Local Initiatives Support Corporation and Affiliates

Consolidating and Consolidated Financial Statements and Independent Auditor's Report

December 31, 2020
(With Comparative Financial Information as of and for the Year Ended December 31, 2019)

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

We have audited the accompanying consolidating and consolidated financial statements of Local Initiatives Support Corporation and Affiliates (the "Organization"), which comprise the consolidating and consolidated statement of financial position as of December 31, 2020, 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.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidating and consolidated financial statements based on our audit. We did not audit the financial statements of certain consolidated partnerships, which statements reflect total assets of $83,275,613 as of December 31, 2020, and change in net assets of $(1,823,233) 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 those amounts included for the consolidated partnerships, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidating and consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidating and consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidating and consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidating and consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidating and consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, based on our audit and the reports of the other auditors, the consolidating and consolidated financial statements referred to above present fairly, in all material respects, the financial position of Local Initiatives Support Corporation and Affiliates as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Organization's 2019 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 30, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, 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 29, 2021

Local Initiatives Support Corporation and Affiliates

Consolidating and Consolidated Statement of Financial Position
December 31, 2020
(With summarized comparative financial information as of December 31, 2019)

	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 2019 Total**
Cash and cash equivalents (Notes 3 and 13)	$ 2,805,999	$ 120,517,066	$ 23,848,404	$ 43,177,606	$ 190,349,075	$ 64,636,568	$ 125,057	$ -	$ 91,416,028	$ 163,694,672	$ 255,110,700	$ 166,082,281
Restricted cash (Notes 3 and 13)	-	-	-	-	-	18,321,811	1,058,947	-	19,380,758	-	19,380,758	15,743,445
Investments (Notes 3 and 14)	115,803,661	-	-	57,901,161	173,704,822	-	-	-	115,803,661	57,901,161	173,704,822	140,219,892
Investments in affiliates	107,185,019	-	-	-	107,185,019	-	-	(107,185,019)	-	-	-	-
Accrued interest receivable	4,520,757	-	-	-	4,520,757	55,084	-	-	4,575,841	-	4,575,841	3,212,876
Contributions receivable, net (Note 5)	1,565,249	41,743,489	-	4,616,220	47,924,958	-	-	-	1,565,249	46,359,709	47,924,958	51,186,808
Government grants and contracts receivable (Note 6)	497,020	31,390,799	-	450,238	32,338,057	-	-	-	497,020	31,841,037	32,338,057	29,646,515
Notes and other receivables	-	-	-	-	-	3,289,270	-	(2,929,393)	359,877	-	359,877	-
Due from funds (Note 17)	4,930,937	-	-	-	4,930,937	9,285,256	-	(6,315,198)	7,900,995	-	7,900,995	8,556,412
Loan receivable (Note 7)	-	-	485,684,589	13,339,539	499,024,128	93,127,395	109,480	(8,358,985)	570,562,479	13,339,539	583,902,018	506,308,707
Allowance for uncollectible loans	-	-	(29,867,689)	-	(29,867,689)	(1,553,096)	-	-	(31,420,785)	-	(31,420,785)	(29,772,958)
Total loans, net	-	-	455,816,900	13,339,539	469,156,439	91,574,299	109,480	(8,358,985)	539,141,694	13,339,539	552,481,233	476,535,749
Recoverable grants to CDPs, net (Note 7)	10,980,995	2,639,812	202,928	159,390	13,983,125	-	-	-	11,183,923	2,799,202	13,983,125	9,749,180
Prepaid expenses and other assets	1,857,066	110,341	1,162,113	-	3,129,520	12,282,856	183,408	-	15,485,443	110,341	15,595,784	17,770,190
Right of use asset	51,574,476	-	-	-	51,574,476	2,659,828	-	-	54,234,304		54,234,304	58,491,235
Temporary investment in Project Partnerships (Note 9)	-	-	-	-	-	224,975,183	-	-	224,975,183	-	224,975,183	136,689,662
Investment in Funds	-	-	-	-	-	498,271	-	-	498,271	-	498,271	1,166,849
Investment in Project Partnerships and joint ventures (Note 18)	-	-	-	-	-	1,642,317	-	-	1,642,317	-	1,642,317	39,389
Property and equipment, net (Note 10)	5,116,101	-	-	-	5,116,101	1,843,714	41,455,923	-	48,415,738	-	48,415,738	64,916,881
Intangible asset	-	-	-	-		2,400,000	-	-	2,400,000		2,400,000	2,670,671
Total assets	$ 306,837,280	$ 196,401,507	$ 481,030,345	$ 119,644,154	$ 1,103,913,286	$ 433,464,457	$ 42,932,815	$ (124,788,595)	$ 1,139,476,302	$ 316,045,661	$ 1,455,521,963	$ 1,182,678,035
Liabilities and Net Assets (Deficits)												
Liabilities:												
Accounts payable and accrued expenses (Note 15)	$ 20,248,724	$ 229,633	$ -	$ 40,393	$ 20,518,750	$ 19,329,859	$ 6,211,908	$ (1,138,961)	$ 44,651,530	$ 270,026	$ 44,921,556	$ 48,722,071
Right of use liability	53,605,706	-	-	-	53,605,706	3,882,765	-	-	57,488,471	-	57,488,471	61,420,131
Government contracts and loan-related advances	409,572	17,664,243	-	250,238	18,324,053	-	-	-	409,572	17,914,481	18,324,053	3,069,562
Grants payable (Note 8)	-	43,295,401	-	-	43,295,401	2,600,000	-	(2,600,000)	-	43,295,401	43,295,401	31,199,415
Due to affiliates	-	-	-	-	-	6,176,514	922,684	(6,667,414)	431,784	-	431,784	-
Capital contributions due to temporary investment in Project Partnerships (Note 9)	-	-	-	-	-	191,874,683	-	-	191,874,683	-	191,874,683	112,087,051
Deferred liabilities	-	-	-	-	-	6,172,637	19,177	-	6,191,814	-	6,191,814	5,736,962
CDA Partnerships - Long-Term Debt, net (Note 16)	-	-	-	-	-	-	38,135,416	-	38,135,416	-	38,135,416	49,602,839
CDA Partnerships - Notes Payable to Funds (Note 16)	-	-	-	-	-	-	3,131,121	-	3,131,121	-	3,131,121	4,244,720
Loans and bond payable, net (Note 11)	5,282,502	-	496,342,586	-	501,625,088	57,729,531	-	(8,205,092)	551,149,527	-	551,149,527	486,860,370
Total liabilities	79,546,504	61,189,277	496,342,586	290,631	637,368,998	287,765,989	48,420,306	(18,611,467)	893,463,918	61,479,908	954,943,826	802,943,121
Commitments and contingencies (Note 15)												
Net assets:												
Net assets attributable to the Organization (Note 2)	227,290,776	135,212,230	(15,312,241)	119,353,523	466,544,288	107,185,019	-	(107,185,019)	211,978,535	254,565,753	466,544,288	378,158,047
Net assets attributable to the noncontrolling interest in Project Partnerships & Funds	-	-	-	-	-	38,513,449	(5,487,491)	1,007,891	34,033,849	-	34,033,849	1,576,867
Total net assets (deficit)	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
Total liabilities and net assets	$ 306,837,280	$ 196,401,507	$ 481,030,345	$ 119,644,154	$ 1,103,913,286	$ 433,464,457	$ 42,932,815	$ (124,788,595)	$ 1,139,476,302	$ 316,045,661	$ 1,455,521,963	$ 1,182,678,035

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, 2020
(With summarized comparative financial information for the year ended December 31, 2019)

	LISC Parent Only								LISC Consolidated 2020			
	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 2019 Total
Contributions (Note 5)	$ 43,566,933	$ 179,978,451	$ -	$ 26,136,818	$ 249,682,202	$ 3,564,769	$ -	$ (3,564,769)	$ 43,566,933	$ 206,115,269	$ 249,682,202	$ 95,007,400
Government grants & contracts (Note 6)	2,603,398	140,069,990	-	3,333,333	146,006,721	-	-	-	2,603,398	143,403,323	146,006,721	43,994,603
Interest income on investments	1,773,879	77	-	308,952	2,082,908	189,865	-	-	1,963,744	309,029	2,272,773	3,414,413
Interest income on loans to CDPs (Note 7)	28,458,026	-	-	-	28,458,026	1,570,997	1,436	-	30,030,459	-	30,030,459	29,074,867
Fee income	-	-	-	-	-	63,147,234	-	(7,723,081)	55,424,153	-	55,424,153	61,835,808
Other income	8,189,244	1,872	-	-	8,191,116	19,541,464	5,090,442	(3,002,358)	29,818,792	1,872	29,820,664	20,168,769
Equity in earnings of affiliates	16,087,907	-	-	-	16,087,907	-	-	(16,087,907)	-	-	-	-
Net assets released from restrictions	307,651,790	(296,209,845)	4,555,448	(15,997,393)	-	1,347,273	-	-	313,554,511	(312,207,238)	1,347,273	-
Total support and revenues	408,331,177	23,840,545	4,555,448	13,781,710	450,508,880	89,361,602	5,091,878	(30,378,115)	476,961,990	37,622,255	514,584,245	253,495,860
EXPENSES												
Program Services:												
Project development and other program activities	59,370,931	-	-	-	59,370,931	59,135,411	7,557,955	(11,791,452)	114,272,845	-	114,272,845	104,487,466
Project grants (Note 8)	232,781,294	-	-	-	232,781,294	15,080,000	-	(14,627,500)	233,233,794	-	233,233,794	48,693,909
Project loans:												
Interest	15,138,678	-	-	-	15,138,678	475,211	1,324,942	(335,228)	16,603,603	-	16,603,603	14,250,123
Provision for loss on receivable	-	-	-	-	-	1,880,750	185,564	-	2,066,314	-	2,066,314	175,735
Increase in provision for uncollectible loans to CDPs (Note 7)	4,360,895	-	258,974	-	4,619,869	767,069	-	-	5,386,938	-	5,386,938	7,444,124
Provision for uncollectible recoverable grants to CDPs (Note 7)	8,923,975	-	-	-	8,923,975	-	-	-	8,923,975	-	8,923,975	1,678,897
Total program services	320,575,773	-	258,974	-	320,834,747	77,338,441	9,068,461	(26,754,180)	380,487,469	-	380,487,469	176,730,254
Supporting Services:												
Management and general	30,753,081	-	-	-	30,753,081	11,964,976	-	(346,327)	42,371,730	-	42,371,730	36,730,847
Fund raising	8,024,751	-	-	-	8,024,751	-	-	-	8,024,751	-	8,024,751	7,075,956
Total supporting services	38,777,832	-	-	-	38,777,832	11,964,976	-	(346,327)	50,396,481	-	50,396,481	43,806,803
Total expenses	359,353,605	-	258,974	-	359,612,579	89,303,417	9,068,461	(27,100,507)	430,883,950	-	430,883,950	220,537,057
Change in net assets before gains and losses on investments derivatives, equity in losses of partnership projects and other noncontrolling interest activities	48,977,572	23,840,545	4,296,474	13,781,710	90,896,301	58,185	(3,976,583)	(3,277,608)	46,078,040	37,622,255	83,700,295	32,958,803
Realized & unrealized loss on investments	1,450,777	-	-	-	1,450,777	-	-	-	1,450,777	-	1,450,777	2,671,794
Realization of unrealized gain on investment securities available for sale by the operating partnerships	-	-	-	-	-	-	16,581	-	16,581	-	16,581	9,228
CDA Partnerships - Gain on Forgiveness of Debt	-	-	-	-	-	-	1,252,496	(258,788)	993,708	-	993,708	-
Equity in income of temporary investment in project partnerships	-	-	-	-	-	(504,052)	-		(504,052)	-	(504,052)	504,052
Capital contributions	-	-	-	-	-	11,715,002	-	(11,715,002)	-	-	-	-
Gain on transfer of interest in CDA Partnerships (Note 18)	-	-	-	-	-	-	3,198,976	(470,044)	2,728,932	-	2,728,932	-
Change in net assets before noncontrolling interest activities	50,428,349	23,840,545	4,296,474	13,781,710	92,347,078	11,269,135	491,470	(15,721,442)	50,763,986	37,622,255	88,386,241	36,143,877
Other noncontrolling interest activities:												
Noncontrolling capital contributions	-	-	-	-	-	32,456,982	-	-	32,456,982	-	32,456,982	10,899,208
Change in net assets	50,428,349	23,840,545	4,296,474	13,781,710	92,347,078	43,726,117	491,470	(15,721,442)	83,220,968	37,622,255	120,843,223	47,043,085
Net assets (deficit), beginning of year	176,862,427	111,371,685	(19,608,715)	105,571,813	374,197,210	101,972,351	(5,978,961)	(90,455,686)	162,791,416	216,943,498	379,734,914	332,691,829
Net asset (deficit), end 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

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, 2020
(With summarized comparative financial information for the year ended December 31, 2019)

	LISC Parent Only				LISC Affiliates & Funds			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries and fringe benefits	$ 36,278,555	$ 24,479,612	$ 6,548,986	$ 67,307,153	$ 32,524,924	$ 8,068,153	$ -	$ 40,593,077
Staff travel and related expenses	177,437	119,729	32,031	329,197	303,969	45,924	-	349,893
Professional services, consulting and legal	15,932,707	177,968	206,397	16,317,072	10,452,411	1,580,629	-	12,033,040
Fund management fee	-	-	-	-	2,583,407	-	-	2,583,407
Office and administrative	-	-	-	-	1,461,020	435,815	-	1,896,835
CDA Partnerships - property expense	-	-	-	-	-	-	-	-
NMSC reimbursable costs	-	-	-	-	5,143,043	-	-	5,143,043
Depreciation and amortization	572,081	386,022	103,272	1,061,375	475,978	161,452	-	637,430
Service fees	-	-	-	-	2,568,217	248,742	-	2,816,959
Rent and utilities	3,429,594	2,314,181	619,109	6,362,884	1,449,263	167,548	-	1,616,811
Office supplies, postage and messenger	962,534	649,487	173,756	1,785,777	32,124	5,161	-	37,285
Bank fees and other financial expenses	-	938,883	-	938,883	1,126	261,656	-	262,782
Accounting and auditing fees	-	391,785	-	391,785	10,382	434,244	-	444,626
Conference and meeting	169,983	114,699	30,685	315,367	74,874	19,683	-	94,557
Telephone	738,167	498,091	133,253	1,369,511	461,477	99,052	-	560,529
Insurance	367,915	248,257	66,416	682,588	484,086	248,700	-	732,786
Equipment rental	105,261	71,027	19,002	195,290	58,436	9,591	-	68,027
Board expenses	-	20,030	-	20,030	91,800	36,200	-	128,000
Printing, annual report and publications	38,399	25,911	6,932	71,242	3,794	3,163	-	6,957
Project grants	232,781,294	-	-	232,781,294	15,080,000	-	-	15,080,000
Interest	15,138,678	-	-	15,138,678	475,211	-	-	475,211
Provision for loss on receivables	-	-	-	-	1,880,750	-	-	1,880,750
Provision for uncollectible recoverable grants to CDPs	8,923,975	-	-	8,923,975	-	-	-	-
Provision for uncollectible loans to CDPs	4,619,869	-	-	4,619,869	767,069	-	-	767,069
Miscellaneous	598,298	317,399	84,912	1,000,609	955,080	139,263	-	1,094,343
Total	$ 320,834,747	$ 30,753,081	$ 8,024,751	$ 359,612,579	$ 77,338,441	$ 11,964,976	$ -	$ 89,303,417

Local Initiatives Support Corporation and Affiliates

Consolidating and Consolidated Statement of Functional Expenses
Year Ended December 31, 2020
(With summarized comparative financial information for the year ended December 31, 2019)

	CDA Partnerships				Eliminations			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Salaries and fringe benefits	-	-	-	-	-	-	-	-
Staff travel and related expenses	-	-	-	-	(1,513,219)	-	-	(1,513,219)
Professional services, consulting and legal	-	-	-	-	(2,583,407)	-	-	(2,583,407)
Fund management fee	-	-	-	-	-	-	-	-
Office and administrative	5,024,561	-	-	5,024,561	-	-	-	-
CDA Partnerships - property expense	-	-	-		(5,143,043)	-	-	(5,143,043)
NMSC reimbursable costs	2,498,294	-	-	2,498,294	-	-	-	-
Depreciation and amortization	-	-	-	-	(2,206,457)	(248,742)	-	(2,455,199)
Service fees	-	-	-	-	(200,407)	(24,769)	-	(225,176)
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	-	-	-	-	(14,627,500)	-	-	(14,627,500)
Interest	1,324,942	-	-	1,324,942	(335,228)	-	-	(335,228)
Provision for loss on receivables	185,564	-	-	185,564	-	-	-	-
Provision for uncollectible recoverable grants to CDPs	-	-	-	-	-	-	-	-
Provision for uncollectible loans to CDPs	-	-	-	-	-	-	-	-
Miscellaneous	35,100	-	-	35,100	(144,919)	(72,816)	-	(217,735)
Total	$ 9,068,461	$ -	$ -	$ 9,068,461	$ (26,754,180)	$ (346,327)	$ -	$ (27,100,507)

Local Initiatives Support Corporation and Affiliates

Consolidating and Consolidated Statement of Functional Expenses
Year Ended December 31, 2020
(With summarized comparative financial information for the year ended December 31, 2019)

	LISC Consolidated 2020				LISC Consolidated 2019			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries and fringe benefits	$ 68,803,479	$ 32,547,765	$ 6,548,986	$ 107,900,230	$ 61,602,185	$ 27,845,640	$ 5,544,633	$ 94,992,458
Staff travel and related expenses	481,406	165,653	32,031	679,090	2,686,463	972,395	221,317	3,880,175
Professional services, consulting and legal	24,871,899	1,758,597	206,397	26,836,893	19,485,929	784,498	76,281	20,346,708
Fund management fee	-	-	-	-	-	-	-	-
Office and administrative	1,461,020	435,815	-	1,896,835	1,476,441	323,016	-	1,799,457
CDA Partnerships - property expense	5,024,561	-	-	5,024,561	5,159,283	-	-	5,159,283
NMSC reimbursable costs	-	-	-	-	-	-	-	-
Depreciation and amortization	3,546,353	547,474	103,272	4,197,099	3,942,529	538,166	100,666	4,581,361
Service fees	361,760	-	-	361,760	180,928	-	-	180,928
Rent and utilities	4,678,450	2,456,960	619,109	7,754,519	3,924,357	1,559,692	416,939	5,900,988
Office supplies, postage and messenger	994,658	654,648	173,756	1,823,062	1,039,394	648,579	159,090	1,847,063
Bank fees and other financial expenses	1,126	1,200,539	-	1,201,665	685	748,339	-	749,024
Accounting and auditing fees	10,382	826,029	-	836,411	12,608	785,304	-	797,912
Conference and meeting	244,857	134,382	30,685	409,924	1,388,288	674,375	163,448	2,226,111
Telephone	1,199,644	597,143	133,253	1,930,040	999,852	471,976	106,003	1,577,831
Insurance	852,001	496,957	66,416	1,415,374	677,808	411,955	51,029	1,140,792
Equipment rental	163,697	80,618	19,002	263,317	211,727	101,817	23,878	337,422
Board expenses	91,800	56,230	-	148,030	105,024	57,333	-	162,357
Printing, annual report and publications	42,193	29,074	6,932	78,199	105,586	87,110	18,416	211,112
Project grants	233,233,794	-	-	233,233,794	48,693,909	-	-	48,693,909
Interest	16,603,603	-	-	16,603,603	14,250,123	-	-	14,250,123
Provision for loss on receivables	2,066,314	-	-	2,066,314	175,735	-	-	175,735
Provision for uncollectible recoverable grants to CDPs	8,923,975	-	-	8,923,975	1,678,897	-	-	1,678,897
Provision for uncollectible loans to CDPs	5,386,938	-	-	5,386,938	7,444,124	-	-	7,444,124
Miscellaneous	1,443,559	383,846	84,912	1,912,317	1,488,379	720,652	194,256	2,403,287
Total	$ 380,487,469	$ 42,371,730	$ 8,024,751	$ 430,883,950	$ 176,730,254	$ 36,730,847	$ 7,075,956	$ 220,537,057

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, 2020
(With summarized comparative financial information for the year ended December 31, 2019)

	LISC Parent Only	LISC Affiliates & Funds	CDA Partnerships	Eliminations	2020	2019
Cash flows from operating activities:						
Change in net assets	$ 92,347,078	$ (445,867)	$ 491,470	$ (4,006,440)	$ 88,386,241	$ 36,143,877
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:						
Equity in earnings of affiliate	(16,087,907)	-	-	16,087,907	-	-
Distributions from investment in affiliates	12,772,770	-	-	(12,772,770)	-	-
Equity in income of temporary investments in project partnerships	-	504,052	-	-	504,052	(504,052)
Recovery of loan losses	-	(1,931,833)	-	-	(1,931,833)	(56,455)
Gain on forgiveness of debt	-		(1,252,496)	258,788	(993,708)	-
Gain on sale of limited partnership interest in Fund	-	-	-	-	-	(4,655)
Loss on transfer of interest in CDA partnerships	-	-	(3,198,976)	470,044	(2,728,932)	-
Amortization of discounts and issuance costs	77,239	-	30,288	-	107,527	103,074
Depreciation and amortization	1,061,375	637,430	2,498,294	-	4,197,099	4,581,361
Realized and unrealized loss (gain) on investments	(1,450,777)	-	-	-	(1,450,777)	(2,671,794)
Unrealized gain on interest rate swaps held by Project Partnerships	-	-	(16,581)	-	(16,581)	(9,228)
Equity in income	-	119,536	-	-	119,536	53,845
(Decrease) increase in allowance for loans to CDPs, net	4,619,869	767,069	-	-	5,386,938	7,444,124
Accretion of loan receivables, net	-	(309,920)	-	-	(309,920)	(8,697)
Provision for loss on receivables	-	1,880,750	185,564	-	2,066,314	175,735
Provision for uncollectible recoverable grants	8,923,975	-	-	-	8,923,975	1,678,897
Change in operating assets and liabilities:						
Origination of SBA 7(a) loans	-	(16,580,690)	-	-	(16,580,690)	(6,977,635)
Proceeds from sale of guaranteed loans, net of repayment	-	10,865,632	-	-	10,865,632	4,477,028
Principal received from SBA 7(a) loans	-	113,879	-	-	113,879	17,629
Origination of Payroll Protection Program loans, net	-	(42,615,367)	-	-	(42,615,367)	-
Accrued interest receivable	(1,332,212)	(28,253)	-	-	(1,360,465)	(436,075)
Contributions receivable	3,261,850	-	-	-	3,261,850	(4,550,598)
Government contracts receivable	(2,691,542)	-	-	-	(2,691,542)	(10,519,342)
Notes and other receivables	-	2,312,439	(181,670)	487,635	2,618,404	5,746,632
Prepaid expenses and other assets	859,147	(562,967)	(7,415)	-	288,765	(1,383,236)
Accounts payable and accrued expenses	4,390,455	(2,248,160)	616,828	(729,870)	2,029,253	759,108
Government contracts and loan-related advances	15,254,491	-	-	-	15,254,491	(1,600,217)
Due from affiliate	(558,662)	685,741	-	304,706	431,785	-
Right of use asset/liability	539,049	-	-	-	539,049	1,492,181
Due from funds	-	655,415	-	-	655,415	(1,723,936)
Grants payable	12,095,986	100,000	-	(100,000)	12,095,986	(3,795,245)
Deferred liabilities	-	450,581	6,798	-	457,379	(637,740)
Net cash provided by (used in) operating activities	134,082,184	(45,630,533)	(827,896)	-	87,623,755	27,794,586
Cash flows from investing activities:						
Purchase of investments	(39,072,402)	-	-	-	(39,072,402)	(4,917,303)
Proceeds from sale and maturities of investments	7,038,249	-	-	-	7,038,249	865,608
Investment in affiliate	(11,715,002)	-	-	11,715,002	-	-
Recoverable grants to CDPs	(16,932,177)	-	-	-	(16,932,177)	(5,415,796)
Repayments received on recoverable grants to CDPs	3,774,257	-	-	-	3,774,257	4,116,273
Loans to CDPs	(178,731,196)	(17,052,345)	-	5,573,342	(190,210,199)	(213,262,189)
Repayments of loans to CDPs	160,730,359	2,074,277	-	-	162,804,636	157,884,771
(Increase) in note receivable	-	(8,108,290)	-	-	(8,108,290)	9,212,923
Contributions to temporary investments in Project Partnerships and Funds	-	(100,072,114)	-	-	- (100,072,114)	(98,869,182)
Distributions from investments in Funds	-	534,810	-	-	534,810	932,167
Proceeds from sale of temporary investment in Project Partnerships and Funds	-	89,470,175	-	-	- 89,470,175	81,664,654
Contributions to investments in Funds	-	(6,255)	-	-	(6,255)	(125,674)
Investment in Project Partnerships	-	599	-	-	599	13,435
Transfer of interest in CDA partnerships	-	-	(575,250)	-	(575,250)	-
Restricted cash escrow	-	-	124,655	-	124,655	254,702
Purchase of property and equipment	(768,512)	(421,972)	(45,108)	-	(1,235,592)	(5,658,216)
Net cash used in investing activities	(75,676,424)	(33,581,115)	(495,703)	17,288,344	(92,464,898)	(73,303,827)
Cash flows from financing activities:						
Debt issuance costs paid	(672,678)	-	-	-	(672,678)	-
Proceeds from loans payable	95,659,469	(108,691,526)	-	(4,490,250)	(17,522,307)	141,708,924
Repayment of loans payable	(80,299,312)	163,789,049	-	(1,083,092)	82,406,645	(92,670,799)

Local Initiatives Support Corporation and Affiliates

Consolidating and Consolidated Statement of Cash Flows
Year Ended December 31, 2020
(With comparative financial information for the year ended December 31, 2019)

	LISC Parent Only	LISC Affiliates & Funds	CDA Partnerships	Eliminations	2020	2019
Proceeds from long-term debt	-	-	-	-	-	-
Repayment of long-term debt	-	-	(192,727)	-	(192,727)	(271,377)
Proceeds from notes payable - NEF Funds	-	-	506,121	-	506,121	1,027,806
Due to affiliate	-	-	-	-	-	-
CDA capital contribution	-	-	-	-	-	-
Capital contribution	-	44,171,984	-	(11,715,002)	32,456,982	10,899,208
Intangible asset	-	-	-	-	-	-
Increase in charter school grant liability	-	644,548	-	-	644,548	1,205,353
Distribution to noncontrolling interests	-	4,947	-	-	4,947	14,341
Net cash provided by financing activities	14,687,479	99,919,002	313,394	(17,288,344)	97,631,531	61,913,456
Net increase (decrease) in cash, restricted cash and cash equivalents	73,093,239	20,707,354	(1,010,205)	-	92,790,388	16,404,215
Cash, restricted cash and cash equivalents, beginning of year	117,255,836	62,251,025	1,585,809	-	181,092,670	164,688,455
Cash, restricted cash and cash equivalents, end of year	$ 190,349,075	$ 82,958,379	$ 575,604	$ -	$ 273,883,058	$ 181,092,670
Cash paid during the year for:						
Interest on indebtedness	$ 15,208,441	$ 702,595	$ 485,055	$ -	$ 16,396,091	$ 15,881,664
Supplemental disclosures of noncash investing activities:						
Disposal of fully appreciated fixed assets	$ 824,218	$ -	$ -	$ -	$ 824,218	$ 4,528,366
Fixed assets include 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	$ 550,251,574
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	$ 389,512,810
Supplemental disclosure of cash and noncash investing activities related to deconsolidation of CDA Partnerships:						
Assets transferred	$ -	$ -	$ (15,432,514)	$ -	$ (15,432,514)	$ -
Liabilities transferred	-	-	18,757,669	-	18,757,669	-
Noncontrolling interest	-	-	(2,749,905)	-	(2,749,905)	-
Cash disposed, net of cash paid	$ -	$ -	$ 575,250	$ -	$ 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 233 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.

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, 2020 and 2019, CDA was the general partner of four and eight 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, 2020 and 2019, NMSC, through LISC, has received $1.103 billion of NMTC investment authority from the Community Development Financial Institutions Fund of the U.S. Department of the Treasury ("CDFI Fund").

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

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.

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 entities 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.

As a result of NMSC exercising its option under certain redemption agreements, NMSC has become the 100% owner of several entities and is deemed to control these entities. The entities NMSC takes ownership of as a result of these agreements typically do not have any assets, liabilities, income or expenses. In circumstances where the entities have assets, liabilities, income or expenses at year-end, NMSC consolidates those balances and all significant intra-entity balances are eliminated in consolidation. NMSC and the 100%-owned entities are collectively referred to as the "Company." NMSC intends to dissolve these wholly-owned entities when feasible.

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 of GJLF and committed to make capital contributions to GJLF up to $500,000, all of which was contributed as of December 31, 2020. 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.

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"), Detroit AHLF-CDFI Fund, LLC ("AHLF"), Community Housing Fund, LLC ("CHF"), and Black Economic Development Fund, LLC, ("BEDF"). 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, 2020, capital contributions received by CHOIF from its members totaled $4,075,074. LISC's capital contribution as of December 31, 2020 was $194,052.

The term of CHOIF will continue for sixteen (16) years after the completion of the investment period, unless extended for up to two years from and after such date pursuant to CHOIF's operating agreement or terminated earlier in accordance with CHOIF's operating agreement. The investment period is expected to end five (5) years after the initial closing date (September 20, 2019), but it may end earlier upon the happening of certain events described in CHOIF's operating agreement.

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 $1,600,000 of capital to CNI as of December 31, 2020.

BFF, originally known as the Regional Housing Flexible Fund LLC, was formed in 2019. It is a Delaware limited liability company that is not a wholly-owned subsidiary of LISC. The term of BFF will continue until the occurrence of certain dissolution events, as defined in the operating agreement, or, 2037, whichever is earlier. LISC holds a 14.59% membership interest in BFF, and its capital commitment is limited to projects that address "missing middle" housing.

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 will fulfill its purpose primarily through partnering with three CDFIs, including LISC (the "CDFI Lenders"). The CDFI Lenders will underwrite, originate and service loans within the Bay Area in accordance with BFF's purpose. Additionally, per the operating agreement the CDFI Lenders will provide an additional financing commitment of up to $125,000,000, with LISC's commitment being up to $75,000,000.

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 and began operations in 2020, and it is comprised of three members including LISC and NEF Investment Partner LLC, a wholly-owned subsidiary of NEF (collectively, "BFF Side Car Members").

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 preservation of existing affordable housing, with a focus on affordable housing projects at or near the end of the low-income housing tax credit compliance period under Section 42 of the federal tax codes. BFF Side Car was formed primarily to focus on investments in LIHTC properties nearing the end of their 15-year compliance periods. The term of BFF Side Car will continue until the occurrence of certain dissolution events, as defined in the operating agreement, or 2037, whichever is earlier.

In accordance with the operating agreement for BFF Side Car, the BFF Side Car Members have stated capital commitments totaling $10,100,100. LISC's capital commitment is $100 and as of December 31, 2020 no contributions have been made by LISC. NEF Investment Partner's capital commitment is $100,000 and as of December 31, 2020, no contributions have been made by NEF Investment Partner. The capital commitment of the remaining member is $10,000,000, all of which has been contributed to BFF Side Car as of December 31, 2020. Capital contributions are due upon capital calls as defined in the operating agreement. Each of BFF Side Car 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 the members while any obligations are outstanding.

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 necessary, advisable, convenient or incidental thereto. 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.

CHF, a Delaware limited liability company and a wholly-owned subsidiary of LISC, was formed in December 2020 to be part of the initiative started with BFF. It 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, focusing on housing for very low income and extra low income individuals and families, in the five-county region located in the State of California consisting of San Francisco, San Mateo, Alameda and Contra Costa counties.

BEDF is a Delaware limited liability company formed in 2020 to invest in Black-owned and led businesses and institutions in the United States. It is not a wholly-owned subsidiary of LISC. BEDF's charitable purpose is to meet special social needs specifically by providing Black communities with improved access to capital in order to incentivize economic activity and wealth building. The first closing with BEDF investors of $175,000,000 occurred in December, 2020, but no capital was called, nor did BEDF engage in any investment activity in 2020. Subsequent to December 31, 2020 and as of June 29, 2021, there was an additional investor closing of $75,000,000 and BEDF has commenced making investments.

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, and CHOIF (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, 2020, and 2019, Loan Funds - Without Donor Restrictions consist of $10 million of board-designated net assets, respectively.

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 and CDA Partnerships are without donor restriction.

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 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
- 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, 2020 and 2019, NEF recorded a receivable in the amount of

$8,726,727 and $9,287,834, 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 collectibility 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.

CDA Partnerships - Rental Income: 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. Sub-allocation fees are recognized when earned or QEIs are funded. Asset management fees are recognized as income as NMSC provides the service (generally over a seven-year period). From these asset 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 asset management fee revenue. Exit fees are recognized 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. 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.

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, 2020 and 2019, immito entered into sixteen and six 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 6.00% and 6.83% at December 31, 2020 and 2019, respectively.

Enacted in March 2020, Section 1112 of the CARES Act ("Section 1112") 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.

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, 2020 and 2019, NEF had total restricted cash of $40,384 and $3,594,154, respectively, which has been designated for distributions to investors for Funds in the process of dissolution.

As of December 31, 2020 and 2019, NEF had restricted cash of $0 and $77, respectively, associated with NEF Preservation Fund I LP. Pursuant to the terms of the limited partnership agreement, this money is to be used to provide support services at the Project Partnership level. In addition, as of December 31, 2020 and 2019, NEF also has restricted cash of $1,070,747 and $2,075,483, 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, 2020 and 2019, restricted cash includes loan servicing amounts of $1,009 and $41,145, respectively, held by NMSC on behalf of certain Investment Funds.

NMSC acted as the managing member of NMI 61 and NMI 75 from its inception in 2011 and 2013, respectively, through their dissolution on August 23, 2019 and December 16, 2020. On those dates, NMSC became 100% owner of NMI 61 and NMI 75 as a result of the Exit Agreement 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 $1,864,225 and $1,205,353 as of December 31, 2020 and 2019, 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. As of December 31, 2020 and 2019, restricted cash held by immito was $500,081 and $255,583, respectively.

As of December 31, 2020 and 2019, BFF's restricted cash of $15,103,825 and $8,571,650 includes cash amounts restricted for use including fulfilling BFF's purpose and payment of BFF's expenses.

Pursuant to the Intercreditor Agreement between AHLF and its lenders dated September 25, 2020, a loan loss reserve is to be funded in the amount of 5.0% of the amount each lender has committed to AHLF. As of December 31, 2020, no draws had been made from any lender to AHLF and there has been no reliance on the restricted loan loss reserve to date. As of December 31, 2020, the balance in the loan loss reserve account was $799,888.

As of December 31, 2020, the balance in CHOIF's reserve account was $599 for use including fulfilling CHOIF's purpose and payment of CHOIF's expenses.

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, NYC Distressed Funds, and the NEF Preservation 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 an other-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 $16,627,723 and $17,844,245 as of December 2020 and 2019, 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, 2020 and 2019, 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 and BFF Side Car and SBA 7(a) loans by immito.

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 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 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.

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 beneficial 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.

Engagement deposits
NMSC receives deposits from projects requesting NMTC financing. The deposits are held by NMSC in bank accounts until the projects are closed, at which point the deposits may be used to reimburse for legal and other NMTC closing costs. Any excess of the deposits over legal and other NMTC closing costs is returned to the project.

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 2020 and 2019.

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 CDPs	Direct allocation
Provision for uncollectible loans to CDPs	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. As a result of the Tax Cuts and Jobs Act, qualified transportation fringe benefits provided to employees are now treated as unrelated business income. Unrelated business income tax liabilities for the years ended December 31, 2020 and 2019 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 2017 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, CHF, AHLF, 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.

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.

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, 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, 2020, net assets with donor restrictions were $254,565,753 ($135,212,230 donor-restricted operating funds and $119,353,523 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 $58.1 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 $61.2 million; and (3) Operating and Programmatic Support - approximately $134.0 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, 2020 and 2019. 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 12. As of December 31, 2020 and 2019, $85,000,000 and $75,000,000, respectively, of the undrawn line of credit can be used for operating funds expenditures:

	2020	2019
Financial assets at period end		
Cash and cash equivalents	$ 184,471,520	$ 122,377,997
Restricted cash	19,380,758	15,743,445
Investments	117,407,188	94,321,988
Accrued interest receivable	4,568,842	3,212,876
Contributions receivables, gross	43,308,738	44,059,402
Prepaid expenses and other assets	9,790,774	9,287,834
Government grants and contracts receivable	31,887,819	16,696,277
Loan receivable	87,205,118	20,924,521
Due from funds	7,900,995	8,556,412
Temporary investments in project partnerships, net of Capital contributions due to temporary investments in project partnerships	33,100,500	24,602,611
Recoverable grants to CDPs, gross	21,225,775	10,876,380
Total financial assets	$ 560,248,027	$ 370,659,743
Less amounts not available to be used within one year		
Cash and cash equivalents	$ (7,519,595)	$ (7,212,381)
Restricted cash	-	-
Investments	(9,240,737)	(7,067,995)
Contributions receivables, gross	(12,869,887)	(16,209,870)
Notes and other receivables	(8,902,795)	(9,397,290)
Government grants and contracts receivable	(26,208,445)	(15,303,092)
Recoverable grants to CDPs, gross	(21,225,775)	(10,876,380)
Financial assets not available to be used within one year	(85,967,234)	(66,067,008)
Financial assets available to meet operating fund expenditures over the next 12 months	$ 474,280,793	$ 304,592,735

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, 2020 and 2019, LISC was in compliance with its financial covenants.

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

At December 31, 2020 and 2019, the Organization's total portfolio of cash, cash equivalents, restricted cash, and investments consisted of the following:

	Fair value 2020	Fair value 2019
Cash, cash equivalents, and restricted cash	$ 274,491,458	$ 181,825,726
Investments:		
Cash held for investment	47,961,397	36,147,455
Corporate bonds and fixed income funds	40,307,588	39,604,491
U.S. government agencies	59,352,995	37,989,184
Certificates of deposit	5,901,080	4,553,892
Alternative investments:		
Real estate investment trust	3,233,921	3,114,764
Hedge funds	10,993,236	14,948,068
Private equity funds	5,954,605	3,862,038
	173,704,822	140,219,892
Total cash, cash equivalents, restricted cash, and investments	$ 448,196,280	$ 322,045,618

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, 2020 and 2019:

	2020	2019
Cash and cash equivalents	$ 255,110,700	$ 166,082,281
Restricted Cash:		
Investment Funds loan servicing balances held by NMSC	1,009	41,145
NMI 61 loan loss reserve held by NMSC	1,864,225	1,205,353
Immito lending funds	500,081	255,583
BFF funds	15,103,825	8,571,650
NEF Distributions to investors	40,384	3,594,154
CDA Partnerships - owner directed	1,058,947	1,819,632
NEF Project level agreements	11,800	255,851
NEF Preservation Fund I	-	77
CHOIF reserve	599	-
AHLF loan loss reserve	799,888	-
Total cash, cash equivalents, and restricted cash Consolidating and consolidated statements of financial position	274,491,458	181,825,726
Less: CDA Partnerships - reserves/deposits/escrow	(608,400)	(733,056)
Total cash, cash equivalents, and restricted cash Consolidating and consolidated statements of cash flows	$ 273,883,058	$ 181,092,670

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, 2020 and 2019, cash and cash equivalents include approximately $0.7 million and $1.3 million, respectively, held in escrow-like arrangements with loan participants and $6.8 million and $5.9 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 December 31, 2020, the following table summarizes the composition of such investments by the various redemption provisions:

	Fair value		Redemption	Redemption
Alternative investments	**2020**	**2019**	**frequency**	**notice period**
Real estate investment trust (A)	$ 3,233,921	$ 3,114,764	Lock-up	Not applicable
Multi-strategy hedge funds (B)	10,941,025	14,856,875	Quarterly	61 calendar days
Credit-focused hedge fund (C)	52,211	91,193	Lock-up	Not applicable
Private equity funds (D)	5,954,605	3,862,038	Lock-up	Not applicable
	$ 20,181,762	$ 21,924,870		

As of December 31, 2020 and 2019, the Organization had $3,186,662 and $3,868,693 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, 2020 and 2019, the Organization had contributions receivable with expected receipts as follows:

	2020	2019
Due within one year	$ 37,831,482	$ 36,814,098
Due in one to five years	12,869,887	16,209,870
	50,701,369	53,023,968
Less discount (0.12%–5.00%)	(2,127,411)	(1,188,160)
Less allowance for uncollectible contributions receivable	(649,000)	(649,000)
Total contributions receivable, net	$ 47,924,958	$ 51,186,808

At December 31, 2020 and 2019, approximately 13.61% and 13.3%, respectively, of the Organization's contributions receivable was from one donor.

At December 31, 2020 and 2019, approximately 56.40% and 29.01%, respectively, of the Organization's contributions revenue was from five donors.

Note 6 - Government grants and contracts

At December 31, 2020 and 2019, the Organization had grant commitments from various government agencies of approximately $68.9 million and $37.4 million, respectively, with expiring term dates ranging from 2020 to 2024. 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, 2020 and 2019, government grants and contracts receivable were $32.3 million and $29.6 million, respectively. Approximately $9.5 million and $7.2 million of government grants receivable at December 31, 2020 and 2019, and approximately $63.9 million and $13.0 million of government grants and contracts revenue for the years ended December 31, 2020 and 2019, 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 8.75% and repayment terms range from 8 months to 39 years. Delinquent loans, measured as those loans whose payment is 90 days past due, totaled $2,395,448 and $1,666,465, respectively, at December 31, 2020 and 2019. The portion of the allowance dedicated to the delinquent loans totaled $765,410 and $315,564 at December 31, 2020 and 2019, respectively. At December 31, 2020, loan principal of $170,621,164 is due to LISC within one year, of which $75,780,775 and is due to LISC within the next six months.

SBA 7(a) Loans Receivable, Paycheck Protection Program

Enacted in March 2020, the Coronavirus Aid, Relief and Economic Security Act (the "CARES ACT") implemented the Paycheck Protection Program ("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 us. 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 Paycheck Protection Program have a two-year term and originally had a deferment period of six months; However, as a result of amendments to the Paycheck Protection Program, 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 Paycheck Protection Program. Accordingly, there is no credit risk associated with these loans since the SBA has guaranteed payments of the principal and interest. Neither the government nor lenders charge borrowers any fees in connection with the Paycheck Protection loans; however, the SBA paid lenders a fee upon funding loans under the Paycheck Protection Program.

As a SBA 7(a) licensee, immito is an authorized lender under the Paycheck Protection Program and originated $48,167,865 of loans under the program. As of December 31,2020, $4,609,902 of the loans were forgiven. immito expects a significant portion of these loans will be forgiven and repaid, either in part or in full, by the SBA, including both principal and accrued interest. The SBA paid immito

$1,681,243 in fees upon funding loans under the Paycheck Protection Program which are deferred and amortized over the estimate life of the loans using the effective interest method and fully amortized when the underlying loan is repaid in full. As of December 31,2020, $967,667 of the fees were deferred.

Loans to CDPs and affiliates' projects as of December 31, 2020 and 2019 comprised the following:

Loan type:	2020	2019
Acquisition loans (1)	$ 170,599,468	$ 152,188,882
Predevelopment loans and pre-credit loans (2)	36,820,814	32,505,632
Construction loans (3)	130,266,555	131,052,515
Other (4)	246,215,181	190,561,678
Total	$ 583,902,018	$ 506,308,707

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, 2020 and 2019:

2020	31–60 days past due	61–90 days past due	Greater than 90 days	Total past due	Current	Total gross loans receivable
Acquisition	$ 1,289,054	$ -	$ 94,421	$ 1,383,475	$ 169,215,993	$ 170,599,468
Predevelopment	-	-	-	-	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

2019	31–60 days past due	61–90 days past due	Greater than 90 days	Total past due	Current	Total gross loans receivable
Acquisition	$ 1,391,641	$ 221,000	$ 210,568	$ 1,823,209	$ 150,365,673	$ 152,188,882
Predevelopment	3,930,749	-	149,712	4,080,461	28,425,171	32,505,632
Construction	1,305,532	-	1,306,185	2,611,717	128,440,798	131,052,515
Other	600,722	-	-	600,722	189,960,956	190,561,678
Total	$ 7,228,644	$ 221,000	$ 1,666,465	$ 9,116,109	$ 497,192,598	$ 506,308,707

The activity in the allowance for uncollectible loans for the years ended December 31, 2020 and 2019 is as follows:

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)

2019	Acquisition	Predevelopment	Construction	Other	Total
Allowance for uncollectible loans, beginning of the year	$ (12,709,740)	$ (3,567,222)	$ (5,703,670)	$ (3,697,455)	$ (25,678,087)
Write-offs	210,566	233,249	491,425	295,751	1,230,991
Recoveries	(20,000)	-	(4,560)	(199,721)	(224,281)
Provision	(3,893,957)	(326,550)	(578,018)	(303,056)	(5,101,581)
Allowance for uncollectible loans, end of the year	$ (16,413,131)	$ (3,660,523)	$ (5,794,823)	$ (3,904,481)	$ (29,772,958)

Loans receivable, by class and credit quality category, as of December 31, 2020 and 2019, are as follows:

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

2019	Excellent	Strong	Good	Acceptable	Close Follow	Substandard	Doubtful	Total
Acquisition	$ -	$ 6,504,999	$ 27,785,793	$ 110,354,879	$ 7,332,643	$ 210,568	$ -	$ 152,188,882
Predevelopment and pre-credit loans	-	525,000	12,112,179	16,111,505	714,614	-	-	29,463,298
Construction	-	-	56,115,225	62,898,214	8,644,607	1,922,898	-	129,580,944
Other	201,408	44,290,073	67,866,789	65,191,145	15,780,956	1,745,212	-	195,075,583
Total	$ 201,408	$ 51,320,072	$ 163,879,986	$ 254,555,743	$ 32,472,820	$ 3,878,678	$ -	$ 506,308,707

Recoverable grants to CDPs-sponsored projects

In furtherance of its charitable purposes, the Organization makes recoverable grants directly to CDPs. Recoverable grant activity for 2020 and 2019 is summarized as follows:

	2020	2019
Gross recoverable grants beginning of year	$ 20,733,077	$ 20,720,694
New recoverable grants made	16,932,177	5,415,796
Write-offs	(2,175,573)	(1,287,141)
Repayments	(3,774,257)	(4,116,273)
Gross recoverable grants end of year	31,715,424	20,733,076
Allowance for uncollectible recoverable grants, end of year	(17,732,299)	(10,983,896)
Recoverable grants receivable, net, end of year	$ 13,983,125	$ 9,749,180

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, 2020 and 2019 is summarized below:

	2020	2019
Grants payable, beginning of year	$ 31,199,415	$ 34,994,660
New project grants made	232,781,294	48,405,409
Disbursements on commitments	(220,685,308)	(52,200,654)
Grants payable, end of year	$ 43,295,401	$ 31,199,415

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, 2020 and 2019, NEF was holding temporary investments in Project Partnerships of $224,975,183 and $129,565,674, in which NEF contributed $31,925,930 and $22,811,669 to the Project Partnerships and entered into promissory notes for future contributions of $191,874,683 and $105,278,838, respectively. During 2020, NEF recorded a $504,052 loss on transfer of temporary investments in two Project Partnerships. Equity in income of $504,052 related to these two Project Partnerships was recorded during 2019. As of December 31, 2020 and 2019, NEF also includes preacquisition costs of $1,174,570 and $971,115, respectively, in temporary investments in Project Partnerships and Funds, net.

As of December 31, 2019, NEF Investment Partners LLC, a subsidiary of NEF, was holding a $7,123,988 temporary investment in one Fund. NEF contributed $315,775 to the Fund and entered into a commitment for future contributions of $6,808,213. NEF Investment Partners LLC's entire interest in the Fund was assigned to an investor at book value in 2020.

Note 10 - Property and equipment

Property and equipment consist of the following at December 31, 2020 and 2019:

	2020	2019
Furniture, equipment, computer software, and leasehold improvements	$ 17,130,195	$ 17,383,567
Land, buildings, and improvements	66,493,273	92,898,064
Gross property and equipment	83,623,468	110,281,631
Less accumulated depreciation and amortization	(35,207,730)	(45,364,750)
Total property and equipment, net	$ 48,415,738	$ 64,916,881

Related to the CDA entities, as of December 31, 2020 and 2019, the consolidating and consolidated financial statements include $66,493,273 and $92,898,064 in land, buildings and improvements and $2,134,306 and $2,755,136 in furniture, equipment, and leasehold improvements. Accumulated depreciation was $27,171,656 and $38,129,489 as of December 31, 2020 and 2019.

Note 11 - Loans and bond payable

At December 31, 2020 and 2019, loans and bond payable consisted of the following:

	Maturities	Interest rates	2020	2019
Financial institutions and insurance companies	2021-2030	0.00%-4.50%	$ 257,274,731	$ 276,139,132
Sustainability Bonds and Impact Notes	2022-2037	0.95%-4.65%	131,870,000	100,000,000
Foundations	2021-2029	0.00%-4.00%	61,257,983	53,092,482
Public agencies/entities and retirement funds	2021-2043	0.00%-4.00%	93,939,465	54,733,193
Nonprofit and other institutions	2021-2026	0.00%-2.00%	8,502,949	3,585,194
Total			552,845,128	487,550,001
Less: Unamortized Discount and deferred costs (*)			(1,695,601)	(689,631)
Loans and Bonds Payable, net			$ 551,149,527	$ 486,860,370

Loans and bonds payable maturities

Loans payable are scheduled to be repaid as of December 31, 2020 as follows:

2021	$ 65,187,210
2022	109,478,187
2023	52,858,378
2024	54,109,971
2025	64,918,178
Thereafter	206,293,204
Total	$ 552,845,128

In November 2020, LISC launched an Impact Notes (Notes) program for up to $150,000,000. 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, Incapital, 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 10-year maturities.

As of December 31, 2020, LISC issued $31,870,000 in Notes ($19,880,000, 1.000% notes due November 15, 2025; $294,000, 1.400% notes due November 15, 2027; $9,111,000, 0.950% notes due December 15, 2025; $757,000, 1.300% notes due December 15, 2027, and $1,828,000, 1.700% notes due December 15, 2030). The Notes were issued at a discount of $410,531 and LISC incurred debt issuance costs of $672,678. As of December 31, 2020, the unamortized discount and deferred costs were $1,069,216.

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 December 31, 2020 and 2019, the unauthorized discount and deferred costs were $626,385 and $689,631, respectively.

At December 31, 2020, LISC had $166,350,000 of available undrawn sources of funding with maturities ranging from 2021 to 2029. Interest rates range from 0.75% to 4% fixed rate ($143,350,000) and floating rate range from LIBOR + 1.95% to LIBOR + 2.15% ($23,000,000).

In August 2020, immito borrowed funds from the Federal Reserve through the Paycheck Protection Program Liquidity Facility (the "PPPLF"). 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 and are secured by loans processed by immito under the PPP. The maturity date of PPPLF 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 PPPLF 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 PPPLF to finance all the loans immito originated under the PPP. At December 31, 2020, the outstanding balance under the PPPLF was $43,866,113.

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
September 25, 2020	Chase New Markets Corporation	$ 12,500,000
September 25, 2020	Citizens Bank, N.A.	3,000,000
September 25, 2020	First Independence Bank	2,500,000
September 25, 2020	Flagstar Bank, FSB	2,500,000
December 16, 2020	PNC Community Development Company, LLC	5,000,000

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 the 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. There were no borrowings against the facilities as of December 31, 2020.

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
August 3, 2020	First Republic Bank ("FRB")	$ 5,000,000
August 13, 2020	The San Francisco Foundation ("SFF")	5,000,000
August 19, 2020	Silicon Valley Community Foundation ("SVCF")	1,000,000
October 29, 2020	Chase New Markets Corporation ("CNMC")	15,000,000

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 and bear interest on outstanding principal amounts at a fixed rate per annum of 2% for the CNMC, FRB, and SVCF loans and 2.5% for the SFF 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 and December 31, 2020 for the CNMC 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 the respective loan agreement. As of December 31, 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. There were no borrowings against the facilities as of December 31, 2020.

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 December 31, 2020
September 3, 2019	Banc of America Community Development Corp	$ 2,500,000	$ 429,924
September 20, 2019	Foundation For The Carolinas	2,500,000	429,924
December 20, 2019	Duke Energy Corporation	2,000,000	343,939
December 20, 2019	The Presbyterian Hospital	6,000,000	1,031,816
December 24, 2019	Ally Bank	5,000,000	859,847
March 2, 2020	Truist Bank	4,000,000	687,876

No amounts were outstanding as of December 31, 2019. 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 the 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, 2020, the outstanding balance of the loans was $3,783,326 and accrued interest was $10,377. For the year ended December 31, 2020, interest expense on the loans was $10,377.

Pledged assets

LISC has pledged certain assets as collateral to lenders to secure (1) nonrecourse indebtedness to LISC totaling $0 as of December 31, 2020 and 2019, and (2) $46,513,064 and $47,799,161 of collateral assets for the recourse indebtedness under the Community Development Financial Institution Bond Guarantee Program ("CDFI BGP Loan") totaling $44,119,430 and $45,545,987, as of December 31, 2020 and 2019, respectively.

Subordinated debt

At December 31, 2020, LISC has subordinated debt in loans and bonds payable totaling $34.5 million in the form of 14 equity equivalent investments from six financial institutions. At December 31, 2019, LISC had subordinated debt included in loans and bonds payable totaling $34.0 million in the form of 13 equity equivalent investments from six financial institutions.

Lines of credit

At December 31, 2020 and 2019, LISC had available bank lines of credit of $65,000,000, which expire between February 10, 2021 and March 28, 2023, with interest rates ranging from LIBOR + 1.50% to LIBOR +1.875% and PRIME +1.50%. At both the years ended December 31, 2020 and 2019, the outstanding balance included in loans and bonds payable was $10,000,000.

As of December 31, 2019, a subsidiary of NEF had a $20,000,000 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 secure any monies advanced. During 2020, the revolving credit facility amount was increased to $20,000,000. During 2020, the $20,000,000 revolving credit facility was split into a $10,000,000 secured credit facility and a $10,000,000 unsecured credit facility. The current maturity dates are November 30, 2021. NEF intends to renew these facilities. Interest on any outstanding amounts is due monthly at the greater of Prime plus 25 basis points or 2.5% for the unsecured credit facility and the greater of Prime or 2.5% for the secured credit facility. The interest rates ranged from 3.25% to 4% in 2020 and 5% to 5.75% in 2019. NEF borrowed $9,288,047 on the secured credit facility and repaid $9,288,047 in 2020 and borrowed $17,835,924 and repaid $17,835,924 in 2019. The outstanding balance on December 31, 2020 and 2019 was $0.

In 2019, NEF secured a $15,000,000 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 NEF's core business activities. During 2020, the revolving credit facility amount was increased to $20,000,000. The current maturity date is March 10, 2022. Interest on any outstanding amounts is due quarterly calculated at Prime less 90 basis points. The interest rate in 2020 ranged from 1.79% to 2.48% in 2020 and was 3.85% in 2019. NEF borrowed $15,000,000 and repaid $15,000,000 in 2020 and borrowed $15,000,000 and repaid $15,000,000 in 2019. The outstanding balance at December 31, 2020 and 2019 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 incurred interest expense of $226,073 and $75,215 for the years ended December 31, 2020 and 2019, respectively associated with all debt facilities.

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, 2020.

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, 2020 and 2019, was $2,936,743 and $3,082,397, 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, 2020 and 2019 was $2,476,190 and $2,464,703, 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:

	2020 Contract amount	2019 Contract amount
Financial instruments whose contract amounts represent credit risk:		
Financial guarantees	$ 6,692,173	$ 5,940,642
Loan commitments outstanding	138,948,679	208,780,797
Total	$ 145,640,852	$ 214,721,439

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, 2020 and 2019, LISC had interest rate swap agreements with notional amounts aggregately of $10,000,000, respectively. At December 31, 2020 and 2019, the fair value of the interest rate swaps was ($546,274) and $5,802, 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, 2020 and 2019:

	December 31, 2020		
	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (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)
Interest rate swap held by NEF Project Partnership	-	-	-
Total interest rate swaps	$ (546,274)	$ -	$ (546,274)
Loan guarantee - LISC	$ (298,902)	$ -	$ (298,902)

	December 31, 2019		
	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)
Cash and cash equivalents, and restricted cash escrow	$ 181,825,726	$ 181,825,726	$ -
Investments:			
Cash held for investment	$ 36,147,455	$ 36,147,455	$ -
Corporate bonds and fixed income funds	39,604,491	39,364,383	240,108
U.S. government agencies	37,989,184	30,107,736	7,881,448
Certificates of deposit	4,553,892	-	4,553,892
	$ 118,295,022	$ 105,619,574	$ 12,675,448
Alternative investments:			
Real estate investment trust	$ 3,114,764		
Hedge funds	14,948,068		
Private equity funds	3,862,038		
	21,924,870		
Total investments	$ 140,219,892		
Interest rate swap held by LISC	$ 5,802	$ -	$ 5,802
Interest rate swap held by NEF Project Partnership	170,503	-	170,503
Total interest rate swaps	$ 176,305	$ -	$ 176,305
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, of 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 and BFF Side Car's major assets are notes receivable from borrowers with operations in the Bay Area affordable housing market. BFF's and BFF Side Car'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.

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, 2020.

During 2015, NEF entered into a guaranty agreement with a Fund related to a Project Partnership in the Fund whereby NEF serves as a backstop to cover the project general partner's obligations if the Project Partnership's reserves are depleted and the project partnership guarantor fails to cover its obligations. NEF's guarantee is currently $250,000 as the project reached stabilized occupancy in 2017. The guaranty period expires at the end of the operating deficit guaranty. NEF has not accrued any contingent liability as a loss is neither probable nor estimable as of December 31, 2020.

During 2019, NEF entered into a guaranty agreement with an investor related to a Project Partnership in a Fund. NEF has agreed to provide a 0% interest loan to the Fund in the event that the project's manager, as guarantor, is unable to fulfill their obligations under the development completion guaranty agreement. NEF will be fully released from this guaranty upon the Project Partnership achieving stabilized occupancy and satisfying all conditions to the payment of the fourth equity installment in accordance with the Project Partnership operating agreement. NEF's maximum exposure is $611,000. NEF has not accrued any contingent liability as a loss is neither probable nor estimable as of December 31, 2020.

During 2020, NEF entered into a guaranty agreement with an investor related to a project partnership in a Fund. NEF has agreed to provide a construction completion guaranty in the event that construction completion does not occur on or before December 31, 2022. NEF will be fully released from this guaranty upon construction completion or a written notice from the investor stating that the guaranty is waived. NEF's maximum exposure is $1,000,000. NEF has not accrued any contingent liability as a loss is neither probable nor estimable as of December 31, 2020.

During 2020, NEF entered into a guaranty agreement with an investor related to a project partnership in a Fund. NEF has agreed to provide a zero percent interest loan to the Fund in the event that the project's manager, as guarantor, is unable to fulfill their obligations related to repayment in full of the construction loan as a result of the project partnership not receiving payment in full of the purchase price payable to the project partnership under the Commercial Condominium Purchase Agreement. NEF's maximum exposure is $1,400,000. NEF has not accrued any contingent liability as a loss is neither probable nor estimable as of December 31, 2020.

During 2020, NEF entered into a guaranty agreement with a construction lender related to a project partnership. NEF has agreed to provide a backup construction completion guaranty in the event that the project's manager, as guarantor, is unable to fulfill their obligations during construction. NEF will be fully released from this guaranty upon permanent loan conversion of the fulfillment of guaranty obligations by the project manager. NEF's maximum exposure is $1,500,000. NEF has not accrued any contingent liability as a loss is neither probable nor estimable as of December 31, 2020.

In 2020 and 2019, NEF has guaranty obligations as a backup guarantor for operating deficits for various Project Partnerships with a maximum exposure of $1,164,643 and $914,643, respectively. NEF has not accrued any contingent liability as a loss is neither probable nor estimable as of December 31, 2020.

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, 2020 and 2019, immito had $2,871,357 and $3,728,700, 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 the period January 22, 2020 (commencement of operations) to December 31, 2020 was $7,500. As of December 31, 2020, accounts payable and accrued expenses included $7,500 of guaranty fees due to Kresge.

BFF Side Car is acting as a guarantor in favor of BFF. BFF Side Car irrevocably, absolutely, and unconditionally guarantees the payments 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, 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, 2020. During 2020, LISC received approximately $138 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 $54,234,304 and $58,491,235 as of December 31, 2020 and 2019, 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 1.72% to 2.88%, as of December 31, 2020 and 2019, 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 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, 2020 and expiring at various dates through February 2035 totaled $68,475,928. These amounts exclude future escalation for real estate taxes and building operating expenses. Minimum future rental commitments as of December 31, 2020 are as follows:

2021	$	6,256,583
2022		6,062,601
2023		5,373,179
2024		3,849,528
2025		4,901,671
Thereafter		42,032,366
Subtotal		68,475,928
Less: Effects of discounting		(10,987,457)
Total	$	57,488,471

Rental expense, inclusive of real estate taxes and operating costs, for the year ended December 31, 2020 and 2019, totaled $7,754,519 and $5,900,988, 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, 2020, no such provisions were necessary.

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

As of December 31, 2020 and 2019, the CDA Partnerships had an outstanding long-term debt balance of $38,646,237 and $50,226,189, respectively, which consists of mortgage notes held by banks and other lenders. Maturity dates range from 2024 to 2057 and interest rates range from 0% to 7.72% as of December 31, 2020 and 2019, respectively. Debt issuance costs were $510,821 and $623,350 as of December 31, 2020 and 2019, 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, 2020 are as follows:

2021	$	200,607
2022		208,842
2023		217,451
2024		917,075
2025		207,619
Thereafter		39,514,943
Total	$	41,266,537

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, 2020 and 2019. At December 31, 2020 and 2019, $7,900,995 and $8,556,412 in fees, respectively were due to NEF.

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, 2020 and 2019, NEF's investment balance in the Funds and other ventures and partnerships was $14,530 and $13,430, 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, 2020 and 2019, deficit balances related to certain of its investments in Funds and other ventures and partnerships were $850,699 and $867,659, respectively, and are included in accounts payable and accrued expenses in the accompanying consolidating and consolidated statement of financial position. NEF recorded $16,960 of equity in income and $61 of equity in losses as of December 31, 2020 and 2019, respectively.

NEF holds limited partner interests in NYC Distressed Funds, the NEF Preservation Funds, Enclave at Firewheel, and certain Funds in which it manages and accounts for these interests. The investment balances of these interests are $483,741 and $1,153,419 as of December 31, 2020 and 2019, respectively. NEF recorded $140,023 and $53,784 of equity in losses as of December 31, 2020 and 2019, 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 2020 and 2019. CDA transferred its general partner interests in four and zero CDA Partnerships to an unrelated third party in 2020 and 2019, resulting in a $2,728,932 and $0 gain on disposition in 2020 and 2019, 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 $16,581 and $9,228 gain on interest rate swap in 2020 and 2019, respectively, and is valued within Level 2 of the fair value hierarchy.

Investments in Joint Venture
CNI owns a 29.71% joint venture interest in Archdale NOAH, LLC ("Lake Mist"), a North Carolina limited liability company, which owns certain real property in Charlotte, NC. In 2020, CNI made a $1,600,000 equity investment to acquire a 29.71% membership interest in Lake Mist. Lake Mist was formed on October 29, 2020 to purchase, own, hold, maintain, finance, refinance, lease, renovate, repair market and sell an apartment building and other improvements in Charlotte, NC. For the year ended December 31, 2020, equity in income from Lake Mist was $3,527.

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, 2020, 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 Lake Mist 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 Lake Mist, additional investments, and cash distributions from Lake Mist. Since CNI has no obligation to fund liabilities of Lake Mist beyond its investment, its investment in Lake Mist may not be reduced below zero. To the extent that equity losses are incurred when CNI's carrying value of its investment in Lake Mist 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 Lake Mist are classified as either operating or investing cash inflows based on the nature of the activities of Lake Mist 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 year ended December 31, 2020.

Note 19 - NMTC award administered

As of December 31, 2020 and 2019, approximately $1.066 billion and $1.039 billion, respectively, of the $1.103 billion 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, 2020 and 2019:

	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, 2020 through June 29, 2021, which was the date the consolidating and consolidated financial statements were available to be issued, and concluded that no additional matters have occurred that would require recognition or disclosure in the consolidating and consolidated financial statements.

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