



## SOME and Affiliates

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## Independent Auditor's Report

To the Board of Directors  
SOME and Affiliates

### *Opinion*

We have audited the consolidated financial statements of SOME and Affiliates, which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, and the related consolidated statements of activities, functional expenses, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of SOME and Affiliates as of December 31, 2022 and 2021, and the consolidated changes in its net assets and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinion*

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

### *Management's Responsibility for the Consolidated Financial Statements*

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

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

### *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements*

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.



## SOME and Affiliates

### Consolidated Statements of Financial Position December 31, 2022 and 2021

	2022			2021		
	Without donor restriction	With donor restriction	Total	Without donor restriction	With donor restriction	Total
<u>Assets</u>						
Current assets						
Cash and cash equivalents, undesignated	\$ 2,178,199	\$ 4,519,477	\$ 6,697,676	\$ 5,473,192	\$ 11,243,060	\$ 16,716,252
Cash and cash equivalents designated to investment in property and equipment	1,000,000	-	1,000,000	1,000,000	-	1,000,000
United Way contributions receivable	-	352,000	352,000	-	352,000	352,000
Accounts receivable, net	4,250,301	-	4,250,301	2,148,386	-	2,148,386
Developer fee receivable - current	2,299,369	-	2,299,369	336,104	-	336,104
Grants receivable	855,412	-	855,412	413,292	-	413,292
Pledges receivable, net	-	1,107,213	1,107,213	-	-	-
Prepaid expenses and deposits	168,251	-	168,251	116,124	-	116,124
Total current assets	10,751,532	5,978,690	16,730,222	9,487,098	11,595,060	21,082,158
Other assets						
Developer fee receivable - noncurrent	3,763,148	-	3,763,148	6,268,919	-	6,268,919
Investments	28,588,414	-	28,588,414	33,580,705	-	33,580,705
Pledges receivable - noncurrent, net	-	3,180,000	3,180,000	-	-	-
Security deposits	400,411	-	400,411	367,795	-	367,795
Escrows and reserves	7,323,798	-	7,323,798	6,911,804	-	6,911,804
Development escrows	10,914,008	-	10,914,008	6,157,632	-	6,157,632
Restricted cash	936,244	-	936,244	929,345	-	929,345
Deferred rent asset	1,744,306	-	1,744,306	1,423,899	-	1,423,899
Total other assets	53,670,329	3,180,000	56,850,329	55,640,099	-	55,640,099
Note receivable	-	-	-	14,739,128	-	14,739,128
Deferred fees, net of accumulated amortization	391,476	-	391,476	329,874	-	329,874
Property and equipment						
Land	27,635,112	-	27,635,112	15,366,591	-	15,366,591
Land improvements	6,714,090	-	6,714,090	6,782,095	-	6,782,095
Buildings and improvements	226,634,533	-	226,634,533	199,923,659	-	199,923,659
Furniture and fixtures	6,772,000	-	6,772,000	5,857,087	-	5,857,087
Vehicles	502,812	-	502,812	435,754	-	435,754
Operating lease right-of-use assets	422,561	-	422,561	-	-	-
Finance lease right-of-use assets	513,523	-	513,523	-	-	-
Construction in process	47,346,890	-	47,346,890	26,214,035	-	26,214,035
Accumulated depreciation	(56,408,868)	-	(56,408,868)	(48,998,720)	-	(48,998,720)
Total property and equipment	260,132,653	-	260,132,653	205,580,501	-	205,580,501
Total assets	<u>\$ 324,945,990</u>	<u>\$ 9,158,690</u>	<u>\$ 334,104,680</u>	<u>\$ 285,776,700</u>	<u>\$ 11,595,060</u>	<u>\$ 297,371,760</u>

## SOME and Affiliates

### Consolidated Statements of Financial Position December 31, 2022 and 2021

	2022			2021		
	Without donor restriction	With donor restriction	Total	Without donor restriction	With donor restriction	Total
<u>Liabilities and Net Assets</u>						
<b>Current liabilities</b>						
Accounts payable and accrued expenses	\$ 6,952,390	\$ -	\$ 6,952,390	\$ 6,168,439	\$ -	\$ 6,168,439
Accrued payroll and withholding	1,144,768	-	1,144,768	1,360,238	-	1,360,238
Accrued vacation	764,463	-	764,463	1,349,934	-	1,349,934
Accrued interest payable - current	384,426	-	384,426	651,806	-	651,806
Current portion of operating lease liabilities	193,352	-	193,352	-	-	-
Current portion of finance lease liabilities	144,008	-	144,008	-	-	-
Accrued asset management fee	-	-	-	-	-	-
Deferred revenue - current	264,762	-	264,762	740,357	-	740,357
Lines of credit - current	5,000,000	-	5,000,000	6,500,000	-	6,500,000
Notes payable - current maturities	12,161,927	-	12,161,927	1,707,789	-	1,707,789
<b>Total current liabilities</b>	<b>27,010,096</b>	<b>-</b>	<b>27,010,096</b>	<b>18,478,563</b>	<b>-</b>	<b>18,478,563</b>
<b>Long-term liabilities</b>						
Security deposit payable	349,280	-	349,280	386,892	-	386,892
Accrued interest payable	5,680,225	-	5,680,225	4,471,246	-	4,471,246
Operating lease liabilities, net of current portion	181,340	-	181,340	-	-	-
Finance lease liabilities, net of current portion	184,914	-	184,914	-	-	-
Accrued asset management fee	28,347	-	28,347	17,345	-	17,345
Lines of credit	3,000,000	-	3,000,000	-	-	-
Notes payable, net	155,406,171	-	155,406,171	132,708,651	-	132,708,651
<b>Total long-term liabilities</b>	<b>164,830,277</b>	<b>-</b>	<b>164,830,277</b>	<b>137,584,134</b>	<b>-</b>	<b>137,584,134</b>
<b>Commitments and contingencies</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net assets</b>						
<b>Net assets without donor restrictions</b>						
Undesignated	5,562,951	-	5,562,951	32,397,890	-	32,397,890
Non-controlling	18,959,001	-	18,959,001	21,158,976	-	21,158,976
Board designated	108,583,665	-	108,583,665	76,157,137	-	76,157,137
<b>Total net assets without donor restrictions</b>	<b>133,105,617</b>	<b>-</b>	<b>133,105,617</b>	<b>129,714,003</b>	<b>-</b>	<b>129,714,003</b>
<b>Net assets with donor restriction</b>	<b>-</b>	<b>9,158,690</b>	<b>9,158,690</b>	<b>-</b>	<b>11,595,060</b>	<b>11,595,060</b>
<b>Total net assets</b>	<b>133,105,617</b>	<b>9,158,690</b>	<b>142,264,307</b>	<b>129,714,003</b>	<b>11,595,060</b>	<b>141,309,063</b>
<b>Total liabilities and net assets</b>	<b>\$ 324,945,990</b>	<b>\$ 9,158,690</b>	<b>\$ 334,104,680</b>	<b>\$ 285,776,700</b>	<b>\$ 11,595,060</b>	<b>\$ 297,371,760</b>

See Notes to Consolidated Financial Statements.

## SOME and Affiliates

### Consolidated Statements of Activities Years Ended December 31, 2022 and 2021

	2022			2021		
	Without donor restriction	With donor restriction	Total	Without donor restriction	With donor restriction	Total
Support and revenue						
Contributions	\$ 14,765,982	\$ 8,058,831	\$ 22,824,813	\$ 17,472,304	\$ 15,959,563	\$ 33,431,867
Legacies and bequests	2,281,092	-	2,281,092	918,364	-	918,364
Special events	54,856	-	54,856	33,750	-	33,750
In-kind contributions	528,567	-	528,567	524,540	-	524,540
Grants	3,114,514	-	3,114,514	2,183,759	-	2,183,759
Foundations	1,867,797	793,555	2,661,352	1,285,005	942,192	2,227,197
Rental income	11,344,196	-	11,344,196	11,224,355	-	11,224,355
Development fee income	2,382,966	-	2,382,966	2,372,334	-	2,372,334
Insurance reimbursements	5,130,414	-	5,130,414	3,656,620	-	3,656,620
Program service revenue	3,539	-	3,539	18,550	-	18,550
Other	9,829,085	-	9,829,085	5,913,485	-	5,913,485
Satisfaction of restrictions	11,288,756	(11,288,756)	-	10,194,819	(10,194,819)	-
<b>Total support and revenue</b>	<b>62,591,764</b>	<b>(2,436,370)</b>	<b>60,155,394</b>	<b>55,797,885</b>	<b>6,706,936</b>	<b>62,504,821</b>
Expenses						
Emergency aid	2,084,140	-	2,084,140	1,909,990	-	1,909,990
Housing services	37,754,517	-	37,754,517	30,661,514	-	30,661,514
Health services	2,736,203	-	2,736,203	2,349,487	-	2,349,487
Senior services	1,827,204	-	1,827,204	1,390,880	-	1,390,880
Mental health services	8,188,309	-	8,188,309	6,871,211	-	6,871,211
Education	1,983,467	-	1,983,467	1,895,249	-	1,895,249
<b>Total program services</b>	<b>54,573,840</b>	<b>-</b>	<b>54,573,840</b>	<b>45,078,331</b>	<b>-</b>	<b>45,078,331</b>
Supporting services						
Management and general	2,872,763	-	2,872,763	2,051,328	-	2,051,328
Fundraising	3,901,764	-	3,901,764	3,243,618	-	3,243,618
<b>Total supporting services</b>	<b>6,774,527</b>	<b>-</b>	<b>6,774,527</b>	<b>5,294,946</b>	<b>-</b>	<b>5,294,946</b>
<b>Total expenses</b>	<b>61,348,367</b>	<b>-</b>	<b>61,348,367</b>	<b>50,373,277</b>	<b>-</b>	<b>50,373,277</b>
<b>Total change in net assets before non-operating activities</b>	<b>1,243,397</b>	<b>(2,436,370)</b>	<b>(1,192,973)</b>	<b>5,424,608</b>	<b>6,706,936</b>	<b>12,131,544</b>
Non-operating activities						
Gain (loss) on investments - net	(6,019,664)	-	(6,019,664)	3,684,337	-	3,684,337
Insurance proceeds	-	-	-	-	-	-
Gain on sale of fixed assets	155,497	-	155,497	-	-	-
Interest and dividends, net	734,166	-	734,166	693,308	-	693,308
<b>Total non-operating activities</b>	<b>(5,130,001)</b>	<b>-</b>	<b>(5,130,001)</b>	<b>4,377,645</b>	<b>-</b>	<b>4,377,645</b>
<b>Change in net assets</b>	<b>(3,886,604)</b>	<b>(2,436,370)</b>	<b>(6,322,974)</b>	<b>9,802,253</b>	<b>6,706,936</b>	<b>16,509,189</b>
Non-controlling interest income (loss)	(9,478,193)	-	(9,478,193)	(6,889,093)	-	(6,889,093)
<b>Excess (deficiency) of revenue over expenses - attributable to SOME and Affiliates</b>	<b>\$ 5,591,589</b>	<b>\$ (2,436,370)</b>	<b>\$ 3,155,219</b>	<b>\$ 16,691,346</b>	<b>\$ 6,706,936</b>	<b>\$ 23,398,282</b>

See Notes to Consolidated Financial Statements.

## SOME and Affiliates

### Consolidated Statement of Functional Expenses Year Ended December 31, 2022

	Program Services						Supporting Services		Total
	Emergency Aid	Housing Services	Health Services	Senior Services	Mental Health Services	Education	Management and General	Fundraising	
Salaries and wages	\$ 1,085,270	\$ 9,746,941	\$ 1,312,169	\$ 988,604	\$ 4,475,008	\$ 1,110,848	\$ 5,594,385	\$ 1,388,839	\$ 25,702,064
Employee benefits	242,286	2,315,006	294,233	188,345	1,116,976	230,144	890,077	276,976	5,554,043
Professional fees	-	600,326	2,500	-	44,864	14,600	137,809	306,605	1,106,704
Stipends	-	1,648	-	-	8,121	-	139	-	9,908
Staff training	61	25,809	7,207	1,200	17,248	16,224	131,105	2,670	201,524
Meals and food	215,809	54,194	-	25,238	86,281	-	541,016	243,069	1,165,607
Repairs and maintenance	18,987	4,857,668	332,184	4,260	249,569	33,908	377,856	71,233	5,945,665
Supplies	23,198	428,417	133,079	32,835	27,791	32,639	1,029,466	119,991	1,827,416
Telephone	-	80,869	-	-	4,445	-	95,472	-	180,786
Postage	-	1,117	-	-	425	-	3,631	69,574	74,747
Printing and related costs	1,559	1,566	-	-	-	-	26,189	159,474	188,788
Transportation	3,782	33,205	2,095	2,719	20,234	1,395	37,363	4,307	105,100
Utilities	-	2,613,325	-	-	14,788	-	756,026	-	3,384,139
Real estate taxes	-	518,463	-	-	-	-	-	-	518,463
Rent	650	71,272	-	2,992	12,155	-	184,395	160,004	431,468
Permits	-	321,053	1,928	245	3,128	3,000	4,310	11,005	344,669
Lab tests	-	226,428	44,155	1,946	3,319	263	45,244	-	321,355
Client assistance and support	3,328	370,151	5,979	111,103	67,454	8,309	-	-	566,324
Fines and penalties	-	52,674	2,585	-	720	-	48,872	1,149	106,000
Credit card and bank service charges	-	28,675	-	-	-	-	850	337,343	366,868
Interest expense	-	3,209,964	-	-	-	-	446,432	-	3,656,396
Dues and subscriptions	878	13,317	2,300	765	6,678	1,350	16,612	16,962	58,862
Insurance	420	461,546	709	-	189	-	394,003	127	856,994
Equipment and furniture	682	96,297	1,387	26,430	9,797	-	219,502	2,586	356,681
Advertising	-	1,031	-	-	-	35,793	3,506	110,983	151,313
List rental	-	-	-	-	-	-	-	-	-
Investor service fees	-	59,043	-	-	-	-	-	-	59,043
Bad debt expense	-	331,107	-	-	-	-	-	-	331,107
<b>Total expenses before depreciation</b>	<b>1,596,910</b>	<b>26,521,112</b>	<b>2,142,510</b>	<b>1,386,682</b>	<b>6,169,190</b>	<b>1,488,473</b>	<b>10,984,260</b>	<b>3,282,897</b>	<b>53,572,034</b>
Depreciation and amortization	3,633	6,914,906	8,990	-	25,053	-	823,751	-	7,776,333
Overhead allocation	483,597	4,318,499	584,703	440,522	1,994,066	494,994	(8,935,248)	618,867	-
<b>Total expenses</b>	<b>\$ 2,084,140</b>	<b>\$ 37,754,517</b>	<b>\$ 2,736,203</b>	<b>\$ 1,827,204</b>	<b>\$ 8,188,309</b>	<b>\$ 1,983,467</b>	<b>\$ 2,872,763</b>	<b>\$ 3,901,764</b>	<b>\$ 61,348,367</b>

See Notes to Consolidated Financial Statements.



## SOME and Affiliates

### Consolidated Statement of Functional Expenses Year Ended December 31, 2021

	Program Services					Supporting Services		Total	
	Emergency Aid	Housing Services	Health Services	Senior Services	Mental Health Services	Education	Management and General		Fundraising
Salaries and wages	\$ 941,426	\$ 8,844,164	\$ 1,127,887	\$ 810,363	\$ 3,763,735	\$ 1,074,767	\$ 4,849,600	\$ 1,298,168	\$ 22,710,110
Employee benefits	196,385	1,944,376	266,996	142,811	940,177	228,551	787,146	290,258	4,796,700
Professional fees	-	562,155	-	19	31,475	30,176	339,789	343,712	1,307,326
Stipends	-	2,960	-	-	14,888	4,025	-	-	21,873
Staff training	505	8,683	6,447	1,073	6,226	23,491	74,463	1,048	121,936
Meals and food	342,035	60,554	1,513	8,367	98,228	63	528,299	118,639	1,157,698
Repairs and maintenance	8,456	3,189,467	239,307	703	273,676	31,932	240,053	4,429	3,988,023
Supplies	22,808	331,302	166,089	25,964	20,104	21,335	431,473	219,670	1,238,745
Telephone	-	70,078	-	-	8,535	-	83,831	-	162,444
Postage	-	592	-	-	192	-	6,412	91,079	98,275
Printing and related costs	1,569	1,216	82	50	-	-	19,431	105,314	127,662
Transportation	1,835	41,457	77	1,187	5,194	94	27,731	2,993	80,568
Utilities	210	2,386,798	-	-	19,915	-	693,440	-	3,100,363
Real estate taxes	-	69,391	-	-	-	-	-	-	69,391
Rent	-	103,468	-	26	16,905	-	159,385	2,358	282,142
Permits	-	58,489	5,338	1,545	4,379	3,605	2,640	5,520	81,516
Lab tests	-	41,587	37,214	136	3,562	-	18,643	-	101,142
Client assistance and support	-	111,010	7,789	63,843	29,544	24,673	-	-	236,859
Fines and penalties	-	252	1,537	-	55	-	34,725	53,571	90,140
Credit card and bank service charges	-	28,101	-	-	-	-	23,125	118,746	169,972
Interest expense	-	2,729,998	-	-	-	-	255,071	-	2,985,069
Dues and subscriptions	102	8,771	10,300	465	13,055	480	23,602	6,060	62,835
Insurance	5,796	274,492	5,924	-	3,180	-	446,303	-	735,695
Equipment and furniture	4,510	51,278	3,090	9,578	30,566	-	48,931	74	148,027
Advertising	-	214	-	50	579	21,415	5,491	47,022	74,771
List rental	-	-	-	-	-	-	-	14,801	14,801
Investor service fees	-	42,640	-	-	-	-	-	-	42,640
Bad debt expense	-	514,701	-	-	-	-	-	-	514,701
<b>Total expenses before depreciation</b>	<b>1,525,637</b>	<b>21,478,194</b>	<b>1,879,590</b>	<b>1,066,180</b>	<b>5,284,170</b>	<b>1,464,607</b>	<b>9,099,584</b>	<b>2,723,462</b>	<b>44,521,424</b>
Depreciation and amortization	7,138	5,544,087	17,970	-	78,972	-	203,686	-	5,851,853
Overhead allocation	377,215	3,639,233	451,927	324,700	1,508,069	430,642	(7,251,942)	520,156	-
<b>Total expenses</b>	<b>\$ 1,909,990</b>	<b>\$ 30,661,514</b>	<b>\$ 2,349,487</b>	<b>\$ 1,390,880</b>	<b>\$ 6,871,211</b>	<b>\$ 1,895,249</b>	<b>\$ 2,051,328</b>	<b>\$ 3,243,618</b>	<b>\$ 50,373,277</b>

See Notes to Consolidated Financial Statements.

**SOME and Affiliates**

**Consolidated Statements of Changes in Net Assets  
Years Ended December 31, 2022 and 2021**

	Without donor restriction			With donor restriction	Total
	Controlling	Noncontrolling	Total		
Net assets at January 1, 2021	\$ 91,863,681	\$ 24,991,982	\$ 116,855,663	\$ 4,888,124	\$ 121,743,787
Contributions	-	3,056,087	3,056,087	-	3,056,087
Excess (deficiency) of revenue over expenses	16,691,346	(6,889,093)	9,802,253	6,706,936	16,509,189
Net assets at December 31, 2021	108,555,027	21,158,976	129,714,003	11,595,060	141,309,063
Contributions	-	1,240,826	1,240,826	-	1,240,826
Transfer of equity	-	6,037,392	6,037,392	-	6,037,392
Excess (deficiency) of revenue over expenses	5,591,589	(9,478,193)	(3,886,604)	(2,436,370)	(6,322,974)
Net assets at December 31, 2022	<u>\$ 114,146,616</u>	<u>\$ 18,959,001</u>	<u>\$ 133,105,617</u>	<u>\$ 9,158,690</u>	<u>\$ 142,264,307</u>

See Notes to Consolidated Financial Statements.

**SOME and Affiliates**

**Consolidated Statements of Cash Flows**  
**Years Ended December 31, 2022 and 2021**

	2022	2021
Cash flows from operating activities		
Change in net assets	\$ (6,322,974)	\$ 16,509,189
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities		
Depreciation and amortization of tax credit fees	7,776,333	5,851,853
Amortization of right-of-use assets	331,917	-
Amortization of debt issuance costs	209,674	100,165
Write-off of debt issuance costs	513,565	-
Gain on investments - net	6,019,664	(3,684,337)
Forgiveness of debt	(2,931,716)	(5,254,621)
Donated securities	(319,050)	(911,229)
Loss on sale of fixed assets	155,497	-
Changes in assets and liabilities		
Accounts receivable	(1,559,409)	(2,158,608)
Contributions receivable	-	(152,000)
Grants receivable	(442,120)	727
Pledges receivable	(4,287,213)	122,225
Prepaid expenses	(52,127)	70,030
Other escrows	(411,994)	(220,149)
Deferred rent asset	(320,407)	(348,337)
Operating lease liability	(208,614)	-
Accounts payable	719,137	(250,165)
Accrued payroll and withholding	(215,470)	(276,996)
Accrued vacation	(585,471)	(28,182)
Deferred revenue	(475,595)	613,376
Security deposits payable	(37,612)	87,385
Accrued interest	582,556	938,275
Accrued asset management fees	11,002	(20,691)
	<u>(1,850,427)</u>	<u>10,987,910</u>
Net cash (used in) provided by operating activities		
Cash flows from investing activities		
Investment in property and equipment	(61,080,453)	(22,669,376)
Proceeds from sales of marketable securities	759,587	4,632,038
Investment in marketable securities	(1,467,910)	(4,394,081)
Change in development escrows	(4,756,376)	(5,904,570)
	<u>(66,650,343)</u>	<u>(28,335,989)</u>
Net cash used in investing activities		
Cash flows from financing activities		
Proceeds from note payable	66,940,490	21,239,516
Principal payments on notes payable	(10,312,658)	(1,347,333)
Contributions from noncontrolling members	1,240,826	3,056,087
Financing lease liability	(355,772)	-
Proceeds from line of credit	1,500,000	-
Principal payments on line of credit	-	(3,250,000)
Debt issuance costs	(491,177)	-
	<u>58,521,709</u>	<u>19,698,270</u>
Net cash provided by financing activities		

## SOME and Affiliates

### Consolidated Statements of Cash Flows Years Ended December 31, 2022 and 2021

	2022	2021
Net change in cash and restricted cash	(9,979,061)	2,350,191
Beginning of year		
Cash and cash equivalents, undesignated	18,013,392	15,663,201
Cash and cash equivalents designated for investment in property and equipment	1,000,000	1,000,000
Total beginning of year	19,013,392	16,663,201
End of year		
Cash and restricted cash, undesignated	8,034,331	18,013,392
Cash and restricted cash designated for investment in property and equipment	1,000,000	1,000,000
Total end of year	\$ 9,034,331	\$ 19,013,392
Supplemental disclosure of cash flow information:		
Cash paid for interest, net of amounts capitalized	\$ 2,864,166	\$ 1,946,629

#### Noncash investing activities

During the years ended December 31, 2022 and 2021, SOME received \$319,050 and \$911,229 in donated securities, respectively.

At December 31, 2022 and 2021, SOME had accrued construction costs of \$5,141,559 and \$5,076,745, respectively.

At December 31, 2022 and 2021, SOME had accrued interest of \$359,043 and \$0, respectively, that was capitalized.

During the years ended December 31, 2022 and 2021, SOME disposed of fully amortized fixed assets and accumulated depreciation in the amount of \$155,497 and \$0, respectively.

During the year ended December 31, 2021, SOME transferred assets of \$2,919,346, net of accumulated depreciation of \$656,417, to NCap as part of the sale of the property.

During the years ended December 31, 2022 and 2021, SOME recognized \$2,931,716 and \$5,254,621, respectively, of loan forgiveness, which is included in other income.

During the year ended December 31, 2022 and 2021, SOME recorded a right-of-use asset and liability in the amount of \$1,018,000 related to the adoption of Topic 842.

During the year ended December 31, 2022, \$6,037,392 of equity was transferred to SOME with the acquisition of Twain Investment Fund 88, LLC.

See Notes to Consolidated Financial Statements.

## SOME and Affiliates

### Notes to Consolidated Financial Statements December 31, 2022 and 2021

#### Note 1 - Organization

SOME, Inc. was incorporated in November 1970 under the District of Columbia Non-Profit Corporation Act. SOME, Inc.'s mission is to help the poor and homeless of the nation's capital by providing food, medical and dental care, job training, addictions treatment, mental health programs and affordable housing with supportive services for families and individuals. Principal support for SOME, Inc. is in the form of program service fees, grants, and contributions from individuals, government agencies, foundations and corporations.

The consolidated financial statements include the accounts of SOME, Inc. and the following separately incorporated affiliates ("SOME and Affiliates", "SOME", or the "Organization").

Affordable Housing Opportunities, Inc. ("AHO"), an affiliate of SOME, was incorporated in the District of Columbia on January 19, 2005 as a non-profit charitable organization and was organized for the purpose of developing and providing affordable housing.

The following real estate entity is a limited liability company, which is wholly owned by AHO, which operates an affordable multifamily housing community:

- BH, LLC ("BH")

The following list of tax credit entities is comprised of limited liability companies ("LLCs") that rehabilitate and operate affordable housing communities. SOME, AHO and certain affiliated entities act in the capacity of managing member and/or developers for these tax credit entities:

- Benning Residential, LLC ("Residential")
- Benning Programs, LLC ("Programs")
- Benning Healthcare, LLC ("Healthcare")
- Supportive Housing Opportunities, LLC ("Supportive")
- Naylor Road, LLC ("Naylor")
- Zagami House, LLC ("Zagami")
- Scattered Site II, LLC ("Scattered Site")
- Altamont Place, LLC ("Altamont")
- Spring Road, LLC ("Spring")
- Scattered Site III LLC ("SS III")
- 1515 North Capitol LLC ("NCap")

The following list of for-profit entities, which are wholly owned by SOME or AHO, act in the capacity of managing members for affiliated tax credit entities:

- ZH LLC
- SHO LLC
- NR LLC
- SSII LLC
- BR, LLC
- AP, LLC
- SR, LLC
- SSIII, LLC
- 1515 NCap, LLC
- Twain Investment Fund 88, LLC

## SOME and Affiliates

### Notes to Consolidated Financial Statements December 31, 2022 and 2021

The not-for-profit affiliates are commonly controlled by a majority of the same board members of SOME, Inc.

The for-profit affiliates are controlled by SOME or AHO through its ownership of the managing members of the LLCs.

#### **Note 2 - Summary of significant accounting policies**

A summary of significant accounting policies consistently applied in the preparation of the accompanying consolidated financial statements follows:

##### **Principles of consolidation**

The consolidated financial statements include the accounts of SOME and its affiliates. The boards of the directors of SOME, Inc. and AHO have common members. The LLC entities are included in the consolidation according to generally accepted accounting principles which require company accounts be consolidated for all LLCs which are deemed to be controlled by SOME, Inc. Significant inter-organization accounts and transactions have been eliminated.

##### **Program services**

Emergency and Social Services - SOME provides comprehensive emergency services including meals, groceries, material goods, clothing, showers and hygiene kits to meet the daily needs of those individuals experiencing homelessness. Our Central Kitchen program provides hot meals for SOME residents and clients in our treatment programs.

Housing Services - SOME rehabilitates and operates affordable housing communities within the District of Columbia.

Health Services - SOME provides comprehensive, integrated medical, dental and behavioral health care for clients experiencing homelessness. With specialty focus in Chronic Care Management, optometry, podiatry and oral surgery SOME's Clinic is able to provide both preventative and crisis care for clients. SOME's clinics also provide case management services to support clients in overcoming access to care.

Senior Services - SOME's Senior Center serves extremely low income senior citizens with case management, counseling, hot meals, transportation and recreation services. Additionally, homebound seniors are provided direct case management visits and the affordable housing program for seniors provides housing and case management services. SOME has an emergency housing and support program for abused and neglected senior citizens, which is the only program for such citizens in the District of Columbia. The SOME Summer Camp for Seniors is a week-long camp for clients at a retreat house in West Virginia.

Mental Health Services - SOME provides outpatient, trauma informed, mental health services to clients struggling with symptoms of mental health. In addition to outpatient services SOME provides transitional housing options to clients living with mental health along with crisis stabilization and day treatment programs.

SOME's continuum of Substance Use Disorder Services is an abstinence-based treatment program that relies on modern and innovative approaches to care. SOME offers a safe shelter to assist clients in adjusting to the early stages of recovery, a residential treatment program located in West Virginia and a transitional housing program. Along with each stage of treatment SOME provides

## **SOME and Affiliates**

### **Notes to Consolidated Financial Statements December 31, 2022 and 2021**

psychoeducation, treatment, ongoing recovery support services and medication assisted treatment to help clients in their recovery process.

Education - SOME's Center for Employment Training prepares men and women with the hard and soft skills needed to secure jobs in medical administration, building maintenance and business and customer relations. SOME placed students from our intensive six-month accredited job training program in various positions across the city.

#### **Basis of accounting**

SOME and Affiliates ("SOME") prepares its consolidated financial statements on the accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

#### **Estimates**

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America 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 consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

#### **Economic concentrations**

SOME operates multiple properties located in Washington, D.C. Future operations could be affected by changes in economic or other conditions in that geographical area or by changes in federal low-income housing subsidies or the demand for such housing.

#### **Cash and cash equivalents**

SOME considers money market funds and highly-liquid overnight investments with original maturities of three months or less to be cash equivalents.

Restricted cash is not considered cash and cash equivalents, and includes cash held with financial institutions for tenant security deposits, repairs or improvements to the buildings which extend their useful lives, local rent supplement program reserves and bond reserves.

#### **Accounts receivables and bad debts**

Accounts receivable is stated at the amount management expects to collect from outstanding balances. Management closely monitors outstanding balances and provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that remain outstanding after management has used reasonable collection efforts are generally written off through a charge to the valuation allowance and a credit to trade accounts receivable. As of December 31, 2022 and 2021, the balance of the allowance for doubtful accounts was \$4,432 and \$4,432, respectively.

#### **Pledges**

Unconditional pledges to give are recognized as revenue in the period the pledges are received, and as assets, or decreases of liabilities or expenses depending on the form of the benefits received. Conditional pledges are recognized as revenue when the conditions on which they depend are substantially met.

Pledges are reported net of an allowance for doubtful accounts. Management's estimate of the allowance is based on historical collection experience and a review of the current status of the promises. At December 31, 2022 and 2021, no allowance has been recorded. It is reasonably possible that management's estimate of the allowance will change. Pledges as of December 31, 2022 and 2021 are unconditional and considered fully collectible.

## **SOME and Affiliates**

### **Notes to Consolidated Financial Statements December 31, 2022 and 2021**

#### **Property and equipment**

Property and equipment are recorded at cost. Donated property is recorded at the estimated market value at the time of donation. Buildings are depreciated using the straight-line method over their estimated useful lives of 27.5 to 40 years. Other property and equipment purchases are capitalized and depreciated over their estimated useful lives ranging from 5 to 10 years. Leasehold improvements are amortized over the lesser of their estimated useful lives or the related lease terms. Land improvements are depreciated over their estimated useful life of 15 years under the straight-line method. Personal property is depreciated over its estimated useful life of five years under the straight-line method. Expenditures greater than \$10,000 that extend the useful life of the asset are capitalized.

#### **Debt issuance costs**

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

#### **Deferred fees and amortization**

During 2022 and 2021, deferred fees include tax credit fees of \$652,507 and \$547,316, respectively, which are amortized using the straight-line method over 15 years. Amortization expense for the years ended December 31, 2022 and 2021 was \$43,589 and \$36,576, respectively. Accumulated amortization as of December 31, 2022 and 2021 was \$261,031 and \$217,442, respectively. Estimated amortization expense for each of the years through December 31, 2023 is \$43,589, \$42,813 for the year ended December 31, 2024, \$42,745 through the year ended December 31, 2025 and \$34,523 for the year ended December 31, 2026.

#### **Impairment of long-lived assets**

SOME reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the asset to the future net undiscounted cash flow expected to be generated and any estimated proceeds from the eventual disposition. If the long-lived assets are considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the asset exceeds the fair value as determined from an appraisal, discounted cash flows analysis, or other valuation technique. There was no impairment losses recognized during 2022 or 2021.

#### **Investments**

SOME's investments in marketable equity securities are carried at fair value and are classified as noncurrent as it is not management's intent to dispose of these securities during the next year. Investments in mutual funds and bonds are carried at fair value and classified as current and noncurrent based upon management's intent or applicable maturity dates. Income is recognized from interest and dividends as earned. Unrealized gains or losses are included in accompanying consolidated statements of activities.

#### **Revenue recognition**

In accordance with accounting principles generally accepted in the United States of America, revenue is recognized when earned and expenses when obligations are incurred. In addition, unconditional contributions received are recorded as with or without donor restriction support depending on the existence and or nature of any donor restrictions. Conditional contributions, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. When a restriction expires, net assets with donor restriction are reclassified to net assets without donor restriction.



## SOME and Affiliates

### Notes to Consolidated Financial Statements December 31, 2022 and 2021

Most development fees earned are paid from projects' equity and debt proceeds at the completion of the construction of the project. These fees are recognized over the development period beginning when a project is assured of being constructed, as evidenced by the admission of an equity partner, then based on the external construction costs incurred as a percentage of the total external construction costs expected and concluding with the application for final allocation of tax credits. Any portion of the development fee not expected to be paid using contributions from the equity investor, such as cash flow from operations, represents variable consideration.

SOME estimates whether it will be entitled to variable consideration under the terms of the development agreement and includes its estimate of variable consideration in the total development fee amount when it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur in accordance with the accounting guidance in ASC Topic 606, *Revenue from Contracts with Customers*, on constraining estimates of variable consideration, which typically includes the following factors:

- The susceptibility of the consideration amount to factors outside SOME's influence, including insufficient equity and debt proceeds at the completion of the construction of a project.
- Whether the uncertainty about the consideration amount is not expected to be resolved for a long period of time.
- SOME's experience with similar types of agreements.
- Whether the SOME expects to offer changes to payment terms.
- The range of possible consideration amounts.

The cumulative amount of development fees earned over the development agreement is updated at each reporting period based on SOME's estimate of the variable consideration using available information at the reporting date. Any difference between the gross amount of a project's development fee payable and the estimate of variable consideration to which the developer expects to be entitled is eliminated in consolidation.

Rental revenue attributable to residential leases is recorded when due from residents, generally upon the first day of each month. Leases are for periods of up to one year, with rental payments due monthly. Rental payments received in advance are deferred until earned. All leases between SOME and its tenants are operating leases. Subsidy income and other income, which includes fees for late payments and laundry facilities, are recorded when earned.

#### **In-kind contributions**

In-kind contributions of donated food and services have been reflected for those programs where recognition is allowed and the fair value can be reasonably estimated.

SOME utilizes the services of outside volunteers. However, the fair value of these services is not recognized in the accompanying consolidated financial statements, since they do not meet the criteria of being a specialized service that would typically need to be purchased and do not enhance or create an asset.

## SOME and Affiliates

### Notes to Consolidated Financial Statements December 31, 2022 and 2021

#### Grants and contracts

SOME has various grants and contracts from federal and local governments and private foundations. For grants and cost reimbursable type contracts, revenue is recognized based on expenses incurred. For fixed price awards, revenue is determined based on the stated fixed rate for services provided. Grants receivable at year-end represent uncollected revenue based on amounts earned.

#### Advertising

Advertising costs are expensed when incurred. For the years ended December 31, 2022 and 2021, SOME and affiliates incurred advertising costs of \$151,313 and \$74,771, respectively.

#### Interest expense

Interest expense incurred to acquire properties is capitalized and recognized over the life of the related property. For the years ended December 31, 2022 and 2021, SOME capitalized interest in the amounts of \$337,720 and \$399,746, respectively. Interest expense for loans that bear interest at below market interest rates is imputed at 5%. The difference between the imputed interest expense and the interest expense is considered a conditional contribution due to the fact that the rates increase significantly in the event of default. Management evaluated the calculation of imputed interest on loans that bear below market interest rates and deemed that the overall imputed interest expense is immaterial for financial reporting purposes.

#### Income taxes

SOME, Inc. and its nonprofit affiliate, AHO, have applied for and received a determination letter from the Internal Revenue Service ("IRS") to be treated as a tax exempt entity pursuant to Section 501(c)(3) of the Internal Revenue Code and did not have any unrelated business income for the years ended December 31, 2022 and 2021. Due to its tax exempt status, SOME, Inc. and AHO are not subject to income taxes. SOME, Inc. and AHO are required to file and do file tax returns with the IRS and other taxing authorities. Accordingly, these consolidated financial statements do not reflect a provision for income taxes and SOME, Inc. and AHO have no other tax positions which must be considered for disclosure. Income tax returns filed by SOME, Inc. and AHO are subject to examination by the Internal Revenue Service for a period of three years. While no income tax returns are currently being examined by the Internal Revenue Service, tax years since 2019 remain open.

Barnaby House, Programs and Healthcare are single member limited liability companies. Therefore, these entities are treated as disregarded entities for income tax purposes and, as such, are not subject to income taxes. Rather, all items of taxable income and deductions are passed through to and are reported by SOME and AHO on its income tax returns. Accordingly, these consolidated financial statements do not reflect provisions or benefits for income taxes for these entities. Since these entities are not required to file income tax returns, they have no filings which are open to examination by the Internal Revenue Service.

All other affiliated entities have elected to be treated as pass through entities for income tax purposes and, as such, are not subject to income taxes. Rather, all items of taxable income, deductions and tax credits are passed through to and are reported by the owners on their respective tax returns. The affiliated entities' federal tax status as pass-through entities is based on their legal status as limited liability companies. Accordingly, these affiliated entities are not required to take any tax positions in order to qualify as pass-through entities. These affiliated entities are required to file and do file tax returns with the Internal Revenue Service and other taxing authorities. Accordingly, these consolidated financial statements do not reflect a provision for federal income taxes for these affiliated entities. However, these entities are located in the District of Columbia and the District of Columbia does not recognize flow through entities, and therefore, income in the District of Columbia is subject to tax. Accordingly, these consolidated statements include a provision for District of Columbia income taxes in

## SOME and Affiliates

### Notes to Consolidated Financial Statements December 31, 2022 and 2021

the amount of \$250 for both the years ended December 31, 2022 and 2021. These affiliated entities have no other tax positions which must be considered for disclosure. Income tax returns filed by these affiliated entities are subject to examination by the Internal Revenue Service for the period of three years. While no income tax returns are currently being examined by the Internal Revenue Service, tax years since 2019 remain open.

#### **Functional allocation of expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statements of functional expenses. Directly identifiable expenses are charged to program and supporting services. Indirect expenses are charged to program and supporting services, management and general and fundraising based on time spent on various programs.

#### **Noncontrolling interest in limited liability companies**

This amount represents the aggregate balance of the investor members' equity interest in the non-wholly-owned limited liability companies that are included in the consolidated financial statements as of the years ended December 31, 2022 and 2021.

#### **Fair value**

The carrying amounts of the Organization's cash and cash equivalents, receivables, payables and accrued expenses approximate fair value due to the short-term nature of these instruments. The fair value of the Organization's long-term notes receivable, due from affiliates and notes payable is assessed by management based on analysis of underlying investments and historical trends.

#### **New accounting pronouncements**

For the year ended December 31, 2022, the Organization adopted Accounting Standards Update 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* ("ASU 2020-07"). This standard provides guidance on the presentation of contributed nonfinancial assets in the consolidated statements of activities and additional disclosure requirements for each type of contributed nonfinancial asset. The ASU 2020-07 provides transparency on the measurement of the contributed nonfinancial assets of the Organization and will not change existing recognition and measurement requirements. The Organization has implemented the provisions of ASU 2020-07 applicable to all contributed nonfinancial assets, which has been applied retrospectively to all periods presented.

The Organization adopted Accounting Standards Update 2016-02 (as amended), *Leases* ("Topic 842") on January 1, 2022 ("Adoption Date"). Topic 842 requires lessees to recognize a right-of-use asset and a corresponding lease liability for virtually all leases. The Organization elected and applied the following transition practical expedients when initially adopting Topic 842:

- To apply the provisions of Topic 842 at the Adoption Date, instead of applying them to the earliest comparative period presented in the consolidated financial statements.
- The package of practical expedients permitting the Organization to not reassess (i) the lease classification of existing leases; (ii) whether existing and expired contracts are or contain leases; and (iii) initial direct costs for existing leases.

## SOME and Affiliates

### Notes to Consolidated Financial Statements December 31, 2022 and 2021

The Organization made the following adjustments as of the Adoption Date in connection with transitioning to Topic 842:

		As of January 1, 2022
Operating lease right-of-use assets	\$	583,306
Finance lease right-of-use assets	\$	684,694
Operating lease liabilities	\$	583,306
Finance lease liabilities	\$	434,694

The adoption of Topic 842 did not have a material impact on the Organization's change in net assets for the year ended December 31, 2022.

The Organization includes its right-of-use assets for operating and finance leases within property, plant and equipment and the corresponding lease liabilities within lease liabilities in its consolidated statements of financial position. See Note 21 regarding the Organization's right-of-use assets and its lease liabilities.

Finally, the Organization has elected and applies the practical expedient to combine non-lease components with their related lease components and account for them as a single combined lease component.

#### Note 3 - Escrows, reserves and restricted cash

##### **Borrower equity funds and debt service reserves**

Pursuant to the operating agreements, as defined, of Residential, Supportive, Spring Road and Scattered Site, SOME maintains borrower equity funds and debt service reserves for payment of debt service. At December 31, 2022 and 2021, the balance in the debt service reserves was \$1,261,693 and \$1,252,168, respectively.

##### **Replacement reserves**

Pursuant to the operating agreements, as defined, of Residential, Supportive, Naylor, Zagami, Altamont, Spring, and Scattered Site, SOME maintains replacement reserve deposits to fund capital improvements and repairs. At December 31, 2022 and 2021, the balance in the replacement reserve accounts was \$1,914,313 and \$1,715,841, respectively.

##### **Operating reserves**

Pursuant to the operating agreements, as defined, of Residential, Supportive, Naylor, Altamont and Scattered Site, SOME maintains operating reserve deposits to fund operating deficits. At December 31, 2022 and 2021, the balance in the operating reserves accounts was \$1,823,766 and \$1,752,440, respectively.

##### **Revenue deficit reserve**

Pursuant to the operating agreement, as defined, Scattered Site is required to deposit no less than \$164,454 into a revenue deficit reserve account at the time of the payment of the fourth installment of the Investor Member's capital contributions. As of December 31, 2022 and 2021, the balance in the revenue deficit reserve was \$165,425 and \$165,405, respectively.

## SOME and Affiliates

### Notes to Consolidated Financial Statements December 31, 2022 and 2021

#### Working capital reserve

Pursuant to the operating agreement, as defined, Residential is required to deposit no less than \$332,000 into a working capital reserve account to fund construction costs of the project. As of December 31, 2019, the reserve requirement has been met, and the reserve no longer needs to be funded. At December 31, 2022 and 2021, the balance of the working capital reserve was \$102,365 and \$102,365, respectively.

#### Local Rent Supplement Program ("LRSP") reserve

Pursuant to an agreement between Supportive and the Federal Home Loan Mortgage Corporation, dated August 1, 2010, SOME has committed to establish a LRSP reserve to pay operating expenses in the event of the occurrence of an operating deficit caused by the termination or reduction of rental subsidies provided by the District of Columbia Housing Authority. The \$1,500,000 reserve will be established with four annual payments of \$375,000 beginning in June 2014. Under certain conditions, this reserve can be returned to SOME in 10 annual payments beginning in June 2024. At December 31, 2022 and 2021, the balance in the LRSP reserve was \$1,504,478 and \$1,503,991, respectively.

#### Other reserves

The Organization maintains other reserve accounts including insurance and tax reserves. As of December 2022 and 2021, the other reserves balance was \$1,488,002 and \$1,348,939, respectively.

#### Note 4 - Development escrows

Development escrows include cash restricted for the construction of Residential, Healthcare, and Programs. At December 31, 2022 and 2021, development escrows had a balance of \$10,914,008 and \$6,157,632, respectively.

#### Note 5 - Pledges and United Way contribution receivable

Pledges and the United Way contribution receivable as of December 31, 2022 and 2021 are unconditional.

Pledges and the United Way contribution receivable are considered fully collectible and are due as follows as of December 31, 2022 and 2021:

	2022	2021
Pledges and United Way contribution due in less than one year	\$ 1,459,213	\$ 352,000
Pledges and United Way contribution due in one to three years	3,180,000	-
Total pledges and United Way contribution	<u>\$ 4,639,213</u>	<u>\$ 352,000</u>

#### Note 6 - Financial statement presentation

SOME conforms with U.S. generally accepted accounting principles governing not-for-profit entities. Those principles require that contributions be recorded as with donor restriction or without donor restriction support depending on the existence and/or nature of any donor imposed restrictions. They further establish standards for external financial reporting by not-for-profit organizations and require that resources be classified for accounting and reporting purposes into two net asset categories - net assets without restriction and net assets with restriction - according to externally (donor) imposed restrictions.

## SOME and Affiliates

### Notes to Consolidated Financial Statements December 31, 2022 and 2021

A description of the net assets without donor restriction and net assets with donor restriction categories are as follows:

Net assets without restriction - includes revenue and expenses associated with the principal mission of SOME. Net assets without restriction include net assets that have been internally designated by the Board of Directors for specific purposes. See Note 10 for net asset designation.

Net assets with restriction - generally includes contributions for which donor-imposed direct restrictions have not been met or donor contributions that have not been received.

At December 31, 2022 and 2021, net assets with restriction consisted of the following:

	2022	2021
Capital campaign	\$ 8,379,276	\$ 10,465,232
Major improvements	427,414	777,828
Time restricted	352,000	352,000
	\$ 9,158,690	\$ 11,595,060

#### Note 7 - Investments

The following represents investments held as of December 31, 2022 and 2021:

	2022	2021
Fixed income	\$ 7,591,316	\$ 7,808,795
Equities	20,839,370	24,898,878
Money market funds	157,728	873,032
	\$ 28,588,414	\$ 33,580,705

Investment income (loss) for the years ended December 31, 2022 and 2021 is as follows:

	2022	2021
Interest and dividends	\$ 793,251	\$ 736,857
(Loss) gain on investments, net	(6,019,664)	3,684,337
Investment fees	(59,085)	(43,549)
	\$ (5,285,498)	\$ 4,377,645

The three levels of the fair value hierarchy under U.S. generally accepted accounting principles and the applicability to SOME's portfolio investments are described below:

Level 1 - quoted prices in active markets for identical investments.

Level 2 - other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment fees, credit risk, etc.).

## SOME and Affiliates

### Notes to Consolidated Financial Statements December 31, 2022 and 2021

Level 3 - significant unobservable inputs (including SOME's own assumption in determining the fair value of investments).

Pursuant to the operating agreement, as defined, of Zagami, SOME maintains operating reserve deposits to fund operating deficits. At December 31, 2022 and 2021, the balance in the operating reserve account was \$462,129 and \$459,996, respectively, and is included in investments on the accompanying consolidated statements of financial position.

Pursuant, to the operating agreement, as defined, of Altamont, SOME maintains sinking fund reserve deposits to fund operating deficits. At December 31, 2022 and 2021, the balance of the sinking fund was \$1,196,434 and \$1,053,133, respectively, which is included in investments in the accompanying consolidated statements of financial position.

The following table sets forth by level, within the fair value hierarchy SOME's investments reported at fair value as of December 31, 2022:

Description	Total investments at 12/31/2022	Market prices for assets (Level 1)	Other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Fixed income	\$ 7,591,316	\$ 7,591,316	\$ -	\$ -
Money market funds	157,728	157,728	-	-
Equities				
U.S. equities	13,277,006	13,277,006	-	-
Global equities	7,562,364	7,562,364	-	-
	<u>\$ 28,588,414</u>	<u>\$ 28,588,414</u>	<u>\$ -</u>	<u>\$ -</u>

The following table sets forth by level, within the fair value hierarchy SOME's investments reported at fair value as of December 31, 2021:

Description	Total investments at 12/31/2021	Market prices for assets (Level 1)	Other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Fixed income	\$ 7,808,795	\$ 7,808,795	\$ -	\$ -
Money market funds	873,032	873,032	-	-
Equities				
U.S. equities	16,045,524	16,045,524	-	-
Global equities	8,853,354	8,853,354	-	-
	<u>\$ 33,580,705</u>	<u>\$ 33,580,705</u>	<u>\$ -</u>	<u>\$ -</u>

## SOME and Affiliates

### Notes to Consolidated Financial Statements December 31, 2022 and 2021

The following table shows what items the investments are pledged to as of December 31, 2022 and 2021:

	2022	2021
Balance	\$ 28,588,414	\$ 33,580,705
Lines of credit	(15,500,000)	(15,500,000)
Zagami operating reserve	(462,129)	(459,996)
Altamont sinking fund	(1,196,434)	(1,053,133)
Replacement reserves	(1,158,481)	(1,235,955)
Unpledged investments	\$ 10,271,370	\$ 15,331,621

#### Note 8 - Donated assets and services

The Organization received gifts in-kind for the years ended December 31, 2022 and 2021:

	2022	2021
Meals	\$ 528,567	\$ 524,540
	\$ 528,567	\$ 524,540

Contributed meals received by the Organization are recorded as in-kind contributions with corresponding expenses. The Organization values the donated meals based on the market value if the Organization had bought them.

All gifts in-kind received by the Organization were considered without donor restrictions and able to be used by the Organization as determined by the Board of Directors and management.

#### Note 9 - Line-of-credit

SOME has a line-of-credit agreement with a commercial bank providing for borrowings of up to \$3,000,000. The line-of-credit is utilized to support working capital needs and acquisition of real estate and bears interest at the 30 day average SOFR at December 31, 2022 and LIBOR +1.0% at December 31, 2021 (4.06% and 0.6%, respectively, at December 31, 2022 and 2021). During 2022, the line-of-credit was extended to December 29, 2023. Management expects to further extend the line-of-credit. The line-of-credit is secured by one of SOME's investment accounts. Borrowings under the line require monthly payments of all accrued unpaid interest. As of December 31, 2022 and 2021, SOME had borrowed, \$0, of the line-of-credit.

SOME has a second line-of-credit agreement with a commercial bank providing for borrowings of up to \$4,500,000. The line-of-credit is utilized to support working capital needs and acquisition of real estate and bears interest at 30 day average SOFR at December 31, 2022 and LIBOR +1.4% at December 31, 2021 (4.06% and 0.6%, respectively, at December 31, 2022 and 2021). During 2022, the line-of-credit was extended to August 30, 2023. Management expects to further extend the line-of-credit. The line-of-credit is secured by one of SOME's investment accounts. Borrowings under the line require monthly payments of all accrued unpaid interest. As of December 31, 2022 and 2021, SOME had borrowed \$3,500,000 and \$3,500,000, respectively, of the line-of-credit.



## **SOME and Affiliates**

### **Notes to Consolidated Financial Statements December 31, 2022 and 2021**

SOME entered into line-of-credit agreement with a commercial bank providing for borrowings of up to \$1,500,000. The line-of-credit is utilized to support working capital needs and acquisition of real estate and bears interest at 30 day average SOFR at December 31, 2022 and LIBOR +1.0% at December 31, 2021 (4.06% and 0.6%, respectively, at December 31, 2022 and 2021). During 2022, the line-of-credit was extended to December 31, 2023. The line-of-credit is secured by one of SOME's investment accounts. Borrowings under the line require monthly payments of all accrued unpaid interest. As of December 31, 2022 and 2021, the outstanding balance was \$1,500,000 and \$0, respectively, of the line-of-credit.

SOME entered into line-of-credit agreement with a commercial bank providing for borrowings of up to \$3,000,000. The line-of-credit is utilized to support working capital needs and acquisition of real estate and bears interest at 30 day average SOFR at December 31, 2022 and LIBOR +1.35% at December 31, 2021 (4.06% and 0.6%, respectively, at December 31, 2022 and 2021). During 2022, the line-of-credit was extended to October 29, 2024. The line-of-credit is secured by one of SOME's investment accounts. Borrowings under the line require monthly payments of all accrued unpaid interest. As of December 31, 2022 and 2021, SOME had borrowed \$3,000,000 of the line-of-credit.

## SOME and Affiliates

### Notes to Consolidated Financial Statements December 31, 2022 and 2021

#### Note 10 - Notes payable

Notes payable at December 31, 2022 and 2021 consisted of:

Name of creditor	Maturity date	Interest rate	12/31/2022	12/31/2021	Other	Name of debtor
Association of Sulpicians	August 2022	2.00%	\$ -	\$ 50,000		SOME, Inc.
PNC Bank	August 2022	6.92%	-	285,735		SOME, Inc.
DC Department of Housing and Community Development (DC DHCD)	July 2034	5.00%	746,190	793,936		SOME, Inc.
DC DHCD	June 2048	Non-interest bearing	-	-	Principal due at maturity in 2048.	SOME, Inc.
Private party	July 2024	3.00%	1,000,000	1,000,000	Principal and interest due at maturity; loan forgiven upon lender's death.	SOME, Inc.
Continental Casualty Company	Within 14 days of settlement	0%	-	500,000		SOME, Inc.
Local Initiatives Support Corporation	5/1/2025	4.75%	6,929,087	-		SOME, Inc.
Local Initiatives Support Corporation	6/1/2025	4.75%	3,861,098	-		SOME, Inc.
Amazon.com NV Investment Holdings LLC	5/31/2042	2.00%	11,759,650	-	Loan Servicing Fee of \$10,548 annually	SOME, Inc.
Enterprise Community Loan Fund, Inc.	August 2023	0%	225,000	225,000	Principal and interest will be forgiven at maturity if loan conditions are met.	AHO
DC DHCD	October 2038	3.00%	1,267,783	1,329,009		AHO
DC DHCD	May 2047	Non-interest bearing	917,500	935,500	March 2046 - Balloon of \$280,516.	AHO
Northmarq Finance, LLC	February 2058	4.35%	7,877,847	7,971,182	Maximum amount allowed to be drawn is \$8,300,000.	Residential
DC DHCD	480 months after stabilization	Non-interest bearing	17,947,789	17,947,789	Maximum amount allowed to be drawn is \$17,947,789.	Residential
New Markets Support Company, LLC - Healthy Futures Financing Fund, LLC	April 2037	3.60%	-	11,573,832	\$2,931,716 Forgiven and balance paid in full	Healthcare
City First Bank	November 2032	4.25%	10,471,307	-		Healthcare
City First Capital 37, LLC	October 2045	1.09%	-	9,800,000	Assumed by SOME and forgiven	Programs
Community Urban Revitalization Enterprises VII, LLC	October 2045	1.09%	-	10,976,520	Assumed by SOME and forgiven	Programs
DC DHCD	March 2053	1.00%	1,468,761	1,468,761		Altamont
DC DHCD	May 2057	2.00%	4,900,000	4,900,000		Spring Road
City Bank	June 2050	4.73%	5,956,830	6,030,104		Spring Road
DC DHCD	April 2048	1.00%	966,084	971,404		Zagami
Builders Fund, LLC	November 2053	2.70%	2,000,000	2,000,000	Payable solely out of available cash flow.	Scattered Site
DC DHCD	April 2053	1.80%	4,780,000	4,780,000	Payable solely out of available cash flow; Maximum amount allowed to be drawn is \$4,780,000.	Scattered Site
DC DHCD	April 2053	2.50%	900,000	900,000	Payable solely out of available cash flow.	Scattered Site
DCHFA (Citibank as Funding Lender)	May 2031	4.56%	5,757,961	5,855,329	Maximum amount to be drawn is \$6,336,000.	Scattered Site
DC DHCD	January 2050	2.00%	11,503,000	11,503,000	Payable solely out of available cash flow.	Supportive
DCHFA	January 2044	4.09%	7,270,000	7,380,000	Maximum amount to be drawn is \$18,300,000.	Supportive
DC DHCD	April 2060	3.00%	11,407,761	6,009,890		SS III
DC DHCD	April 2062	3.00%	-	4,560,016		SS III
Chase	October 2040	2.27%	17,300,000	7,908,555	Maximum amount to be drawn is \$17,300,000.	SS III
DC DHCD	September 2063	1.00%	14,004,113	9,130,035		1515 North Capital
Chase	October 2024	2.00%	18,842,276	55,000		1515 North Capital
			170,060,037	136,840,597		
			(12,161,927)	(1,707,789)		
			(2,491,939)	(2,424,157)		
			<u>\$ 155,406,171</u>	<u>\$ 132,708,651</u>		

## SOME and Affiliates

### Notes to Consolidated Financial Statements December 31, 2022 and 2021

As of December 31, 2022 and 2021, all notes payable are solely collateralized by the respective rental properties owned by the affiliated entities responsible for each mortgage.

Debt issuance costs, net of accumulated amortization, totaled \$2,491,939 and \$2,424,157 as of December 31, 2022 and 2021, respectively, are related to the mortgages above. Debt issuance costs on the above notes are being amortized using imputed rates that range from 1.08% to 5.93%.

The aggregate amount of principal payments required on notes payable at December 31, 2022 are as follows:

December 31, 2023	\$	12,161,927
2024		230,778
2025		31,629,303
2026		1,042,214
2027		1,089,150
Thereafter		123,906,665
Total	\$	170,060,037

#### Note 11 - Designations

The board of directors of SOME has designated net assets without donor restriction for the following purposes as of December 31, 2022 and 2021:

	2022	2021
Expansion of housing and other programs	\$ 19,574,055	\$ 11,198,559
Property and equipment	63,604,415	38,859,508
Other funds in escrow	5,319,810	4,513,685
Reserve for contingencies	11,000,000	11,000,000
Replacement and major repairs reserve	1,500,000	1,500,000
Pledge to support lines of credit	7,585,385	9,085,385
	\$ 108,583,665	\$ 76,157,137

#### Note 12 - Consolidated statements of cash flows

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the consolidated statements of financial position that sum to the total of the same such amounts in the consolidated statements of cash flows:

	2022	2021
Cash and cash equivalents	\$ 7,697,676	\$ 17,716,252
Security deposits	400,411	367,795
Restricted cash	936,244	929,345
	\$ 9,034,331	\$ 19,013,392

## **SOME and Affiliates**

### **Notes to Consolidated Financial Statements December 31, 2022 and 2021**

Amounts included in restricted cash are comprised of security deposits held in trust for the future benefit of tenants upon moving out of the property and restricted cash as required by the regulatory authorities and the operating agreements.

#### **Note 13 - Commitments and contingencies**

Grant funds received by SOME are subject to audit by the various funding agencies. The management of SOME believes that adjustments, if any, as a result of such audits will not have a material effect upon SOME's level of support from grants. No provision has been made in the accompanying consolidated financial statements for any liability that may result.

The project's low-income housing credits are contingent on its ability to maintain compliance with applicable sections of Section 42 of the Internal Revenue Code. Failure to maintain compliance with tenant income eligibility and rent limits or to correct instances of noncompliance within a reasonable time period could result in recapture of previously claimed tax credits plus interest. In addition, any such noncompliance, if it were to occur, likely would result in an adjustment to the contributed capital of the investor limited partner.

During December 2018, cracks were discovered in the garage of the Conway Center, located at 4430 Benning Road, NE. The relevant parties have been notified and SOME has engaged a third-party engineering firm to provide a thorough assessment of the damage and scope of repairs. At this time, the scope of the permanent repair for the building has not been finalized, and therefore costs related to the damage have not been fully quantified. SOME is pursuing insurance claims to cover costs of repair and other costs arising from the damage.

On April 19, 2022, SOME entered into a settlement agreement that provides a partial recovery of costs related to damage to the garage. SOME continues to pursue insurance claims to cover unreimbursed costs.

#### **Note 14 - Retirement plans**

SOME has established a defined contribution, 401(k) plan. Participation in this plan is optional for all employees. SOME will match employee contributions, with a maximum of 10% for all employees who have completed one year of service. During the years ended December 31, 2022 and 2021, SOME contributed \$1,244,617 and \$1,137,944, respectively, to the plan.

In addition, SOME pays the premium for a split-dollar whole life insurance policy for a key employee. Under the terms of the policy, the cumulative annual premiums paid by SOME will be repaid from any death benefits. As of December 31, 2022 and 2021, SOME has paid cumulative premiums totaling \$0 and \$562,056, respectively.

#### **Note 15 - Uninsured cash**

SOME maintains its cash in bank deposit accounts which at times may exceed federally insured limits in the United States. The Federal Deposit Insurance Corporation ("FDIC") insures balances up to \$250,000 held at a financial institution. SOME has not experienced any losses, and believes it is not exposed to any significant credit risk on cash and cash equivalents.

## SOME and Affiliates

### Notes to Consolidated Financial Statements December 31, 2022 and 2021

#### Note 16 - Related party transaction

##### **Asset management fee**

SOME and affiliates incur asset and investor services management fees through Naylor, Scattered Site, Altamont, Residential, Spring, and Zagami.

Pursuant to the Operating Agreement of Naylor, the investor member earns an annual asset management fee of \$3,500, beginning in 2012, which increases by 3% annually. The asset management fee is payable from available cash flow. During the years ended December 31, 2022 and 2021, asset management fees of \$4,704 and \$4,569, respectively, were incurred. As of December 31, 2022 and 2021, \$4,704 and \$4,302, respectively, were payable.

Pursuant to the Operating Agreement of Scattered Site II, the investor member receives an original annual asset management fee of \$5,000, which increases 3% annually. The asset management fee is payable from available cash flow. For the years ended December 31, 2022 and 2021, \$6,524 and \$6,334, respectively, were incurred. As of December 31, 2022 and 2021, \$6,524 and \$0, respectively, remain payable.

Pursuant to the Operating Agreement of Altamont, the Investor Member earns an annual asset management fee of \$2,500, beginning in 2017, which increases by 3% annually. The asset management fee is payable from available cash flow. During the years ended December 31, 2022 and 2021, asset management fees of \$2,898 and \$2,814, respectively, were incurred. As of December 31, 2022 and 2021, \$0 and \$10,467, respectively, remained payable.

Pursuant to the Operating Agreement of Residential, the Investor Member earns an annual asset management fee of \$7,000, beginning in 2018, which increases by 3% annually. The asset management fee is payable from available cash flow. During the period ended December 31, 2022 and the period ended December 31, 2021, asset management fees of \$7,878 and \$4,908, respectively, were incurred. As of December 31, 2022 and 2021, \$10,621 and \$0, respectively, remained payable.

Pursuant to the Operating Agreement of Spring, the Investor Member earns an annual asset management fee of \$2,500, beginning in 2019, which increases by 3% annually. The asset management fee is payable from available cash flow. During the years ended December 31, 2022 and 2021, asset management fees of \$2,814 and \$2,732, respectively, were incurred. At December 31, 2022 and 2021, \$0 and \$0, respectively, remain payable.

Pursuant to the Operating Agreement of Scattered Site III, the investor member receives an original annual asset management fee of \$7,000, which increases 3% annually. The asset management fee is payable from available cash flow. For the period ended December 31, 2022, \$5,543 was incurred. As of December 31, 2022, \$5,543 remains payable.

##### **Investor services management fee**

Pursuant to the Operating Agreement of Zagami, the PNC Fund Investor earns an annual investor services management fee of \$650, beginning in 2009 and increasing by 3% annually. The investor services management fee is payable from available cash flow. During 2022 and 2021, investor services management fees of \$955 and \$927, respectively, were incurred. As of December 31, 2022 and 2021, \$955 and \$2,576, respectively, remained payable.

## SOME and Affiliates

### Notes to Consolidated Financial Statements December 31, 2022 and 2021

#### Note 17 - Note receivable

SOME has a note receivable with Twain Investment Fund 88, LLC in the original amount of \$14,739,128. The funds were advanced in relation to Program's New Markets Tax Credits ("NMTC"). The note bears interest at 1% and matures on October 30, 2045. Interest-only payments are due quarterly beginning in October of 2015. Beginning in 2022, principal and interest payments of \$244,344 will be due quarterly. At December 31, 2021, the note receivable balance was \$14,739,128. For the year ended December 31, 2021, interest revenue recognized was \$147,446. During the year ended December 31, 2022, the entire balance of the note was forgiven after SOME was assigned the interest in Twain Investment Fund 88, LLC.

#### Note 18 - Construction contracts

During 2020, SS III entered into a construction contract with Bozzuto Contractors, Inc., an unrelated third party, guaranteed by the contractor not to exceed \$9,032,103, subject to additions or deduction by change orders. As of December 31, 2021, approved change orders of \$823,395 increased the contract amount to \$9,855,498. As of December 31, 2021, \$9,341,359 of costs have been incurred, of which \$593,065 remains payable, including \$491,650 of retainage, and is included in accounts payable. As of December 31, 2022, construction has been completed and all costs related to the construction contract have been paid.

During 2020, SS III entered into a construction contract with Hamel Commercial, Inc., an unrelated third party, guaranteed by the contractor not to exceed \$8,289,895, subject to additions or deduction by change orders. As of December 31, 2021, approved change orders of \$532,573 increased the contract amount to \$8,822,468. As of December 31, 2021, \$8,804,190 of costs have been incurred, of which \$1,298,245 remains payable, including \$426,825 of retainage, and is included in accounts payable. As of December 31, 2022, construction has been completed and all costs related to the construction contract have been paid.

During 2021, 1515 North Capital entered into a construction contract with Clark Construction Group, LLC, an unrelated third party, guaranteed by the contractor not to exceed \$39,116,786, subject to additions or deduction by change orders. As of December 31, 2022, approved change orders of \$874,011 increased the contract amount to \$39,990,797. As of December 31, 2022, \$29,814,031 of costs have been incurred, of which \$4,862,540 remains payable, including \$1,999,540 of retainage, respectively, and is included in accounts payable.

## SOME and Affiliates

### Notes to Consolidated Financial Statements December 31, 2022 and 2021

#### Note 19 - Construction in progress

Construction in progress consisted of the following as of December 31, 2022 and 2021:

Project name	2022	2021
Programs	\$ 64,500	\$ 66,034
SS III	-	10,237,646
NCap	38,362,567	11,009,684
Benning Garage (SOME)	890,263	970,867
Shalom House (SOME)	587	-
Gas station (SOME)	54,670	54,670
Deanwood (SOME)	2,197,804	305,204
Kansas Avenue (SOME)	9,524	255,075
Woodley (SOME)	478,757	205,533
Hanover Place (SOME)	2,559,931	2,559,931
O Street (SOME)	230,576	117,287
Other major improvements (SOME)	2,497,711	432,104
	<u>\$ 47,346,890</u>	<u>\$ 26,214,035</u>

#### Note 20 - Availability and liquidity

Under SOME and Affiliates' liquidity plan, cash in excess of daily requirements is invested in short-term investments and money market funds. Occasionally, the Board of Directors designates a portion of any operating surplus to a separate professionally managed operating investment reserve, which was \$28,588,414 and \$33,580,705 at December 31, 2022 and 2021, respectively.

## SOME and Affiliates

### Notes to Consolidated Financial Statements December 31, 2022 and 2021

The following represents SOME and Affiliates' financial assets at December 31, 2022 and 2021:

	2022	2021
Financial assets at year-end		
Cash and cash equivalents, undesignated	\$ 6,697,676	\$ 16,716,252
Cash and cash equivalents, designated to investment in property and equipment	1,000,000	1,000,000
United Way contributions receivable	352,000	352,000
Accounts receivable	4,250,301	2,148,386
Developer fee receivable, current	2,299,369	336,104
Grants receivable	867,312	413,292
Pledges receivable, current	1,107,213	-
Investments	28,588,414	33,580,705
Total financial assets	45,162,285	54,546,739
Less amounts not available to be used within one year		
Net assets with donor restrictions	9,158,690	11,595,060
Pledged investments	17,158,563	17,013,129
Board designated	12,500,000	12,500,000
	38,817,253	41,108,189
Financial assets available to meet general expenditures over the next 12 months	\$ 6,345,032	\$ 13,438,550

SOME and Affiliates' goal is generally to maintain financial assets to meet 90 days of operating expenses, which is included in the board designated line (approximately \$7.5 million (Note 9)). Although we do not intend to spend from these board-designated funds, these amounts could be made available if necessary.

#### **Note 21 - Guarantees**

SOME and Affiliates issue a variety of guarantees in the course of developing properties. The guarantees are generally issued in the favor of the investor members or lenders. Guarantees as of December 31, 2022 and 2021 consist of the following:

##### **Operating deficit guarantees**

Operating deficit guarantees are commitments to fund future operating deficits of its affiliated limited liability companies. The guarantees are issued in favor of tax credit limited liability companies, and generally are for the 15-year period when the investor is expected to hold its investor member interest, or for shorter periods (for example, three to five years after the project has achieved break-even or stabilized operations, or a certain debt service coverage ratio, as defined in the respective agreements).

In addition, SOME has a maximum \$2 million exposure to replenish the operating reserve fund of Supportive if the reserve falls below \$500,000.



## SOME and Affiliates

### Notes to Consolidated Financial Statements December 31, 2022 and 2021

#### **Tax credit guarantees**

Tax benefits guarantees are guarantees that properties financed in part by federal tax credit allocations will realize a flow of tax benefits in the form of low income tax credits to the investors in tax credit limited liability companies over the tax compliance period of 15 years after initial lease-up.

#### **Construction guarantees**

Construction related guarantees are commitments to fund the development and lease up of a project, should the project not receive expected permanent financing, or should the cost of the development exceed permanent financing received.

#### **Right-sized permanent loan**

Pertaining to Residential, SOME has guaranteed to fund any difference between the amount of debt underwritten and the eventual permanent financing received.

The maximum amount of future payments SOME could be required to pay under these guarantees ranges from a fixed to an unlimited amount based on the guarantees. However, in management's judgment, there are numerous factors which reduce or limit SOME's exposure.

If SOME believes a liability associated with any of the aforementioned commitments becomes probable and the amount of the liability is reasonably estimable or the maximum amount of a range of loss is reasonably estimable, then an appropriate liability is established. SOME evaluated a liability for the obligation it has undertaken in issuing the guarantee, including its ongoing obligation to stand ready to perform over the term of the guarantee in the event that a specific triggering event or conditions occur.

SOME has evaluated the fair value of each guarantee entered into and determined that no material liability is to be recorded as of December 31, 2022 or 2021.

#### **Demand note**

Pertaining to Residential, SOME has guaranteed to fund a demand note in the maximum amount of \$1,000,000, which is to be maintained during the compliance period. The demand note shall be an unconditional obligation on the part of SOME and is to be disbursed in accordance with payment requests as defined.

#### **Note 22 - Leasing arrangements**

The Organization leases buildings, building space, equipment used in its manufacturing and distribution operations, and office equipment. All contracts that implicitly or explicitly involve property, plant and equipment are evaluated to determine whether they are or contain a lease.

At lease commencement, the Organization recognizes a lease liability, which is measured at the present value of future minimum lease payments, and a corresponding right-of-use asset equal to the lease liability, adjusted for any prepaid lease costs, initial direct costs and lease incentives. The Organization has elected and applies the practical expedient to combine non-lease components with their related lease components and account for them as a single combined lease component for all its leases. The Organization remeasures lease liabilities and related right-of-use assets whenever there is a change to the lease term and/or there is a change in the amount of future lease payments, but only when such changes do not qualify to be accounted for as a separate contract.

The Organization determines an appropriate discount rate to apply when determining the present value of the remaining lease payments for purposes of measuring or remeasuring lease liabilities. As the rate implicit in the lease is generally not readily determinable, the Organization estimates its incremental

## SOME and Affiliates

### Notes to Consolidated Financial Statements December 31, 2022 and 2021

borrowing rate as the discount rate. The Organization's incremental borrowing rate, which is determined at either lease commencement or when a lease liability is remeasured, is based on the applied risk free rate determined by management.

For accounting purposes, the Organization's leases commence on the earlier of (i) the date upon which the Organization obtains control of the underlying asset and (ii) the contractual effective date of a lease. Lease commencement for most of the Organization's leases coincides with the contractual effective date. The Organization's leases generally have minimum base terms with renewal options or fixed terms with early termination options. Such renewal and early termination options are exercisable at the option of the Organization and, when exercised, usually provide for rental payments during the extension period at then current market rates or at pre-determined rental amounts. Unless the Organization determines that it is reasonably certain that the term of a lease will be extended, such as through the exercise of a renewal option or non-exercise of an early termination option, the term of a lease begins at lease commencement and spans for the duration of the minimum non-cancellable contractual term. When the exercise of a renewal option or non-exercise of early termination option is reasonably certain, the lease term is measured as ending at the end of the renewal period or on the date an early termination may be exercised.

The Organization includes variable rental payments based on a rate or an index such as the Consumer Price index (CPI) in its measurement of lease payments based on the rate or index in effect at lease commencement. Other types of variable lease payments are expensed as incurred.

#### Leases involving equipment

Equipment leases have lease terms that generally range from less than 1 year to 5 years. Rental payments on these leases typically provide for fixed minimum payments that increase over the lease term at predetermined amounts, are included in the measurement of lease payments, and are included in the measurement of lease liabilities.

Under certain leases of manufacturing and distribution equipment, the title to the equipment will transfer to the Organization at the end of the lease term.

#### Financial information

The components of rental cost for the year ended December 31, 2022 are as follows:

<u>Year Ended December 31, 2022</u>	<u>Short Term Lease (1)</u>	<u>Operating Leases (1)</u>	<u>Finance Leases (2)</u>	<u>Total</u>
Rent expense	\$ -	\$ 168,581	\$ -	\$ 168,581
Amortization expense	-	-	171,171	171,171
Interest expense	-	-	6,728	6,728
Total lease cost	<u>\$ -</u>	<u>\$ 168,581</u>	<u>\$ 177,899</u>	<u>\$ 346,480</u>

- (1) The rental costs of short term and operating lease are included in rent expense in the Organization's consolidated statement of activities.
- (2) Amortization of finance lease right-of-use assets and interest on finance lease liabilities are included in depreciation and amortization and interest expense in the Organization's consolidated statement of activities, respectively.

## SOME and Affiliates

### Notes to Consolidated Financial Statements December 31, 2022 and 2021

Supplemental cash flow information related to Organization's leases for the year ended December 31, 2022:

<u>Year Ended December 31, 2022</u>	<u>Operating Leases</u>	<u>Finance Leases</u>	<u>Total</u>
Cash paid for amounts included in the measurement of lease liabilities	\$ -	\$ 250,000	\$ 250,000
Addition to right-of-use assets	\$ 583,306	\$ 684,694	\$ 1,268,000

Weighted average remaining lease term and weighted average incremental borrowing rate for the Organization's leases as of December 31, 2022:

<u>Year Ended December 31, 2022</u>	<u>Operating Leases</u>	<u>Finance Leases</u>
Weighted average remaining term (in years)	1.917	2.25
Weighted average incremental borrowing rate	2.39%	2.39%

Annual maturity analysis of the Organization's lease liabilities as of December 31, 2022:

<u>Calendar Year</u>	<u>Operating Leases</u>	<u>Finance Leases</u>	<u>Total</u>
2023	\$ 199,980	\$ 150,000	\$ 349,980
2024	183,150	150,000	333,150
2025	-	37,500	37,500
2026	-	-	-
2027	-	-	-
Thereafter	-	-	-
Total lease payments	383,130	337,500	720,630
Less: Interest	8,258	8,504	16,762
Total lease liability	<u>\$ 374,872</u>	<u>\$ 328,996</u>	<u>\$ 703,868</u>
Less: current portion of total lease liability	<u>\$ 193,352</u>	<u>\$ 144,008</u>	<u>\$ 337,360</u>
Noncurrent portion of total lease liability	<u>\$ 181,340</u>	<u>\$ 184,914</u>	<u>\$ 366,254</u>

v

Operating lease rental cost of \$168,581 for the year ended December 31, 2022 is included in management and general expense in the Organization's consolidated statement of activities. In addition, interest on the Organization's capital lease obligations is recognized on a level yield basis over the period preceding the transfer of title to the equipment. The Organization's capital lease obligation has an effective interest rate of 2.42% and matures on March 31, 2025.

## SOME and Affiliates

### Notes to Consolidated Financial Statements December 31, 2022 and 2021

#### Commercial lease

Benning Healthcare leases its facilities to Unity Health Care, Inc. under an operating lease agreement. The lease expires on March 1, 2038. The terms of the lease require a minimum annual rent of \$1,129,770, with an annual increase of 3%. Rental income for the years ended December 31, 2022 and 2021 was \$1,490,661 and \$1,457,408, respectively.

Future five years minimum rental payments consist of the following:

December 31, 2023	\$	1,270,991
2024		1,331,716
2025		1,371,668
2026		1,412,818
2027		1,455,202

#### Note 23 - Subsequent events

Events that occur after the consolidated statements of financial position date but before the consolidated financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of the subsequent events that provide evidence about conditions at the consolidated statements of financial position date are recognized in the accompanying consolidated financial statements. Subsequent events which provide evidence about the conditions that existed after the consolidated statements of financial position date require disclosure in the accompanying notes. Management evaluated the activity of SOME through July 26, 2023 (the date the consolidated financial statements were available to be issued) and concluded other than the subsequent events discussed below that no subsequent events have occurred that would require recognition in the consolidated financial statements or disclosure in the notes to the consolidated financial statements.

On March 29, 2023, SOME purchased 6119 Dix St. NE Washington, D.C. for \$281,884

On February 14, 2023, SOME purchased 6117 Dix St. NE Washington, D.C. for \$630,000.

On January 23, 2023, SOME purchased 2607 Connecticut Ave. NW Washington, D.C. for \$11,500,000.

## **Supplementary Information**

## SOME and Affiliates

### Consolidating Schedule of Financial Position December 31, 2022

	SOME, Inc.	Housing Opportunities, Inc.	BH, LLC	Twain Investment Fund 88, LLC	Eliminations	Subtotal	Real Estate	Eliminations	Total
<b>Assets</b>									
<b>Current assets</b>									
Cash and equivalents, undesignated	\$ 4,398,773	\$ 91,858	\$ 39,288	\$ -	\$ -	\$ 4,529,919	\$ 2,167,757	\$ -	\$ 6,697,676
Cash and equivalents designated to investment in property and equipment	1,000,000	-	-	-	-	1,000,000	-	-	1,000,000
Contributions receivable	352,000	-	-	-	-	352,000	-	-	352,000
Accounts receivable, net	3,563,090	76,013	17,533	-	-	3,656,636	621,628	(27,963)	4,250,301
Developer fee receivable - current	2,299,369	-	-	-	-	2,299,369	-	-	2,299,369
Due from affiliates	19,318,705	100	-	-	(2,816,104)	16,502,701	-	(16,502,701)	-
Grants receivable	855,412	-	-	-	-	855,412	-	-	855,412
Pledges receivable - current	1,107,213	-	-	-	-	1,107,213	-	-	1,107,213
Investments - current	-	-	-	-	-	-	-	-	-
Prepaid expenses and deposits	154,707	50	-	-	-	154,757	13,494	-	168,251
<b>Total current assets</b>	<b>33,049,269</b>	<b>168,021</b>	<b>56,821</b>	<b>-</b>	<b>(2,816,104)</b>	<b>30,458,007</b>	<b>2,802,879</b>	<b>(16,530,664)</b>	<b>16,730,222</b>
<b>Other assets</b>									
Developer fee receivable - noncurrent	3,763,148	-	-	-	-	3,763,148	-	-	3,763,148
Investments in affiliates	2,470,697	1,664,936	-	-	(3,695,333)	440,300	-	(440,300)	-
Investments	28,588,414	-	-	-	-	28,588,414	-	-	28,588,414
Pledges receivable - noncurrent	3,180,000	-	-	-	-	3,180,000	-	-	3,180,000
Security deposits	32,433	46,103	8,001	-	-	86,537	313,874	-	400,411
Escrows and reserves	-	-	-	-	-	-	7,323,798	-	7,323,798
Development escrows	-	-	-	-	-	-	10,914,008	-	10,914,008
Restricted cash	45,752	-	-	-	-	45,752	890,492	-	936,244
Deferred rent asset	-	-	-	-	-	-	1,744,306	-	1,744,306
<b>Total other assets</b>	<b>38,080,444</b>	<b>1,711,039</b>	<b>8,001</b>	<b>-</b>	<b>(3,695,333)</b>	<b>36,104,151</b>	<b>21,186,478</b>	<b>(440,300)</b>	<b>56,850,329</b>
Notes receivable, net	28,204,392	-	-	-	(477,980)	27,726,412	-	(27,726,412)	-
Deferred fees, net of accumulated amortization	-	-	-	-	-	-	391,476	-	391,476
<b>Property and equipment</b>									
Land	14,043,669	554,283	434,587	-	-	15,032,539	12,602,573	-	27,635,112
Land Improvements	78,316	11,509	-	-	-	89,825	6,624,265	-	6,714,090
Buildings and improvements	33,616,498	8,830,866	1,893,971	-	-	44,341,335	194,035,715	(11,742,517)	226,634,533
Furniture and fixtures	1,668,300	257,149	-	-	-	1,925,449	4,846,551	-	6,772,000
Vehicles	502,812	-	-	-	-	502,812	-	-	502,812
Operating lease right-of-use assets	422,561	-	-	-	-	422,561	-	-	422,561
Finance lease right-of-use assets	513,523	-	-	-	-	513,523	-	-	513,523
Construction in process	8,919,823	-	-	-	-	8,919,823	44,155,143	(5,728,076)	47,346,890
Accumulated depreciation	(12,719,966)	(4,939,303)	(597,990)	-	-	(18,257,259)	(39,504,893)	1,353,284	(56,408,868)
<b>Total property and equipment</b>	<b>47,045,536</b>	<b>4,714,504</b>	<b>1,730,568</b>	<b>-</b>	<b>-</b>	<b>53,490,608</b>	<b>222,759,354</b>	<b>(16,117,309)</b>	<b>260,132,653</b>
<b>Total assets</b>	<b>\$ 146,379,641</b>	<b>\$ 6,593,564</b>	<b>\$ 1,795,390</b>	<b>\$ -</b>	<b>\$ (6,989,417)</b>	<b>\$ 147,779,178</b>	<b>\$ 247,140,187</b>	<b>\$ (60,814,685)</b>	<b>\$ 334,104,680</b>

## SOME and Affiliates

### Consolidating Schedule of Financial Position December 31, 2022

	SOME, Inc.	Affordable Housing Opportunities, Inc.	BH, LLC	Twain Investment Fund 88, LLC	Eliminations	Subtotal	Real Estate	Eliminations	Total
<b>Liabilities and Net Assets</b>									
<b>Current liabilities</b>									
Accounts payable and accrued expenses	\$ 1,633,849	\$ 2,734	\$ 1,767	\$ -	\$ -	\$ 1,638,350	\$ 5,171,692	\$ 142,348	\$ 6,952,390
Accrued payroll and withholding	1,144,768	-	-	-	-	1,144,768	-	-	1,144,768
Accrued vacation	764,463	-	-	-	-	764,463	-	-	764,463
Accrued interest payable - current	17,500	-	-	-	-	17,500	366,926	-	384,426
Current portion of operating lease liabilities	193,352	-	-	-	-	193,352	-	-	193,352
Current portion of finance lease liabilities	144,008	-	-	-	-	144,008	-	-	144,008
Due to affiliates	141,289	2,235,198	439,617	-	(2,816,104)	-	12,578,341	(12,578,341)	-
Deferred revenue - current	28,159	16,542	1,359	-	-	46,060	218,702	-	264,762
Lines of credit - current	5,000,000	-	-	-	-	5,000,000	-	-	5,000,000
Notes payable - current maturities	50,182	312,094	-	-	-	362,276	11,799,651	-	12,161,927
<b>Total current liabilities</b>	<b>9,117,570</b>	<b>2,566,568</b>	<b>442,743</b>	<b>-</b>	<b>(2,816,104)</b>	<b>9,310,777</b>	<b>30,135,312</b>	<b>(12,435,993)</b>	<b>27,010,096</b>
<b>Long-term liabilities</b>									
Security deposit payable	34,321	40,899	5,304	-	-	80,524	268,756	-	349,280
Accrued interest payable - related party	-	-	-	-	-	-	5,212,764	(5,212,764)	-
Accrued interest payable	-	-	-	-	-	-	5,680,225	-	5,680,225
Operating lease liabilities, net of current portion	181,340	-	-	-	-	181,340	-	-	181,340
Finance lease liabilities, net of current portion	184,914	-	-	-	-	184,914	-	-	184,914
Developer fee payable	-	-	-	-	-	-	17,470,593	(17,470,593)	-
Accrued asset management fee	-	-	-	-	-	-	28,347	-	28,347
Due to affiliates	-	-	-	-	-	-	4,094,671	(4,094,671)	-
Lines of credit	3,000,000	-	-	-	-	3,000,000	-	-	3,000,000
Notes payable, net	24,062,352	2,098,189	-	-	-	26,160,541	129,245,630	-	155,406,171
Notes payable - SOME	-	200,000	277,980	-	(477,980)	-	19,061,693	(19,061,693)	-
<b>Total long-term liabilities</b>	<b>27,462,927</b>	<b>2,339,088</b>	<b>283,284</b>	<b>-</b>	<b>(477,980)</b>	<b>29,607,319</b>	<b>181,062,679</b>	<b>(45,839,721)</b>	<b>164,830,277</b>
<b>Net assets</b>	<b>109,799,144</b>	<b>1,687,908</b>	<b>1,069,363</b>	<b>-</b>	<b>(3,695,333)</b>	<b>108,861,082</b>	<b>35,942,196</b>	<b>(2,538,971)</b>	<b>142,264,307</b>
<b>Total liabilities and net assets</b>	<b>\$ 146,379,641</b>	<b>\$ 6,593,564</b>	<b>\$ 1,795,390</b>	<b>\$ -</b>	<b>\$ (6,989,417)</b>	<b>\$ 147,779,178</b>	<b>\$ 247,140,187</b>	<b>\$ (60,814,685)</b>	<b>\$ 334,104,680</b>

See Independent Auditor's Report.

## SOME and Affiliates

### Consolidating Schedule of Activities Year Ended December 31, 2022

	SOME, Inc.	Affordable Housing Opportunities, Inc.	BH, LLC	Twain Investment Fund 88, LLC	Eliminations	Subtotal	Real Estate	Eliminations	Total
<b>Support and revenue</b>									
Contributions	\$ 22,824,813	\$ -	\$ -	\$ -	\$ -	\$ 22,824,813	\$ -	\$ -	\$ 22,824,813
Legacies and bequests	2,281,092	-	-	-	-	2,281,092	-	-	2,281,092
Special events	54,856	-	-	-	-	54,856	-	-	54,856
In-kind contributions	528,567	-	-	-	-	528,567	-	-	528,567
Grants	3,114,514	-	-	-	-	3,114,514	-	-	3,114,514
Foundations	2,661,352	-	-	-	-	2,661,352	-	-	2,661,352
Rental income, net	1,508,127	991,600	178,698	-	-	2,678,425	8,938,451	(272,680)	11,344,196
Operating subsidy from SOME, Inc.	-	-	-	-	-	-	178,278	(178,278)	-
Management fee income	3,281,820	-	-	-	(484,764)	2,797,056	-	(2,797,056)	-
Development fee income	2,382,966	-	-	-	-	2,382,966	-	-	2,382,966
Insurance reimbursements	5,130,414	-	-	-	-	5,130,414	-	-	5,130,414
Program service revenue	3,539	-	-	-	-	3,539	-	-	3,539
Other	6,876,734	42,669	7,516	14,739,128	-	21,666,047	23,678,686	(35,515,648)	9,829,085
<b>Total support and revenue</b>	<b>50,648,794</b>	<b>1,034,269</b>	<b>186,214</b>	<b>14,739,128</b>	<b>(484,764)</b>	<b>66,123,641</b>	<b>32,795,415</b>	<b>(38,763,662)</b>	<b>60,155,394</b>
<b>Expenses</b>									
<b>Program services</b>									
Emergency aid	2,084,140	-	-	-	-	2,084,140	-	-	2,084,140
Housing services	20,222,836	1,314,498	261,840	-	(484,764)	21,314,410	19,896,902	(3,456,795)	37,754,517
Health services	2,736,203	-	-	-	-	2,736,203	-	-	2,736,203
Senior services	1,827,204	-	-	-	-	1,827,204	-	-	1,827,204
Mental health services	8,188,309	-	-	-	-	8,188,309	-	-	8,188,309
Education	1,983,467	-	-	-	-	1,983,467	-	-	1,983,467
<b>Total program services</b>	<b>37,042,159</b>	<b>1,314,498</b>	<b>261,840</b>	<b>-</b>	<b>(484,764)</b>	<b>38,133,733</b>	<b>19,896,902</b>	<b>(3,456,795)</b>	<b>54,573,840</b>
<b>Supporting services</b>									
Management and general	3,145,443	-	-	-	-	3,145,443	-	(272,680)	2,872,763
Fundraising	3,901,764	-	-	-	-	3,901,764	-	-	3,901,764
<b>Total supporting services</b>	<b>7,047,207</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,047,207</b>	<b>-</b>	<b>(272,680)</b>	<b>6,774,527</b>
<b>Total expenses</b>	<b>44,089,366</b>	<b>1,314,498</b>	<b>261,840</b>	<b>-</b>	<b>(484,764)</b>	<b>45,180,940</b>	<b>19,896,902</b>	<b>(3,729,475)</b>	<b>61,348,367</b>
<b>Non-operating activities</b>									
(Loss) gain on investments - net	(6,019,664)	-	-	-	-	(6,019,664)	-	-	(6,019,664)
Forgiveness of debt	(14,739,128)	-	-	(20,776,520)	-	(35,515,648)	-	35,515,648	-
Gain on sale of fixed assets	155,497	-	-	-	-	155,497	-	-	155,497
Interest and dividends	687,976	162	-	-	-	688,138	46,028	-	734,166
<b>Total nonoperating activities</b>	<b>(19,915,319)</b>	<b>162</b>	<b>-</b>	<b>(20,776,520)</b>	<b>-</b>	<b>(40,691,677)</b>	<b>46,028</b>	<b>35,515,648</b>	<b>(5,130,001)</b>
<b>Change in net assets</b>	<b>\$ (13,355,891)</b>	<b>\$ (280,067)</b>	<b>\$ (75,626)</b>	<b>\$ (6,037,392)</b>	<b>\$ -</b>	<b>\$ (19,748,976)</b>	<b>\$ 12,944,541</b>	<b>\$ 481,461</b>	<b>\$ (6,322,974)</b>

See Independent Auditor's Report.



## SOME and Affiliates

### Consolidating Schedule of Financial Position - Real Estate Entities December 31, 2022

	Real Estate											
	Benning Residential, LLC	Benning Programs, LLC	Benning Healthcare, LLC	Supportive Housing Opportunities, LLC	Naylor Road, LLC	Zagami House, LLC	Scattered Site II, LLC	Altamont Place, LLC	Spring Road, LLC	Scattered Site III, LLC	1515 North Cap	Total
<b>Assets</b>												
<b>Current assets</b>												
Cash and equivalents, undesignated	\$ 171,845	\$ 12,160	\$ 266,429	\$ 146,335	\$ 49,925	\$ 29,980	\$ 1,678	\$ 29,123	\$ 23,810	\$ 90,590	\$ 1,345,882	\$ 2,167,757
Accounts receivable, net	71,443	29,750	76,274	54,825	75,010	5,519	167,282	17,118	56,294	68,113	-	621,628
Due from affiliates	-	-	-	-	-	-	-	-	-	-	-	-
Prepaid expenses and deposits	8,333	-	-	221	4,940	-	-	-	-	-	-	13,494
<b>Total current assets</b>	<b>251,621</b>	<b>41,910</b>	<b>342,703</b>	<b>201,381</b>	<b>129,875</b>	<b>35,499</b>	<b>168,960</b>	<b>46,241</b>	<b>80,104</b>	<b>158,703</b>	<b>1,345,882</b>	<b>2,802,879</b>
<b>Other assets</b>												
Security deposits	67,268	-	-	97,430	29,518	7,408	55,422	11,826	16,398	28,155	449	313,874
Escrows and reserves	639,089	-	451,913	4,199,672	-	-	1,388,362	-	644,762	-	-	7,323,798
Development escrows	-	10,618	-	-	-	-	-	-	-	6,786,734	4,116,656	10,914,008
Restricted cash	238,081	-	-	-	288,708	68,043	165,425	130,235	-	-	-	890,492
Deferred rent asset	-	-	1,744,306	-	-	-	-	-	-	-	-	1,744,306
<b>Total other assets</b>	<b>944,438</b>	<b>10,618</b>	<b>2,196,219</b>	<b>4,297,102</b>	<b>318,226</b>	<b>75,451</b>	<b>1,609,209</b>	<b>142,061</b>	<b>661,160</b>	<b>6,814,889</b>	<b>4,117,105</b>	<b>21,186,478</b>
Deferred fees, net of accumulated amortization	142,548	-	-	28,519	14,449	68	38,648	28,734	40,332	98,178	-	391,476
<b>Property and equipment</b>												
Land	3,116,309	1,206,719	955,314	1,989,045	424,458	153,537	703,021	995,509	2,803,220	255,441	-	12,602,573
Land improvements	557,772	1,042,132	1,353,734	1,211,994	626,677	68,339	-	-	218,395	1,545,222	-	6,624,265
Buildings and improvements	45,038,949	18,570,488	12,961,070	32,351,677	9,497,367	3,513,083	25,524,838	6,038,309	15,365,686	25,174,248	-	194,035,715
Furniture and fixtures	841,042	1,356,676	38,504	950,718	171,494	82,409	128,529	169,621	318,511	789,047	-	4,846,551
Construction in process	-	64,500	-	-	-	-	-	-	-	-	44,090,643	44,155,143
Accumulated depreciation	(6,322,022)	(3,693,858)	(1,969,226)	(12,527,511)	(3,103,224)	(2,006,831)	(5,611,985)	(974,730)	(1,860,169)	(1,435,337)	-	(39,504,893)
<b>Total property and equipment</b>	<b>43,232,050</b>	<b>18,546,657</b>	<b>13,339,396</b>	<b>23,975,923</b>	<b>7,616,772</b>	<b>1,810,537</b>	<b>20,744,403</b>	<b>6,228,709</b>	<b>16,845,643</b>	<b>26,328,621</b>	<b>44,090,643</b>	<b>222,759,354</b>
<b>Total assets</b>	<b>\$ 44,570,657</b>	<b>\$ 18,599,185</b>	<b>\$ 15,878,318</b>	<b>\$ 28,502,925</b>	<b>\$ 8,079,322</b>	<b>\$ 1,921,555</b>	<b>\$ 22,561,220</b>	<b>\$ 6,445,745</b>	<b>\$ 17,627,239</b>	<b>\$ 33,400,391</b>	<b>\$ 49,553,630</b>	<b>\$ 247,140,187</b>

## SOME and Affiliates

### Consolidating Schedule of Financial Position - Real Estate Entities December 31, 2022

	Real Estate											
	Benning Residential, LLC	Benning Programs, LLC	Benning Healthcare, LLC	Supportive Housing Opportunities, LLC	Naylor Road, LLC	Zagami House, LLC	Scattered Site II, LLC	Altamont Place, LLC	Spring Road, LLC	Scattered Site III, LLC	1515 North Cap	Total
<u>Liabilities and Net Assets</u>												
<b>Current liabilities</b>												
Accounts payable and accrued expenses	\$ 22,653	\$ 98,708	\$ -	\$ 1,266	\$ 3,344	\$ 40,001	\$ 6,878	\$ 558	\$ 3,750	\$ 39,683	\$ 4,954,851	\$ 5,171,692
Accrued interest payable - current	-	-	-	157,007	-	804	-	-	24,044	48,317	136,754	366,926
Due to affiliates	4,255,470	500,412	524,839	-	157,267	-	1,324,642	379,068	1,386,399	1,733,057	2,317,187	12,578,341
Deferred revenue	42,665	-	-	91,085	6,326	5,676	14,182	3,873	48,959	5,936	-	218,702
Notes payable - current maturities	89,163	-	346,095	130,000	-	14,345	93,232	-	76,816	11,050,000	-	11,799,651
<b>Total current liabilities</b>	<b>4,409,951</b>	<b>599,120</b>	<b>870,934</b>	<b>379,358</b>	<b>166,937</b>	<b>60,826</b>	<b>1,438,934</b>	<b>383,499</b>	<b>1,539,968</b>	<b>12,876,993</b>	<b>7,408,792</b>	<b>30,135,312</b>
<b>Long-term liabilities</b>												
Security deposit payable	58,333	-	-	80,925	24,393	5,204	49,537	8,217	16,472	25,675	-	268,756
Accrued interest payable - related party	426,100	-	-	3,468,988	1,250,943	66,733	-	-	-	-	-	5,212,764
Accrued interest payable	-	-	-	2,846,991	-	-	1,466,500	114,441	553,972	698,321	-	5,680,225
Developer fee payable	5,711,530	-	-	863,609	515,000	-	597,411	-	1,274,786	2,780,181	5,728,076	17,470,593
Accrued asset management fee	10,621	-	-	-	4,704	955	6,524	-	-	5,543	-	28,347
Due to affiliates	-	-	-	2,404,188	-	596,453	1,094,030	-	-	-	-	4,094,671
Notes payable, net	25,638,619	-	10,062,027	18,205,895	-	946,060	12,961,872	1,468,761	10,139,697	16,976,310	32,846,389	129,245,630
Notes payable - SOME	1,400,000	1,821,197	-	10,647,666	2,000,000	442,669	2,441,161	-	309,000	-	-	19,061,693
<b>Total long-term liabilities</b>	<b>33,245,203</b>	<b>1,821,197</b>	<b>10,062,027</b>	<b>38,518,262</b>	<b>3,795,040</b>	<b>2,058,074</b>	<b>18,617,035</b>	<b>1,591,419</b>	<b>12,293,927</b>	<b>20,486,030</b>	<b>38,574,465</b>	<b>181,062,679</b>
<b>Net assets</b>	<b>6,915,503</b>	<b>16,178,868</b>	<b>4,945,357</b>	<b>(10,394,695)</b>	<b>4,117,345</b>	<b>(197,345)</b>	<b>2,505,251</b>	<b>4,470,827</b>	<b>3,793,344</b>	<b>37,368</b>	<b>3,570,373</b>	<b>35,942,196</b>
<b>Total liabilities and net assets</b>	<b>\$ 44,570,657</b>	<b>\$ 18,599,185</b>	<b>\$ 15,878,318</b>	<b>\$ 28,502,925</b>	<b>\$ 8,079,322</b>	<b>\$ 1,921,555</b>	<b>\$ 22,561,220</b>	<b>\$ 6,445,745</b>	<b>\$ 17,627,239</b>	<b>\$ 33,400,391</b>	<b>\$ 49,553,630</b>	<b>\$ 247,140,187</b>

See Independent Auditor's Report.

## SOME and Affiliates

### Consolidating Schedule of Activities - Real Estate Entities Year Ended December 31, 2022

	Real Estate											
	Benning Residential, LLC	Benning Programs, LLC	Benning Healthcare, LLC	Supportive Housing Opportunities, LLC	Naylor Road, LLC	Zagami House, LLC	Scattered Site II, LLC	Altamont Place, LLC	Spring Road, LLC	Scattered Site III, LLC	1515 North Cap	Total
Support and revenue												
Rental income, net	\$ 1,701,751	\$ 272,680	\$ 1,490,661	\$ 2,330,848	\$ 248,897	\$ 194,680	\$ 1,267,670	\$ 216,029	\$ 839,383	\$ 375,852	\$ -	\$ 8,938,451
Operating subsidy from SOME, Inc.	-	-	-	-	178,278	-	-	-	-	-	-	178,278
Other	7,922	20,298,904	2,961,328	182,058	8,530	2,215	150,155	1,593	4,315	61,666	-	23,678,686
<b>Total support and revenue</b>	<b>1,709,673</b>	<b>20,571,584</b>	<b>4,451,989</b>	<b>2,512,906</b>	<b>435,705</b>	<b>196,895</b>	<b>1,417,825</b>	<b>217,622</b>	<b>843,698</b>	<b>437,518</b>	<b>-</b>	<b>32,795,415</b>
Expenses												
Program services												
Housing services	3,668,504	1,264,158	1,335,757	4,249,906	996,123	410,516	2,583,027	447,188	1,598,949	3,342,049	725	19,896,902
<b>Total program services</b>	<b>3,668,504</b>	<b>1,264,158</b>	<b>1,335,757</b>	<b>4,249,906</b>	<b>996,123</b>	<b>410,516</b>	<b>2,583,027</b>	<b>447,188</b>	<b>1,598,949</b>	<b>3,342,049</b>	<b>725</b>	<b>19,896,902</b>
<b>Total expenses</b>	<b>3,668,504</b>	<b>1,264,158</b>	<b>1,335,757</b>	<b>4,249,906</b>	<b>996,123</b>	<b>410,516</b>	<b>2,583,027</b>	<b>447,188</b>	<b>1,598,949</b>	<b>3,342,049</b>	<b>725</b>	<b>19,896,902</b>
Non-operating activities												
Interest and dividends	1,262	-	23	1,028	-	237	270	268	71	118	42,751	46,028
<b>Total non-operating activities</b>	<b>1,262</b>	<b>-</b>	<b>23</b>	<b>1,028</b>	<b>-</b>	<b>237</b>	<b>270</b>	<b>268</b>	<b>71</b>	<b>118</b>	<b>42,751</b>	<b>46,028</b>
<b>Change in net assets</b>	<b>\$ (1,957,569)</b>	<b>\$ 19,307,426</b>	<b>\$ 3,116,255</b>	<b>\$ (1,735,972)</b>	<b>\$ (560,418)</b>	<b>\$ (213,384)</b>	<b>\$ (1,164,932)</b>	<b>\$ (229,298)</b>	<b>\$ (755,180)</b>	<b>\$ (2,904,413)</b>	<b>\$ 42,026</b>	<b>\$ 12,944,541</b>

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