CHICAGO METROPOLITAN HOUSING DEVELOPMENT CORPORATION
(AN ILLINOIS NOT-FOR-PROFIT CORPORATION)

Consolidated Financial Statements and Independent Auditors' Report

For the Year Ended December 31, 2022

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INDEPENDENT AUDITORS' REPORT

To The Board of Directors of
CHICAGO METROPOLITAN HOUSING DEVELOPMENT CORPORATION
Chicago, Illinois

Opinion

We have audited the accompanying consolidated financial statements of ***CHICAGO METROPOLITAN HOUSING DEVELOPMENT CORPORATION*** **("CMHDC")** (an Illinois not-for-profit corporation), which comprise the consolidated statement of financial position as of December 31, 2022, 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.

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 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 CMHDC's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's 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 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 generally accepted 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 financial statements.

In performing an audit in accordance with generally accepted 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 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 CMHDC's internal control. Accordingly, no such opinion is expressed.

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

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

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

Report on Summarized Comparative Information

We have previously audited CMHDC's 2021 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated June 22, 2022. In our opinion, the summarized consolidated comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating schedule of financial position and consolidating schedule of activities on pages 30-32 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the 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.

Prado & Renteria

Chicago, Illinois
July 6, 2023

CHICAGO METROPOLITAN HOUSING DEVELOPMENT CORPORATION
(AN ILLINOIS NOT-FOR-PROFIT CORPORATION)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS OF DECEMBER 31, 2022
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2021)

	2022	2021
ASSETS		
Current Assets		
Cash and cash equivalents	$ 1,992,122	$ 2,258,086
Tenant accounts receivable (Less: Allowance for doubtful accounts of $21,024 and $21,024 for 2021 and 2020, respectively)	108,298	114,494
Escrow deposits	896,430	818,557
Prepaid expenses	410,882	417,412
Security deposit	20,170	20,170
Note receivable - short-term portion	19,286	18,393
Total Current Assets	3,447,188	3,647,112
Property and Equipment		
Land, building and improvements	84,340,741	84,574,580
Office equipment and furniture	255,006	255,006
Automobiles	23,300	23,300
	84,619,047	84,852,886
Less: Accumulated depreciation	(35,863,862)	(32,521,712)
Total Property and Equipment	48,755,185	52,331,174
Other Assets		
Restricted investments - security deposits	8,342	48,626
New office lease rights	247,818	-
Notes receivable - long-term portion	479,362	498,775
Total Other Assets	735,522	547,401
TOTAL ASSETS	$ 52,937,895	$ 56,525,687

The accompanying Notes are an integral part of these consolidated Financial Statements.

CHICAGO METROPOLITAN HOUSING DEVELOPMENT CORPORATION
(AN ILLINOIS NOT-FOR-PROFIT CORPORATION)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS OF DECEMBER 31, 2022
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2021)

	2022	2021
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	$ 333,935	$ 204,904
Prepaid rent	168,581	189,121
Accrued compensated absences	46,884	43,776
Accrued real estate taxes	1,253,576	1,170,213
Accrued expenses	198,162	180,854
Tenant security deposits	-	2,120
NSP loan - Leland - short-term portion	68,760	68,760
Loans payable - short-term portion	5,342,479	5,058,005
Mortgages payable - short-term portion	12,674,790	1,901,574
1602 Grant funds - short-term portion	262,840	262,840
Total Current Liabilities	20,350,007	9,082,167
Long-Term Liabilities		
Long-Term Debt		
NSP loan - Leland - long-term portion	603,578	644,246
Loans payable - long-term portion	2,283,228	2,841,496
Mortgages payable - long-term portion	27,107,133	38,272,722
Less: Unamortized Debt Finance Cost	(299,332)	(358,785)
Net Long-Term Debt	29,694,607	41,429,679
Deferred interest payable	527,915	504,745
Tax Credit - IHDA-Albany	279,417	279,417
New lease obligation	275,511	-
1602 Grant funds - long-term portion	788,540	1,051,380
Total Long-Term Liabilities	31,565,990	43,265,221
Total Liabilities	51,915,997	52,347,388
Net Assets		
Without Donor Restrictions	1,021,898	4,178,299
TOTAL LIABILITIES AND NET ASSETS	$ 52,937,895	$ 56,525,687

The accompanying Notes are an integral part of these consolidated Financial Statements.

CHICAGO METROPOLITAN HOUSING DEVELOPMENT CORPORATION
(AN ILLINOIS NOT-FOR-PROFIT CORPORATION)

CONSOLIDATED STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2022
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2021)

	2022	2021
WITHOUT DONOR RESTRICTIONS		
Revenues and Other Support		
Program income - rental income	$ 8,972,326	$ 9,147,799
Grant funds-NSP	70,668	70,668
Grant funds-1602	262,840	262,840
Gain (loss) on sales of properties	279,239	376,687
Other operating income	59,840	23,984
Construction income	429,418	211,910
Interest income	28,738	25,453
Total Revenues and Other Support	10,103,069	10,119,341
Expenses		
Program services:		
Properties	12,524,783	11,991,443
Support services:		
Management and general	734,687	719,954
Total Expenses	13,259,470	12,711,397
Change in Net Assets	(3,156,401)	(2,592,056)
Net Assets at Beginning of Year	4,178,299	6,770,355
NET ASSETS AT END OF YEAR	$ 1,021,898	$ 4,178,299

The accompanying Notes are an integral part of these consolidated Financial Statements.

CHICAGO METROPOLITAN HOUSING DEVELOPMENT CORPORATION
(AN ILLINOIS NOT-FOR-PROFIT CORPORATION)

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2022
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2021)

	Program Services	Support Services	2022	2021
	Properties	**Management and General**	**Total Expenses**	**Total Expenses**
EXPENSES				
Employee Compensation				
Salaries	$ 354,227	$ 177,114	$ 531,341	$ 497,983
Payroll taxes	14,961	20,385	35,346	39,310
Employee benefits	57,202	27,728	84,930	125,796
Total Employee Compensation	426,390	225,227	651,617	663,089
Other Expenses				
Advertising	241,819	-	241,819	162,185
Automobile expense	6,019	3,385	9,404	5,976
Consulting - construction	561,539	-	561,539	308,030
Janitorial and administrative services	365,430	-	365,430	318,928
Insurance	503,900	-	503,900	490,069
Interest	2,152,485	-	2,152,485	2,138,953
Property management fees	341,952	170,976	512,928	520,671
Miscellaneous expenses	-	-	-	31,851
Office expense	98,798	22,803	121,601	179,090
Professional fees	250,909	262,892	513,801	440,946
Property taxes	1,298,151	-	1,298,151	1,207,887
Rent	96,318	46,083	142,401	166,261
Repairs and maintenance	1,186,085	-	1,186,085	1,287,033
Telephone	-	3,321	3,321	1,540
Utilities	1,401,594	-	1,401,594	1,133,079
Total Expenses Before Depreciation	8,931,389	734,687	9,666,076	9,055,588
Depreciation	3,593,394	-	3,593,394	3,655,809
TOTAL EXPENSES	$ 12,524,783	$ 734,687	$ 13,259,470	$ 12,711,397

The accompanying Notes are an integral part of these consolidated Financial Statements.

CHICAGO METROPOLITAN HOUSING DEVELOPMENT CORPORATION
(AN ILLINOIS NOT-FOR-PROFIT CORPORATION)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2022
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2021)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ (3,156,401)	$ (2,592,056)
Adjustments to reconcile change in net assets to net cash provided by (used) in operating activities:		
Depreciation	3,593,394	3,655,809
Lease expense - operating	36,032	-
Payments on operating lease obligation	(20,610)	-
Amortization of unamortized finance cost	76,798	113,005
(Gain) Loss on sales of properties	(279,239)	(376,687)
Changes in assets and liabilities:		
Prepaid expenses	6,530	(63,815)
Tenant rents and other receivable	6,196	(38,892)
Tenant security deposits	(2,120)	(10,550)
Accrued real estate taxes	83,363	21,367
Accrued compensated absences	3,108	(24,799)
Accounts payable and accrued expenses	146,339	(89,284)
Prepaid rent	(20,540)	24,338
Net Cash Provided By (Used) In Operating Activities	472,850	618,436
CASH FLOWS FROM INVESTING ACTIVITIES:		
Collections of notes receivable	18,520	16,285
Building purchases and improvements	(1,127,339)	(1,620,761)
Property sale proceeds	387,179	2,247,315
Purchase of financing costs	(17,345)	(167,206)
Net Cash Provided By (Used) In Investing Activities	(738,985)	475,633
CASH FLOWS FROM FINANCING ACTIVITIES:		
Deferred interest payable	23,170	23,170
Release from NSP loan	(40,668)	(70,668)
Release from 1602 Grant funds	(262,840)	(262,840)
Proceeds from new mortgages	1,800,057	7,054,409
Proceeds from issuance of notes/loans payable and line of credit	455,862	194,750
Principal payments on mortgages	(1,662,327)	(9,014,169)
Principal payments on notes/loans payable and line of credit	(275,494)	(426,144)
Net Cash Provided By (Used) In Financing Activities	37,760	(2,501,492)
Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash	(228,375)	(1,407,423)
Cash, Cash Equivalents and Restricted Cash at Beginning of Year	3,125,269	4,532,692
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT END OF YEAR	$ 2,896,894	$ 3,125,269
SUPPLEMENTAL DATA:		
Interest paid	$ 2,135,177	$ 2,048,707

The accompanying Notes are an integral part of these consolidated Financial Statements.

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

CHICAGO METROPOLITAN HOUSING DEVELOPMENT CORPORATION **("CMHDC")** is a 501(c)(3) not for profit corporation created in 1982 as an instrumentality of the Chicago Housing Authority (CHA). CMHDC was created initially to issue tax-exempt bonds under the United States Housing and Urban Development (HUD) Section 11(b) Program. On December 31, 2021 CHA and CMHDC legally separated thus terminating the instrumentality and any other relationship between the two entities. The articles of incorporation and the bylaws were revised accordingly to reflect this event. This change has not affected the activities of CMHDC and its affiliates. CMHDC has continued its role to include active development and financing of quality affordable housing, with particular emphasis on the revitalization and redevelopment of communities throughout the Chicago area. CMHDC's mission is to expand housing opportunities, create mixed-income communities and offer a variety of housing options for lower-income individuals and families throughout the Chicago area.

The financial statements of CMHDC include the activity of CMHDC Properties, LLC, Diversey Manor, LLC, CMHDC Laflin, LLC, 3552 W. Leland, LLC, CMHDC Kolin, LLC, CMHDC-ALB, LLC and CMHDC-Albany LLC. These entities are 100% owned by CMHDC and exists solely to hold title and the related mortgages to properties used in CMHDC's operations.

Affiliates

CMHDC Development Services

In 2009, CMHDC Development Services was incorporated under the Illinois "General Not-For-Profit Corporation Act". The purpose of Development Services was to expand housing opportunities, create mixed-income communities and offer a variety of housing options for lower-income individuals and families in the Chicago Metropolitan area.

As of December 31, 2022 Development Services' real property holding are as follows:

Holding Entity	Property Location	Number of Units	Purchase Date	Acquisition Cost
CDS Cicero NFP, LLC	Cicero, Illinois	54	December 29, 2010	$6,157,596
CDS Austin, LLC	Cicero, Illinois	14	May 23, 2013	$404,962
CDS Ridge, LLC	Evanston, Illinois	17	March 19, 2014	$1,800,000
CDS Dobson, LLC	Evanston, Illinois	15	June 6, 2014	$1,400,000
CDS Harvard, LLC	Evanston, Illinois	20	July 18, 2014	$2,350,000
CDS Harlem, LLC	Harwood Heights, Illinois	9	May 17, 2019	$961,000
CDS Harlem, LLC	Chicago, Illinois	18	May 17, 2019	$2,883,000

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

CMHDC Development Services – Continued

The majority of CMHDC's board members are members of Development Services' board. As a result, CMHDC's board controls a majority voting interest in Development Services' board. The operations of the affiliate are included in these consolidated financial statements.

See Notes 8 and 9 for additional transactions between CMHDC and the affiliate (Development Services).

Progressive Square Limited Partnership Phase I

On December 31, 2015, CMHDC acquired an interest in Progressive Square Limited Partnership Phase I ("Partnership"). The Partnership consists of two parties: CMHDC, Limited Partner, with a 99.99% interest, and CMHDC Progressive NFP, an affiliate of CMHDC, General Partner, with a .01% interest. The Partnership owns and operates a 24-unit rental apartment project located at 4752 S. Wabash in Chicago, Illinois. The financial statements consolidate the operations of the Partnership.

Basis of Accounting

The consolidated financial statements of CMHDC have been prepared on the accrual basis of accounting, whereas revenue is recognized when earned and expenses are recognized when incurred. To ensure observance of certain constraints and restrictions placed on the use of resources, separate cash accounts are maintained in accordance with the underlying programs.

Consolidation Policy

The accompanying consolidated financial statements include the accounts of the parent company (Chicago Metropolitan Housing Development Corporation), and all its wholly owned subsidiaries. Inter-company transactions have been eliminated in consolidation.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

> **Net assets without donor restrictions** – Net assets available for use in general operations and not subject to donor restrictions.
>
> **Net assets with donor restrictions** – Net assets subject to donor imposed stipulations that may or will be met either by actions of CMHDC and/or the passage of time. There are no net assets with donor restriction as of December 31, 2022 or 2021.

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Income Tax Status

CMHDC is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code. CMHDC had no unrelated business income during 2022, and therefore, no provision for federal or state income taxes has been made in the accompanying financial statements. CMHDC is no longer subject to examination by the Internal Revenue Service for years prior to 2019.

Cash and Cash Equivalents

Cash equivalents are short-term, highly liquid investments (i.e., money market mutual funds or other highly liquid investments with original maturities of three months or less) that are readily convertible to known amounts of cash and have insignificant risk of changes in value because of changes in the interest rate.

Investments

The organization's investments are bought and held principally for the purpose of generating income. Investments in equity securities with readily determinable fair values and all investments in debt securities are stated at fair value. Fair value is based on quoted market prices. For the year ended December 31, 2022 there were no investments for CMHDC.

Estimates

The preparation of 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 and disclosures. Accordingly, actual results could differ from those estimates.

Property and Equipment

Land, buildings and equipment are recorded at cost if purchased or, fair value if contributed, plus significant expenditures required to make residences ready for occupancy. Operating equipment purchases of $1,000 or more are depreciated over the estimated useful life of five years using the straight-line method. Buildings are depreciated over an estimated useful life of 27.5 years using the modified accelerated cost recovery system, which approximates methods allowable under accounting principles generally accepted in the United States of America.

Finance Cost and Amortization

Financing costs are amortized over the term of the mortgage loan using the straight-line method. 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.

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Description of Programs

During 2022, CMHDC continued its efforts on the development and retention of affordable mixed-income housing. CMHDC operates several rental properties located in different areas of the City of Chicago and Metropolitan area (see rental portfolio description). All of the units have been made available to qualified tenants in accordance with regulations controlling the different sources of funds that CMHDC receives.

Rental Portfolio

Rental units are the largest component of CMHDC's real estate holdings. As of December 31, 2022 CMHDC and its affiliate(s) owned and operated the following properties as rental units for the benefits of low and very low-income families:

CMHDC Properties

	COSTS
Multi-unit buildings	
5337 North Damen (12 units)	$ 1,490,638
10979 South Church (12 units)	1,190,656
1714 West Jonquil (15 units)	1,434,787
1530 West Wilson (18 units)	2,249,904
2923 North Long (6 units)	609,662
4700 North Beacon (12 units)	2,229,541
7955 South Paulina (15 units)	884,414
4434 West 87th (8 units)	773,817
9422 South Laflin (6 units)	657,126
5152 South Martin Luther King Drive (42 units)	3,464,254
9051-55 South Ada (6 units)	459,587
4957 North Albany (20 units)	2,501,331
1914 North Drake (19 units)	2,008,496
4412-26 North St. Louis (33 units)	3,931,866
2242 North Monticello (13 units)	1,570,493
1401-11 West 80th (13 units)	698,579
9155 South Laflin (8 units)	702,505
9101 South Beverly (37 units)	3,984,594
2104 West Birchwood (38 units)	5,176,800
2920-22 North Albany (13 units)	1,618,283
4848 Wrightwood (44 units)	5,190,538

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Description of Programs – Continued

Progressive Square-4752 S. Wabash (24 Units)	4,025,265
3213 West Diversey (51 units)	4,618,134
3252-56 W. Leland (6 units)	1,644,401
1501 N. Kolin (15 units)	944,911
4510 N. Central Park (4 units)	579,169
1902 Birchwood (10 units)	1,215,978
3736 W. Diversey (2 units)	334,587
5238 Neenah (12 units)	1,597,079
5609 N. Berenice (2 units)	488,890
2537 N. Lowell (2 units)	310,506
2101 N. LeClaire (2 Units)	246,296
5331 W. Barry (2 Units)	387,596
2244 W. Farragut (2 Units)006	523,600
2734 W. Gregory (2 Units)	601,356
2308 N. Mango (2 Units)	333,959
5858 W. Diversey (3 Units)	610,794
6514 N. Sacramento (3 Units)	558,927
5214 W. Parker (2 Units)	392,520
2415 N. Kildare (4 Units)	393,029
2904 N. Linder (2 Units)	144,608
1811 N. Lotus (2 Units)	220,435
5000 W. Montana (2 Units)	412,365
4948-50 N. Harding (6 Units)	1,092,574
4633-35 N. Lawndale (6 Units)	1,165,110
3104-06 W. Ainslie (6 Units)	1,074,073
Total CMHDC Properties	$ 66,744,033

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

CMHDC Development Services Properties – Consolidated	$ 18,160,551
Cicero Gardens (54 units)	
1336-38 South Austin (14 units)	
Ridge (17 units)	
Dobson (12 units)	
Harvard (20 units)	
Harlem (27 units)	
Consolidated Subtotal	84,904,584
Consolidated Financial Statement Eliminating Entry	(563,843)
Total Rental Portfolio	84,340,741
Accumulated depreciation	(35,524,153)
PROPERTIES, NET OF DEPRECIATION	$ 48,884,379

Residences are capitalized at acquired cost, plus significant expenditures required to make the residences ready for occupancy. Residences are depreciated when they are available for occupancy.

Public Housing Programs

CMHDC provided two loans in the amount of $384,000 each to a developer to secure units at Mohawk North and Old Town Village for replacement public housing at an annual interest rate of 4.5%. The units are leased by the developer to CHA under a 40-year master lease.

Restricted Investments – Security Deposits

As required by municipalities and the State of Illinois tenant security deposits are required to be set aside and held in separate interest bearing accounts and are not available for operating purposes. These deposits are currently held in bank accounts managed by Kass Management Services, Inc. and Urban Equities Real Estate Consultants, Inc., the Property Managers. The deposits, including any interest accumulated, are released to the tenants according to the lease terms. The restricted deposit balances as of December 31, 2022 and 2021 are $8,312 and $48,626 respectively.

Receivables

Receivables are reported at the outstanding balance less an allowance for doubtful accounts, if necessary. Accounts receivable are written off when all collection efforts have been used and the tenant has been evicted. Generally, the receivables are considered past due 5 days after the due date and delinquent if not received within 30 days of the due date. However, the specific terms, including interest charges on late payments, are dependent upon the lease contracts.

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Rental Income and Revenue Recognition – Rental Activities

Rental income is recognized for apartment rentals as it accrues. Advance receipts of rental income are deferred and classified as a liability until earned.

Revenue streams subject to ASC 606 *Revenue from Contracts with Customers* include: tenant reimbursement of consumption-based costs paid by the Project on behalf of the tenant, such as utilities and other monthly fees. Additional revenue includes laundry, vending, pet and parking fees as well as damages. Such fees are ancillary to the lease process and are recognized as revenue at the point in time such fees are incurred.

Revenue and Cost Recognition – Construction

The Financial Accounting Standards Board (FASB) issued new guidance that created Topic 606, Revenue from Contracts with Customers, in the Accounting Standards Codification (ASC). Topic 606 requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The new guidance also added Subtopic 340-40, Other Assets and Deferred Costs – Contracts with Customers, to the ASC to require the deferral of incremental costs of obtaining a contract with a customer. Collectively, we refer to the new Topic 606 and Subtopic 340-40 as the “new guidance.”

The Organization contracts are single performance obligations that are satisfied over time. Payments are also due over time in installments, based on project phases as specified in the contract, with final payment due at the time the contract is complete and the customer accepts the project.

The Organization recognizes revenues from fixed-price contracts using the cost-to-cost input method, which measures progress toward completion based on the percentage of cost incurred to date to estimated total cost for each contract. That method is used because management considers total cost to be the best available measure of progress on the contracts.

Because of inherent uncertainties in estimating costs, it is at least reasonably possible that estimates used will change within the near term. There are a number of factors that can contribute to changes in estimates of contract cost and profitability. The most significant of these include:

- The completeness and accuracy of the original bid
- Costs associated with scope changes
- Changes in costs of labor and/or materials
- Changes in productivity expectations

Contract costs include all direct subcontractor and construction supervision costs related to contract performance. Selling, general, and administrative costs are charged to expense as incurred. Provisions for estimated losses on uncompleted contracts (if any) are made in the period in which such losses are determined. Changes in job performance, job conditions, and estimated profitability may result in revisions to costs and income, which are generally recognized in the period in which the revisions are determined.

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Revenue and Cost Recognition – Construction – Continued

The contract asset "costs and estimated earnings in excess of billings on uncompleted contracts" represents revenue recognized in excess of billings. The contract liability "billings in excess of costs and estimated earnings on uncompleted contracts" represents billings in excess of revenues recognized.

The Organization has one outside contract outstanding at December 31, 2022. The remaining outstanding contract obligation was a change order which was commenced subsequent to year end. There were no material contract receivables or payables at December 31, 2022.

Contract acquisition costs

The Organization has applied the practical expedient provided by FASB ASC 340-40-25-4 and all incremental customer contract acquisition costs are expensed as they are incurred, as the amortization period of the asset that the Organization otherwise would have recognized is one year or less in duration.

Cash, Cash Equivalents and Restricted Cash

The following table provides reconciliation of cash, cash equivalents, and restricted cash reported within the balance sheets that sum to the total of the same such amounts shown in the statements of cash flows at December 31, 2022 and 2021:

	2022	2021
Cash and cash equivalents	$ 1,992,122	$ 2,258,086
Escrow	896,430	818,557
Restricted investments – security deposits	8,342	48,626
Total cash, cash equivalents and restricted cash, shown on the statement of cash flows	$ 2,896,894	$ 3,125,269

Liquidity and Availability of Financial Assets

Financial assets available for general expenditures, that is, without donor restrictions or other restrictions limiting their use, within one year of the statement of financial position date, comprised the following:

Cash and cash equivalents	$ 1,992,122
Tenant accounts receivable	108,298
Less: Prepaid rents	(168,581)
	$ 1,931,839

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Liquidity and Availability of Financial Assets – Continued

The tenant accounts receivable are expected to be collected within one year.

CMHDC has a goal to maintain financial assets, which consist of cash on hand to meet normal operating expenses. CMHDC has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program and supporting services benefited.

The financial statements report certain categories of expenses that are attributed to the housing programs or supporting functions of CMHDC. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, payroll taxes and benefits, management fees, rent and office expenses, which are allocated on the basis of estimates of time and effort.

Comparative Financial Information

The consolidated financial statements include prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with CMHDC's consolidated financial statements for the year ended December 31, 2021, from which the summarized information was derived.

Reclassification

Certain amounts from the prior year have been reclassified in order to conform to the current year's presentation.

NOTE 2 – NOTES RECEIVABLE

Notes receivable for Mohawk North and Old Town Village due from the developer as of December 31, 2022 and 2021, were $498,648 and $517,168 respectively. The interest rate on these receivables is 4.50%.

The notes receivable balance consists of the following:

	2022	2021
Mohawk North	$ 229,054	$ 239,924
Old Town Village	269,594	277,244
Total Notes Receivable	498,648	517,168
Less: Current portion	(19,286)	(18,393)
TOTAL LONG-TERM NOTES RECEIVABLE	$ 479,362	$ 498,775

NOTE 3 – FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying value of cash, receivables, deposits and prepaid expenses and accounts payable approximate fair value due to the short maturity of these instruments. The carrying value of notes payable approximates fair value based on rates applicable to the debt and remaining maturity.

NOTE 4 – ESCROW DEPOSITS AND RESTRICTED RESERVES

CMHDC Controlled Properties:
Escrow accounts for CMHDC and affiliates have been setup at various banks/mortgage companies to fund real estate tax and insurance reserves. As of December 31, 2022 and 2021, the escrow balance was $896,430 and $818,557 respectively.

NOTE 5 – LONG-TERM DEBT

The loans payable balance consists of the following:

	2022	2021
Loan payable to Illinois Housing Development Authority, including interest at 1% through 2031, for the financing of property located at 4700 N. Beacon, Chicago, Illinois.	380,718	423,002
Loans payable to Illinois Housing Development Authority, including interest at 1% through 2023, assumed during the purchase of property located at 3213 W. Diversey, Chicago Illinois.	515,291	552,864

NOTE 5 – LONG-TERM DEBT – Continued

	2022	2021
Line of credit payable to Lakeside Bank in monthly installments of interest only, variable interest rate 1-Month LIBOR plus 3.15% not to fall under 5.125%. The principal is due October 2023. The line was used to improve properties secured by the line of credit.	845,012	857,419
Line of credit payable to Bank Financial in monthly installments including interest at a variable interest rate - prime rate not to fall under 8.5%. The principal is due November 2024. The line was used to facilitate acquisition and improvements of properties for CMHDC and CMHDC Development Services.	3,939,206	4,120,736
Loan payable to the Illinois Housing Development Authority with interest only at 1.50%, through 2024. The loan currently requires payment of interest at 0.27% with the remaining 1.23% accrued. The loan was assumed during the purchase of 1638 S. 51st Ave, 1801 S. 50th Ave, 5700 W. 35th St., and 5741 W. 35th St., all in Cicero, Illinois.	1,102,118	1,102,118
Loan payable to the Illinois Housing Development Authority with interest only at 1.50%, through 2024. The loan currently requires payment of interest at 0.36% with the remaining 1.14% accrued. The loan was assumed during the purchase of 1638 S. 51st Ave, 1801 S. 50th Ave, 5700 W. 35th St., and 5741 W. 35th St., all in Cicero, Illinois.	843,362	843,362
Total Loan Outstanding	7,625,707	7,899,501
Less: Current portion	(5,342,479)	(5,058,005)
TOTAL LONG-TERM LOANS PAYABLE	$ 2,283,228	$ 2,841,496

NOTE 5 – LONG-TERM DEBT – Continued

The mortgage payable balance consists of the following:

	2022	2021
Loan payable to Bank Financial, NA in monthly installments of principal and interest of 5.0% through October 1, 2048. The loan was refinanced with Bank Financial, NA in 2018 for the property located at 5337-43 North Damen, Chicago, Illinois.	859,520	875,271
Loan payable to Bank Financial, NA in monthly installments of principal and interest of 5.0% through November 1, 2048. The loan was refinanced with Bank Financial, NA in 2018 for the property located at 4434-42 W. 87th Street, Chicago, Illinois.	283,037	288,194
Loan payable to Bank Financial FSB in monthly installments, including principal and interest at 4.75% through November 1, 2048. The loan was refinanced with Bank Financial, NA in 2018 for the property located at 9422-24 S. Laflin Street, Chicago, Illinois.	167,933	171,119
Loan payable to Bank Financial FSB in monthly installments, of principal and interest at 4.5% through November 1, 2048. The loan was refinanced with Bank Financial, NA in 2018 for the property located at 7955-59 S. Paulina/1648-50-52 W. 80th Street, Chicago, Illinois.	297,654	303,534
Loan payable to Bank Financial FSB in monthly installments, of principal and interest at 4.75% through November 1, 2048. The loan was refinanced with Bank Financial, NA in 2018 for the property located at 5152-78 (Park Ave.) South Martin Luther King Drive, Chicago, Illinois.	1,012,259	1,031,464
Loan payable to Bank Financial, NA in monthly installments of principal and interest of 5.0% through October 1, 2048. The loan was refinanced with Bank Financial, NA in 2018 for the property located at 1530-32 W. Wilson and 4607-13 N. Ashland, Chicago, Illinois.	1,616,271	1,645,890
Loan payable to Bank Financial, NA in monthly installments, of principal and interest at 5.25% through November 1, 2048. The loan was refinanced with Bank Financial, NA in 2018 for the property located at 10979 S. Church, Chicago, Illinois.	351,864	358,017

NOTE 5 – LONG-TERM DEBT – Continued

	2022	2021
Loan payable to Bank Financial, NA in monthly installments, of principal and interest at 4.75% through November 1, 2048. The loan was refinanced with Bank Financial, NA in 2018 for the property located at 1714 W. Jonquil, Chicago, Illinois.	489,798	499,091
Loan payable to Bank Financial, NA in monthly installments, including principal and interest at 4.75%, October 1, 2048. The loan was refinanced with Bank Financial, NA in 2018 for the property located at 4412-26 N. St. Louis, Chicago, Illinois.	2,077,177	2,116,817
First mortgage payable to Community Investment Corporation (first mortgage) in monthly installments, including principal and interest at 5.75% through 2013 and 3.36% through 2023 for property located at 3213 W. Diversey, Chicago, Illinois.	1,296,486	1,347,297
Second mortgage payable to Community Investment Corporation in monthly installments, including principal and interest. The note bears a 3-year interest rate at 5.5% per annum, subject to adjustment at 3-year intervals. The first anniversary date was January 1, 2017. Monthly installments of principal and interest are based on a 15-year amortization through 2029 for property located at 3213 W. Diversey, Chicago, Illinois.	314,865	326,633
Loan payable to Bank Financial, NA in monthly installments, including principal and interest at 4.5%, November 1, 2048. The loan was refinanced with Bank Financial, NA in 2018 for the property located at 1401-11 W. 80th Street, Chicago, Illinois.	232,543	237,136
Loan payable to Bank Financial, NA in monthly installments, including principal and interest at 4.5%, November 1, 2048. The loan was refinanced with Bank Financial, NA in 2018 for the property located at 4957 N. Albany, Chicago, Illinois.	1,092,868	1,114,459
Loan payable to Lakeside Bank, in monthly installments, including principal and interest at 5.15%, through November 27, 2023. The loan was refinanced with Lakeside Bank in 2018 for the property located at 9051-55 S. Ada, Chicago, Illinois.	139,971	143,627
Loan payable to Bank Financial, NA in monthly installments, including principal and interest at 4.75%, October 1, 2048. The loan was refinanced with Bank Financial, NA in 2018 for the property located at 2242-44 N Monticello, Chicago, Illinois.	889,554	906,529

NOTE 5 – LONG-TERM DEBT – Continued

	2022	2021
Loan payable to Bank Financial, NA in monthly installments, including principal and interest at 4.75%, October 1, 2048. The loan was refinanced with Bank Financial, NA in 2018 for the property located at 2920 N. Albany, Chicago, Illinois.	1,145,708	1,167,572
Loan payable to Lakeside Bank, including principal and interest at 4% through 2023. The loan was refinanced to reduce the interest rate from 6.25% to 4% and extend the loan terms from 2014 to 2023 for property located at 2104 W. Birchwood, Chicago, Illinois.	1,811,786	1,877,880
Loan payable to Lakeside Bank in monthly installments, including principal and interest at 5.50% through 2023. The loan was obtained for property located at 1914 N. Drake, Chicago, Illinois.	694,036	711,448
Loan payable to Bank Financial, NA in monthly installments, including principal and interest at 5.0%, November 2048. The loan was refinanced with Bank Financial, NA in 2018 for the property located at 9101 S. Beverly, Chicago, Illinois.	1,739,929	918,958
Loan payable to CIBC Bank in monthly installments of principal and interest at 4.2% through 2028. The loan is secured by the 9155 S. Laflin, Chicago, Illinois properties.	311,361	314,153
Loan payable to Community Investment Corporation in monthly installments, including principal and interest at 5.50% through 2032. The construction loan was converted to a conventional loan. The loan was obtained to purchase property located at 3252-56 W. Leland, Chicago, Illinois.	154,523	160,437
Loan payable to Lakeside Bank in monthly installments, including principal and interest at 4.625% through April 7, 2024. The loan was used to purchase property located at 1501 N. Kolin, Chicago, Illinois.	431,668	444,700

NOTE 5 – LONG-TERM DEBT – Continued

	2022	2021
Loan payable to CIBC Bank in monthly installments, including principal and interest at 4.14% through 2029. The loan was obtained to purchase the property located at 4510 N. Central Park Chicago, Illinois.	328,509	281,770
Loan payable to the Community Investment Corporation in monthly installments, accruing interest at 3.5%, through 2032. The loan was refinanced with the Community Investment Corporation for Progressive Square Limited Partnership Phase I Apartments located in Chicago, Illinois. The loan agreement also includes a construction loan for which there were no borrowings in 2022.	702,311	404,410
Loan payable to the City of Chicago in connection with Progressive Square Limited Partnership Phase I Apartments. The loan is payable in monthly installments, including principal through July 31, 2029.	762,180	761,680
Loan payable to CIBC Bank in monthly installments, including principal and interest at 4.5%, through 2023. The loan was refinanced in 2016. The loan was obtained to purchase property located at 744 Dobson St., Evanston, Illinois.	938,255	949,624
Loan payable to CIBC Bank in monthly installments, including principal and interest at 4.5%, through 2023. The loan was refinanced in 2016. The loan was obtained to purchase property located at 1216-26 Harvard Terrace, Evanston, Illinois.	2,013,025	2,037,419
Loan payable to CIBC Bank in monthly installments, including principal and interest at 4.5%, through 2023. The loan was refinanced in 2016. The loan was obtained to purchase property located at 127-129 Ridge, Evanston, Illinois.	1,595,034	1,614,363
Loan payable to Bank Financial in monthly installments, including principal and interest at 5.0%, November 1, 2048. The loan was refinanced with Bank Financial in 2018 for the property at 1336-38 S. Austin, Cicero, Illinois.	435,062	442,990
Loan payable to PNC Bank National Association (previously payable to the Community Investment Corporation) in monthly installments, including principal and interest at 3.249% through April 28, 2028. In April 2021, the loan was refinanced. The loan is secured by the buildings located at 3025, 4904, 4916 and 4932 N. Harlem in Chicago and Harwood Heights, Illinois.	3,087,456	3,174,036

NOTE 5 – LONG TERM DEBT – Continued

	2022	2021
Loan payable to CIBC Bank in monthly installments, including principal and interest at 4.20%, through 2023. The loan is secured by a residence located at 6720 N. Campbell, Chicago, Illinois.	-	247,536
Loan payable to CIBC Bank in monthly installments, including principal and interest at 4.20%, through 2023. The loan is secured by a residence located at 2836 N. Spaulding, Chicago, Illinois.	-	248,290
Loan payable to CIBC Bank in monthly installments, including principal and interest at 4.20%, through 2023. The loan is secured by a residence located at 2537 N. Lowell, Chicago, Illinois.	177,871	180,211
Loan payable to CIBC Bank in monthly installments, including principal and interest at 4.20%, through 2023. The loan is secured by a residence located at 5309 N. Berenice, Chicago, Illinois.	205,665	208,368
Loan payable to PNC bank in monthly installments, including principal and interest at 4.385% through 2024. The loan is secured by a residence located at 1902 Birchwood, Chicago, Illinois.	802,078	823,575
Loan payable to PNC bank in monthly installments, including principal and interest at 4.56% through 2024. The loan is secured by a residence located at 5238 Neenah, Chicago, Illinois.	992,868	1,023,359
Loan payable to PNC Bank National Association (previously payable to the Community Investment Corporation) in monthly installments, including principal and interest at 3.066% through May 26, 2028. The loan is secured by the apartment buildings located at 2415 N. Kildare, 2904 N. Linder, 3736 W. Diversey, 3104 W. Ainslie, 4633 N. Lawndale and 4948 N. Harding, Chicago, Illinois.	3,037,985	3,124,490

NOTE 5 – LONG-TERM DEBT – Continued

	2022	2021
Loan payable to Enterprise Community Loan Fund in monthly installments, including principal and interest at 4.58% through 2022. The loan is secured by the building 3617 W. Cortland, Chicago, Illinois.	-	255,000
First mortgage payable to Community Investment Corporation in monthly installments, including principal and interest at 5%, through August 1, 2028. The interest rate is subject to adjustment at five-year intervals commencing with May 1, 2023. The loan is secured by the 9 Albany properties at 2244 W. Farragut, 1811 N. Lotus, 6514 N. Sacramento, 5214 W. Parker, 2308 N. Mango, 5331 W. Barry, 5858 W. Diversey, 5000 W. Montana and 2734 W. Gregory.	1,336,048	1,361,068
Second mortgage payable to Community Investment Corporation in monthly installments, including principal and interest at 5%, through August 1, 2028. The interest rate is subject to adjustment at five-year intervals commencing with May 1, 2023. The loan is secured by the 9 Albany properties at 2244 W. Farragut, 1811 N. Lotus, 6514 N. Sacramento, 5214 W. Parker, 2308 N. Mango, 5331 W. Barry, 5858 W. Diversey, 5000 W. Montana and 2734 W. Gregory.	265,163	270,128
Loan payable to The City of Chicago Pear Program Loan. The loan is non-interest bearing and is due in 2048.	2,000,000	2,000,000
Loan payable to PNC Bank in monthly installments, including principal and interest at 2.76% through 2030. The loan is secured by the building located at 4848 Wrightwood, Chicago, Illinois.	3,691,602	3,805,254
Total Mortgages Outstanding	39,781,923	40,174,296
Less: Current portion	(12,674,790)	(1,901,574)
TOTAL LONG-TERM MORTGAGES PAYABLE	$ 27,107,133	$ 38,272,722

NOTE 5 – LONG-TERM DEBT – Continued

Principal Payments on long-term debt to maturity are as follows (to be updated by accountant):

		Principal
2023		18,017,269
2024		5,989,342
2025		687,244
2026		713,205
2027		970,475
Thereafter		21,030,095
TOTAL	$	47,407,630

Leland Building

During 2011, CMHDC purchased a property located at 3252-56 W. Leland, Chicago, Illinois, using two loans: 1) a construction loan in the amount of $198,000 from Community Investment Corporation; 2) and a convertible loan from the City of Chicago (through Mercy Housing) as a part of their Neighborhood Stabilization Program (NSP) at an interest rate of 0%. The City of Chicago loan has been converted to a forgivable grant after 15 years. The outstanding balance of the forgivable loan as of December 31, 2022 and 2021 is $672,338 and $743,006 respectively.

Diversey Manor Apartment Building

On January 12, 2007, CMHDC purchased the Diversey Manor Apartment Building located at 3213-23 W. Diversey at an acquisition and development cost of $3,259,403.

The financing for the purchase was provided as follows:

Mortgage payable to Community Investment Corporation	$	1,600,000
Loans payable to the		
Illinois Housing Development Authority		1,166,123
Seller financing – Deferred payment		150,000
Building improvements funded by proceeds		
from the sale of tax credit – City of Chicago		281,636
Settlement costs		28,905
Development costs		32,739
TOTAL COST	$	3,259,403

The Illinois Housing Development Authority loans stipulate that additional amounts be paid towards the principal based on excess of net cash, as defined by the loan agreements. The outstanding balance of the loans as of December 31, 2022 and 2021 is $515,291 and $552,864, respectively.

NOTE 5 – LONG-TERM DEBT – Continued

Cicero Gardens Buildings

On December 29, 2010, Development Services through CDS Cicero NFP, LLC purchased the Cicero Gardens Buildings located at 1638 S. 51st Ave., 1801 S. 50th Ave., 5700 W. 35th St., and 5741 W. 35th St. (collectively referred to as Cicero Gardens) at an acquisition and development cost of $6,157,596.

The 1602 Grant funds were made available as part of the purchase of the building and will be forgiven in full on the forgiveness date of December 31, 2027, unless there is the occurrence of a default as stipulated in the written agreement. Development Services is amortizing the Section 1602 Grant as a forgivable loan. The grant is earned 1/15th per year; therefore, the outstanding liability is reduced and amortized as deferred revenue over the 15 year compliance period and commenced January 1, 2012. As of December 31, 2022 and 2021, CMHDC has earned $2,891,240 and $2,628,400, respectively with a remaining balance of $1,051,380 and $1,314,220, respectively.

The financing for the purchase was provided as follows:

Loans payable to the Illinois Housing Development Authority (IHDA)	$ 1,945,480
IHDA reserves	80,199
Seller financing	31,431
Building improvements and first loan payoff funded by proceeds from the 1602 Grant funds	3,942,620
Settlement costs	157,866
TOTAL COST	$ 6,157,596

Principal payments on the Illinois Housing Development Authority long-term debts are not expected until maturity. Interest payments on the two IHDA loans are expected on a monthly basis. The monthly payment requirement for the IHDA loans is applied to accrued interest. The original terms of the loans require that the $250 payment requirement represents collecting .27% (first loan) and .36% (second loan) of the interest rate and deferring 1.23% (first loan) and 1.14% (second loan). Also, additional interest payments can be obtained within three months of the following fiscal year based on evaluation of 65% of net cash, as deemed in the regulatory agreement. The Illinois Housing Development Authority loans stipulate that additional amounts be paid towards the principal based on excess of net cash, as defined by the loan agreements.

NOTE 6 – CONCENTRATIONS OF FINANCIAL INSTRUMENT RISK

CMHDC had $1.8M and $2.2M on deposit at several banks as of December 31, 2022 and 2021, respectively. Balances uninsured by the FDIC at December 31, 2022 and 2021 were $0 and $7,700, respectively.

NOTE 7 – OFFICE OPERATING LEASE – ADOPTION OF FASB ASC 842

Effective January 1, 2022, CMHDC adopted FASB ASC 842, *Leases*. CMHDC determines if an arrangement contains a lease at inception based on whether CMHDC has the right to control the asset during the contract period and other facts and circumstances. CMHDC elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed it to carry forward the historical lease classification.

CMHDC has elected for all underlying classes of assets, to not recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of twelve months or less, but greater than one month at lease commencement, and do not include an option to purchase the underlying asset that CMHDC is reasonably certain to exercise. CMHDC recognizes lease cost associated with its short-term leases on a straight-line basis over the lease term.

The CMHDC evaluated current contracts to determine which met the criteria of a lease. The right-of-use (ROU) assets represent the CMHDC's right to use underlying assets for the lease term, and the lease liabilities represent the CMHDC's obligation to make lease payments arising from these leases. The ROU assets and lease liabilities, which arise from operating leases, were calculated based on the present value of future lease payments over the lease terms. The CMHDC has made an accounting policy election to use its incremental borrowing rate to discount future lease payments. The weighted-average discount rate applied to calculate lease liabilities as of December 31, 2022, was 5%.

The CMHDC's operating leases consist primarily of real estate leases for office space. The lease has remaining lease terms of five years.

For the year ended December 31, 2022, total operating lease cost was $36,032. As of December 31, 2022, the weighted-average remaining lease term for the CMHDC's operating leases was approximately 5 years.

Cash paid for operating leases for the year ended December 31, 2022 was $20,610. Future maturities of lease liabilities are presented in the following table, for the fiscal years ending December 31:

2023	$ 62,960
2024	64,685
2025	66,456
2026	68,288
2027	46,571
Total lease payments	308,960
Less present value discount	(33,449)
Total lease obligations	$ 275,511

In addition to base rent the tenant's share under the current lease shall also include variable payments for the tenant's proportionate share of taxes and common area expenses as defined in the lease. Rent expense for December 31, 2022 and 2021 was $121,832 and $166,261, respectively.

NOTE 8 – RELATED PARTY TRANSACTIONS

Banking Relationships
One of CMHDC's director was the president, through June 2021, of Community Investment Corporation from whom CMHDC has eight loans. (See Note 5 for details)

One of CMHDC's directors is the vice president of Chase Bank from whom CMHDC has three deposit bank accounts.

CMHDC Development Services
CMHDC provides administrative services and pays certain expenses of CMHDC Development Services under an operating agreement. Per the terms of the operating agreement, CMHDC Development Services agrees to reimburse CMHDC for these services. These services amounted to $213,120 and $152,399 in 2022 and 2021, respectively.

NOTE 9 – DUE FROM AFFILIATES

At December 31, 2022 and 2021, CMHDC paid for certain capital improvements and expenses, as well as loaned funds to finance the operations of CMHDC Development Services, CDS Cicero NFP, LLC, CDS Austin, LLC, CDS Ridge, LLC, CDS Harvard, LLC, CDS Harlem, LLC and Chicago Metropolitan Construction LLC. The balance outstanding at December 31, 2022 and 2021 is $5,212,421 and $5,067,466, respectively. These balances are eliminated in consolidation.

NOTE 10 – LINES OF CREDIT

CMHDC has a line of credit agreement with Bank Financial for maximum borrowings of $6,000,000, which is secured by various properties with Bank Financial. The interest rate is 5.25%. The outstanding balance at December 31, 2022 was $3,937,506 under this line of credit.

CMHDC has a line of credit agreement with Lakeside Bank for maximum borrowings of $875,000 which is secured by various properties with Lakeside Bank. The interest rate is 5.15%. The outstanding balance at December 31, 2022 was $845,012 under this line of credit.

NOTE 11 – PROPERTY MANAGEMENT FEES AGREEMENTS

Kass Management Services, Inc.
CMHDC and Development Services use Kass Management Services, Inc. for certain CMHDC and Development Services properties under a negotiated management agreement with compensation as defined in the management agreement. For the years ended December 31, 2022 and 2021, property management fees were $406,601 and $408,412, respectively.

NOTE 11 – PROPERTY MANAGEMENT FEES AGREEMENTS – Continued

Urban Equities Real Estate Consultants, Inc.
CMHDC and Development Services use Urban Equities Real Estate Consultants, Inc. for certain CMHDC and Development Services properties under a negotiated management agreement with compensation as defined in the management agreement. For the years ended December 31, 2022 and 2021, property management fees were $106,327 and $112,259, respectively.

Total property management expense for years 2022 and 2021 were $512,928 and $520,671, respectively.

NOTE 12 – ACCOUNTING FOR UNCERTAIN TAX POSITIONS

CMHDC has adopted the accounting standard regarding "Accounting for Uncertain Tax Positions". This accounting standard provides detailed guidance for financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in CMHDC's consolidated financial statements. It requires an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination. The adoption of this standard had no material effect on CMHDC's financial position, results of its operations, or cash flows. The tax years of 2019, 2020 and 2021 remain subject to examination by the taxing authorities.

NOTE 13 – COVID-19 IMPACT

The CMHDC's operations have not been materially impacted by the COVID-19 pandemic. The Project has modified operating functions including intake, recertifications and maintenance in accordance with Federal, state and local regulations. Management is closely monitoring its projects and ensuring that the CMHDC is meeting the Centers for Disease Control guidelines.

NOTE 14 – SUBSEQUENT EVENTS

Limited Liability Companies Member Interest Assignments
Subsequent to December 31, 2022, CMHDC Development Services' managing member interests in the limited liability companies holding title and the related mortgages to various properties were assigned to CMHDC.

Management has evaluated subsequent events through July 6, 2023, which is the date the consolidated financial statements were available to be issued and determined that there were no additional significant subsequent events to be recognized or disclosed in the consolidated financial statements.

SUPPLEMENTARY INFORMATION

CHICAGO METROPOLITAN HOUSING DEVELOPMENT CORPORATION
(AN ILLINOIS NOT-FOR-PROFIT CORPORATION)

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

AS OF DECEMBER 31, 2022

	CMHDC	Progressive Square	Development Services	Eliminating Entries	Consolidated Total
ASSETS					
Current Assets					
Cash and cash equivalents	$ 1,246,691	$ 231,402	$ 514,029	$ -	$ 1,992,122
Tenant accounts receivable (Less: Allowance for doubtful accounts of $21,024 and $21,024 for 2021 and 2020, respectively)	91,199	4,850	12,249	-	108,298
Escrow	537,679	53,615	305,136	-	896,430
Prepaid expenses	315,966	12,954	81,962	-	410,882
Security Deposit	20,170	-	-	-	20,170
Note receivable - short-term portion	19,286	-	-	-	19,286
Investment in Development Services	(652,049)	-	-	652,049	-
Total Current Assets	1,578,942	302,821	913,376	652,049	3,447,188
Property and Equipment					
Land, Building and Improvements	62,966,485	3,777,548	18,160,551	(563,843)	84,340,741
Office equipment and furniture	255,006	-	-	-	255,006
Automobiles	23,300	-	-	-	23,300
	63,244,791	3,777,548	18,160,551	(563,843)	84,619,047
Accumulated depreciation	(27,341,905)	(2,659,407)	(5,862,550)	-	(35,863,862)
Total Property and Equipment	35,902,886	1,118,141	12,298,001	(563,843)	48,755,185
Other Assets					
Restricted investments - security deposits	3,172	5,170	-	-	8,342
New office lease rights	247,818	-	-	-	247,818
Due from affiliates	5,212,421	-	-	(5,212,421)	-
Notes receivable - long-term portion	479,362	-	-	-	479,362
Total Other Assets	5,942,773	5,170	-	(5,212,421)	735,522
TOTAL ASSETS	$ 43,424,601	$ 1,426,132	$ 13,211,377	$ (5,124,215)	$ 52,937,895

CHICAGO METROPOLITAN HOUSING DEVELOPMENT CORPORATION
(AN ILLINOIS NOT-FOR-PROFIT CORPORATION)

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

AS OF DECEMBER 31, 2022

	CMHDC	Progressive Square	Development Services	Eliminating Entries	Consolidated Total
LIABILITIES AND NET ASSETS					
Current Liabilities					
Accounts payable	$ 187,501	$ 31,925	$ 114,509	$ -	$ 333,935
Prepaid rent	120,637	-	47,944	-	168,581
Accrued compensated absences	46,884	-	-	-	46,884
Accrued real estate taxes	910,877	36,833	305,866	-	1,253,576
Accrued expenses	134,898	34,579	28,685	-	198,162
NSP loan - Leland- short-term portion	68,760	-	-	-	68,760
Notes payables - short-term portion	5,342,479	-	-	-	5,342,479
Mortgages payable - short-term portion	8,006,616	24,012	4,644,162	-	12,674,790
1602 Grant funds - short-term portion	-	-	262,840	-	262,840
Total Current Liabilities	14,818,652	127,349	5,404,006	-	20,350,007
Long-Term Liabilities					
Long-Term Debt					
NSP loan - Leland - long-term portion	603,578	-	-	-	603,578
Loans payable - long-term portion	337,748	-	1,945,480	-	2,283,228
Mortgages payable - long-term portion	22,477,933	1,204,530	3,424,670	-	27,107,133
Less: Unamortized debt finance cost	(267,776)	-	(31,556)	-	(299,332)
Net Long-Term Debt	23,151,483	1,204,530	5,338,594	-	29,694,607
Deferred interest payable	-	-	527,915	-	527,915
Tax Credit - IHDA-Albany	279,417	-	-	-	279,417
New lease obligation	275,511	-	-	-	275,511
Due to CMHDC - Advances	-	-	5,212,421	(5,212,421)	-
1602 Grant funds - long-term portion	-	-	788,540	-	788,540
Total Long-Term Liabilities	23,706,411	1,204,530	11,867,470	(5,212,421)	31,565,990
Total Liabilities	38,525,063	1,331,879	17,271,476	(5,212,421)	51,915,997
Net Assets					
Without donor restrictions	4,899,538	-	(4,060,099)	88,206	927,645
Partners' equity	-	94,253	-	-	94,253
Total Net Assets	4,899,538	94,253	(4,060,099)	88,206	1,021,898
TOTAL LIABILITIES AND NET ASSETS	$ 43,424,601	$ 1,426,132	$ 13,211,377	$ (5,124,215)	$ 52,937,895

CHICAGO METROPOLITAN HOUSING DEVELOPMENT CORPORATION
(AN ILLINOIS NOT-FOR-PROFIT CORPORATION)

CONSOLIDATING SCHEDULE OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2022

	CMHDC	Progressive Square	Development Services	Eliminating Entries	Consolidated Total
Revenue and other support					
Rental income	$ 6,940,679	$ 295,661	$ 1,735,986	$ -	$ 8,972,326
Grant funds-NSP/Tax Credit	70,668	-	-	-	70,668
Grant funds-1602	-	-	262,840	-	262,840
Income from affiliates	182,559	-	-	(182,559)	-
Other operating income	84,840	-	-	(25,000)	59,840
Construction income	-	-	429,418	-	429,418
Gain on sale of properties	279,239	-	-	-	279,239
Interest income	24,735	29	3,974	-	28,738
Total Revenues	7,582,720	295,690	2,432,218	(207,559)	10,103,069
Expenses					
Salaries	497,278	34,063	157,557	(157,557)	531,341
Payroll taxes	35,346	-	-	-	35,346
Employee benefits	84,930	-	-	-	84,930
Advertising	200,193	800	40,826	-	241,819
Automobile expense	9,404	-	-	-	9,404
Consulting - construction	52,794	-	508,745	-	561,539
Janitorial and administrative services	276,191	19,800	69,439	-	365,430
Insurance	394,122	21,980	87,798	-	503,900
Interest	1,719,918	50,603	381,964	-	2,152,485
Property management fees	396,452	17,493	98,983	-	512,928
Miscellaneous expenses	-	-	13,180	(13,180)	-
Office expense	113,982	1,613	17,828	(11,822)	121,601
Professional fees	406,484	22,738	84,579	-	513,801
Property taxes	968,330	32,859	296,962	-	1,298,151
Rent	142,401	-	25,000	(25,000)	142,401
Repairs and maintenance	911,414	56,911	217,760	-	1,186,085
Telephone	51	3,270	-	-	3,321
Utilities	1,104,872	27,428	269,294	-	1,401,594
Depreciation	2,723,352	124,970	745,072	-	3,593,394
Total Expenses	10,037,514	414,528	3,014,987	(207,559)	13,259,470
Change in Net Assets	(2,454,794)	(118,838)	(582,769)	-	(3,156,401)
Net Assets - Beginning of Year	7,354,332	213,091	(3,477,330)	88,206	4,178,299
NET ASSETS - END OF YEAR	$ 4,899,538	$ 94,253	$ (4,060,099)	$ 88,206	$ 1,021,898