SOUTHEAST COMMUNITY DEVELOPMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

SOUTHEAST COMMUNITY DEVELOPMENT CORPORATION
AND SUBSIDIARIES

Table of Contents

For the Years Ended June 30, 2024 and 2023

Grandizio, Wilkins, Little & Matthews, LLP

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Southeast Community Development Corporation and Subsidiaries
Baltimore, Maryland

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Southeast Community Development Corporation and Subsidiaries, which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, and the related consolidated statements of activities, functional expenses, 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 present fairly, in all material respects, the financial position of Southeast Community Development Corporation and Subsidiaries as of June 30, 2024 and 2023, and the change in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion as of and for the Year Ended June 30, 2024

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Southeast Community Development Corporation and Subsidiaries, 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.

Basis for Opinion as of and for the Year Ended June 30, 2023

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

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Southeast Community Development Corporation and Subsidiaries' ability to continue as a going concern for one (1) year after the date that the consolidated financial statements are issued.

Auditors' Responsibilities for the Audit of the 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 auditors' 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 and *Government Auditing Standards*, will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Southeast Community Development Corporation and Subsidiaries' internal control. Accordingly, no such opinion is expressed.

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

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

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

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

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2025, on our consideration of Southeast Community Development Corporation and Subsidiaries' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Southeast Community Development Corporation and Subsidiaries' internal control over financial reporting and compliance.

Grandizio, Wilkins, Little & Matthews, LLP

Grandizio, Wilkins, Little & Matthews, LLP
March 21, 2025

SOUTHEAST COMMUNITY DEVELOPMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

June 30,	2024	2023
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 1,228,834	$ 1,016,104
Accounts Receivable - Tenants (Net of Allowance for Doubtful Accounts of $13,627 and $6,710, Respectively)	10,275	14,473
Accounts Receivable - Other	295,107	40,378
Grants Receivable	868,437	1,011,275
Investments, at Fair Value	1,958,086	1,810,109
Prepaid Expenses	8,090	6,567
Accrued Interest and Dividends Receivable on Investments	14,925	14,925
Security Deposits	16,797	16,630
Deposit - Conkling Street Garden	20,000	-
Mortgage Escrow Deposits and Funded Reserves	90,337	95,314
Loans Receivable	10,099	70,099
TOTAL CURRENT ASSETS	4,520,987	4,095,874
PROPERTY AND EQUIPMENT		
Land	106,631	106,631
Buildings	3,156,019	3,145,799
Furniture and Equipment	126,352	126,352
Leasehold Improvements	457,696	457,696
Less: Accumulated Depreciation	(1,692,821)	(1,580,734)
NET PROPERTY AND EQUIPMENT	2,153,877	2,255,744
PROPERTIES HELD FOR RESALE		
Cost	911,394	1,147,861
Less: Allowance for Impairment	(200,729)	(227,345)
NET PROPERTIES HELD FOR RESALE	710,665	920,516
OTHER ASSETS		
Right of Use Assets	89,237	60,352
TOTAL OTHER ASSETS	89,237	60,352
TOTAL ASSETS	$ 7,474,766	$ 7,332,486

The independent auditors' report and accompanying notes
are an integral part of these consolidated financial statements.

SOUTHEAST COMMUNITY DEVELOPMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

June 30,	2024	2023
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	$ 134,283	$ 119,825
Prepaid Rents	4,545	3,897
Accrued Salaries, Wages and Taxes	27,764	28,418
Tenants' Security Deposits (Contra)	19,509	19,361
Fiscal Agent Liability	49,301	58,049
Refundable Advances	1,111,897	624,699
Lines-of-Credit	480,000	555,000
Operating Lease Liability - Current	35,477	40,476
Mortgage Payable - Current - BNLP	24,596	-
Mortgage Payable - Current	25,442	99,809
TOTAL CURRENT LIABILITIES	1,912,814	1,549,534
LONG-TERM LIABILITIES		
Mortgage Payable	21,401	46,723
Debt Issuance Costs (Net of Accumulated Amortization of $7,491 and $5,387, Respectively)	(2,981)	(5,085)
Mortgages Payable - BNLP	631,494	656,090
Debt Issuance Costs - BNLP (Net of Accumulated Amortization of $12,837 and $12,340, Respectively)	(7,038)	(7,535)
Other Loans and Notes Payable - BNLP	50,000	50,000
Operating Lease Liability	54,132	20,835
Misellaneous Long-Term Liabilities	10,000	-
Accrued Interest Payable	2,145,603	1,970,311
TOTAL LONG-TERM LIABILITIES	2,902,611	2,731,339
TOTAL LIABILITIES	4,815,425	4,280,873
NET ASSETS		
Without Donor Restrictions	2,306,299	2,495,596
With Donor Restrictions	353,042	556,017
TOTAL NET ASSETS	2,659,341	3,051,613
TOTAL LIABILITIES AND NET ASSETS	$ 7,474,766	$ 7,332,486

The independent auditors’ report and accompanying notes
are an integral part of these consolidated financial statements.

SOUTHEAST COMMUNITY DEVELOPMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF ACTIVITIES

For the Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES			
Grants from Government Agencies	$ 2,023,615	$ -	$ 2,023,615
Other Grants	927,819	-	927,819
Contributions	367,734	-	367,734
Rental Revenue	238,551	-	238,551
Counseling Revenue	5,505	-	5,505
Lead Agency Service Fees	282,956	-	282,956
Other Revenue	27,059	-	27,059
Investment Return, Net	229,429	-	229,429
Sale of Properties Held for Resale	940,160	-	940,160
Net Assets Released from Restrictions	202,975	(202,975)	-
TOTAL SUPPORT AND REVENUES	5,245,803	(202,975)	5,042,828
EXPENSES			
Program Expenses			
Neighborhood/Commercial Revitalization	3,347,532	-	3,347,532
Community Schools	450,320	-	450,320
Broadway North Limited Partnership	348,079	-	348,079
Homeownership/Financial Stability	786,153	-	786,153
Total Program Expenses	4,932,084	-	4,932,084
Management and General	503,016	-	503,016
TOTAL EXPENSES	5,435,100	-	5,435,100
CHANGE IN NET ASSETS	(189,297)	(202,975)	(392,272)
Net Assets - Beginning of Year	2,495,596	556,017	3,051,613
NET ASSETS - END OF YEAR	$ 2,306,299	$ 353,042	$ 2,659,341

The independent auditors’ report and accompanying notes are an integral part of these consolidated financial statements.

SOUTHEAST COMMUNITY DEVELOPMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF ACTIVITIES (CONTINUED)

For the Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES			
Grants from Government Agencies	$ 1,613,765	$ 275,000	$ 1,888,765
Other Grants	1,107,506	2,936	1,110,442
Contributions	244,693	-	244,693
Rental Revenue	227,908	-	227,908
Counseling Revenue	11,207	-	11,207
Lead Agency Service Fees	143,096	-	143,096
Other Revenue	18,504	-	18,504
Investment Return, Net	164,993	-	164,993
Sale of Properties Held for Resale	284,079		284,079
Net Assets Released from Restrictions	71,640	(71,640)	-
TOTAL SUPPORT AND REVENUES	3,887,391	206,296	4,093,687
EXPENSES			
Program Expenses			
Neighborhood/Commercial Revitalization	1,930,975	-	1,930,975
Community Schools	458,195	-	458,195
Broadway North Limited Partnership	346,117	-	346,117
Homeownership/Financial Stability	747,832	-	747,832
Total Program Expenses	3,483,119	-	3,483,119
Management and General	274,122	-	274,122
TOTAL EXPENSES	3,757,241	-	3,757,241
CHANGE IN NET ASSETS	130,150	206,296	336,446
Net Assets - Beginning of Year	2,365,446	349,721	2,715,167
NET ASSETS - END OF YEAR	$ 2,495,596	$ 556,017	$ 3,051,613

The independent auditors' report and accompanying notes are an integral part of these consolidated financial statements.

SOUTHEAST COMMUNITY DEVELOPMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2024

	Community Development						
	Neighborhood/ Commercial Revitalization	Community Schools	Broadway North Limited Partnership	Homeownership/ Financial Stability	Total Program Expenses	Management and General	Total
Salaries, Wages and Related Taxes	$ 444,624	$ 312,818	$ -	$ 550,440	$ 1,307,882	$ 126,534	$ 1,434,416
Depreciation and Amortization	51,456	-	44,382	15,572	111,410	677	112,087
Contract Labor	1,042,671	18,200	-	26,093	1,086,964	145,353	1,232,317
Fringe Benefits	11,767	17,677	-	46,314	75,758	9,069	84,827
Insurance	-	6,000	11,162	1,941	19,103	13,776	32,879
Meetings and Conference	8,494	1,070	-	3,628	13,192	2,867	16,059
Office Expense	39,772	-	148	244	40,164	1,423	41,587
Professional Fees	24,236	44,890	12,530	22,575	104,231	70,646	174,877
Supplies	-	11,181	6,957	743	18,881	1,242	20,123
Advertising, Marketing and Promotion	-	6,425	-	8,558	14,983	8,427	23,410
Dues	486	14,566	-	1,782	16,834	17,000	33,834
Travel	87	3,237	-	606	3,930	-	3,930
Miscellaneous Expense	3,976	1,369	808	436	6,589	9,977	16,566
Cost of Properties Held for Resale - Sold	1,368,032	-	-	-	1,368,032	-	1,368,032
Impairment of Properties Held for Resale	200,729	-	-	-	200,729	-	200,729
Printing	4,280	6,958	-	-	11,238	521	11,759
Rent	48,357	-	3,072	-	51,429	-	51,429
Property Maintenance	-	-	-	-	-	42,544	42,544
Staff Development	4,545	500	-	8,278	13,323	4,508	17,831
Telephone	2,049	935	-	2,796	5,780	13,753	19,533
Utilities	4,631	-	24,270	-	28,901	10,650	39,551
Community Events	-	-	-	1,658	1,658	-	1,658
Client Assistance Expense	87,340	4,494	-	83,165	174,999	9,200	184,199
Credit Reports	-	-	-	11,324	11,324	-	11,324
Management Fees	-	-	5,100	-	5,100	-	5,100
Interest Expense	-	-	175,789	-	175,789	14,849	190,638
Contracts	-	-	48,625	-	48,625	-	48,625
Bad Debt Expense	-	-	6,193	-	6,193	-	6,193
Taxes	-	-	9,043	-	9,043	-	9,043
TOTAL FUNCTIONAL EXPENSES	$ 3,347,532	$ 450,320	$ 348,079	$ 786,153	$ 4,932,084	$ 503,016	$ 5,435,100

The independent auditors' report and accompanying notes are an integral part of these consolidated financial statements.

SOUTHEAST COMMUNITY DEVELOPMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES (CONTINUED)

For the Year Ended June 30, 2023

	Community Development						
	Neighborhood/ Commercial Revitalization	Community Schools	Broadway North Limited Partnership	Homeownership/ Financial Stability	Total Program Expenses	Management and General	Total
Salaries, Wages and Related Taxes	$ 289,855	$ 422,275	$ -	$ 538,786	$ 1,250,916	$ 22,893	$ 1,273,809
Depreciation and Amortization	51,178	-	43,985	15,488	110,651	673	111,324
Contract Labor	819,558	350	-	18,038	837,946	6,810	844,756
Equipment Expense	5,122	1,591	-	5,220	11,933	855	12,788
Fringe Benefits	21,780	12,589	-	57,829	92,198	1,724	93,922
Insurance	6,637	2,747	9,634	8,633	27,651	981	28,632
Meetings and Conference	3,460	417	-	558	4,435	5,733	10,168
Office Expense	36,423	-	294	942	37,659	8,862	46,521
Professional Fees	4,264	2,424	11,730	12,549	30,967	133,975	164,942
Supplies	28	2,319	12,955	167	15,469	7,391	22,860
Advertising, Marketing and Promotion	3,002	3,834	-	3,053	9,889	1,121	11,010
Dues	18,443	293	-	2,556	21,292	7,599	28,891
Travel	1,754	-	-	-	1,754	527	2,281
Miscellaneous Expense	3,119	1,723	386	4,214	9,442	14,502	23,944
Cost of Properties Held for Resale - Sold	294,524	-	-	-	294,524	-	294,524
Impairment of Properties Held for Resale	227,345	-	-	-	227,345	-	227,345
Printing	1,401	224	-	54	1,679	6,679	8,358
Rent	24,045	-	3,072	2,700	29,817	1,755	31,572
Property Maintenance	9,575	2,214	-	11,659	23,448	7,291	30,739
Staff Development	3,574	-	-	11,949	15,523	6,534	22,057
Telephone	1,029	270	-	1,871	3,170	11,172	14,342
Utilities	7,860	-	19,027	-	26,887	16,797	43,684
Community Events	-	-	-	2,943	2,943	-	2,943
Client Assistance Expense	96,999	4,925	-	39,116	141,040	1,628	142,668
Credit Reports	-	-	-	9,507	9,507	-	9,507
Management Fees	-	-	5,100	-	5,100	-	5,100
Interest Expense	-	-	157,433	-	157,433	8,620	166,053
Contracts	-	-	70,769	-	70,769	-	70,769
Bad Debt Expense	-	-	2,689	-	2,689	-	2,689
Taxes	-	-	9,043	-	9,043	-	9,043
TOTAL FUNCTIONAL EXPENSES	$ 1,930,975	$ 458,195	$ 346,117	$ 747,832	$ 3,483,119	$ 274,122	$ 3,757,241

The independent auditors' report and accompanying notes
are an integral part of these consolidated financial statements.

SOUTHEAST COMMUNITY DEVELOPMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended June 30,	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Grants, Other Support and Sale of Properties Held for Resale	$ 5,797,374	$ 4,434,982
Cash Paid to Providers and Support Services and for Properties Held for Resale	(5,523,090)	(4,194,143)
Interest Received	32,891	11,753
Interest Paid	(12,745)	(7,774)
Cash (Paid) Received from Agency Transactions	(8,748)	56,849
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	285,682	301,667
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(10,220)	(12,237)
Purchase of Investments	(560,190)	(360,048)
Proceeds from Sale of Investments	607,337	-
(Increase) Decrease in Loans Receivable	60,000	(70,099)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	96,927	(442,384)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Mortgage Payable	(99,689)	(41,857)
Advances (Payments) on Line-of-Credit	(75,000)	100,000
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(174,689)	58,143
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	207,920	(82,574)
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	1,128,048	1,210,622
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	$ 1,335,968	$ 1,128,048
Cash and Cash Equivalents	$ 1,228,834	$ 1,016,104
Security Deposits	16,797	16,630
Mortgage Escrow Deposits and Funded Reserves	90,337	95,314
TOTAL CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	$ 1,335,968	$ 1,128,048

The independent auditors’ report and accompanying notes
are an integral part of these consolidated financial statements.

Note 1: Organization and Summary of Significant Accounting Policies

Nature of the Organization
Southeast Community Development Corporation (Organization) is a nonprofit corporation organized under the laws of the State of Maryland to operate several community programs, described below, in the southeast community of Baltimore City, Maryland. The Organization controls one hundred percent (100%) of the equity of the following entities, which were incorporated or organized under Maryland state law:

Wolfe Street Enterprises, LLC (WSE)
Wolfe Street Development Company (WSD)

During 2013, WSE received a 99.9% Limited Partner interest in Broadway North Limited Partnership (BNLP). WSE includes BNLP because it exercises significant control over major operating decisions such as: approval of budgets, selection of property managers, asset management, investment activity and changes in financing.

The balances of BNLP reflected in WSE are as of December 31, 2023, the entity's year end.

3323 Eastern Avenue, LLC and Hope Development Company
The Organization is the sole member of 3323 Eastern Avenue, LLC. This LLC owns the building from which the Organization currently operates. The Organization controls one hundred percent (100%) of Hope Development Company (Hope) as the board of directors are the same as that of the Organization. Hope purchases, rehabilitates and sells residential real property in the Organization's footprint.

Program Descriptions
Homeownership/Financial Stability - offers comprehensive housing counseling services, including pre-purchase, foreclosure, reverse mortgage and financial coaching, to help existing residents obtain and maintain homeownership.

Community Schools - the community school program establishes partnerships to provide enrichment and supportive services to children and families in K-8 schools in southeast Baltimore.

Broadway North Limited Partnership - operates seventeen (17) rental units known as Broadway North Apartments in southeast Baltimore.

Neighborhood/Commercial Revitalization - stimulates private and public investment in housing, infrastructure, parks, employment and city services; mobilizes and supports existing residents to participate in the planning and implementation of community projects that improve their quality of life; and attracts residents to homeownership while preserving good quality, affordable housing.

Basis of Accounting
The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

Basis of Presentation
The Organization is required to report information regarding its financial position and activities according to two (2) classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Principles of Consolidation
The consolidated financial statements include the accounts of Southeast Community Development Corporation and its wholly-owned subsidiaries listed above. All material intercompany investments, advances and transactions have been eliminated in consolidation.

Use of Estimates in Preparing Consolidated Financial Statements
The preparation of 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 certain reported amounts of assets and liabilities, disclosure of contingent assets and liabilities as of 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.

Cash, Cash Equivalents, and Restricted Cash
For purposes of the consolidated statements of cash flows, the Organization considers all highly liquid debt instruments with an initial maturity of three (3) months or less to be cash equivalents. Cash and restricted cash includes amounts in an operating cash account, tenants' security deposits, mortgage escrow deposits and funded reserves.

Grants Receivable, Other Accounts Receivable and Allowance for Credit Losses
The majority of the grants received by the Organization are from government agencies or private foundations. Grants receivable may reflect costs that had not been reimbursed as of fiscal year end or direct grants awarded, but not yet received. Additionally, contributions are recognized as grants receivable when the donor makes a promise to give to the Organization that is, in substance, unconditional. If promises to give are conditional, they aren't recorded until all conditions have been met. At June 30, 2024 and 2023, conditional promises to give totaled $2,324,819 and $2,908,978, respectively.

Accounts receivable - other consists of amounts owed to the Organization for lead agency services rendered in exchange for a fee. Accounts receivable - other was $79,421 at July 1, 2022.

Grants and other receivables are recorded net of an allowance for uncollectible receivables, based on management's evaluation of outstanding receivables at year end. Estimated losses are generally determined from historical collection experience and a review of outstanding receivables. Management believes historical loss information is a reasonable basis from which to calculate the expected allowance for credit losses. The allowance for credit losses at June 30, 2024 and 2023 is $-0-.

Receivables are written off by management when all appropriate collection efforts have been taken and it is determined that there is no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be recognized as income in the year of recovery in accordance with the Organization's accounting policy election.

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

Accounts Receivable - Tenants and Bad Debts - BNLP
Accounts receivable represents amounts due from tenants that management expects to collect from outstanding balances. Management reviews accounts receivable on an annual basis to determine whether an allowance for uncollectible accounts is necessary. For the years ended December 31, 2023 and 2022, the allowance for doubtful accounts was $13,627 and $6,710, respectively.

Property and Equipment
Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use, and contributions of cash that must be used to acquire property and equipment, are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment that is purchased is carried at cost. Property and equipment is depreciated using the straight-line method over the estimated useful lives of the related assets, which range from five (5) to forty (40) years. Furniture and equipment purchases in excess of $1,000 are capitalized.

Depreciation expense was $112,087 and $111,324 for the years ended June 30, 2024 and 2023, respectively.

Leases
The Organization leases a commercial building, copier and garage and determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (ROU) assets and operating lease liabilities on the statements of financial position.

ROU assets represent the right to use an underlying asset for the lease term. Lease liabilities represent the obligation to make lease payments arising from the leases. ROU assets and operating lease liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The Organization's lease did not provide an implicit rate, therefore the Organization elected to use its risk-free rate, which is used to determine the present value of lease payments. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The lease agreements do not contain any variable lease payments. The lease agreements do not contain any material residual value guarantees or material restrictive covenants.

In evaluating contracts to determine if they qualify as a lease, the Organization considers factors such as if all of the rights to the underlying asset were substantially obtained through exclusivity, if the Organization has the right to direct the use of the asset and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

The Organization elected not to apply the recognition requirements of ASC 842 to all short-term leases, defined as leases with a term of twelve (12) months or less at commencement.

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

Properties Held for Resale and Cost of Properties Sold
The Organization purchases and renovates properties for resale to low-income families through their neighborhood revitalization program. Properties held for resale are stated at the lower of cost or net realizable value. In accordance with accounting principles generally accepted in the United States of America, when properties held for resale are impaired, a charge is recorded in the period in which impairment is identified and is included on the consolidated statements of functional expenses. For the years ended June 30, 2024 and 2023, impairment was $200,729 and $227,345, respectively.

Sale of properties held for resale represents the proceeds from such sales and is included on the consolidated statements of activities. Cost of properties sold includes acquisition and rehabilitation costs, interest, and taxes. Costs are expensed in the period in which the underlying properties are sold and are included on the consolidated statements of functional expenses. Loss on sale of properties held for resale during the years ended June 30, 2024 and 2023 was $427,872 and $10,445, respectively. Costs of acquiring and rehabilitating certain properties are funded partially or fully by certain grants. Proceeds from such grants are included in either grants from government agencies or other grants line items on the consolidated statements of activities.

Debt Issuance Costs - BNLP
Debt issuance costs are being amortized using the straight-line method over the life of the related loan. Accounting principles generally accepted in the United States of America require that the effective yield method be used to amortize financing costs; however, the effect of using the straight-line method is not materially different from the results that would have been obtained under the effective yield method. Accumulated amortization as of December 31, 2023 and 2022 was $12,837 and $12,340, respectively. Amortization expense was $497 for each of the years ended December 31, 2023 and 2022. Amortization expense is expected to be $497 per year for each of the next five (5) years.

Debt Issuance Costs
Debt issuance costs are being amortized using the straight-line method over the life of the related loan. Accounting principles generally accepted in the United States of America require that the effective yield method be used to amortize financing costs; however, the effect of using the straight-line method is not materially different from the results that would have been obtained under the effective yield method. Accumulated amortization as of June 30, 2024 and 2023 was $7,491 and $5,387, respectively. Amortization expense was $2,104 and $3,156 for the years ended June 30, 2024 and 2023, respectively. Amortization expense is expected to be $2,104 and $877 for the next two (2) years, respectively.

Donated Services
The Organization records donated services if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. There were no such donated services for the years ended June 30, 2024 and 2023.

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

Income Taxes
The Organization is a nonprofit Organization and is exempt from federal and state income tax under Section 501(c)(3) of the Internal Revenue Code. As such, no provision for income taxes is reflected in the consolidated financial statements. The Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

The Organization's evaluation at June 30, 2024 revealed no uncertain tax positions that would have a material impact on the consolidated financial statements.

Tax returns for the previous three (3) years remain subject to examination by the IRS. The Organization does not believe that any reasonably possible changes will occur within the next twelve (12) months that will have a material impact on the consolidated financial statements.

Advertising
Advertising costs are charged to expense when incurred. Advertising expense for the years ended June 30, 2024 and 2023 amounted $23,410 and $11,010, respectively.

Investments and Investment Return
Investments in marketable securities are reported at their fair values based upon published quotations. Investments for which the fair values are not readily determinable are recorded at cost or, if received as a contribution, at their fair value as determined at the time of the gift. Gains and losses on investments for the year are reported in the consolidated statements of activities as part of investment return, net.

Revenue Recognition
Unconditional grants are recognized in the period when funds are received or promised. Conditional grants are recognized as conditions are met, which is generally commensurate with the extent to which associated costs have been expended. Refundable advances result from receiving funds in which there are unmet conditions at year end.

Contributions received are recorded as net assets without donor restrictions and net assets with donor restrictions depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Revenue is recognized at a point in time when control of a good is transferred to a buyer, or services are performed. Payments for goods not yet transferred, or services not yet rendered, are recognized as deferred revenue on the statements of financial position.

Rental revenue is recognized as rentals become due. Rental payments received in advance are recorded as prepaid rents. All leases between the Organization and the tenants of the property are operating leases.

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

FASB ASC No. 360
Statement of Financial Accounting Standards Codification (FASB) ASC No. 360 requires that long-lived assets and certain identifiable intangibles held and used by an entity be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Application of FASB ASC No. 360 has not materially affected the Organization's reported earnings, financial condition or cash flows.

Recently Adopted Accounting Guidance - Allowance for Credit Losses
In June 2016, the FASB issued guidance (FASB ASC 326) which significantly changes how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Organization that are subject to the guidance in FASB ASC 326 are accounts receivable - other. The Organization adopted the standard effective July 1, 2023. The impact of the adoption was not considered material to the consolidated financial statements and resulted in enhanced disclosures only.

Date of Management's Review
The Organization has evaluated events and transactions that occurred during the period from the date of the consolidated financial statements through March 21, 2025, the date the Organization's consolidated financial statements were available to be issued. There were no events or transactions, except as noted in Note 20, that occurred during the period that materially impacted the amounts or disclosures in the Organization's consolidated financial statements.

Note 2: Concentration of Credit Risk

The Organization maintains cash balances at various financial institutions. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 and may, at times, exceed insurable limits. The Organization believes that no significant concentration of credit risk exists with respect to these cash balances.

The Organization's investments are maintained by an investment brokerage firm. Although the firm has a diversified investment portfolio, the value of the portfolio is subject to certain market risks. The portfolio is insured up to $500,000 against fraud, but not loss of value, by the Securities Investor Protection Corporation.

Note 3: Investments and Fair Value Measurements

The Organization uses a framework for measuring fair value that prioritizes the inputs to valuation techniques used to measure fair value using a fair value hierarchy. The following are the major categories of assets measured at fair value on a recurring basis during the years ended June 30, 2024 and 2023 using quoted prices in active markets for identical assets (Level 1), using significant other observable inputs (Level 2), and using significant unobservable inputs (Level 3). The Organization has no investments categorized as Level 2 or Level 3.

The assets' fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The Organization invests in equities, ETFs, agency securities, US Treasury securities and corporate bonds. It uses quoted prices in active markets for identical assets or liabilities to determine fair value. Corporate bonds and US Treasury Securities are classified as trading securities. This pricing methodology applies to all Level 1 investments and there have been no changes in the methodology used at June 30, 2024 and 2023.

Assets measured at fair value on a recurring basis at June 30, 2024 are as follows:

	Level 1	Level 2	Level 3	Total
Equities	$ 1,143,575	$ -	$ -	$ 1,143,575
ETFs	155,720	-	-	155,720
Agency Securities	74,936	-	-	74,936
Corporate Bonds	583,855	-	-	583,855
TOTAL	$ 1,958,086	$ -	$ -	$ 1,958,086

Assets measured at fair value on a recurring basis at June 30, 2023 are as follows:

	Level 1	Level 2	Level 3	Total
Equities	$ 907,415	$ -	$ -	$ 907,415
ETFs	146,431	-	-	146,431
Agency Securities	59,890	-	-	59,890
US Treasury Securities	83,061	-	-	83,061
Corporate Bonds	613,312	-	-	613,312
TOTAL	$ 1,810,109	$ -	$ -	$ 1,810,109

Note 3: Investments and Fair Value Measurements (Continued)

The following schedule summarizes the investment return for the years ended June 30:

	2024	2023
Interest and Dividends	$ 43,553	$ 31,634
Realized Gains (Losses), Net	104,967	-
Unrealized Gains (Losses), Net	90,156	136,565
Investment Fees	(9,247)	(3,206)
INVESTMENT RETURN, NET	$ 229,429	$ 164,993

Note 4: Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of the date of the consolidated statements of financial position.

	June 30,	
	2024	2023
Financial Assets at Year End		
Cash and Cash Equivalents	$ 1,228,834	$ 1,016,104
Accounts Receivable - Other	305,382	54,851
Accrued Interest Receivable and Dividends Receivable on Investments	14,925	14,925
Grants Receivable	868,437	1,011,275
Investments, at Fair Value	1,958,086	1,810,109
Total Financial Assets at Year End	4,375,664	3,907,264
Less Those Unavailable to General Expenditures Within One (1) Year, Due to:		
Donor-Restricted to Attendance Monitors at Tench Tilghman	5,208	5,208
Donor-Restricted to Clean Streets Partnership	-	37,741
Donor-Restricted to Storefront Improvement, Streetscaping and Interior Fit-Out Projects	212,073	227,307
Donor-Restricted to Family Stability and Eviction Prevention	7,445	7,445
Donor-Restricted to Housing Assistance Programs	3,316	3,316
Donor-Restricted to Community Financial Assistance	125,000	275,000
Financial Assets Available to Meet Cash Needs for General Expenditures Within One (1) Year	$ 4,022,622	$ 3,351,247

Note 4: Liquidity and Availability of Financial Assets (Continued)

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization has an unused portion of its line-of-credit available to meet cash flow needs.

Note 5: Restricted Deposits and Funded Reserves - BNLP

Under the terms of the Partnership Agreement, BNLP is required to establish an operating reserve account. The operating reserve may be used only to fund operating deficits and may be used before the General Partner makes any operating deficit contribution as required in the Partnership Agreement. The Limited Partner must approve any withdrawals from this account. As of December 31, 2023 and 2022, the balance in the operating reserve was $39,587 and $39,449, respectively.

Under the terms of the Loan and Regulatory Agreement with DHCD, BNLP is required to establish a reserve for replacements account. The required monthly payment amounts to $354, which commenced in April 1998. In April 2015, the monthly deposit was increased to $725. The funds can only be released upon the approval of DHCD. As of December 31, 2023 and 2022, the balance in the replacement reserve was $39,082 and $43,801, respectively.

Note 6: Tenants' Security Deposits - Funded

The obligation to refund tenants' deposits is shown as a liability on the consolidated statements of financial position. As received, the cash is deposited into a trust account and held until used for repairing damages, payment of past due rent or refunded. Tenants' security deposits are segregated into a separate bank accounts, in order to comply with Maryland state law.

Note 7: Grants Receivable

Grants receivable are deemed to be fully collectible by management and are composed of the following:

	June 30,	
	2024	2023
Mayor's Office of Children and Family Success	$ -	$ 399,462
Mayor and City Council	443,387	199,500
Baltimore City	26,935	-
Banner Neighborhoods Community Corp	37,125	-
DHCD Operations	50,000	37,500
DHCD Homeowner Assistance Fund	-	67,338
Family League of Baltimore	-	33,000
HUD Housing Counseling Assistance Program	28,000	-
Johns Hopkins University	159,776	-
Maryland State Arts Council	18,478	18,478
Other	13,851	14,000
Abell Foundation	74,982	56,775
Baltimore Civic Fund	15,903	55,222
Goldseker Foundation	-	100,000
Joseph and Harvey Meyerhoff Foundation	-	30,000
TOTAL	$ 868,437	$ 1,011,275

Note 8: Long-Term Debt - BNLP

Maryland Department of Housing and Community Development (DHCD)
On December 30, 1996, BNLP entered into a loan agreement with DHCD. Under the terms of the loan agreement, BNLP borrowed $325,000. The term of the loan is forty (40) years commencing at the end of the construction loan period (which will not exceed fifteen (15) months). The loan was interest free during the construction period and carries a rate of one percent (1%) during the permanent period. Beginning at the end of the first year of the permanent loan period, principal and interest are payable at the end of each year; thereafter, from the lesser of surplus cash or scheduled payments as defined in the Regulatory Agreement. Any interest and principal not paid because of insufficient surplus cash shall be deferred and paid on the next annual payment date, to the extent of surplus cash. Any unpaid principal and accrued interest will be payable on the maturity date or on the occurrence of any of several conditions as defined in the loan agreement. Annual payments shall be applied first to current interest, second to principal and third to the repayment of previously unpaid principal and interest. The loan matures April 1, 2038. The loan is secured by a Deed of Trust, which represents a first lien on the real property. As of December 31, 2023 and 2022, the balance on the mortgage was $206,090. Interest expense for each of the years ended December 31, 2023 and 2022 amounted to $2,061. Accrued interest at December 31, 2023 and 2022 was $5,261 and $3,200, respectively.

Debt issuance costs are reported on the consolidated statements of financial position as a direct deduction from the face amount of debt.

	December 31,	
	2023	2022
Long-Term Principal Amount	$ 181,494	$ 206,090
Less: Unamortized Debt Issuance Costs	7,038	7,535
Long-Term Debt Less Unamortized Debt Issuance Costs	$ 174,456	$ 198,555

The Organization reflects amortization of debt issuance costs as interest expense.

Under agreements with the mortgage lender and DHCD, the Organization is required to make monthly escrow deposits for taxes, insurance and replacement of project assets and is subject to restrictions as to operating policies, rental charges, operating expenditures and distributions.

Note 8: Long-Term Debt - BNLP (Continued)

Mayor and City Council of Baltimore, Department of Housing and Community Development - HOME Loan and Grant Program

On December 30, 1996, BNLP entered into a loan and grant agreement with the Mayor and City Council of Baltimore, Department of Housing and Community Development. Under the terms of the loan and grant agreements, BNLP borrowed $450,000 under the HOME Loan and $50,000 under the HOME Grant. The term of the loan is forty (40) years commencing at the end of the construction loan period (which will not exceed twelve (12) months). Interest does not accrue on the grant portion ($50,000) of the loan and will accrue on each advance of the loan portion at the applicable federal rate in effect on the date of each advance. If all terms of the loan documents are met, then the grant portion of the loan shall be forgiven at the maturity date. Beginning at the end of the first year of the permanent loan period, principal and interest are payable at the end of each year, and thereafter, out of surplus cash as defined in the Regulatory Agreement. Any interest and principal not paid because of insufficient surplus cash shall be deferred and paid on the next annual payment date, to the extent of surplus cash. Any unpaid principal and accrued interest will be payable on the maturity date or on the occurrence of any of several conditions as defined in the loan agreement. The note is secured by a Deed of Trust, which constitutes a second lien on the real property. The maturity date for both is April 1, 2038. As of December 31, 2023 and 2022, the outstanding balances amounted to $450,000 under the HOME Loan and $50,000 for the HOME Grant. As of December 31, 2023 and 2022, the deferred accrued interest under the this loan amounted to $2,140,342 and $1,967,111, respectively. Interest expense for the year ended December 31, 2023 and 2022 amounted to $173,728 and $155,372, respectively, which includes $497 of debt issuance cost amortization each year.

Estimated annual maturities of the mortgages payable for the five (5) years subsequent to December 31, 2023, and thereafter, are as follows:

For the Years Ending December 31,	
2024	$ 24,596
2025	-
2026	-
2027	-
2028	-
Thereafter	681,494
TOTAL	$ 706,090

Based on the surplus cash calculation, there is $24,596 of principal maturing in 2024 for the DHCD Loan. Due to the inability to determine surplus cash each year, there have been no annual maturities of the HOME Loan or HOME Grant estimated for each of the next five (5) years.

Note 9: Management Agent - BNLP

BNLP has entered into a management agreement with Hersch-Lauren, LLC. The fee is $425 per month. Total management fees amounted to $5,100 for each of the years ending December 31, 2023 and 2022. The agreement has been approved by DHCD and remains in effect until termination by, or with the consent of, DHCD. The management fee payable amounted to $425 as of December 31, 2023 and 2022, and is included on the accounts payable and accrued expenses line items on the consolidated statements of financial position.

Note 10: Mortgage Payable and Lines-of-Credit

In August 2014, the Organization took out a term mortgage loan from M&T Bank for $250,000. The loan was secured by the underlying property. The interest rate was 5.39% with a ten (10) year term. Monthly payments were $2,709.

In April 2021, the above mortgage was refinanced in the amount of $120,694 with PNC Bank. The loan is secured by the underlying property and an assignment of leases, rents and profits. The interest rate is 3.27% with a maturity date of April 2026 and monthly payments of $2,186. As of June 30, 2024 and 2023, the balance on the mortgage was $46,843 and $72,700, respectively.

Debt issuance costs are reported on the consolidated statements of financial position as a direct deduction from the face amount of debt.

	June 30,	
	2024	2023
Long-Term Principal Amount	$ 21,401	$ 46,723
Less: Unamortized Debt Issuance Costs	2,981	5,085
Long-Term Debt Less Unamortized Debt Issuance Costs	$ 18,420	$ 41,638

The Organization reflects amortization of debt issuance costs as interest expense. Interest expense for the years ended June 30, 2024 and 2023 amounted to $14,410 and $8,620, respectively.

Note 10: Mortgage Payable and Lines-of-Credit (Continued)

Annual maturities of the mortgage payable subsequent to June 30, 2024 are as follows:

For the Years Ending June 30,		
2025	$	25,442
2026		21,401
TOTAL	$	46,843

In May 2021, the Organization opened an operating line-of-credit for $100,000 with PNC Bank. The interest rate is one-quarter of one percent (0.25%) over the prime rate. The line-of-credit was subsequently renewed through May 2025. The line-of-credit is secured by the Organization's building. The line-of-credit requires monthly interest-only payments with the balance of the line-of-credit due on the maturity date. The balance on the line-of-credit at June 30, 2024 and 2023 was $-0- and $75,000, respectively.

In May 2021, the Organization opened a development line-of-credit for $500,000 with PNC Bank. In May 2022, the development line-of-credit was amended to increase the ceiling to $750,000. The maturity date of the line-of-credit was subsequently extended to May 2025. The interest rate is the prime rate. The line-of-credit is secured by the property previously noted. The line-of-credit requires monthly interest-only payments with the balance of the line-of-credit due on the maturity date. The balance on the line-of-credit at June 30, 2024 and 2023 was $480,000.

Interest expense on the lines-of-credit for the years ended June 30, 2024 and 2023 amounted to $48,832 and $32,190, respectively. Because the lines-of-credit support the Organization's properties held for resale program, the interest is capitalized into the cost of said properties.

Note 11: Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statements of activities and in the consolidated statements of functional expenses. Certain categories of expenses are attributable to program and support functions. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

Note 12: Fees and Grants from Government Agencies

A portion of the Organization's revenue is derived from government agencies. The expendability of these funds is subject to various restrictions imposed by the specific program through which funds are obtained. The following summarizes revenue provided by government agencies for the years ended June 30:

	2024	2023
Federal Government		
Community Development Block Grant	$ 187,640	$ 256,755
Baltimore Mayor's Office of Recovery Programs	584,373	-
Baltimore Development Corporation	113,347	-
State of Maryland DHCD - Homeowner Assistance Fund	35,894	-
Baltimore Civic Fund	193,171	-
State of Maryland DHCD - Housing Stability Counseling Fund	15,493	-
Housing and Urban Development	28,000	18,999
TOTAL FEDERAL GOVERNMENT	1,157,918	275,754
State Government		
State of Maryland DHCD - BRNI Community Projects	546,036	755,819
State of Maryland DHCD - BRNI Operating	-	125,000
Maryland State Arts Council	17,846	59,377
State of Maryland DHCD - Homeowner Assistance Fund	-	72,675
State of Maryland DHCD - MHCF	62,992	-
State of Maryland DHCD - Other	58,000	-
State of Maryland DHCD - Viva Baltimore	-	5,000
State of Maryland DHCD - Community Safety Works	24,350	173,050
State of Maryland DHCD - Community Catalyst	38,323	75,000
State of Maryland DHCD - Project Restore	-	30,000
State of Maryland DHCD - Housing Stability Counseling Fund	-	75,110
TOTAL STATE GOVERNMENT	747,547	1,371,031
County Government		
Baltimore City Planning Department	50,000	50,000
Baltimore Development Corporation	-	126,299
Baltimore City Mayor and City Council	7,900	-
Baltimore City Main Street	60,000	41,250
Baltimore Mayor's Office of Recovery Programs	-	24,431
UMBC	250	-
TOTAL COUNTY GOVERNMENT	118,150	241,980
TOTAL	$ 2,023,615	$ 1,888,765

Note 13: Operating Leases

On July 1, 2020, the Organization entered into a lease agreement, effective December 1, 2020, with L & R Garage, LLC to lease garage space for a fifteen (15) year term. The lease has no renewal options. Beginning on December 1, 2020, lease payments are $150 per month through November 30, 2025. Subsequently, lease payments increase $10 per month every five (5) years. At June 30, 2024 and 2023, the operating lease liability was $19,194 and $20,442, respectively. At June 30, 2024 and 2023, the right of use asset was $18,822 and $20,194, respectively. Lease expense for the each of the years ended June 30, 2024 and 2023 was $1,924 and is included in rent on the consolidated statements of functional expenses.

On November 10, 2022, the Organization entered into a lease agreement, effective February 13, 2023, and terminating on August 14, 2024, with AVM Real Estate LLC, to lease a commercial building. In February 2024, the lease was extended six (6) months, resulting in a remeasured lease term of seven (7) months ending in February of 2025. The lease has no remaining renewal options. Lease payments are $3,346 per month for the term of the lease. At June 30, 2024 and 2023, the operating lease liability was $24,748 and $40,869, respectively. At June 30, 2024 and 2023, the right of use asset was $24,748 and $40,158, respectively. Lease expense for the years ended June 30, 2024 and 2023 was $40,152 and $15,802, respectively, and is included in rent on the consolidated statements of functional expenses.

On January 22, 2024, the Organization entered into an office equipment lease agreement for a five (5) year term ending on January 21, 2029. Monthly lease payments are $923 for the term of the lease. At June 30, 2024 and 2023, the operating lease liability was $45,667 and $-0-, respectively. At June 30, 2024 and 2023, the right of use asset was $45,667 and $-0-, respectively. Lease expense for the years ended June 30, 2024 and 2023 was $5,538 and $-0-, respectively, and is included in rent on the consolidated statements of functional expenses.

The weighted average remaining lease term is 19.8 months. The weighted average discount rate is 3.92%.

The following is a maturity analysis of the annual undiscounted cash flows of the operating lease liabilities as of June 30, 2024:

For the Years Ending June 30,	
2025	$ 37,942
2026	12,936
2027	12,996
2028	12,996
2029	7,458
Thereafter	13,080
Total Future Minimum Lease Payments	97,408
Less: Imputed Interest	7,799
TOTAL	$ 89,609

Note 13: Operating Leases (Continued)

During the year ended June 30, 2022, the Organization began leasing the first floor of its building. The lease term is for ten (10) years and five (5) months, expiring December 2032. The lease contains four (4) options to renew for an additional five (5) years each at the tenant's option. Each renewal period is subject to a three percent (3%) increase in the minimum rent. Minimum rent is $4,883 per month for the first two (2) years and increases four percent (4%) in year three (3) and every other year thereafter. Additionally, the Organization will receive additional rent in the amount of five percent (5%) of the amount by which the tenant's gross sales exceeds the minimum rent during any lease year.

The approximate future minimum rental revenue to be received on this non-cancelable operating lease is as follows:

For the Years Ending June 30,	
2025	$ 60,940
2026	60,940
2027	63,377
2028	63,377
2029	65,913
Thereafter	274,302
TOTAL	$ 588,849

The Organization leased one of its properties held for resale during the year ended June 30, 2022. The lease is currently month to month. Lease payments were $825 per month. Accounting principles generally accepted in the United States of America require that depreciation expense be accounted for when properties are placed in service; however, management determined that the expense for the year ended June 30, 2024 would be immaterial.

Rental income for the years ended June 30, 2024 and 2023 was $73,977 and $68,490, respectively, for the above leases.

Note 14: Commitments and Contingencies - BNLP

BNLP received through WSD, a Community Development Block Grant in the amount of $100,000. The funds were used toward the acquisition costs of the land. Performance of the conditions of the grant is secured by a third lien covering the Project. In the event the Project is sold, the grant funds must be returned to DHCD.

Note 15: Current Vulnerability Due to Certain Concentrations - BNLP

BNLP's primary asset is its seventeen (17) unit rental housing project. BNLP's operations are concentrated in the multifamily real estate market. In addition, BNLP operates in a heavily regulated environment. The operations of BNLP are subject to the administrative directives, rules and regulations of state and local regulatory agencies, including, but not limited to, DHCD. Such administrative directives, rules and regulations are subject to change by an act of the state or an administrative change mandated by DHCD. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

Note 16: Refundable Advances

Contributions which include donor-imposed conditions are accounted for as liabilities. As the conditions are met, the contributions are recognized in the consolidated statements of activities.

The Organization received advances from various grantors that have not been expended as of June 30, 2024. Such funds are expected to be used during the following fiscal year. Refundable advances totaled $1,111,897 and $624,699 as of June 30, 2024 and 2023, respectively.

Note 17: Net Assets With Donor Restrictions

The following are net assets with donor restrictions and their purposes at June 30:

	2024	2023
Attendance Monitors at Tench Tilghman	$ 5,208	$ 5,208
Clean Streets Partnership	-	37,741
Storefront Improvement, Streetscaping and Interior Fit-Out Projects	212,073	227,307
Family Stability and Eviction Prevention	7,445	7,445
Housing Assistance Programs	3,316	3,316
Community Financial Assistance	125,000	275,000
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	$ 353,042	$ 556,017

Note 18: Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes. The following amounts were released from restrictions for the fiscal years ended June 30:

	2024	2023
Community Financial Assistance	$ 150,000	$ -
Clean Streets Partnership	37,741	-
Attendance Monitors at Tench Tilghman	-	1,292
Baltimore Bike Experience Community Bicycle Workshop	-	23,040
Family Stability and Eviction Prevention	-	24,615
Storefront Improvement, Streetscaping and Interior Fit-Out Projects	15,234	22,693
TOTAL NET ASSETS RELEASED FROM RESTRICTIONS	$ 202,975	$ 71,640

Note 19: Retirement Plan

The Organization maintains a defined contribution plan for all eligible employees. Employees are eligible upon hire. Contributions to the plan are made solely at the discretion of the Organization. The Organization made no contributions to the plan in the years ended June 30, 2024 and 2023.

Note 20: Subsequent Events

On March 19, 2024, the Organization entered into a contract for the purchase of land located at 25 South Conkling Street in Baltimore, Maryland, with a purchase price of $300,000 pending successful surveys and permitting. As of June 30, 2024, the Organization paid a down payment of $20,000. As of February 2025, the Organization has not yet closed on the contract.

On January 27, 2025, the OMB of the United States Federal Government instituted a freeze on the disbursement of federal grant and loan funds, which became effective on January 28, 2025. The extent to which the funding freeze impacts our operations, financial results, and cash flows, both current and future, will depend on future developments, which are highly uncertain and cannot be predicted with any measure of certainty or probability.

SOUTHEAST COMMUNITY DEVELOPMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION

June 30, 2024

	Southeast Community Development Corporation	3323 Eastern Avenue, LLC	Hope Development Company	Wolfe Street Enterprises, LLC	Wolfe Street Development Company	Intercompany Eliminations	Total
CURRENT ASSETS							
Cash and Cash Equivalents	$ 1,177,470	$ -	$ 2,676	$ 48,688	$ -	$ -	$ 1,228,834
Accounts Receivable - Tenants (Net of Allowance for Doubtful Accounts of $13,627)	-	-	-	10,275	-	-	10,275
Accounts Receivable - Other	295,107	-	-	-	-	-	295,107
Grants Receivable	868,437	-	-	-	-	-	868,437
Investments, at Fair Value	1,958,086	-	-	-	-	-	1,958,086
Prepaid Expenses	3,806	-	-	4,284	-	-	8,090
Accrued Interest and Dividends Receivable on Investments	14,925	-	-	-	-	-	14,925
Security Deposits	854	-	-	15,943	-	-	16,797
Deposit - Conkling Street Garden	20,000	-	-	-	-	-	20,000
Due from Related Party	1,811,539	-	-	-	-	(1,811,539)	-
Mortgage Escrow Deposits and Funded Reserves	-	-	-	90,337	-	-	90,337
Loans Receivable	10,099	-	-	-	-	-	10,099
TOTAL CURRENT ASSETS	6,160,323	-	2,676	169,527	-	(1,811,539)	4,520,987
PROPERTY AND EQUIPMENT							
Land	-	-	-	106,631	-	-	106,631
Buildings	180,594	1,239,689	-	1,735,736	-	-	3,156,019
Furniture and Equipment	77,561	-	-	48,791	-	-	126,352
Leasehold Improvements	457,696	-	-	-	-	-	457,696
Less: Accumulated Depreciation	(221,745)	(346,552)	-	(1,124,524)	-	-	(1,692,821)
NET PROPERTY AND EQUIPMENT	494,106	893,137	-	766,634	-	-	2,153,877
PROPERTIES HELD FOR RESALE							
Cost	-	-	911,394	-	-	-	911,394
Less: Allowance for Impairment	-	-	(200,729)	-	-	-	(200,729)
NET PROPERTIES HELD FOR RESALE	-	-	710,665	-	-	-	710,665
OTHER ASSETS							
Investments in Private Company	(2,145,865)	-	-	(96,719)	96,719	2,145,865	-
Right of Use Assets	89,237	-	-	-	-	-	89,237
TOTAL OTHER ASSETS	(2,056,628)	-	-	(96,719)	96,719	2,145,865	89,237
TOTAL ASSETS	$ 4,597,801	$ 893,137	$ 713,341	$ 839,442	$ 96,719	$ 334,326	$ 7,474,766

The independent auditors' report and accompanying notes
are an integral part of these consolidated financial statements.

SOUTHEAST COMMUNITY DEVELOPMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION

June 30, 2024

	Southeast Community Development Corporation	3323 Eastern Avenue, LLC	Hope Development Company	Wolfe Street Enterprises, LLC	Wolfe Street Development Company	Intercompany Eliminations	Total
CURRENT LIABILITIES							
Accounts Payable and Accrued Expenses	$ 131,144	$ -	$ -	$ 3,139	$ -	$ -	$ 134,283
Prepaid Rents	-	-	-	4,545	-	-	4,545
Accrued Salaries, Wages and Taxes	27,764	-	-	-	-	-	27,764
Tenants' Security Deposits (Contra)	4,883	-	-	14,626	-	-	19,509
Fiscal Agent Liability	49,301	-	-	-	-	-	49,301
Refundable Advances	1,111,897	-	-	-	-	-	1,111,897
Lines-of-Credit	480,000	-	-	-	-	-	480,000
Due to Related Party	-	-	1,811,539	-	-	(1,811,539)	-
Operating Lease Liability - Current	35,477	-	-	-	-	-	35,477
Mortgage Payable - Current - BNLP	-	-	-	24,596	-	-	24,596
Mortgage Payable - Current	25,442	-	-	-	-	-	25,442
TOTAL CURRENT LIABILITIES	1,865,908	-	1,811,539	46,906	-	(1,811,539)	1,912,814
LONG-TERM LIABILITIES							
Mortgage Payable	21,401	-	-	-	-	-	21,401
Debt Issuance Costs (Net of Accumulated Amortization of $7,491)	(2,981)	-	-	-	-	-	(2,981)
Mortgages Payable - BNLP	-	-	-	631,494	-	-	631,494
Debt Issuance Costs - BNLP (Net of Accumulated Amortization of $12,837)	-	-	-	(7,038)	-	-	(7,038)
Other Loans and Notes Payable - BNLP	-	-	-	50,000	-	-	50,000
Operating Lease Liability	54,132	-	-	-	-	-	54,132
Misellaneous Long-Term Liabilities	-	-	-	10,000	-	-	10,000
Accrued Interest Payable	-	-	-	2,145,603	-	-	2,145,603
TOTAL LONG-TERM LIABILITIES	72,552	-	-	2,830,059	-	-	2,902,611
TOTAL LIABILITIES	1,938,460	-	1,811,539	2,876,965	-	(1,811,539)	4,815,425
NET ASSETS/EQUITY (DEFICIT)							
Without Donor Restrictions	2,306,299	-	-	-	-	-	2,306,299
With Donor Restrictions	353,042	-	-	-	-	-	353,042
Members'/Partners' Equity (Deficit)	-	893,137	(1,098,198)	(2,037,523)	96,719	2,145,865	-
TOTAL NET ASSETS/EQUITY (DEFICIT)	2,659,341	893,137	(1,098,198)	(2,037,523)	96,719	2,145,865	2,659,341
TOTAL LIABILITIES AND NET ASSETS	$ 4,597,801	$ 893,137	$ 713,341	$ 839,442	$ 96,719	$ 334,326	$ 7,474,766

The independent auditors' report and accompanying notes
are an integral part of these consolidated financial statements.

SOUTHEAST COMMUNITY DEVELOPMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2024

	WITH DONOR RESTRICTIONS	WITHOUT DONOR RESTRICTIONS						
	Southeast Community Development Corporation	Southeast Community Development Corporation	3323 Eastern Avenue, LLC	Hope Development Company	Wolfe Street Enterprises, LLC	Wolfe Street Development Company	Intercompany Eliminations	Total
SUPPORT AND REVENUES								
Grants from Government Agencies	$ -	$ 2,023,615	$ -	$ -	$ -	$ -	$ -	$ 2,023,615
Other Grants	-	927,819	-	-	-	-	-	927,819
Contributions	-	367,734	-	-	-	-	-	367,734
Rental Revenue	-	73,977	-	-	164,574	-	-	238,551
Housing Counseling	-	5,505	-	-	-	-	-	5,505
Lead Agency Service Fees	-	282,956	-	-	-	-	-	282,956
Other Revenue	-	27,059	-	-	-	-	-	27,059
Investment Return, Net	-	229,291	-	-	138	-	-	229,429
Sale of Properties Held for Resale	-	-	-	940,160	-	-	-	940,160
Net Assets Released from Restrictions	(202,975)	202,975	-	-	-	-	-	-
TOTAL SUPPORT AND REVENUES	(202,975)	4,140,931	-	940,160	164,712	-	-	5,042,828
EXPENSES								
Program Expenses								
Neighborhood/Commercial Revitalization	-	1,747,779	30,992	1,568,761	-	-	-	3,347,532
Community Schools	-	450,320	-	-	-	-	-	450,320
Broadway North Limited Partnership	-	-	-	-	348,079	-	-	348,079
Homeownership/Financial Stability	-	786,153	-	-	-	-	-	786,153
Total Program Expenses	-	2,984,252	30,992	1,568,761	348,079	-	-	4,932,084
Management and General	-	503,016	-	-	-	-	-	503,016
TOTAL EXPENSES	-	3,487,268	30,992	1,568,761	348,079	-	-	5,435,100
OTHER INCOME (EXPENSES)								
Investment Income (Loss) from Private Company	-	(842,960)	-	-	183	(183)	842,960	-
CHANGES IN NET ASSETS	(202,975)	(189,297)	(30,992)	(628,601)	(183,184)	(183)	842,960	(392,272)
Net Assets - Beginning of Year	556,017	2,495,596	-	-	-	-	-	3,051,613
Members'/Partners' Equity (Deficit) - Beginning of Year	-	-	924,129	(469,597)	(1,854,339)	96,902	1,302,905	-
NET ASSETS (DEFICIT) - END OF YEAR	$ 353,042	$ 2,306,299	$ 893,137	$ (1,098,198)	$ (2,037,523)	$ 96,719	$ 2,145,865	$ 2,659,341

The independent auditors' report and accompanying notes
are an integral part of these consolidated financial statements.

Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Southeast Community Development Corporation and Subsidiaries

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, the consolidated financial statements of Southeast Community Development Corporation and Subsidiaries (the Organization), which comprise the consolidated statement of financial position as of June 30, 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements and have issued our report thereon dated March 21, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Report on Compliance and Other Matters
As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of Report
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Grandizio, Wilkins, Little & Matthews, LLP

Grandizio, Wilkins, Little & Matthews, LLP
March 21, 2025