OFFERING MEMORANDUM

OFFERING OF PROMISSORY NOTES TO FUND THE LEVITICUS 25:23 ALTERNATIVE FUND, INC. LOAN PROGRAMS

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EXHIBITS

Potential Investors should consider the Risk Factors beginning on page 11 before participating in the Offering.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved the Notes or determined if this Offering Memorandum is accurate or complete. Any representation to the contrary is a criminal offense.

The date of this Offering Memorandum is May 9, 2022

SUMMARY

Leviticus 25:23 Alternative Fund, Inc. ("Leviticus" or the "Fund"), founded in 1983 as a not-for-profit corporation in the State of New York, is a community development revolving loan fund that supports affordable housing and community facility development (including early care and education centers) in New York, New Jersey, and Connecticut. Leviticus provides the socially conscious investor with a creative way to support community development by receiving loans from groups and individuals and using these funds to support projects that meet basic human needs, foster self-determination, and demonstrate local community control.

Note Offering

Leviticus offers unsecured promissory notes (the "Notes"), on an ongoing basis (the "Offering"), in the minimum principal amount of $1,000, to individual investors who shall be designated "Associates of the Fund" (each, an "Investor" and collectively, "Investors"). See "Plan of Distribution."

Use of Proceeds

Leviticus will use the aggregate principal amount of the Notes to fund the Leviticus Loan Programs (the "Loan Programs"). Leviticus uses the Loan Programs to provide loans to community development, nonprofit and for-profit organizations that have limited access to traditional support and financing programs. Leviticus provides loans to these entities to create and preserve affordable and supportive housing, childcare and early education centers, charter public schools, human services facilities, and economic development projects. Leviticus' operational expenses are funded through a combination of earnings on Loan Programs and donations.

Terms of the Notes

Term: The Notes have a minimum term of one year. Investors may elect to extend the term of the loan and/or the amount of the loan by indicating the new term and/or amount on the Notice of Maturity that Leviticus shall send to the Investor one month prior to the maturity date of the loan.

Interest: Each Note bears a fixed, annual interest rate of 2% paid once a year on the anniversary date of the Note.

Interest paid to all investors in 2021 totaled $1,100,352.

Payments: The Notes require Leviticus to repay all principal and any unpaid accrued interest on the maturity date of the Notes unless the Note is renewed at the Investor's election.

Prepayment: Leviticus may prepay the Note, in whole or in part, without premium or penalty.

Restrictions: The Notes may not be changed or terminated orally. The Notes are non-negotiable. The Notes are not transferable or assignable. Accordingly, no secondary market exists or is likely to develop.

NOTICES TO POTENTIAL INVESTORS

Forward-Looking Statements

This Offering Memorandum contains forward-looking statements. These forward-looking statements are not guarantees of Leviticus' future performance. They are subject to risks and uncertainties related to business operations, some of which are beyond Leviticus' control. Any of these risks or uncertainties may cause actual results or future circumstances to differ materially from the forward-looking statements contained in this Offering Memorandum. Each forward-looking statement speaks only as of the date of the particular statement and we undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Potential Investors are Urged to Consult Their Own Advisors

Prospective Investors are not to construe this Offering Memorandum as investment, legal, or tax advice. This Offering Memorandum does not purport to be all-inclusive or to contain all the information that a prospective Investor may need to evaluate Leviticus or an investment in the Notes. Each Investor should consult its own counsel, accountant, and other advisors as to legal, tax, business, financial, and related aspects of a purchase of the Notes. Leviticus makes no representation regarding the legality of an investment in the Notes by an Investor under applicable investment or securities laws.

Information in this Offering Memorandum

Leviticus' management prepared the information presented in this Offering Memorandum solely for use by potential Investors in connection with this Offering. No person is authorized to give any information or to make any representation in connection with this Offering that is not contained in this Offering Memorandum except as permitted in "Additional Information." Potential Investors must not rely on such other information or representation as having been authorized by Leviticus and must base their decision to purchase Notes solely on the information contained in this Offering Memorandum. Leviticus' affairs may have changed since the date of this Offering Memorandum, and delivery of this Offering Memorandum or sale of any Note shall not be construed to imply that there has been no change in the information contained in this Offering Memorandum.

Additional Information

Leviticus will, upon request, make available to each potential Investor and such Investor's representatives and advisors, if any, the opportunity to ask questions and receive answers concerning the terms and conditions of this Offering. Leviticus will make available any additional information that Leviticus may possess or can obtain without unreasonable effort or expense that is necessary to verify the accuracy of the information furnished to such potential Investor. Any such questions should be directed to the Executive Director of the Fund at the address and telephone number for Leviticus set forth on page 5 in "Leviticus".

Proprietary Information

This Offering Memorandum contains proprietary information of Leviticus. Leviticus is providing this Offering Memorandum to prospective Investors solely for their use in order to evaluate an investment in the Notes. By accepting delivery of this Offering Memorandum, a prospective Investor agrees not to use this Offering Memorandum for any purpose other than to evaluate a potential investment in the Notes, without Leviticus' prior written permission.

State Securities Laws

The distribution of this Offering Memorandum and the offer and sale of the Notes may be restricted by law in certain jurisdictions. Persons into whose possession this Offering Memorandum or any of the Notes come must inform themselves about and observe any such restrictions. This Offering Memorandum does not constitute an offer to sell, or a solicitation of an offer to buy, any of the Notes to any person or by anyone in any jurisdiction in which it is unlawful to make such offer or solicitation.

LEVITICUS

Leviticus is a community development loan fund that provides credit to community-based organizations in New York, New Jersey and Connecticut. Leviticus supports projects that meet basic human needs, foster self-determination, and demonstrate local community control. Leviticus is capitalized by the sale of promissory notes to Investors, by the issuance of subvention certificates to Members of the Fund, and by capital grants. Operating expenses are funded through a combination of interest and fee earnings on Loan Programs and donations. As of December 31, 2021, Leviticus had 169 investors and a capitalization of $67,348,754 ("Capitalization"). "Capitalization" means the sum of Leviticus' Net Assets and loans payable to Associates of the Fund, to Members of the Fund, and to Banks and Institutional lenders.

Leviticus 25:23 Alternative Fund, Inc. is located at 220 White Plains Road, Suite 125, Tarrytown, New York 10591. Leviticus' telephone number is: (914) 909-4381. Leviticus maintains a website at www.leviticusfund.org

Purposes

Leviticus' primary purposes are to:

- offer low-yield investment vehicles for Associates of the Fund and Members of the Fund who are interested in investing in socially responsible alternatives to more traditional investments;

- provide access to a low-cost pool of capital for qualified community-based borrowers who might otherwise be unable to secure credit from more conventional lending sources; and

- create opportunities for vulnerable, low-income people – especially those harmed by systemic racial and ethnic discrimination – to thrive and live with dignity.

Recipient Criteria

Leviticus' target borrowers and funding recipients include:

- not-for-profit community-based organizations and for-profit BIPOC-led businesses (Black, Indigenous and People of Color) that develop affordable housing for the benefit of low-income individuals and families ("Low- Income Persons", defined as individuals or families with less than 80% of area median income by Department of Housing and Urban Development ("HUD") calculations) or special needs populations;

- licensed not-for-profit and proprietary early childhood care and education facilities, in which at least 50% of the day care facility client base are Low-Income Persons or 30% of the day care facility client base are Low-Income Persons and the facility is in a low-income area; and

- not-for-profit-owned facilities for charter public schools and social service agencies, and community economic development projects owned by not-for-profit and for-profit entities, all of which benefit low-income individuals and families. The organization and the facility/ project must be consistent with Leviticus' criteria, which shall be evaluated on a case-by-case basis.

LEVITICUS LOAN PROGRAMS

The Leviticus Loan Programs encompass the Housing Loan Program, the Early Care & Education and Charter Public Schools Loan Program and the Not-For-Profit Facility and Economic Development Loan Program. As of December 31, 2021, the portfolio of Leviticus' Loan Programs totaled $59,657,462 with 80 loans.

Loan Programs

Housing Loan Program: The Housing Loan Program provides loans for the development of affordable and supportive housing by not-for-profit community development organizations, BIPOC-led businesses, and resident purchases of manufactured home communities (MHCs). Leviticus provides a full range of financial products: predevelopment, acquisition, construction, bridge, mini-permanent and revolving development loans. The purpose of the program is to enable homeownership, rental, transitional or supportive housing that is affordable to Low-Income Persons, and to preserve existing affordable housing in MHCs. As of December 31, 2021, the portfolio of the Housing Loan Program totaled $47,801,344 with 64 loans.

- **Loan Amount:** Up to $5,000,000.
- **Interest Rate:** 5.75%-6%;
- **Term:**

  Construction Loans – up to two years, convertible to a term loan of up to 10 additional years.

  Predevelopment/Acquisition/Bridge Loans – up to three years with a balloon payment of principal at maturity.

  Mini-perm Loans – up to 30-year amortization. There will be a call in the fifth year or later.

- **Loan Qualifications:** Applications are evaluated for their fiscal soundness, managerial competence, past accomplishments, and ability to carry debt. Projects must be in the New York, New Jersey, Connecticut, Massachusetts, and Philadelphia area.

Early Care and Education Facilities and Charter Public Schools Loan Program: This program provides loans to licensed not-for-profit and proprietary early care and education centers, as well as charter public schools. In the case of early care and education, prospective borrowers must have a client base comprised of at least 50% Low-Income Persons or 30% Low-Income Persons **and** the facility is in a low-income area. In the case of charter public schools, the facility must show proof of its current charter and serve a student population that is predominantly low-income.

Leviticus will extend loans for: (i) acquisition of property to be used as an early care and education facility or on which such a facility will be constructed; (ii) construction or rehabilitation of a new or existing facility; (iii) upgrading of a building or current facility to meet health and safety standards; (iv) purchase of equipment; and (v) start-up financing for a new center. As of December 31, 2021, the portfolio of the Early Care and Education and Charter Public Schools Loan Program totaled $2,722,716 with 4 loans.

- **Loan Amount:** Up to $5,000,000**.** Maximum loan size for each borrower is determined by the borrower's need and ability to carry debt.

- **Interest Rate:** 5.75%-6%.

- **Term:**

  Construction Loans – up to two years, convertible to a term loan of up to 10 additional years.

  Predevelopment/Acquisition/Bridge Loans – up to three years with a balloon payment of principal at maturity.

  Mini-perm Loans – up to 30-year amortization. There will be a call in the fifth year or later.

- **Loan Qualifications:** Applications are evaluated for their fiscal soundness, managerial competence, past accomplishments, and ability to carry debt. Projects must be in the New York, New Jersey, Connecticut, Massachusetts, and Philadelphia area.

Not-For-Profit Facility and Economic Development Loan Program: The Not-For-Profit Facility and Economic Development Loan Program provides loans for the development of not-for-profit facilities that provide access to social services, health care and mental health care, as well as economic development projects that promote employment and job training, and healthy food access. As of December 31, 2021, the portfolio of the Not-For-Profit Facility and Economic Development Loan Program totaled $9,133,400 with 12 loans.

- **Loan Amount:** Up to $5,000,000.

- **Interest Rate:** 5.75-6%.

- **Term:**

  Construction Loans – up to two years, convertible to a term loan of up to 10 additional years.

Predevelopment/Acquisition/Bridge Loans – up to three years with a balloon payment of principal at maturity.

Mini-perm Loans – up to 30-year amortization. There will be a call in the fifth year or later.

- **Loan Qualifications:** The borrower organization and the facility/project must be consistent with Leviticus' criteria, which shall be evaluated on a case-by-case basis. Applications are evaluated for their fiscal soundness, managerial competence, past accomplishments, and ability to carry debt. Projects must be in the New York, New Jersey, Connecticut, Massachusetts, and Philadelphia area.

Applicable to all three Loan Programs:

- **Fees:** Leviticus charges a 1% fee that is payable if a loan is approved and a commitment is issued. The fee is payable upon acceptance of the commitment.

- **Collateral:** All Leviticus loans must be secured with collateral. Collateral may be partial if other strengths such as borrower capital and cash flow present an acceptable credit profile. First consideration will be given to securing a loan with real estate owned by the borrower. Security can be shared or subordinated to other participating lenders. Alternative forms of collateral such as machinery, equipment, furniture, fixtures, accounts receivable and inventory may be feasible.

- **Monitoring, Compliance and Default:** Leviticus investment officers and loan manager provide day-to-day monitoring of the project loan portfolio according to policy guidelines set by the Board of Directors. The Board's Loan Committee reviews the entire portfolio with the staff annually. Decisions to write off loans, declare loans in default and foreclose on real estate collateral are made by the Board of Directors upon recommendation by the staff and the Loan Committee.

- **Loan Losses:** From inception in 1983, through December 31, 2021, Leviticus experienced project loan losses after recoveries of $639,183 against total disbursed capital for lending of $155,600,647 for a loss ratio of less than 1%. Leviticus maintains a fully funded reserve against loan losses, which, as of December 31, 2021, totaled $3,787,073.

THE OFFERING

The following discussion of the Offering is a summary only and is qualified in its entirety by the actual terms of the Loan Agreements and the Notes. See "Exhibit A - Form of Loan Agreement" and "Exhibit B - Form of Promissory Note with Form of Amortization Schedule."

Amount

Leviticus is offering the Notes to Investors in the minimum initial principal amount of $1,000.

Term

The Notes have a minimum term of one year. Investors may elect to extend the term of the loan and/or the amount of the loan by indicating the new term and/or amount on the Notice of Maturity that Leviticus shall send to the Investor one month prior to the maturity date of the loan.

Interest

Each Note bears a fixed, annual interest rate of 2% paid once a year on the anniversary date of the Note.

Interest paid to all investors in 2021 totaled $1,100,352.

Payments

The Notes require Leviticus to repay all principal and any unpaid accrued interest on the maturity date of the Notes unless the Note is renewed at the Investor's election.

Prepayment

Leviticus may prepay the Note, in whole or in part, without premium or penalty.

Restrictions

The Notes may not be changed or terminated orally. The Notes are non-negotiable. The Notes are not transferable or assignable. Accordingly, no secondary market exists or is likely to develop.

USE OF PROCEEDS

Leviticus will use the Offering Proceeds to provide loans to qualified borrowers. See "Leviticus Loan Programs, Loan Qualifications."

Leviticus may or may not immediately use the Offering Proceeds to make loans, depending on the needs and availability of qualified borrowers. Any amount of Offering Proceeds not immediately lent to borrowers will be invested in interest-bearing accounts such as certificates of deposit or in investments selected by Leviticus' Board of Directors, pending distribution in the form of loans. Interest income received upon repayment of the loans by borrowers, or from the interest-bearing accounts, will be used to pay the interest on the Notes as it becomes due, and to pay the administrative and operating expenses of Leviticus.

Leviticus will not use the Offering Proceeds or any of the funds allocated to the Leviticus Loan Programs for its general working capital needs, unless authorized by the Board of Directors. To date, such an authorization has never been made. Leviticus' operational expenses are funded through a combination of earnings on Loan Programs and donations.

Leviticus will endeavor to grow its Loan Programs through increased solicitation of Investors. We intend to employ print and electronic advertisements to educate the investing public about Leviticus. We expect to devote approximately $45,000 to our public relations and media budget in Fiscal Year 2022.

PLAN OF DISTRIBUTION

Investment in the Notes involves significant risks and is suitable only for persons of adequate financial means who have no need for liquidity with respect to an investment in the Notes, and who can bear the economic risk of a complete loss of their investment.

The Notes will be sold on a continuing basis by designated employees of Leviticus. No person will receive a fee or commission for the offer or sale of the Notes.

Investor Requirements

In order to invest in the Notes, a potential Investor must:

- ascribe to the purposes of Leviticus and wish to be designated an "Associate of the Fund"; and
- deliver the required documents to Leviticus

Delivery of Documents

In order to consummate the investment in the Notes, the Investor must execute and deliver to Leviticus:

- a Loan Agreement in substantially the form attached to this Offering Memorandum as Exhibit A (the "Form of Loan Agreement"); and
- cash, bank check, or approved substitute in full amount of the loan

In order to consummate the investment in the Notes, Leviticus must execute and deliver to the Investor:

- a countersigned Loan Agreement in substantially the form attached to this Offering Memorandum as Exhibit A (the "Form of Loan Agreement"); and
- a Promissory Note in substantially the form attached to this Offering Memorandum as Exhibit B (the "Form of Promissory Note with Form of Amortization Schedule")

However, Leviticus reserves the right to reject any investment in the Notes, in its absolute discretion, even if an Investor provides Leviticus with all the above documents.

Loan Agreement

After the terms of an investment have been determined, the Investor should complete and sign the Loan Agreement in substantially the same form as is attached to this Offering Memorandum as Exhibit A and send it with payment for the amount of the Investor's loan to the Executive Director, Leviticus Fund, 220 White Plains Road, Suite 125, Tarrytown, NY 10591.

Leviticus will send to the Investor a countersigned copy of the Loan Agreement and a signed Note in substantially the same form as is attached to this Offering Memorandum as Exhibit B.

> *The standards discussed above represent the minimum suitability standards for prospective Investors. The satisfaction of such standards by a prospective Investor does not necessarily mean that the Notes are a suitable investment for that prospective Investor. Prospective Investors are encouraged to consult their personal financial advisors to determine whether an investment in the Notes is appropriate for them.*

RISK FACTORS

> *An investment in the Notes involves certain risks. Potential Investors should carefully consider all of the information set forth in this Offering Memorandum. In particular, potential Investors should evaluate the following risk factors before investing in the Notes.*

The Notes Are Speculative and High-Risk Investments

The Notes will not be secured by any collateral and are uninsured. The sole source of repayment of the Notes is the amounts invested into and repaid to the Loan Programs. Loans generally will be made to businesses and not-for-profit entities that conventional lenders may consider to be undercapitalized or to be lacking sufficient operational experience or other traditional credit qualifications, or to projects that require financing outside of the parameters generally acceptable to conventional lenders. Investors may suffer a loss of their Note principal or accrued interest, a delay in repayment, or both, if any of the loans are not repaid as scheduled. Investors will not have any recourse against Leviticus or its assets beyond the net equity in the Loan Programs, or against the borrowers under loans made by Leviticus from the Loan Programs. Repayment of the Notes will therefore depend solely upon the financial condition of the Loan Programs when payments on the Notes are due.

Unequal Risk of Loss

Each Investor does not bear the same risk of loss. Because the sale of Notes and the issuance of loans will be ongoing, Leviticus' portfolio of loans will be continuously changing. Accordingly, risk of loss will be shared disproportionately by Investors purchasing Notes at different times or for different terms, as the risk profile of the portfolio constantly changes. Additionally, the maturity date, interest rate and payment schedules of each Note may in some cases be separately designated by each Investor. All of these variations may result in some Investors being fully repaid in accordance with the terms of their Notes, while other Investors may suffer losses or delays in repayment.

Illiquidity of the Notes

No market exists for trading the Notes and no such market is likely to develop, as transfer of the Notes is not permitted. Consequently, the Notes are illiquid. In general, Investors will be unable to obtain repayment of their Notes before maturity. Even at maturity, there is no assurance that Leviticus will have the cash available to repay any particular Note.

Limited Financial Return; Subjective Value of Societal Return

The Notes offer a low rate of return when compared to other investments of comparable risk in order to allow more of each investment to go toward achieving Leviticus' community development goals. However, Investors will place different values on the societal component of their investment when considering their total return on investment in the Notes. Because the Offering Proceeds will be pooled in the Loan Programs before distribution to various borrowers, individual Investors will not have control over where their funds are used. Consequently, there can be no assurance that the funds provided by an individual Investor will be used to advance the particular societal interests which that Investor considers important.

No Tax Deduction Allowed for the Notes

The Internal Revenue Service ("IRS") does not consider the purchase of the Notes to be a donation to a charitable organization. Accordingly, the amount spent on purchase of the Notes by an Investor will not qualify for a tax deduction. Consequently, the interest paid to Investors by Leviticus on the Notes must be declared as ordinary income and therefore generally will be subject to U.S. federal income tax at ordinary income tax rates. Furthermore, under current temporary regulations, an Investor who has outstanding loans to Leviticus and to charitable organizations that are effectively controlled by the same person or persons that control Leviticus for a given taxable year that exceed $250,000, may be considered to have received imputed income equal to foregone interest on the Notes and to have made a charitable contribution of the foregone interest to the Fund. See "Certain U.S. Federal Income Tax Considerations."

Limited Protection Against Default

Leviticus will attempt to obtain collateral for Loans to the fullest extent possible. However, if a borrower defaults, the total amount that Leviticus will realize after exercising its rights to the collateral may be less than the total amount of the borrower's loan. There are several instances in which this may occur, such as:

- other creditors may have senior rights to the same collateral pledged to Leviticus; or
- the collateral may have declined in value due to changes in market conditions, obsolescence, wear and tear, or misuse.

Consequently, if a borrower defaults, insufficient collateral could result in a loss to the Fund and therefore a potential loss to some or all Investors.

No Agency Approval

No federal or state agency has made any finding or determination as to the fairness for investment, or made any recommendations or endorsements, of the Notes.

Dependence Upon Tax-Exempt Status

Leviticus has received an IRS determination that it is a public charity exempt from taxation under section 501(c) (3) of the Internal Revenue Code of 1986, as amended (the "Code"). However, Leviticus could lose its tax-exempt status:

- if there are changes in the treatment of charitable organizations under section 501(c)(3) of the Code;

- if the operations or structure of Leviticus deviate significantly from the description given by Leviticus to the IRS; or

- if the IRS were to determine that Leviticus' primary purpose was operating an unrelated trade or business.

Loss of tax-exempt status may result in the following negative consequences, among others, which may adversely affect the Investor: (i) significant additional expenses would be imposed upon the Fund, threatening its viability; (ii) loss of tax-exempt status might jeopardize the availability of certain exemptions under the federal securities laws for issuers who are organized for charitable purposes upon which Leviticus relies in the ongoing issuance of the Notes; and (iii) loss of tax-exempt status might jeopardize Leviticus' ability to obtain grants that are essential to its operations, threatening the Fund's viability.

Dependence Upon Grants

Leviticus relies in part on the receipt and use of grant funds and donations in order to provide a full range of services. Leviticus' inability to conduct its operations may, in turn, affect an Investor's return on an investment. Leviticus depends on grants and donations to cover approximately 5% of its operating expenses.

Dependence Upon Volunteers

Evaluation of loan applications requires the unpaid assistance of members of the Loan Committee. In addition, Leviticus obtains other unpaid assistance from business, legal and finance professionals. There is no assurance that a sufficient number of qualified professionals will be able and willing to provide such unpaid assistance in the future. If sufficient assistance were not available, Leviticus would be required to modify its operating procedures and reduce the services it provides to borrowers, which, in turn, may affect an Investor's return on an investment. In 2021, Leviticus relied on the community development expertise of twenty-seven volunteers who each contributed an average of one hour per month.

Dependence Upon Regional Economy; Concentration of Loans Receivable in a Particular Economic Sector

Leviticus will make loans to enterprises located in New York, New Jersey, and Connecticut. Consequently, any general downturn in the economy of the tri-state area may threaten the financial performance and viability of borrowers, thereby potentially increasing the risk of default on the Notes. More specifically, a downturn in the non-profit or real estate sectors of the tri-state area may threaten the financial performance of borrowers, which potentially increases the risk of default on the Notes.

Conflicts of Interest

Conflicts of interest may arise in conducting the daily operations of Leviticus. To mitigate these conflicts, the Leviticus Board of Directors has adopted a conflict-of-interest policy that requires the Executive Director and each Board and Committee member to sign a conflict-of-interest statement annually, disclosing existing conflicts and agreeing to abide by the conflict-of-interest policy throughout the year. According to the policy, when such a conflict arises, the Board or Committee member remains silent throughout the discussion on the issue and does not vote. The conflict is noted in the minutes. With bank, borrower and investor representatives on the Leviticus Board, conflicts do arise from time to time, especially on the Loan Committee. As of January 1, 2022, nine of the 13 Leviticus Directors represent former borrowers, potential borrowers, or current investors in the Fund.

> *A number of these Risk Factors contain forward-looking statements regarding Leviticus' business and financial results. Actual results may differ materially from those forward-looking statements.*

MANAGEMENT

Structure

Leviticus policy is determined by its Board of Directors and various Board committees. The Members of the Fund elect the Board of Directors at the annual membership meeting. Additionally, the Members of the Fund reserve the right to modify the Leviticus Mission Statement and to amend its by-laws. The Board of Directors is a policy-making body which hires and oversees the Executive Director. The Executive Director is responsible for the day-to-day management of Leviticus and oversees the professional staff of four (Finance Director, Director of Lending, Resource Development & Communications Officer, and the Impact Measurement & Compliance Officer.) If a member of the Board of Directors resigns, the Board is responsible for filling vacancies until the next annual membership meeting. Leviticus' Board is responsible for appointing individuals to serve on the following standing committees: the Executive Committee, the Loan Committee, the Finance Committee, the Development Committee, the Human Resources Committee, and the Audit Committee. The Board may form various other committees on an ad hoc basis. Board members receive no compensation for their services on the Board or on any committees but may be reimbursed for out-of-pocket expenses associated with the performance of their duties.

As of the date of this Offering Memorandum, Leviticus' directors, executive officers and significant staff members were as follows:

Name	Position	Since
Rosemary Jeffries, RSM [(1) (4)]	President	2019
Darlene Robinson [(1) (5)]	Vice President	2015
Toni Palamar [(1)(3)]	Treasurer	2019
Ellenrita Purcaro, OP [(1) (4) (5)]	Secretary	2009
Elaine Dovas [(4)]	Director	2016
Jonathan Hummel [(4)]	Director	2019
Becky Koch [(6)]	Director	2016
Dan Letendre [(7)]	Director	2014
Joseph F. Reilly [(1)]	Director	2014
Peggy Scarano, OP [(4)]	Director	2014
Shona St. Angelo [(6)]	Director	2020
Elizabeth Torres [(6)]	Director	2017
Rev. Julius Walls, Jr. [(2)]	Director	2013

Gregory Maher	Executive Director	2013
Helen Davis	Loan Manager	2016
Soham Dhesi	Senior Investment Officer	2022
Kayla Jeffrey	Senior Investment Officer	2018
Jelani Jones	Lending Associate	2020
Kevin McQueen	Director of Lending	2020
Hayley Morland	Finance & Operations Associate	2019
Jose Rivera	Finance Director	2017
Colleen Ryan	Resource Development & Communications Officer	2020
Maryann Sorese	Impact Measurement & Compliance Officer	2005

(1) Member of the Executive Committee
(2) Member of the Loan Committee
(3) Member of the Finance Committee
(4) Member of the Development Committee
(5) Member of the Human Resources Committee
(6) Member of the Audit Committee
(7) Member of the Nominating Committee

<u>Leviticus Staff:</u>

Gregory Maher became the **Executive Director** of the Leviticus Fund in September 2013. Mr. Maher is responsible for Leviticus' overall strategic direction, financial health, and service quality. He works closely with the Board of Directors to oversee risk management; develops and coordinates capitalization efforts, and provides oversight for business development, outreach and community partnership development. Mr. Maher has 31 years of experience in the community development field. He is credited with the Fund's significant capital growth since 2013, realizing a 249% increase in Total Assets of $19.4 million in 2013 to $67.7 million as of YE2021. Mr. Maher has raised over $57 million in capital for Leviticus during his tenure. He holds a law degree from St. John's University School of Law and received his BA in English/Premed from College of the Holy Cross.

Helen Davis is Leviticus' **Loan Manager** and provides direct support to the lending staff throughout the lending process from origination through closing, disbursement, and payoff, including monitoring and reporting. Prior to joining Leviticus, she worked for a commercial real estate management company and has held several jobs in the banking sector that involved internal auditing, and reporting design and implementation. A lawyer, Ms. Davis also worked with legal services in Westchester County. She holds a BBA in Finance from Pace University and a law degree from Fordham University School of Law.

Soham Dhesi is Leviticus' newest **Senior Investment Officer**. She is involved in business development, relationship management and project underwriting. Prior to Leviticus, Ms. Dhesi was a Senior Project Manager at Strada Ventures, a consulting company that specializes in affordable housing and served as Assistant Vice President at Union Bank Community Development Finance. She has a MA degree in Urban and Regional Planning from the University of California, Los Angeles with a certificate in Design and Development and a BS in Architectural Studies from the University of Southern California.

Kayla Jeffrey is Leviticus' **Senior Investment Officer** and works closely with our Executive Director and Director of Lending in business development and customer relations. She also supports initial loan feasibility assessments and development of new lending programs and products, especially our Empowering Diverse Real Estate Entrepreneurs (EDREE) program. Prior to Leviticus, she worked as a Development Assistant and Leasing Specialist with Regan Development Corp, which specializes in affordable housing and special needs housing. Ms. Jeffrey earned a Master of Science degree in Sustainable Urbanism at the University College in London. She also holds a BA in Urban Studies and a Planning degree from The University at Albany.

Jelani Jones is Leviticus' **Lending Associate,** and his work involves all aspects of our lending, from pre-loan application process to providing support for loan portfolio management, to business development and relationship management. He also assists in gathering impact data related to financed projects and helps coordinate Leviticus' communications that profile our borrowers. Mr. Jones holds a BA in Management with a background in finance from New York University's Stern Business School.

Kevin McQueen is Leviticus' **Director of Lending** and joined the organization in 2020. He is responsible for all facets of our lending programs, ensuring that Leviticus achieves its strategic goals and maintains flexibility and responsiveness in meeting the needs of the organizations we serve. Prior to joining Leviticus, Mr. McQueen was a partner at BWB Solutions LLC, a consulting firm specializing in strategy development for organizations committed to social impact. He is also an Adjunct Associate Professor at the Graduate

School of Architecture, Planning and Preservation at Columbia University. Mr. McQueen graduated from Brown University and is completing a graduate degree in Economics at The New School for Social Research.

Hayley Morland is Leviticus' **Finance and Operations Associate** and is responsible for a broad range of tasks related to bookkeeping and support to our Finance Director, in addition to general administrative support for staff. Prior to Leviticus, she spent the last 10 years working in corporate accounting and recruitment. She holds a BA in English Language & Literature from the University of Reading, UK.

José Rivera is Leviticus' **Finance Director** and is responsible for financial management, accounting, office management, project loan servicing, and investment and banking relations. Mr. Rivera also oversees finance policies and procedures and interacts closely with the Board of Directors and the Finance and Audit committees. His education includes a BBA in Accounting from IONA College and continued education in Organizational Behavior. Prior to joining Leviticus, Mr. Rivera worked as Director of Finance at Children's Village. Mr. Rivera's experience is in the supportive housing, shelter plus care, foster youth, and emergency housing programs.

Colleen Ryan is Leviticus' **Resource Development & Communications Officer** and she joined the organization in 2020. She is responsible for increasing resources to support Leviticus' work, including Member investor expansion, advancing initiatives to secure investments from faith-based colleges and universities, and developing and implementing a Legacy Fund. In addition to her work with Leviticus, Ms. Ryan is principal of CMR Communications, a consulting firm certified as a Women's Business Enterprise by New York State that provides association and grants management support for nonprofits. She is a graduate of the College of St. Rose in Albany**.**

Maryann Sorese has served with Leviticus since 2005 in various positions and is Leviticus' **Impact Measurement & Compliance Officer**. She is responsible for all compliance reporting to our investors, funders, and federal agencies, also providing oversight to Leviticus certification with the federal CDFI Fund and impact data collection, collation, and measurement analysis. Ms. Sorese received a BA degree in Journalism from New York University and an MBA degree from Mercy College.

Leviticus Board of Directors

Rosemary Jeffries, RSM returned to the Board in 2019 and serves on the Executive and Development committees. Sr. Rosemary is the Executive Director of the All-Africa Conference: Sister to Sister. Prior to her current position, she was President of Georgian Court University in Lakewood, New Jersey from 2001 to 2015, and previously served eight years on the leadership team for her religious community, the Sisters of Mercy of New Jersey. She earned a Ph.D. in Sociology from Fordham University and holds a MA degree in Religious Studies from Princeton Theological Seminary and a MA degree in Public Communications from Fordham.

Darlene Robinson joined the Board in 2015. She is Vice President of Commercial Community Development Lending for Fulton Bank, and previously served as Vice President and Development Advisor for Community Development Banking at PNC Bank serving communities in central and northern New Jersey. Ms. Robinson's prior work includes serving as Director of Development and later as Director of Finance for the New Jersey Redevelopment Authority, which oversees the financing and development of projects serving high need areas. She received a B.S. from Georgetown University's Edmund J. Walsh School of Foreign Service and completed additional studies at Rutgers University's Center for Strategic Urban Leadership.

Toni Palamar joined the Board in 2019, having served on our Finance Committee as a non-board member since 2016. She is currently Chair of the Finance Committee. Ms. Palamar is Province Business Administrator for the Sisters of the Good Shepherd in Astoria, New York and previously held multiple jobs as controller for a nursing care facility and for-profit businesses. Ms. Palamar earned a BBA degree in Accounting from Baruch College.

Ellenrita Purcaro, OP joined the Board in 2015. She is Director of the Empowerment Center at Harmony Farm in Goshen, New York. Sr. Ellenrita is a member of the Sisters of St. Dominic of Blauvelt, which is a Member Investor with Leviticus. Prior to her current position, she served as Executive Director of Highbridge Community Life Center in the Bronx for five years, having held prior jobs at the same agency as Director of Program Operations and Director of Human Resources and Volunteers. Sr. Ellenrita holds a BA in Elementary Education from Dominican College and a BA in Human Services from Empire State College of New York.

Elaine Dovas joined the board in 2016. She is CRA Officer and Senior Vice President for Apple Bank for Savings and held similar positions at Customers Bank and First Niagara. Ms. Dovas has more than 36 years of experience in the fields of community reinvestment and community development. She holds a bachelor's degree in urban affairs from the University of Michigan and a master's degree in urban planning from Columbia University.

Jonathan Hummel joined the board in 2019 and serves on our Development Committee. He is Managing Director of Risk Management for Deutsche Bank AG, providing oversight for credit risks in markets in the U.S., Latin America, and Canada. Prior to Deutsche Bank, he held various position in credit risk management for several financial institutions including Goldman Sachs. Mr. Hummel holds a BA in Government and Economics from Dartmouth College.

Becky Koch joined the Leviticus Board in 2015. Ms. Koch is Senior Relationship Manager for Community Development Lending for HSBC Bank where she is responsible for a $330 million loan portfolio comprised primarily of CDFIs and bank consortia. She previously served as Deputy Loan Fund Manager for SEEDO, a New York-based community development loan fund involved in small business, workforce development and economic development projects. Ms. Koch received her MBA at Columbia Business School and her BA from Middlebury College. In 1999, she was the recipient of the Joanne Martin Award for Public and Nonprofit Management, which is given annually to a graduating student from Columbia that best exemplifies dedication to the sector and personal integrity.

Dan Letendre joined the Leviticus Board in 2014. He manages the over $1 billion in capital investments that Bank of America holds in Community Development Financial Institutions (CDFIs). He is also a leading advocate for the CDFI industry's work to meet financing needs within underserved communities, especially for affordable housing, small businesses and community facilities that provide health care, education, and childcare. Mr. Letendre received a BA from Manhattan College and an MBA from Harvard Business School.

Joseph F. Reilly joined the Board in 2014. He is President and CEO of the Community Development Trust (CDT), which is the largest private real estate investment trust focused exclusively on preserving and expanding the affordable housing stock in the United States. He has worked in the field of community development and affordable housing financing for the last 37 years and has held his current position at CDT since 2007. Mr. Reilly received a BBA from Iona College and completed The General Manager Program at Harvard Business School. Mr. Reilly currently serves as an Adjunct Professor for real estate finance at New York University.

Shona St. Angelo joined the Board in 2020. She is Chief Financial Officer for the nonprofit, Concern Housing, which is a highly regarded supportive housing developer and supportive housing provider that is based on Long Island. Prior to working with Concern, including a prior position as Associate Director of Development Accounting, Ms. St. Angelo worked as Senior Accountant and Accounting Supervisor at the firm of Cerini & Associates, LLP. She received a BS in Accounting from Susquehanna University.

Peggy Scarano, OP rejoined the Board in 2014 and is Chair of Leviticus' Development Committee. Sr. Peggy previously served as Leviticus' Board President from 2003 to 2006. She is a Dominican Sister of Sparkill and served as Development Director for her congregation for 27 years. Sr. Peggy works in fundraising as the Regional Representative for SOAR, Support Our Aging Religious. She has extensive fundraising experience and is an active member of the National Catholic Development Conference. She holds a BS degree in Education from St. Thomas Aquinas College and a MS degree in Special Education from Manhattan College.

Elizabeth Torres joined the Board in 2017 and is Chair of Leviticus' Audit Committee. She is principal at HousingSmarts, LLC, a consulting firm specializing in community development. Prior to her current position, Ms. Torres worked as Executive Director for the Women's Institute for Housing and Economic Development, a nonprofit affordable and supportive housing developer, and previously worked for 13 years at Building Neighborhoods Together (BNT). Prior to BNT, Ms. Torres was Project Manager for The Community Builders involved in affordable housing development with Connecticut-based community development corporations and municipal agencies. She completed Business Administration classes at Gateway Technical Community College.

Rev. Julius Walls, Jr. joined the Board in 2013. Rev. Walls is president of the Greater Centennial Community Development Corporation, which is involved in real estate development, property management, youth programming and financial empowerment in the city of Mount Vernon and surrounding New York communities. He is also pastor of the Metropolitan A.M.E. Zion Church, a historic faith community in Yonkers, New York. Rev. Walls has served as Chief of Staff for the Greater Centennial Church, a 6,000-membership church, CEO of Greyston Bakery, a $7 million social enterprise based in Yonkers, New York and an adjunct professor at the business graduate schools at New

York University and Bainbridge Graduate Institute. He studied business at Baruch College and completed his bachelor's degree at Concordia College.

CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, PROSPECTIVE INVESTORS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF FEDERAL TAX ISSUES IN THIS OFFERING MEMORANDUM IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY PROSPECTIVE INVESTORS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON PROSPECTIVE INVESTORS UNDER THE INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS INCLUDED HEREIN BY LEVITICUS IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF CIRCULAR 230) OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) PROSPECTIVE INVESTORS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

The following is a summary of certain U.S. federal income tax consequences to U.S. persons who purchase Notes in the Offering. The discussion is based upon the Internal Revenue Code of 1986, as amended (the "Code"), Treasury Regulations, judicial authorities, published positions of the Internal Revenue Service (the "IRS") and other applicable authorities, all as in effect on the date hereof and all of which are subject to change or differing interpretations (possibly with retroactive effect). The discussion does not address all of the tax consequences that may be relevant to a particular Investor or to Investors subject to special treatment under U.S. federal income tax laws. This discussion is limited to Investors who hold their Notes as capital assets. No ruling has been or will be sought from the IRS regarding any matter discussed herein. Counsel to Leviticus has not rendered any legal opinion regarding any tax consequences relating to the Notes or an investment in the Notes. No assurance can be given that the IRS would not assert, or that a court would not sustain a position contrary to any of the tax aspects set forth below. **Prospective Investors must consult their own tax advisors as to the U.S. federal income tax consequences of acquiring, holding and disposing of the Notes, as well as the effects of state, local and non-U.S. tax laws**.

PROSPECTIVE INVESTORS SHOULD ONLY CONSIDER AN INVESTMENT IN THE NOTES BASED ON ANTICIPATED PRE-TAX ECONOMIC RETURNS. TAX ADVANTAGES (I.E., DEDUCTIONS AND LOSSES) ARE NOT A SIGNIFICANT OR INTENDED FEATURE OF AN INVESTMENT IN THE NOTES.

General

The purchase of a Note is not considered by the IRS to be a donation. Consequently, the amount paid for a Note is not a charitable contribution and does not entitle the Investor to a deduction under Section 170 of the Code. Additionally, interest paid on a Note will be treated as income to the Investor and generally will be taxed at ordinary income tax rates.

Notes That Bear Interest at Below-Market Rates

Notes that bear interest at below-market rates may fall within the imputed interest provisions of the Code. Specifically, Section 7872 of the Code imputes taxable income to below-market-rate lenders in the amount of the difference between the interest payments that would be made by the borrower at the applicable Federal interest rate and the interest payments actually made by the borrower at a below-market interest rate. Income attributable to imputed interest payments on the below-market-rate loans will, in most cases, result in an increased tax liability for the lender. However, the IRS has issued both temporary and proposed regulations that exempt certain loans bearing below-market interest rates from imputed interest. The temporary regulations, which are regulations that have not been finalized but which generally are accorded the same effect by the IRS and the courts as final regulations, provide that interest earned on gift loans to a charitable organization described in Section 170(c) of the Code is generally exempt from tax, but only if at no time during the taxable year does the aggregate outstanding amount of loans by the lender to the organization (or any other organization effectively controlled by the same person or persons that effectively control the borrower organization) exceed $250,000. Proposed regulations, which are different from temporary regulations in that they generally are promulgated for comment and are not given special deference by the IRS or courts, provide that this imputed interest income exemption applies only if aggregate loans by the lender to the organization and all commonly controlled organization do not exceed $10,000. In addition, certain loans made by charitable organizations, and loans with interest arrangements that have no significant effect on the federal tax liability of either the lender or the entity receiving the investment may also be exempted from the imputed interest rules.

Because Leviticus is a charitable organization as described in Section 170(c), a gift loan to it that carries a below-market interest rate will be exempted from imputed interest under the temporary regulations as long as the amount of the loans to Leviticus, and to charitable organizations that are effectively controlled by the same person or persons that control Leviticus, by the Investor do not exceed $250,000. (However, if the proposed regulations are finalized in their current form, the exemption will only apply to loans to all such charitable organizations that do not exceed $10,000.)

If the aggregate amount loaned by an Investor to Leviticus exceeds $250,000 (or $10,000 if the proposed regulations are finalized in their current form), the Notes are determined to bear a below-market interest rate, and other exemptions are not applicable, the Investor will be treated under the imputed interest regulations as periodically transferring an amount equal to the imputed interest on the Notes as a gift to Leviticus. The regulations treat Leviticus as then retransferring this amount to the Investor, who will realize imputed interest income. However, the Investor is likely to be allowed a charitable deduction (subject to the percentage limitations on charitable deductions in Section 170 of the Code) in the amount of the imputed interest. However, depending on each Investor's situation, the percentage limitations on charitable deductions may prevent an Investor from fully offsetting the imputed interest income with the charitable deduction for the deemed gift.

Backup Withholding

Under U.S. federal backup withholding tax rules, Leviticus may be required to withhold a tax on interest payments made to Investors. The withholding rate is currently 28%.

Leviticus will not withhold, and will not be required to withhold, such amount for interest paid to an Investor if such Investor provides his or her taxpayer identification number to Leviticus, which for U.S. persons will be on IRS Form W-9, and Leviticus has not otherwise been notified by the IRS that the Investor's taxpayer identification number is incorrect or that there is a "payee underreporting" or "payee certification failure" for such Investor.

The foregoing discussion of certain U.S. federal income tax considerations is for general information only and is not tax advice. Accordingly, each Investor is urged to consult his or her own tax advisor as to the specific tax consequences of purchasing and owning the Notes, including the application and effect of U.S. federal, state, local, and other tax laws and the possible effect of changes in such laws.

AUDITOR

Leviticus' financial statements, provided as a supplemental document to this Offering Memorandum, were audited by AAFCPAs, Inc. (the "Auditor") and in connection therewith the Auditor signed a report relating to the financial statements and financial statement schedules, a report relating to internal control over financial reporting and on compliance and a report on compliance with requirements applicable to each major program and on internal control over compliance in accordance with OMB Circular A-133, all dated March 30, 2022.

LEVITICUS 25:23 ALTERNATIVE FUND, INC.
220 WHITE PLAINS ROAD, SUITE 125
TARRYTOWN, NY 10591

LOAN AGREEMENT

Lender:

Borrower:

Leviticus 25:23 Alternative Fund, Inc.
220 White Plains Road, Suite 125
Tarrytown, NY 10591 (Hereinafter, "Leviticus")

WHEREAS: The Members' Statement summarizes the goals of Leviticus as follows:

Participants in the Leviticus 25:23 Alternative Fund Inc. have agreed to place their resources at the service of the economically poor. We are motivated by the twenty-fifth chapter of the Book of Leviticus, in which God calls the people to a jubilee that restores the earth and protects the common lands as well as the poor. In this spirit, we pledge that we will help create and support opportunities whereby the poor can become authors of their own destiny.

Our vision reflects the values of the Judeo-Christian tradition. Primary among these values are participation, local control, more equal distribution of God's gifts, and care for the earth. We recognize that this vision challenges other economic values: concentration of wealth, profit maximization, and exploitation of persons.

Through solidarity with the poor, we hope to learn anew the values of our own tradition. By participation in the Fund and its projects we nourish such values within ourselves.

Our vision is open to a wide range of possibilities that would utilize the resources of the Fund for community-based development.

In the final analysis we want to be faithful to the gospel in a down-to-earth way.

WHEREAS: the Lender shares these purposes and desires to support Leviticus and other community organizations in their activities in furtherance of these purposes; and

WHEREAS: Leviticus desires to borrow ___________ for use by Leviticus in making loans and Lender desires to lend this amount for said purpose;

NOW THEREFORE, Lender and Leviticus agree as follows:

1. Subject to the terms and conditions of this Loan Agreement, lender agrees to lend ___________ for ___________ years, at 2% interest.

2. Leviticus agrees to repay the loan on or before __________.

3. The term of this Loan Agreement may be extended and/or the amount of the loan increased as follows:

   One month prior to the termination date of this Agreement, Leviticus shall send to the lender a Notice of Maturity along with a list of options for the Lender to declare its intentions regarding the loan.

   By choosing an option and signing and returning the Notice to Leviticus, this Agreement shall be amended accordingly.

   If the amount of the loan is increased, Leviticus shall issue a new Promissory Note evidencing the full amount of the Associate's loan and the original Promissory note shall be returned to Leviticus.

4. Leviticus may pre-pay the total or any part of the outstanding principal without penalty.

5. Simultaneous with the signing of this Loan agreement, Leviticus shall execute and deliver to Lender a Promissory Note and Lender shall issue to Leviticus cash or a bank check or approved substitute in full amount of the Loan.

6. This Loan Agreement and the Promissory Note shall be governed by the laws of the State of New York.

IN WITNESS WHEREOF, Leviticus and Lender have executed this Agreement this ___________ day of ___________.

Lender:	Leviticus 25:23 Alternative Fund, Inc. Gregory Maher
_____________________________ Signature	_____________________________ Signature

LEVITICUS 25:23 ALTERNATIVE FUND, INC.
220 WHITE PLAINS ROAD, SUITE 125
TARRYTOWN, NY 10591

Amount: ____________
Date: ____________

FOR VALUE RECEIVED,

LEVITICUS 25:23 ALTERNATIVE FUND, INC.
220 WHITE PLAINS ROAD, SUITE 125
TARRYTOWN, NY 10591

Promises to pay on or before ____________ year(s) from the above date to:

at the above address the principal sum of ____________ with interest thereon to be computed from the date hereof, at the rate of 2% per year, to be paid on ____________ ensuing and thereafter, in accordance with the amortization schedule annexed hereto and made a part of this note.

This note may be prepaid, in whole or in part, without premium or penalty. This Note is non-negotiable. It may not be assigned or transferred. This Note may not be changed or terminated orally. This Note and the loan evidenced hereby are subject to the terms of the Loan Agreement between the same parties, dated ____________ . The term of this note may be extended according to the procedures set forth in the Loan Agreement.

SEAL

____
Leviticus 25:23 Alternative Fund, Inc.
By Gregory Maher
Executive Director

LEVITICUS 25:23 ALTERNATIVE FUND
220 WHITE PLAINS ROAD, SUITE 125
TARRYTOWN, NY 10591

AMORTIZATION SCHEDULE

Associate Member # ____________
Loan # ____________

Lender:

Amount: ____________
Term: ____________ year(s)
Interest Rate: 2%

Date: Principal: Interest:

This loan matures ____________.

LEVITICUS FUND

Faith Capital For Building Communities

LEVITICUS 25:23 ALTERNATIVE FUND, INC.

FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

LEVITICUS 25:23 ALTERNATIVE FUND, INC.

Contents
December 31, 2021 and 2020

AAFCPAs
great minds | great hearts

50 Washington Street
Westborough, MA 01581
508.366.9100
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Independent Auditor's Report

To the Board of Directors and Management of
Leviticus 25:23 Alternative Fund, Inc.:

Opinion

We have audited the financial statements of Leviticus 25:23 Alternative Fund, Inc. (a New York corporation, not-for-profit) (the Organization) which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities and changes in net assets, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Leviticus 25:23 Alternative Fund, Inc. as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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.

Emphasis of Matter

As discussed in Notes 2 and 12 to the financial statements, the Organization elected a change in accounting principle relating to the accounting for government grants from the guidance contained in ASC Subtopic 958-605, *Revenue Recognition*, to a preferable method of accounting guidance contained in Topic 470, *Debt*. This change in accounting principle requires a retrospective adjustment to the previously issued financial statements for the year ended December 31, 2020, to properly report the change in accounting principle. As a result, our original report dated March 17, 2021, with respect to the financial statements for the year ended December 31, 2020, should no longer be relied upon. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the 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 financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance, and therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

- Identify and assess the risks of material misstatement of the 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 the Organization'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 financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

AAFCPAs, Inc.

Boston, Massachusetts
March 30, 2022

LEVITICUS 25:23 ALTERNATIVE FUND, INC.

Statements of Financial Position
December 31, 2021 and 2020

Assets	**2021**	**2020**
Current Assets:		
Cash and cash equivalents	$ 10,653,520	$ 5,895,472
Short-term investments	138,866	127,191
Restricted deposits	611,301	608,074
Current portion of loans receivable, net of allowance for loan losses of $734,129 and $135,164 at December 31, 2021 and 2020, respectively	11,027,623	2,113,119
Current portion of loans receivable - NMTC	-	3,652,800
Accrued interest receivable	369,154	284,480
Total current assets	22,800,464	12,681,136
Non-Current Assets:		
Loans receivable, net of current portion and allowance for loan losses of $3,052,944 and $2,887,615 at December 31, 2021 and 2020, respectively	44,842,767	42,931,039
Loans receivable - NMTC, net of current portion	-	1,147,200
Other assets	86,594	46,365
Total non-current assets	44,929,361	44,124,604
Total assets	$ 67,729,825	$ 56,805,740

Liabilities and Net Assets		
Current Liabilities:		
Current portion of notes payable	$ 8,865,969	$ 3,226,364
Current portion of subordinated notes payable - subventions payable - members	1,250,000	955,000
Current portion of notes payable - NMTC	-	3,652,800
Accounts payable and accrued expenses	71,129	87,585
Accrued interest payable	207,550	208,169
Deferred revenue and rent	102,392	70,331
Total current liabilities	10,497,040	8,200,249
Non-Current Liabilities:		
Notes payable, net of current portion	27,729,155	22,245,472
Notes payable - NMTC, net of current portion	-	1,147,200
Subordinated notes payable - subventions payable - members, net of current portion	3,205,200	3,900,000
Subordinated notes payable - equity equivalent investments	6,250,000	4,250,000
Total non-current liabilities	37,184,355	31,542,672
Total liabilities	47,681,395	39,742,921
Net Assets:		
Without donor restrictions	14,926,337	12,830,795
Board designated	1,653,138	1,315,504
With donor restrictions	3,468,955	2,916,520
Total net assets	20,048,430	17,062,819
Total liabilities and net assets	$ 67,729,825	$ 56,805,740

The accompanying notes are an integral part of these statements.

LEVITICUS 25:23 ALTERNATIVE FUND, INC.

Statements of Activities and Changes in Net Assets
For the Years Ended December 31, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	**Without Donor Restrictions**	**With Donor Restrictions**	**Total**
Operating Revenues:						
Public support:						
Grants and contributions	$ 1,917,295	$ 885,055	$ 2,802,350	$ 3,305,403	$ 240,500	$ 3,545,903
Donated services	350,008	-	350,008	272,930	-	272,930
Net assets released from purpose restrictions	332,620	(332,620)	-	351,765	(351,765)	-
Total public support	2,599,923	552,435	3,152,358	3,930,098	(111,265)	3,818,833
Financial revenue:						
Interest on loans	3,133,724	-	3,133,724	2,694,846	-	2,694,846
Loan fees	340,933	-	340,933	206,757	-	206,757
Investment income and other	37,115	-	37,115	52,936	-	52,936
Total financial revenue	3,511,772	-	3,511,772	2,954,539	-	2,954,539
Total operating revenues	6,111,695	552,435	6,664,130	6,884,637	(111,265)	6,773,372
Operating Expenses:						
Program services	3,254,019	-	3,254,019	2,736,896	-	2,736,896
Management and general	329,494	-	329,494	291,761	-	291,761
Fundraising	95,006	-	95,006	43,584	-	43,584
Total operating expenses	3,678,519	-	3,678,519	3,072,241	-	3,072,241
Changes in net assets	2,433,176	552,435	2,985,611	3,812,396	(111,265)	3,701,131
Net Assets:						
Beginning of year, as adjusted	14,146,299	2,916,520	17,062,819	10,333,903	3,027,785	13,361,688
End of year	$ 16,579,475	$ 3,468,955	$ 20,048,430	$ 14,146,299	$ 2,916,520	$ 17,062,819

The accompanying notes are an integral part of these statements.

LEVITICUS 25:23 ALTERNATIVE FUND, INC.

Statements of Cash Flows
For the Years Ended December 31, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities:		
Changes in net assets	$ 2,985,611	$ 3,701,131
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	8,711	2,097
Net loan loss provision	764,294	577,910
Subordinated notes payable - subventions payable converted to grants	(460,055)	-
Changes in operating assets and liabilities:		
Accrued interest receivable	(84,674)	(39,249)
Other assets	(48,940)	(18,655)
Accounts payable and accrued expenses	(16,456)	28,013
Accrued interest payable	(619)	63,792
Deferred revenue and rent	32,061	5,214
Net cash provided by operating activities	3,179,933	4,320,253
Cash Flows from Investing Activities:		
Restricted deposits in short-term investments	(1,638)	(4,670)
Issuance of loans receivable	(32,548,966)	(13,118,061)
Principal payments of loans receivable	20,958,440	5,470,676
Investment income reinvested	(11,675)	(1,801)
Net cash used in investing activities	(11,603,839)	(7,653,856)
Cash Flows from Financing Activities:		
Proceeds from notes payable	13,272,035	4,869,902
Principal payments on notes payable	(2,148,747)	(440,712)
Proceeds from subventions payable - members	145,100	30,576
Principal payments on subventions payable - members	(84,845)	(20,576)
Proceeds from subordinated notes payable - equity equivalent investments	2,000,000	-
Net cash provided by financing activities	13,183,543	4,439,190
Net Change in Cash, Cash Equivalents and Restricted Cash	4,759,637	1,105,587
Cash, Cash Equivalents and Restricted Cash:		
Beginning of year	6,225,369	5,119,782
End of year	$ 10,985,006	$ 6,225,369
Reconciliation of Cash, Cash Equivalents and Restricted Cash Reported Within the Statements of Financial Position:		
Cash and cash equivalents	$ 10,653,520	$ 5,895,472
Restricted deposits	611,301	608,074
Less - amounts included in restricted deposits considered investments	(279,815)	(278,177)
Total cash, cash equivalents and restricted cash	$ 10,985,006	$ 6,225,369
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	$ 1,100,971	$ 914,467

The accompanying notes are an integral part of these statements.

LEVITICUS 25:23 ALTERNATIVE FUND, INC.

Statement of Functional Expenses
For the Year Ended December 31, 2021
(With Summarized Comparative Totals for the Year Ended December 31, 2020)

	2021						2020
	Program Services			Support Services			
	Affordable Housing	Community Facilities	Total Program Services	Management and General	Fund-raising	Total	Total
Operating Expenses:							
Personnel costs:							
Salaries	$ 608,372	$ 41,615	$ 649,987	$ 182,723	$ 55,675	$ 888,385	$ 700,323
Benefits	118,745	8,123	126,868	26,107	7,877	160,852	119,060
Payroll taxes	43,010	2,942	45,952	12,918	3,936	62,806	48,915
Total personnel costs	770,127	52,680	822,807	221,748	67,488	1,112,043	868,298
Donated professional services	327,599	22,409	350,008	-	-	350,008	272,930
Professional services	115,001	7,866	122,867	62,167	10,000	195,034	242,852
Occupancy	29,852	2,042	31,894	11,570	6,567	50,031	50,183
Office expense	22,165	1,516	23,681	8,590	4,875	37,146	34,349
Public relations and media	19,861	1,359	21,220	7,698	4,369	33,287	23,036
Miscellaneous	1,396	95	1,491	13,370	307	15,168	9,404
Dues and subscriptions	5,715	391	6,106	2,215	1,257	9,578	10,116
Depreciation	7,913	541	8,454	257	-	8,711	2,097
Meetings and travel	791	54	845	1,879	143	2,867	2,807
Total operating expenses	1,300,420	88,953	1,389,373	329,494	95,006	1,813,873	1,516,072
Interest Expense	1,029,903	70,449	1,100,352	-	-	1,100,352	978,259
Net Loan Loss Provision	762,370	1,924	764,294	-	-	764,294	577,910
Total expenses	$ 3,092,693	$ 161,326	$ 3,254,019	$ 329,494	$ 95,006	$ 3,678,519	$ 3,072,241

The accompanying notes are an integral part of these statements.

LEVITICUS 25:23 ALTERNATIVE FUND, INC.

Statement of Functional Expenses
For the Year Ended December 31, 2020

	Program Services			Support Services		
	Affordable Housing	Community Facilities	Total Program Services	Management and General	Fund-raising	Total
Operating Expenses:						
Personnel costs:						
Salaries	$ 412,942	$ 103,236	$ 516,178	$ 170,696	$ 13,449	$ 700,323
Benefits	69,833	17,458	87,291	29,449	2,320	119,060
Payroll taxes	32,765	8,192	40,957	6,194	1,764	48,915
Total personnel costs	515,540	128,886	644,426	206,339	17,533	868,298
Donated professional services	218,344	54,586	272,930	-	-	272,930
Professional services	147,822	36,956	184,778	48,074	10,000	242,852
Occupancy	25,594	6,398	31,992	11,605	6,586	50,183
Office expense	17,518	4,380	21,898	7,943	4,508	34,349
Public relations and media	11,258	3,065	14,323	5,558	3,155	23,036
Miscellaneous	1,165	291	1,456	7,649	299	9,404
Dues and subscriptions	5,159	1,290	6,449	2,339	1,328	10,116
Depreciation	938	235	1,173	924	-	2,097
Meetings and travel	1,042	260	1,302	1,330	175	2,807
Total operating expenses	944,380	236,347	1,180,727	291,761	43,584	1,516,072
Interest Expense	782,607	195,652	978,259	-	-	978,259
Net Loan Loss Provision	536,922	40,988	577,910	-	-	577,910
Total expenses	$ 2,263,909	$ 472,987	$ 2,736,896	$ 291,761	$ 43,584	$ 3,072,241

1. OPERATIONS AND NONPROFIT STATUS

Operations

Leviticus 25:23 Alternative Fund, Inc. (the Organization) was established as a New York not-for-profit membership corporation in January 1983. The purpose of the Organization is to provide flexible capital, expertise, and advocacy to propel the growth of more equitable communities. Loans are generally made in New York, New Jersey and Connecticut. Any nonprofit corporation that is tax-exempt under Section 501(c)(3) is eligible to make a subvention or loan investment in the Organization (see Note 7). If a subvention investment is accepted, the investing nonprofit receives a certificate evidencing the subvention and becomes a Member of the Organization. Effective in 1989, individuals were allowed to become Associates. Associates are not considered Members and thus do not vote at the annual meeting of Members. Loans from Associates are evidenced by promissory notes that receive a rate of interest that is between 0% and 3.0% (see Note 6).

Community Development Financial Institution

The Organization has been granted status as a Community Development Financial Institution (CDFI) by the U.S. Department of Treasury (the Treasury), qualifying it for certain awards and support from the Treasury. It is also a Qualified Community Development Entity (QCDE) (see Note 6). As of December 31, 2021 and 2020, the Organization had approximately $1,795,000 of outstanding notes payable to the CDFI Fund (see Note 6). During 2021 and 2020, the Organization also received and recognized $1,826,265 and $3,231,000, respectively, of Financial Assistance awards.

Tax-Exempt Status

The Organization is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). The Organization is also exempt from state income taxes. Donors may deduct contributions made to the Organization within IRC requirements.

2. SIGNIFICANT ACCOUNTING POLICIES

The Organization prepares its financial statements in accordance with generally accepted accounting standards and principles (U.S. GAAP) established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these notes are to the FASB Accounting Standards Codification (ASC).

Change in Accounting Principle

Subsequent to the issuance of its previously issued financial statements for the year ended December 31, 2020, the Organization elected to change its accounting policy surrounding the accounting for a certain government grant. The Organization previously had presented the proceeds of its loan under the Paycheck Protection Program (PPP) (see Note 12) under the government grant model in accordance with ASC Subtopic 958-605, *Revenue Recognition*. Based on preferability of the presentation of the financial statements, as defined in Topic 250, *Accounting Changes and Error Corrections*, the Organization changed its accounting method to the debt model in accordance with Topic 470, *Debt*. The change in accounting principle resulted in a decrease in changes in net assets and corresponding net assets of $125,807 as of and for the year ended December 31, 2020, and increase in notes payable as of December 31, 2020.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates

The preparation of the financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value Measurements

The Organization follows the accounting and disclosure standards pertaining to ASC Topic, *Fair Value Measurements*, for qualifying assets and liabilities. Fair value is defined as the price that the Organization would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

The Organization uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of the Organization. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the financial instrument developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available.

The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.

Level 2 - Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 - Inputs that are unobservable, and which require significant judgment or estimation.

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with initial maturities of three months or less to be cash equivalents. For the purpose of the statements of cash flows, cash, cash equivalents and restricted cash includes the cash and cash equivalent portion of certain restricted deposits (see page 10 and Note 6).

The Organization maintains its operating cash balances in New York banks. The Federal Deposit Insurance Corporation (FDIC) insures balances at each bank up to certain amounts. At certain times during the year, cash balances exceeded the insured amounts. The Organization has not experienced any losses in such accounts. Management believes the Organization is not exposed to any significant credit risk on its cash balances.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Short-Term Investments

Short-term investments consist of certificates of deposit issued with initial maturities of greater than three months. These certificates of deposit are stated at contract value, which approximates fair value. The maturity dates of the certificates of deposit range from May 15, 2021 through December 20, 2021, as of December 31, 2020; and June 20, 2022 through November 19, 2022, as of December 31, 2021, and accordingly, have been presented as current assets in the accompanying statements of financial position.

Loans and Interest Receivable and Allowance for Loan Losses

Loans receivable are stated net of third-party participations qualifying as loan sales and an allowance for loan losses (see Notes 3 and 4). Interest on loans is calculated by using the simple interest method on monthly balances of the principal amount outstanding. The allowance for loan losses is established through a provision for loan losses charged to operations. The allowance is an amount that management believes will be adequate to absorb expected losses on existing loans that may become uncollectible. Management evaluates loan collectability through consideration of factors, such as previous loss experience, performance of individual loans in accordance with contract terms, financial strength and cash flows of the borrower, realizable values of collateral, and current economic conditions that may affect the borrower's ability to repay in accordance with the requirements of ASC Topic, *Accounting by Creditors for Impairment of a Loan - Income Recognition and Disclosures* standard under U.S. GAAP.

The Organization assigns non-accrual status once the loan has been past due for 90 days. No interest income is recognized from loans in nonaccrual status. This nonaccrual policy is applicable to all portfolio segments. There were no non-accrual loans as of December 31, 2021 and 2020.

U.S. GAAP requires not-for-profit organizations to record interest expense and contribution revenue in connection with notes payable that are interest free or that have below-market interest rates. Likewise, funds loaned to borrowers at below-market interest rates should also result in imputed revenue and contribution expense. The Organization believes that the benefits derived from below-market rate loans received are passed through to the borrowers via below-market rate loans made, and that there is no material difference between community development finance market rates and the stated rates of loans in their portfolios. No adjustments have been made to the accompanying financial statements to reflect contribution income or expense associated with below-market interest rates.

Deferred Rent

Rent expense is recognized using the straight-line method of the entire lease cost over the term of the lease (see Note 10). The unamortized difference between rent incurred on the straight-line method and rent incurred according to the lease terms is included in deferred revenue and rent in the accompanying statements of financial position.

Property and Equipment and Depreciation

Property and equipment are recorded at cost. The Organization capitalizes purchases of $1,000 or more. Maintenance, repairs and minor renewals are expensed as incurred and renewals and betterments are capitalized. Depreciation of property and equipment is calculated using the straight-line method over the following estimated useful lives:

Computers and software	3 years
Equipment	5 years
Office furniture	10 years

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment and Depreciation (Continued)

The Organization accounts for the carrying value of its long-lived assets in accordance with ASC Topic, *Property, Plant and Equipment*. As of December 31, 2021 and 2020, the Organization has not recognized any reduction in the carrying value of its property and equipment when considering these requirements. Property and equipment had a net book value of $29,969 and $14,458 as of December 31, 2021 and 2020, respectively, and is included in other assets in the accompanying statements of financial position.

Net Asset Classifications

Net Assets Without Donor Restrictions - Include those net resources that bear no external restrictions and are generally available for use by the Organization.

Board Designated - Include net assets set aside by the Board of Directors to be used as a reserve for future operations.

Net Assets With Donor Restrictions - Include net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events or programs run by the Organization. Net assets with donor-imposed restrictions are released when the restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Net assets with donor restrictions are restricted as follows as of December 31:

	2021	2020
Revolving Loan Capital:		
CDFI Capital Magnet Funds	$ 2,750,000	$ 2,750,000
The Legacy Fund	460,055	-
Subtotal revolving loan capital	3,210,055	2,750,000
Other purpose restrictions:		
Financing: geographically restricted	222,500	94,120
Financing: other restrictions	-	17,000
Program activities	36,400	55,400
Subtotal other purpose restrictions	258,900	166,520
Total net assets with donor restrictions	$ 3,468,955	$ 2,916,520

On May 10, 2018, the Organization was awarded $2,750,000 of Capital Magnet Funds (CMF) grant from the CDFI Fund. CMF awards are used to make loans to qualified projects. As of December 31, 2021 and 2020, all funds had been committed. This grant requires that the proceeds be revolved for recurring use during the term of the agreement. Accordingly, the expended grant proceeds remain in net assets with donor restrictions until depleted by eligible expenses, losses or until the agreement expires.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Asset Classifications (Continued)

Under the terms of the CMF agreement, the funded projects must comply with various affordability requirements for a period of ten years after the project completion date. The ten-year affordability period ends in 2032. The Organization expects the underlying transactions executed to comply with the grant's requirements and affordability restrictions for the duration of the compliance period. The Organization is required to re-invest of the CMF award through May 10, 2022.

On October 19, 2020, the Organization's Board passed a resolution empowering Organization staff and an ad hoc committee to consider establishing a Legacy Fund, which would be a permanent capital fund within the Organization to finance in perpetuity the Organization' general lending activities. The ad hoc committee included the Organization's past executive directors and current and past Board members. The topic to be explored was whether the Organization should invite its members to (i) donate some or all of their subvention investments, and (ii) make additional donations, to the Legacy Fund. On May 20, 2021, after completing its work, staff and the ad hoc committee formally announced establishment of the Legacy Fund, with the provisions that amounts donated to the Legacy Fund (1) will be designated as permanently restricted funds to be used to fund the Organization's general lending, (2) will not be used to pay operating expenses, and (3) may be used to cover actual lending losses incurred by the Organization. Members who donate all their subvention investments will remain a member of the Organization in perpetuity.

Revenue Recognition

The Organization recognizes interest income on loans receivable as it is earned over the term of the loan. Interest income is calculated using the simple-interest method on principal amounts outstanding.

Loan fees are recognized in accordance with the terms of the loan agreements. Loan fees include late fees, servicing fees, commitment fees, and loan application fees. Typically, loan fees with loan terms greater than one year in length are amortized over the term of the loans; however, net loan fees are not significant to the Organization and are not amortized, but rather are recognized at the inception of the loan. Late fees and servicing fees are determined based upon the loan agreements. Commitment fees charged by the Organization are generally 1% of loan principal, unless the loan is less than $100,000, or the term of the loan is less than nine months and less than $500,000, in which case the commitment fee is 2%. If the loan is less than nine months and greater than $500,000, the commitment fee is 1.5%. Commitment fees and loan application fees are non-refundable.

Transfers of cash or other assets or settlement of liabilities that are both voluntary and nonreciprocal are recognized as contributions. Reciprocal transfers in which each party receives and sacrifices goods or services with approximate commensurate value are recognized as exchange transactions.

Grants and contributions may either be conditional or unconditional. A grant or contribution is considered conditional when the donor imposes both a barrier and a right of return. Conditional grants and contributions are recognized as revenue on the date all donor-imposed barriers are overcome or explicitly waived by the donor. Barriers may include specific and measurable outcomes, limitations on the performance of an activity, and other stipulations related to the grant or contribution. A donor has a right of return of any assets transferred or a right of release of its obligation to transfer any assets in the event the Organization fails to overcome one or more barriers. Assets received before the barrier is overcome are reflected as a refundable advance.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Grants and contributions without donor restrictions are recorded as revenue when received or unconditionally pledged. Grants and contributions with donor restrictions are transferred to net assets without donor restrictions as costs related to purpose restrictions are incurred or time restrictions have lapsed.

Revenue from exchange transactions is recorded when services are performed in accordance with the relevant agreements. Revenue generated from financial instruments, such as interest income on project loans and lending related fees, are not considered exchange transactions.

Donated Services

The Organization receives services from volunteers in various aspects of its programs. The value of these services is not reflected in the accompanying financial statements, since the value assigned by the donating volunteers is not ascertainable and does not meet the criteria for recognition under U.S. GAAP. During 2021 and 2020, the Organization also received donated professional services from various organizations. The value recorded for donated services is based upon the estimated value assigned by the donor and consists of legal services in the amount of $350,008 and $272,930 for the years ended December 31, 2021 and 2020, respectively.

Expense Allocation

Expenses related directly to a program or function are distributed to that program or function, while other expenses are allocated based upon management's estimate of the percentage attributable to each program or function. Certain categories of expenses are attributable to program or supporting functions and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated are personnel costs, professional services, occupancy, office expenses, media, travel, dues and subscriptions, and miscellaneous, which are allocated on the basis of estimates of time and effort.

Income Taxes

The Organization accounts for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the financial statements regarding a tax position taken or expected to be taken in a tax return. The Organization has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the financial statements at December 31, 2021 and 2020.

Subsequent Events

Subsequent events have been evaluated through March 30, 2022, which is the date the financial statements were available to be issued. There were no events that met criteria for disclosure.

3. LOANS RECEIVABLE

For the purpose of credit analysis, the Organization categorizes its loans into the following portfolio segments:

Affordable Housing - Lending to not-for-profit organizations to support the development, rehabilitation, build-out and/or permanent financing of affordable housing, including affordable rental and for-sale housing; supportive rental housing; transitional housing; group housing for individuals with disabilities; and manufactured home communities converting to cooperative resident ownership. The affordable housing is usually located in low-income communities, and almost always serves low-income individuals and families.

Community Facilities - Lending to not-for-profit organizations to support the development, rehabilitation, build-out and/or permanent financing of community facilities. An individual facility may provide space for a childcare or early education center; a charter public school; a healthcare or human services entity; shelter for the homeless; offices and administrative space for the not-for-profit organization; and/or for community economic development businesses, including healthy food retail outlets. Community facilities are usually located in low-income communities and are primarily serving individuals, including children, of low-income families.

Loans receivable consisted of the following as of December 31:

	2021		2020	
	Number	**Principal**	**Number**	**Principal**
Segments:				
Affordable Housing	64	$ 47,801,344	52	$ 36,235,516
Community Facilities	16	11,856,119	16	11,831,421
Total	80	$ 59,657,463	68	$ 48,066,937
Weighted-Average Interest Rate	5.49%		5.52%	
	Minimum	**Maximum**	**Minimum**	**Maximum**
Balances	$ 4,031	$ 3,258,743	$ 6,298	$ 3,190,190
Terms	1 month	30 years	4 months	30 years
Interest Rates	3.00%	7.00%	3.00%	7.00%

The Organization lends to qualified applicants approved by the Board's Loan Committee, and the projects supported vary by type (affordable housing and community facilities) and the presence of collateral, risk level, loan size, degree of mission match, and presence of designated subsidized funding sources. Loans are primarily secured by first or second mortgage liens on real estate.

The ability of borrowers to repay the loans could be adversely affected by extensive job losses, dramatic increases in rental vacancies within the borrowers' geographic areas, or other adverse economic conditions.

3. LOANS RECEIVABLE (Continued)

Principal payments of the loans scheduled for receipt are as follows at December 31:

	2021	2020
Amounts due in:		
Within one year	$ 11,761,752	$ 2,248,283
More than one and up to five years	36,045,915	25,816,857
More than five years	11,849,796	20,001,797
	59,657,643	48,066,937
Less - allowance for loan losses (see Note 4)	(3,787,073)	(3,022,779)
Total loans receivable, net of allowance	55,870,390	45,044,158
Less - current portion	(11,027,623)	(2,113,119)
	$ 44,842,767	$ 42,931,039

Loans receivable are presented net of third-party loan participations of $6,597,119 and $976,146 as of December 31, 2021 and 2020, respectively. All loan participations qualify as loan sales in accordance with ASC Topic, *Transfers and Servicing*.

Commitments to Lend

In addition to funded loans receivable, the Organization had loan commitments to borrowers totaling $15,781,114 and $13,704,028 at December 31, 2021 and 2020, respectively. Loan commitments represent obligations to lend funds at specified terms and interest rates and contain fixed expiration dates or other termination clauses.

4. ALLOWANCE FOR LOAN LOSSES

The Organization follows the *Disclosure About the Credit Quality of Financing Receivables and the Allowance for Credit Losses* standard under U.S. GAAP. This standard requires disclosure on the accounting policies and methodology used to estimate the allowance for loan losses.

The Organization provides an allowance for expected loan losses. The allowance is based on the Organization's loan rating policy, which is applied quarterly for changes related to individual loans receivable and their internal review of the performance of the nonprofit and for-profit organizations to which it lends. Loans are rated on a scale from A to E. Loans rated A through C are considered performing loans, and an initial loan loss allocation is assigned to them. This allocation is adjusted quarterly, as necessary, on each loan based on analysis of each borrower's operating performance. Loans rated D and E have a higher probability of loss of interest and principal and an analysis of the loans is conducted to determine if they are impaired. For all loans, the major risk factors that drive the loan loss allocation decision is the achievement by the borrower of operational and financial milestones.

4. ALLOWANCE FOR LOAN LOSSES (Continued)

The allowance for loan losses for the years ended December 31, 2021 and 2020, amounted to the following:

	Affordable Housing	Community Facilities	Total
Allowance at December 31, 2019	$ 1,791,025	$ 653,844	$ 2,444,869
Provision	536,922	40,988	577,910
Allowance at December 31, 2020	2,327,947	694,832	3,022,779
Provision	762,370	1,924	764,294
Allowance at December 31, 2021	$ 3,090,317	$ 696,756	$ 3,787,073

The loans receivable and loan loss allowance according to the Organization's risk rating policy are as follows as of December 31, 2021:

		Loan Balance		
Category	Risk Rating	Affordable Housing	Community Facilities	Total
Excellent	A	$ 4,038,779	$ 808,269	$ 4,847,048
Good	B	29,903,082	10,970,113	40,873,195
Acceptable	C	12,568,368	77,737	12,646,105
At risk	D	1,291,115	-	1,291,115
		$ 47,801,344	$ 11,856,119	$ 59,657,463

		Allowance		
Category	Risk Rating	Affordable Housing	Community Facilities	Total
Excellent	A	$ 161,551	$ 32,331	$ 193,882
Good	B	1,794,185	658,206	2,452,391
Acceptable	C	1,005,469	6,219	1,011,688
At risk	D	129,112	-	129,112
		$ 3,090,317	$ 696,756	$ 3,787,073

The loans receivable and loan loss allowance according to the Organization's risk rating policy are as follows as of December 31, 2020:

		Loan Balance		
Category	Risk Rating	Affordable Housing	Community Facilities	Total
Excellent	A	$ 4,169,687	$ 839,265	$ 5,008,951
Good	B	20,426,861	10,905,574	31,332,435
Acceptable	C	11,417,444	86,582	11,504,026
At risk	D	221,524	-	221,524
		$ 36,235,516	$ 11,831,421	$ 48,066,937

4. ALLOWANCE FOR LOAN LOSSES (Continued)

Category	Risk Rating	Allowance Affordable Housing	Allowance Community Facilities	Total
Excellent	A	$ 166,787	$ 33,571	$ 200,358
Good	B	1,225,612	654,334	1,879,946
Acceptable	C	913,396	6,927	920,323
At risk	D	22,152	-	22,152
		$ 2,327,947	$ 694,832	$ 3,022,779

There were no charge-offs of loans receivable during the year ended December 31, 2021 and 2020. As of December 31, 2021 and 2020, there were no loans receivable on non-accrual status. There were approximately $2,330 of delinquent loans receivable as of December 31, 2021. There were no delinquent loans as of December 31, 2020.

The Organization reports recoveries of loans previously written-off in prior years as income when the amount is collected or collection is assured. In 2021 and 2020, there were no recoveries of loans previously written-off.

Impaired Loans

The Organization identifies a loan as impaired when it is probable that interest and/or principal will not be collected according to the contractual terms of the loan agreement. In accordance with guidance provided by the criteria under ASC Topic, *Impairment (Recoverability)*, management employs one of three methods to determine and measure impairment: the Present Value of Future Cash Flow Method; the Fair Value of Collateral Method; and the Observable Market Price of a Loan Method. To perform an impairment analysis, the Organization reviews a loan's internally assigned risk rating, its outstanding balance, value of the collateral, guarantors, and a current report of the action being implemented. Based on the nature of the specific loan, one of the impairment methods is chosen or any impairment is determined, based on criteria established for impaired loans. As of December 31, 2021 and 2020, there were no loans classified as "at risk" and considered impaired.

Troubled Debt Restructuring

A troubled debt restructuring (TDR) occurs when a creditor, for economic or legal reasons related to a borrower's financial condition, grants a concession to the borrower that it would not otherwise consider, such as below market interest rates, principal reductions extending the maturity of a loan, or a combination of these. As is common in the CDFI industry, the Organization makes loan amendments in the normal course of business to extend the loan term when the take-out financing is delayed or under other similar circumstances. If the Organization determines that the amendment is not due to the financial difficulties of the borrower and continues to expect full repayment of the loan, the amendment is not classified as a TDR.

At the time a loan is modified in a TDR, the Organization considers several factors in determining whether the loan should accrue interest, including:

- Cash flow necessary to pay the interest.
- Whether the customer is current on their interest payments.
- Whether the Organization expects the borrower to perform under the revised terms of the restructuring.

4. ALLOWANCE FOR LOAN LOSSES (Continued)

No loans receivable were substantially modified during 2021 or 2020, and none were classified as TDRs as of December 31, 2021 or 2020. The terms of certain loans receivable were modified during 2021 and 2020, but did not meet the definition of a TDR. The modification of these loans involved either a modification of the terms of a note agreement to a borrower who was not experiencing financial difficulties or a delay in a payment that was considered to be insignificant.

5. NEW MARKETS TAX CREDITS TRANSACTIONS

The Organization had a New Markets Tax Credit (NMTC) transaction involving Healthy Futures FQHC Financing Fund, LLC (the Fund) and its related entities and agents. The NMTC program was established as part of the Community Renewal Tax Relief Act of 2000. The goal of the NMTC program was to spur revitalization efforts of low-income and impoverished communities across the United States and its Territories by providing tax credit incentives to investors in a QCDE. The tax credit for investors equaled 39% of the investment, which was credited over a seven-year period. A QCDE was required to participate and had a primary mission of providing financing for revitalization projects of low-income communities.

The Organization, as a QCDE (see Note 1), was invited to participate in the transaction as the borrower from the Opportunity Fund II, LP loan and as lender to New Markets Investment 77, LLC (NMI 77) to partially fund the construction of an approximately 13,600 square foot medical office building, containing twenty-seven medical exam rooms, to be known as BNHC at Vicente's located at 160 Pleasant Street, Brockton, Massachusetts. Construction of the facility was completed and became operational as of October 2015.

In connection with the NMTC transaction, the Organization had a nonrecourse note receivable of $4,800,000 from NMI 77 and a nonrecourse note payable of $4,800,000 from Opportunity Fund II, LP. The note bore interest at a rate of 3.99% per annum. During 2021, the note was repaid. Interest expense related to this note payable was $187,339 and $194,712 for the years ended December 31, 2021 and 2020, respectively. Accrued interest on this note payable was $48,944 as of December 31, 2020.

6. NOTES PAYABLE

At December 31, 2021 and 2020, there were 136 and 143 notes payable, respectively, ranging in outstanding balances of $1,000 up to $6,000,000. Notes payable consist of Associate notes (see Note 1) from individuals, religious institutions, nonprofit organizations, and other organizations who have chosen to invest in the Organization as a way to benefit the community, as well as other notes payable to banks and other lending institutions. The proceeds of the loans are available for the purposes of mission-related financing activities.

The Organization actively pursues notes payable investments, not only for the capital they bring to the Organization, but because the investments in and of themselves serve the Organization's mission by connecting those with financial resources to those without them. Notes, which are generally non-amortizing, vary in length from one year to ten years, with interest rates from 0% to 3.00%, and are unsecured. Historically, approximately 95% of the number of loans that mature have been renewed. Interest expense related to these notes payable was $709,843 and $579,572 for the years ended December 31, 2021 and 2020, respectively. Accrued interest payable on notes payable was $196,023 and $140,247 as of December 31, 2021 and 2020, respectively.

6. NOTES PAYABLE (Continued)

The notes payable consisted of the following as of December 31:

	2021	2020
Associate Notes - Individuals		
88 and 80 unsecured notes payable as of December 31, 2021 and 2020, respectively, ranging in outstanding balances of $1,000 up to $300,000. Associate notes - individuals currently vary in length from one year to ten years (maturity between January 2022 to January 2030) with interest rates from 0% to 3.00%.	$ 2,249,706	$ 2,044,667
Associate Notes - Organizations		
35 and 34 unsecured notes payable as of December 31, 2021 and 2020, respectively, ranging in outstanding balances of $1,000 up to $900,000. Associate notes - organizations currently vary in length from one year to five years (maturity between January 2022 to November 2026) with interest rates from 0% to 3.00%.	6,035,595	6,006,362
Other Notes Payable		
3.00% note payable with Apple Bank for Savings, which matures in April 2026. Principal and interest payments are due monthly. This note payable is secured by a certificate of deposit held by Apple Bank for Savings in the amount of $279,815 and $278,177 as of December 31, 2021 and 2020, respectively, which is included in restricted deposits in the accompanying statements of financial position. A Board member is an employee of this lender.	6,000,000	4,000,000
1.90% unsecured note payable with HSBC Bank USA. Interest-only payments are due quarterly. Principal is due in October 2026. A Board member is an employee of this lender.	5,000,000	5,000,000
Unsecured note payable with TD Bank, which allows for borrowings up to $3,000,000. The note bears interest at the adjusted London Interbank Offered Rate (LIBOR) plus 1.2% (0.75% and 1.98% at December 31, 2021 and 2020, respectively). Interest-only payments are due monthly. Principal is due in August 2022.	3,000,000	1,000,000
2.31% unsecured note payable with U.S. Bank. Interest-only payments are due quarterly. Principal is due in September 2023.	3,000,000	2,000,000
2.00% unsecured note payable with Opportunity Finance Network. Interest-only payments are due quarterly. Principal is due in December 2026.	3,000,000	-

6. NOTES PAYABLE (Continued)

Other Notes Payable (Continued)	**2021**	**2020**
2.41% unsecured note payable with Webster Bank. Interest-only payments are due quarterly. Principal is due in July 2026.	2,389,106	-
2.16% unsecured note payable with Mizhuho Bank. Interest-only payments are due quarterly. Principal is due in August 2023.	2,000,000	-
1.95% unsecured note payable with CDFI Fund (see Note 1). Interest-only payments are due semiannually. Principal payments of approximately $348,000 are due in December 2025 and 2026. The remaining principal is due in December 2027.	1,045,000	1,045,000
3.00% unsecured note payable with BNB Bank. Interest-only payments are due quarterly. Principal is due in December 2024.	1,000,000	1,000,000
2.50% unsecured note payable with CDFI Fund. Interest-only payments are due semiannually. Principal is due in March 2029.	750,000	750,000
2.00% unsecured note payable with Capital One Bank. Principal and interest are due in July 2022.	500,000	500,000
3.00% unsecured note payable with Cnote Group. Interest-only payments are due quarterly. Principal is due in April 2024.	500,000	-
1.00% unsecured note payable with the Small Business Administration (SBA) (see Note 12).	125,807	125,807
3.50% unsecured note payable with Ridgewood Savings Bank. The note was repaid in 2021.	-	2,000,000
Subtotal - Other Notes Payable	28,309,823	17,420,807
Total Notes Payable	36,595,124	25,471,836
Less - current portion	(8,865,969)	(3,226,364)
	$ 27,729,155	$ 22,245,472

Principal payments on notes payable are scheduled to mature as follows for the years ending December 31:

2022	$ 8,865,969
2023	13,562,142
2024	1,841,452
2025	3,280,500
2026	6,814,424
Thereafter	2,104,830
	$ 36,469,317

6. NOTES PAYABLE (Continued)

Commitments

In addition to funded notes payable, the Organization had commitments for available credit from lenders totaling $15,110,822 and $13,500,000 at December 31, 2021 and 2020, respectively.

7. SUBORDINATED NOTES PAYABLE

Subventions Payable - Members

Subventions are accepted and subvention certificates are issued in increments of $5,000 or more. The subvention certificates issued by the Organization contain the terms of periodic payment, as well as terms of redemption and transfer. Subvention certificates provide a rate of return not to exceed 2% and have a term of five (5) years. Any certificate holder has the right to require the Organization to redeem the certificate at any point subsequent to its five-year term. The redemption shall be made by the Organization, unless the Board, by resolution, determines that such redemption cannot occur without detriment to the financial well-being of the Organization, with any such determination by the Board to be conclusive. Subvention renewal terms are for five years or longer. Historically, approximately 95% of the number of subventions payable that mature have been renewed. Outstanding subvention certificates amounted to $4,455,200 and $4,855,000 at December 31, 2021 and 2020, respectively. During 2021, $460,055 of subventions were converted to grants and are included in the Legacy Fund (see Note 2).

Subvention proceeds are primarily used to provide loans to projects.

Subvention maturities, as adjusted for renewals executed subsequent to December 31, 2021, are as follows:

2022	$ 1,250,000
2023	785,100
2024	800,000
2025	405,000
2026	875,000
Thereafter	340,100
	$ 4,455,200

Interest expense related to these subventions totaled $90,253 and $95,308 for the years ended December 31, 2021 and 2020, respectively. Accrued interest payable as of December 31, 2021 and 2020, was $804 and $696, respectively.

Equity Equivalent Investments

Subordinated notes payable consist of "Equity Equivalents" (EQ2) notes payable to financial institutions. EQ2 notes payable are fully subordinate to notes payable and all other Organization liabilities. The financial institutions making these EQ2 investments see this as an effective and efficient way both to strengthen the local economy and to meet Community Reinvestment Act obligations.

7. SUBORDINATED NOTES PAYABLE (Continued)

Equity Equivalent Investments (Continued)

EQ2 notes payable were as follows as of December 31:

	2021	2020
Note payable to Good to Grow CDFI Investment Fund, LLC, bearing a fixed interest rate of 3% per annum, with interest payments being made quarterly and repayment of principal occurring on or before June 30, 2029.	$ 1,500,000	$ 1,500,000
Note payable to Wells Fargo, bearing a fixed interest rate of 2% per annum, with interest payments being made quarterly and repayment of principal occurring on or before November 18, 2033.	1,500,000	-
Note payable to Deutsche Bank Americas Foundation. Under the agreement, the Organization has borrowed $1,000,000 as EQ2. Upon withdrawal of the requested amounts, the borrowing converts into a permanent loan at a fixed rate of 2.5% per annum, with interest payable on a quarterly basis. The loan requires repayment on or before August 29, 2026. The agreement also stipulates an automatic extension for two one-year periods to August 29, 2028, during which the terms of the agreement remain the same. A Board member is an employee of this lender.	1,000,000	1,000,000
Note payable to Wells Fargo Bank, bearing a fixed interest rate of 2% per annum, with interest payments being made quarterly and repayment of principal occurring on or before September 9, 2023. The agreement stipulates an automatic extension to September 9, 2025, during which the interest rate will remain the same and the Organization will be required to repay the principal balance in eight equal quarterly installments of $62,500.	500,000	500,000
Note payable to People's United Bank, bearing a fixed interest rate of 2% per annum, with interest payments being made quarterly and repayment of principal occurring on or before July 23, 2024.	500,000	500,000
Note payable to People's United Bank, bearing a fixed interest rate of 2% per annum, with interest payments being made quarterly and repayment of principal occurring on or before December 21, 2028.	500,000	500,000
Note payable to People's United Bank, bearing a fixed interest rate of 2% per annum, with interest payments being made quarterly and repayment of principal occurring on or before July 21, 2025.	500,000	-

7. SUBORDINATED NOTES PAYABLE (Continued)

Equity Equivalent Investments (Continued)

	2021	2020
Note payable to CDFI Community Investment Fund I, LLC, bearing a fixed interest rate of 3% per annum, with interest payments being made quarterly and repayment of principal occurring on or before May 31, 2028. The agreement also stipulates an automatic extension for two one-year periods to May 31, 2030, during which the terms of the agreement remain the same.	250,000	250,000
	$ 6,250,000	$ 4,250,000

The Organization may prepay any EQ2 loan in whole or in part at any time without penalty. Interest expense related to these subordinated notes payable totaled $112,917 and $108,667 for the years ended December 31, 2021 and 2020, respectively. Accrued interest payable as of December 31, 2021 and 2020, was $10,723 and $7,598, respectively.

Principal maturities of EQ2s are as follows for the years ended December 31:

2022	$ -
2023	500,000
2024	500,000
2025	-
2026	1,500,000
Thereafter	3,750,000
	$ 6,250,000

8. RETIREMENT PLAN

The Organization maintains a Section 403(b) retirement plan allowing employees to elect to defer compensation up to the maximum allowed under IRC regulations. The Organization makes matching contributions of 50% of the employee's contribution, with the matched amount not to exceed 5% of the employee's salary. In addition, the Organization will make discretionary contributions as a percent of each employee's salary with the total discretionary contribution equaling 7.5% of the employee's salary. All matched amounts and discretionary contributions from the Organization are immediately 100% vested when the contributions are made. During the years ended December 31, 2021 and 2020, the Organization made employee retirement contributions totaling $79,127 and $59,838, respectively.

9. RELATED PARTY TRANSACTIONS

The Organization's by-laws require that at least 25% of the roster of the Board of Directors be comprised of Member representatives. All transaction decisions follow standard policies and procedures, including those covering conflict of interest.

As of December 31, 2021 and 2020, two and three members of the Board of Directors held outstanding notes payable (see Note 6) totaling $15,000 and $11,000, respectively, with the Organization. Additionally, as of December 31, 2021 and 2020, the Organization had two notes payable totaling $11,000,000 and $9,000,000, respectively, with two financial institutions (see Note 6), which employ Board members of the Organization. As of December 31, 2021 and 2020, the Organization also had an equity equivalent investment of $1,000,000 to a financial institution (see Note 7), which employs a Board member of the Organization.

10. LEASE

In September 2016, the Organization entered into a lease for office space in Tarrytown, New York expiring in January 2027. Under the initial agreement, annual rent of $46,250 increases by $1 per square foot every other year for the 1,850 square feet being leased. The Organization is responsible for its proportionate share of certain utility and operating costs. Rent expense for the years ended December 31, 2021 and 2020, was $50,031 and $50,183, respectively, and is reflected as occupancy in the accompanying statements of functional expenses.

At December 31, 2021, minimum rental payments are as follows:

2022	$ 49,950
2023	50,567
2024	51,800
2025	51,800
2026	51,800
Thereafter	4,317
	$ 260,234

11. LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

Financial assets available for general operating use, that is, without donor or other restrictions limiting their use (see Note 2), within one year of the statements of financial position date, comprise the following for the year ended December 31:

	2021	2020
Cash and cash equivalents	$ 10,653,520	$ 5,895,472
Short-term investments	138,866	127,191
Current portion of loans receivable	11,027,623	2,113,119
Accrued interest receivable	369,154	284,480
	22,189,163	8,420,262
Less - contractual or donor-imposed restrictions	(3,008,900)	(2,916,520)
Net available financial assets	$ 19,180,623	$ 5,503,742

The Organization's investment and cash management objectives are to carry out the Organization's mission. Effective investment and cash management enhances the Organization's capacity to increase access to capital for the benefit of low- and moderate-income people. Also, the Organization seeks to manage capital judiciously. The Organization is committed to repaying in full all investors and to preserving its capital for use in fulfilling its mission.

Senior management meets bi-weekly to address projected cash flows to meet its loan commitments and operational expenditures. The Organization also invests cash in excess of weekly requirements in cash equivalents. As part of its internal cash management policies, the Organization aims to maintain operating liquidity balances of at least six months of operating expenses. Included in net available financial assets (above), the Organization has net assets totaling $1,653,138 and $1,315,504 as of December 31, 2021 and 2020, respectively, that are set aside by the Board of Directors for this purpose.

11. LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES (Continued)

A substantial portion of the Organization's financial resources are dedicated to lending operations. These operations are supported substantially with borrowed capital (see Notes 6 and 7) in proportion with equity resources that reduce the overall cost of funds. The Organization has access to capital to meet loan commitments and demand in the form of repayments of existing loans receivable and committed credit. To supplement liquidity for mission-related financing, the Organization also utilizes participation strategies and other co-lending agreements with mission-related partners.

12. NOTE PAYABLE - PAYCHECK PROTECTION PROGRAM (PPP)

During the year ended December 31, 2020, the Organization applied for, and was awarded, a loan of $125,807 from the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief and Economic Security Act (CARES Act) through a bank. The funds were used to pay certain payroll costs, including benefits, during a covered period as defined in the CARES Act. A portion of these funds may be forgiven, as defined in the agreement, at the end of the covered period and the remainder of the funds will be due over a two-year period with interest at 1%. Any repayment will be deferred for a period of ten months from the end of the covered period, when the note, plus interest, will be due in equal monthly payments over a two-year period. The forgiveness calculations are subject to review and approval by the lending bank and the SBA.

During 2020, the Organization initially believed there was not more than a remote chance this loan would not be forgiven, and therefore, accounted for it as a conditional grant under ASC Subtopic 958-605. It was determined that this grant was conditional upon certain performance requirements and the incurrence of eligible expenses. Amounts received were recognized as revenue when the Organization had incurred expenditures in compliance with the loan application and CARES Act requirements. During 2020, the Organization had recognized $125,807 of grant revenue, the full amount of the PPP funds awarded. As of December 31, 2021, the Organization had applied for forgiveness and the forgiveness was denied by the SBA. Due to these circumstances, the Organization has changed its accounting policy surrounding the PPP loan and has recorded the $125,807 as a note payable retrospectively as of December 31, 2020 (see Notes 2 and 6).