cash and cash equivalents	$ 283,313,453	$ 281,576,577	$ 1,736,876
Investments			
Corporate bonds and fixed-income funds	$ 39,490,526	$ 39,361,950	$ 128,576
U.S. government agencies	56,973,458	49,292,013	7,681,445
Certificates of deposit	4,565,086	-	4,565,086
	$ 101,029,070	$ 88,653,963	$ 12,375,107
Investments reported at net asset value or its equivalent			
Real estate investment trust	3,588,675		
Hedge funds	34,574		
Private equity funds	9,114,967		
	12,738,216		
Total investments	$ 113,767,286		
Interest rate swaps	$ 335,412	$ -	$ 335,412
Loan guarantee	$ (613,743)	$ -	$ (613,743)

Note 13 - Concentration of credit risk

LISC makes loans throughout the United States primarily to local community organizations and nonprofit developers that are primarily engaged in residential, commercial, and community facility real estate development. Although LISC's portfolio is diversified as to location of borrower, the ability of LISC borrowers to repay their obligations on a timely basis may be affected by a downturn in the economy, a cutback in government subsidies, or the availability of other permanent financing sources, which may limit the capital available to complete projects. The Organization places its cash and cash equivalents with high credit quality financial institutions that are federally insured. At times, invested cash and cash equivalents may exceed federally insured amounts.

Note 14 - Commitments and contingencies

Litigation

In the ordinary course of its activities, LISC is a party to several legal proceedings. In the opinion of management and legal counsel, the resolution of such matters will not have a material impact on LISC's operations or financial condition.

COVID-19

In early 2020, an outbreak of a novel strain of coronavirus ("COVID-19") emerged globally. As a result, events have occurred including mandates from federal, state and local authorities. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. economy. The extent of the impact of COVID-19 has not had a negative impact on the Organization's operational and financial performance through June 30, 2023. Ongoing performance will depend on certain developments, including the duration and spread of the outbreak, and the impact on employees and vendors, all of which are uncertain and cannot be determined at this time.

Operating lease, right of use asset and liability

The Organization's leased assets include office leases with remaining terms from less than one year up to 15 years. Any renewal options are excluded from the calculation of lease liabilities unless exercising the renewal option is reasonably assured. The lease agreements do not contain residual value guarantees or material restrictive covenants. Operating leases are reflected on the interim unaudited statement of financial position as a right of use asset and a related right of use liability. Right of use assets represent the right to use an underlying asset for the lease term and were $42,731,994 and $46,033,001 as of June 30, 2023 and 2022, respectively, and right of use liability represents the obligation to make lease payments arising from the lease agreement which are discounted using the Organization's incremental borrowing rate, rates ranging from 1.54% to 4.77%, as of June 30, 2023 and 2022, respectively. Operating lease right of use assets and liabilities are recognized at the commencement date, or the date on which the lessor makes the underlying asset available for use, based upon the present value of the lease payments over the respective lease term. Lease expense is recognized on a straight-line basis over the lease term. Variable lease costs such as common area maintenance and property taxes are expensed as incurred.

Minimum rental commitments under noncancelable operating real estate leases in effect at June 30, 2023 and expiring at various dates through February 2035 totaled $52,320,245. These amounts exclude future escalation for real estate taxes and building operating expenses. Commitments as of June 30, 2023 are as follows:

2023	$	2,025,389
2024		3,453,844
2025		4,765,401
2026		4,641,598
2027		4,614,675
Thereafter		32,819,338
Subtotal		52,320,245
Less: Effect of Discounting		(7,425,059)
	$	44,895,186

Rental expenses, inclusive of real estate taxes and operating costs, for the periods ended June 30, 2023 and 2022 totaled $3,213,913 and $3,095,358, respectively.

Government contracting

Grant and contract revenue recognized from government agencies are based on actual costs incurred and reimbursable expenses from the respective government agencies. These costs are subject to audit by the Office of Inspector General or the respective granting agencies, and the ultimate revenue recognized is contingent upon the outcome of any such audits. Accordingly, the accompanying interim unaudited financial statements are subject to reflecting provisions for adjustments, if any, which may result from an audit. For the periods ended June 30, 2023 and 2022, no such provisions were necessary.

Note 15 - Investments in Affiliates and Funds

Investments in affiliates as of June 30, 2023 and 2022 consist of the following:

Affiliates & Funds	2023	2022
NEF	$ 104,334,877	$ 97,054,912
NMSC	8,598,196	9,600,928
NP	100,000	100,000
immito, LLC	1,536,914	2,481,734
LFM	3,521,186	6,926,316
AHLF	13,860,392	11,741,189
CHF	(2,538,430)	(2,386,053)
CHOIF	717,489	461,782
SOAR	(7,114,053)	5,987,743
EOCLF	1,995,212	4,057,022
BFF	3,766,037	3,986,152
BFF Side Car	103	102
	$ 128,777,923	$ 140,011,827

At June 30, 2023 and 2022, NP did not hold any real estate assets.

The following table presents the summary of net income/change in net assets of affiliates and Funds, interaffiliate eliminations, and other adjustments, and equity in earnings of affiliates:

	2023			2022		
Affiliates & Funds	Change in net assets of/members' equity in affiliates & Funds	Interaffiliate elimination and other adjustments (Note 16)	LISC's equity in earnings of affiliates & Funds	Change in net assets of/members' equity in affiliates & Funds	Interaffiliate elimination and other adjustments (Note 16)	LISC's equity in earnings of affiliates & Funds
NEF	$ 11,008,762	$ 223,076	$ 11,231,838	$ 9,282,397	$ 177,018	$ 9,459,415
NMSC	(159,807)	25,316	(134,491)	22,057	(137,210)	(115,153)
immito, LLC	(529,470)	38,133	(491,337)	(1,581,651)	959,112	(622,539)
RRN	-	-	-	(336)	336	-
LFM	1,556,506	3,507,346	5,063,852	1,573,579	3,072,038	4,645,617
AHLF (1)	2,436,866	(2,750,000)	(313,134)	(60,683)	-	(60,683)
CHF (2)	434,822	(56,526)	378,296	(1,399,029)	(28,417)	(1,427,446)
CHOIF (3)	19,094	(40,547)	(21,453)	99,590	(127,003)	(27,413)
SOAR	(6,858,095)	-	(6,858,095)	1,984,951	(3,000,000)	(1,015,049)
EOCLF	(990,041)	-	(990,041)	4,057,022	(5,000,000)	(942,978)
BFF	(141,114)	-	(141,114)	3,986,152	(5,000,000)	(1,013,848)
BFF Side Car	8	-	8	102	(100)	2
	$ 6,777,531	$ 946,798	$ 7,724,329	$ 17,964,151	$ (9,084,226)	$ 8,879,925

(1) Includes a $2,750,000equity contribution to AHLF
(2) Includes $200,000 equity investment to CHF
(3) Includes a capital call for $40,547 to CHOIF

Interaffiliate elimination and other adjustments includes a $2,750,000 equity contribution to AHLF, a $200,000 equity investment in CHF and a capital call for $40,547 for CHOIF, for the period ended on June 30, 2023.

On November 4, 2021, LISC entered into a letter agreement regarding a proposed sale of immito to a third-party buyer (Buyer"). On September 8, 2022, the SBA approved the Lender Assessment Plan ("LAP") submitted by the Buyer. LISC and the Buyer entered into a definitive purchase agreement on September 22, 2022, and the Buyer submitted an application to the SBA on October 2, 2022, for approval of the purchase agreement and the sale of immito. The application was approved by the SBA and the sale was finalized on July 31, 2023.

Note 16 - Related party transactions

LISC provides various services to its affiliates and Funds. LISC earns a service fee from NEF for providing project related services, which include project selection assistance, assistance to project partnerships, and closing and monitoring of project investments. LISC also provides office space to NEF. NEF is charged a pro rata share of the monthly lease costs, inclusive of operation costs and real estate tax escalations. Furthermore, certain shared expenses are reimbursed to LISC pursuant to an allocation agreement between parties.

Interaffiliate revenue and expenses

The following table represents revenues and expenses from affiliates and Funds, net at June 30, 2023 and 2022:

	2023	2022
NEF service fee	$ 67,197	$ 13,670
NEF grant from LISC	25,000	-
NEF rental income	130,878	126,848
NEF grant	-	36,500
NMSC consulting fee	-	(137,210)
NMSC Interest Income	25,316	-
immito interest income	38,133	23,863
immito consulting fee	-	(14,751)
RRN service fee	-	336
LFM management fee	3,507,346	3,072,038
CHF service fee	143,475	(28,417)
	$ 3,937,345	$ 3,092,877

Due from affiliates

Due from (to) affiliates and Funds consisted of the following at June 30, 2023 and 2022:

	2023	2022
NEF	$ 181,167	$ 35,627
NMSC	7,822	7,353
NP	44,060	44,060
LFM	5,494,273	1,566,706
CHF	109,536	-
Total	$ 5,836,860	$ 1,653,746

As of June 30, 2023 and 2022, due from NEF included $31,167 and $168,577 in shared expenses, $150,000 and $0 in service fees receivables, respectively. As of June 30, 2023 and 2022, due from LFM included $5,358,148 and $1,554,149 in shared expenses, $136,125 and $12,557 in legal expenses incurred on behalf of LFM, respectively.

Other related party activities

LISC provided NEF and NEF related entities a $15,000,000 revolving line of credit to borrow monies to provide short term secured loans to facilitate the acquisitions of project partnership investments. The maturity date is December 31, 2023. There was no outstanding balance as of June 30, 2023 and 2022. For the periods ended June 30, 2023 and 2022, LISC earned $0 in interest income on the revolving line of credit, respectively. The loans are secured by assignments of investor notes and/or interests in project investments. LISC also provided a $5 million working capital line of credit with a maturity date of December 31, 2023. There was no outstanding balance as of June 30, 2023 and 2022.

On November 15, 2017, LISC provided NMSC a $10,000,000 revolving line of credit. The line of credit may be prepaid and is secured by the underlying project loans. The maturity date is December 31, 2030. As of June 30, 2023 and 2022, $525,091 and $0 was outstanding, respectively.

In 2019, LISC provided a $15,000,000 working capital line of credit to immito, LLC, maturing February 1, 2024, to fund program eligible Small Business Administration 7(a) small business loans. As of June 30, 2023 and 2022, $12,031,314 and $10,517,968 was outstanding, respectively, and is included as a component of Loans to Community Development Projects (CDPs) and affiliates on the accompanying interim unaudited statement of financial position.

Note 17 - Subsequent events

In connection with the preparation of the interim unaudited financial statements, the Organization evaluated subsequent events after the balance sheet date of June 30, 2023 through August 14, 2023 which was the date the interim unaudited financial statements were available to be issued, and concluded that no additional matters have occurred that would require recognition or disclosure in the interim unaudited financial statements.