Enterprise Community Partners, Inc.
and its Subsidiaries and Affiliates

Consolidated Financial Statements and Independent Auditor's Report

December 31, 2023 and 2022

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Enterprise Community Partners, Inc. and its Subsidiaries and Affiliates

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Independent Auditor's Report

To the Board of Trustees
Enterprise Community Partners, Inc.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Enterprise Community Partners, Inc. ("Partners") and its Subsidiaries and Affiliates, which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, and the related consolidated statements of activities, functional expenses, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Enterprise Community Partners, Inc. and its Subsidiaries and Affiliates as of December 31, 2023 and 2022, and the change in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial statements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Enterprise Community Partners, Inc. and its Subsidiaries and Affiliates, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. The financial statements of certain subsidiaries and affiliates were not audited in accordance with *Government Auditing Standards* and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with these subsidiaries and affiliates.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

Report on Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 29, 2024, on our consideration of Enterprise Community Partners, Inc. and its Subsidiaries and Affiliates' internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Enterprise Community Partners and its Subsidiaries and Affiliates' internal control over financial reporting and on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Enterprise Community Partners, Inc. and its Subsidiaries and Affiliates internal control over financial reporting and on compliance.

CohnReznick LLP

Bethesda, Maryland
April 29, 2024

Enterprise Community Partners, Inc. and its Subsidiaries and Affiliates

Consolidated Statements of Financial Position
December 31, 2023 and 2022

Assets

	2023	2022
Cash and cash equivalents	$ 197,971	$ 177,514
Restricted cash and cash equivalents	195,956	174,441
Contributions receivable, net	40,902	38,749
Accounts and other receivables, net	205,916	159,399
Mortgage loans held for sale	160,519	85,082
Derivative assets	144,937	119,481
Investments in unconsolidated partnerships	160,753	284,703
Prepaid expenses and other assets, net	19,517	20,487
Loans and notes receivable, net of allowance for loan losses of $22,823 and $21,338, respectively	463,077	348,409
Investments	6,922	56,822
Restricted investments	28,131	35,712
Mortgage servicing rights, net	193,864	197,581
Property and equipment, net	235,835	236,162
Lease right-of-use assets	45,294	45,374
Intangible assets, net	13,863	19,388
Goodwill	23,642	23,642
Total assets	$ 2,137,099	$ 2,022,946

Liabilities and Net Assets

	2023	2022
Liabilities		
Accounts payable and accrued expenses	$ 81,669	$ 80,665
Grants payable	10,672	5,914
Funds held for others	22,230	21,070
Derivative liabilities	131,467	104,395
Indebtedness	787,138	651,230
Capital contributions payable	107,662	209,267
Deferred tax liabilities, net	22,940	23,132
Deferred revenue	13,421	11,281
Losses in excess of investments in unconsolidated partnerships	958	1,469
Allowance for loan loss sharing	40,812	35,962
Lease liabilities	51,562	51,805
Other liabilities	8,619	4,544
Total liabilities	1,279,150	1,200,734
Commitments and contingencies		
Net assets		
Net assets without donor restrictions	525,025	498,708
Net assets without donor restrictions - noncontrolling interest	153,202	150,971
Net assets with donor restrictions	179,722	172,533
Total net assets	857,949	822,212
Total liabilities and net assets	$ 2,137,099	$ 2,022,946

See Notes to Consolidated Financial Statements.

Enterprise Community Partners, Inc. and its Subsidiaries and Affiliates

Consolidated Statements of Activities
Years Ended December 31, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support						
Gains from mortgage banking activities	$ 115,472	$ -	$ 115,472	$ 162,739	$ -	$ 162,739
Interest income	77,451	2,639	80,090	43,084	-	43,084
Syndication fees	65,206	-	65,206	63,002	-	63,002
Contributions	3,365	55,668	59,033	4,383	78,652	83,035
Loan servicing fees	39,986	-	39,986	43,582	-	43,582
Asset management fees	36,331	-	36,331	33,190	-	33,190
Rental income	35,139	-	35,139	29,873	-	29,873
Grants and contracts	23,391	7,548	30,939	17,530	5,235	22,765
Property management fees and reimbursed costs	25,202	-	25,202	23,680	-	23,680
Development fees	12,963	-	12,963	6,992	-	6,992
Advisory services and other fees	4,690	-	4,690	5,653	-	5,653
Investment income	1,968	455	2,423	693	410	1,103
Other revenue	13,532	-	13,532	11,937	-	11,937
	454,696	66,310	521,006	446,338	84,297	530,635
Net assets released from restrictions	62,011	(62,011)	-	78,671	(78,671)	-
Total revenue and support	516,707	4,299	521,006	525,009	5,626	530,635
Expenses						
Program activities	455,875	-	455,875	431,577	-	431,577
Management and general	29,831	-	29,831	20,259	-	20,259
Fundraising	5,678	-	5,678	6,455	-	6,455
Total expenses	491,384	-	491,384	458,291	-	458,291
Excess of revenue and support over expenses from operations	25,323	4,299	29,622	66,718	5,626	72,344
Gain on dispositions of property and equipment	-	-	-	15,724	-	15,724
Net realized and unrealized gain (loss) on investments	305	2,890	3,195	(331)	(4,582)	(4,913)
Impairment	(1,515)	-	(1,515)	(627)	-	(627)
Equity in net income from unconsolidated partnerships	7,794	-	7,794	7,385	-	7,385
Change in net assets before income taxes	31,907	7,189	39,096	88,869	1,044	89,913
Income tax expense	885	-	885	7,162	-	7,162
Change in net assets	31,022	7,189	38,211	81,707	1,044	82,751
Change in net assets, noncontrolling interest	(17,151)	-	(17,151)	(33,139)	-	(33,139)
Change in net assets, controlling interest	$ 13,871	$ 7,189	$ 21,060	$ 48,568	$ 1,044	$ 49,612

See Notes to Consolidated Financial Statements.

Enterprise Community Partners, Inc. and its Subsidiaries and Affiliates

Consolidated Statements of Functional Expenses
Years Ended December 31, 2023 and 2022

	2023				2022			
Expenses	Program Activities	Management and General	Fundraising	Total	Program Activities	Management and General	Fundraising	Total
Salaries and employee benefits	$ 262,747	$ 19,015	$ 3,820	$ 285,582	$ 254,436	$ 13,568	$ 4,393	$ 272,397
Occupancy	36,291	1,952	263	38,506	28,077	1,468	260	29,805
Grants	38,392	-	-	38,392	44,797	-	-	44,797
Interest expense	36,567	594	-	37,161	25,819	138	-	25,957
General operating expenses	24,598	2,693	102	27,393	19,907	1,377	194	21,478
Professional and contract services	23,576	2,787	1,090	27,453	23,501	2,208	803	26,512
Depreciation and amortization expense	14,831	997	71	15,899	15,161	821	56	16,038
Provision for loan loss sharing and credit losses and bad debt expense	9,669	-	-	9,669	11,825	-	-	11,825
Travel and related costs	6,014	433	148	6,595	5,139	241	119	5,499
Marketing expenses	2,162	189	170	2,521	2,004	198	288	2,490
Meetings and conferences	1,028	1,171	14	2,213	911	240	342	1,493
	$ 455,875	$ 29,831	$ 5,678	$ 491,384	$ 431,577	$ 20,259	$ 6,455	$ 458,291

See Notes to Consolidated Financial Statements.

Enterprise Community Partners, Inc. and its Subsidiaries and Affiliates

Consolidated Statements of Changes in Net Assets
Years Ended December 31, 2023 and 2022

	Without Donor Restrictions				
	Controlling Interest	Noncontrolling Interest	Total	With Donor Restrictions	Consolidated Net Assets
Balance, December 31, 2021	$ 449,747	$ 139,645	$ 589,392	$ 171,489	$ 760,881
Contributions	-	12,314	12,314	-	12,314
Distributions	-	(25,167)	(25,167)	-	(25,167)
Redemption of noncontrolling member's interest	-	(8,567)	(8,567)	-	(8,567)
Reallocation of interests to reflect ownership share	393	(393)	-	-	-
Change in net assets	48,568	33,139	81,707	1,044	82,751
Balance, December 31, 2022	498,708	150,971	649,679	172,533	822,212
Change in accounting policy (Note 2)	2,604	-	2,604	-	2,604
Contributions	-	11,772	11,772	-	11,772
Distributions	-	(22,694)	(22,694)	-	(22,694)
Redemption of noncontrolling member's interest	-	(2,344)	(2,344)	-	(2,344)
Reallocation of interests to reflect ownership share	1,279	(1,279)	-	-	-
Acquisition of noncontrolling interest	125	(375)	(250)	-	(250)
Resyndication of properties	8,438	-	8,438	-	8,438
Change in net assets	13,871	17,151	31,022	7,189	38,211
Balance, December 31, 2023	$ 525,025	$ 153,202	$ 678,227	$ 179,722	$ 857,949

See Notes to Consolidated Financial Statements.

Enterprise Community Partners, Inc. and its Subsidiaries and Affiliates

Consolidated Statements of Cash Flows
Years Ended December 31, 2023 and 2022

	2023	2022
Cash flows from operating activities		
Changes in net assets	$ 38,211	$ 82,751
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities		
Depreciation and amortization expense	15,899	16,038
Amortization of debt issuance costs	1,761	954
Impairment expense	1,515	627
Gain on dispositions of property and equipment	-	(15,724)
Provision for loan loss sharing and credit losses and bad debt expense	9,669	11,825
Conversion of loan payable to grant with donor restrictions	-	(3,000)
Changes in operating lease right-of-use asset and liability, net	(163)	6,431
Net realized and unrealized (gain) loss investments	(3,195)	4,913
Equity in net income from unconsolidated partnerships	(7,794)	(7,385)
Deferred tax expense	(192)	861
Origination of mortgage servicing rights	(27,282)	(43,100)
Amortization of mortgage servicing rights	33,968	34,540
Origination of mortgages held for sale	(2,775,212)	(3,566,970)
Proceeds from sales of loans to third parties	2,696,806	4,285,819
(Increases) decreases in assets		
Contributions receivable, net	(2,153)	14,271
Accounts and other receivables, net	(47,874)	7,202
Loans and notes receivable, net	(628)	(1,527)
Derivative assets	(25,456)	(74,811)
Investments in unconsolidated partnerships	24,255	(19,519)
Prepaid expenses and other assets	1,002	(5,181)
Increases (decreases) in liabilities		
Accounts payable, accrued expenses, and other liabilities	5,522	(15,922)
Grants payable	4,758	(43,863)
Funds held for others	1,081	6,912
Derivative liabilities	27,131	73,567
Indebtedness	525	(38)
Net cash (used in) provided by operating activities	(27,846)	749,671
Cash flows from investing activities		
Advances on loans and notes receivable	(191,538)	(136,979)
Repayments of loans and notes receivable	79,696	83,953
Net proceeds from sales (purchases of) investments	61,045	(55,375)
Purchases of property and equipment	(10,417)	(10,279)
Investments made in unconsolidated partnerships	(6,925)	(2,596)
Proceeds from transfers of property and equipment	31,234	29,315
Proceeds from transfers of intangible assets	263	-
Acquisition of affordable housing properties	(15,832)	(46,420)
Net cash acquired in purchase of limited partner interests	1,059	4,416
Cash paid for acquisition of assets of Phillips	-	(5,000)
Distributions from investments in unconsolidated partnerships	11,882	14,910
Net cash used in investing activities	(39,533)	(124,055)

Enterprise Community Partners, Inc. and its Subsidiaries and Affiliates

Consolidated Statements of Cash Flows
Years Ended December 31, 2023 and 2022

	2023	2022
Cash flows from financing activities		
Proceeds from indebtedness	168,731	194,503
Indebtedness repayments	(43,942)	(809,251)
Payment of debt issuance costs	(1,922)	(1,489)
Acquisition of noncontrolling interest	(250)	-
Contributions from noncontrolling interest holders	11,772	7,314
Distributions to noncontrolling interest holders	(25,038)	(33,734)
Net cash provided by (used in) financing activities	109,351	(642,657)
Net increase (decrease) in cash and cash equivalents	41,972	(17,041)
Cash and cash equivalents, beginning of year	351,955	368,996
Cash and cash equivalents, end of year	$ 393,927	$ 351,955
Supplementary disclosure of cash flow information		
Cash paid for interest during the year, net of amounts capitalized	$ 36,484	$ 26,153
Income taxes paid, net	$ 757	$ 9,854
Change in accounting policy (Note 2)	$ 2,604	$ -
Reconciliation of cash, cash equivalents, and restricted cash and cash equivalents presented in the statements of cash flows		
Cash and cash equivalents	$ 197,971	$ 177,514
Restricted cash and cash equivalents	195,956	174,441
Total cash, cash equivalents, and restricted cash and cash equivalents presented in the statements of cash flows	$ 393,927	$ 351,955
Supplementary disclosure of significant noncash investing and financing activities		
Commitments to make capital contributions to unconsolidated partnerships	$ 98,294	$ 209,267
Transfers of investments in unconsolidated partnerships	$ 199,899	$ 180,056
Loan receivable foreclosure resulting in real estate owned included in prepaid expenses and other assets	$ -	$ 1,526
Note receivable received in lieu of cash for predevelopment costs	$ -	$ 765
Note receivable for transfer of property	$ 2,143	$ -
Recovery of loan receivable presented as a loan payable repayment	$ -	$ 740
Loans receivable written off	$ 502	$ 402
Notes receivable funded with grants written off	$ 805	$ -
Note payable assumed in acquisition of property	$ 4,351	$ -
Loan payable converted to grant with donor restrictions	$ -	$ 3,000
Recognition of contingent consideration liability in connection with Phillips acquisition	$ -	$ 7,340
Issuance of equity in connection with Phillips acquisition	$ -	$ 5,000

See Note 1 for noncash activities related to the acquisition of affordable housing properties, acquisition of limited partner interests, the deconsolidation of third party limited partner interest, resyndication transactions, and asset purchase of Phillips.

See Notes to Consolidated Financial Statements.

Note 1 - Organization and nature of operations

Basis of presentation

The consolidated financial statements include the accounts and transactions of Enterprise Community Partners, Inc. ("Partners"), and our subsidiaries and affiliates (collectively, "we", "Enterprise", or "us") in which we have controlling interest, including Enterprise Community Investment, Inc. ("Investment"), Enterprise Community Loan Fund ("Loan Fund"), Bellwether Enterprise Real Estate Capital, LLC and Subsidiaries ("Bellwether") and Enterprise Community Development, Inc. and Subsidiaries ("ECD"), among others. Our consolidated financial statements have been prepared on an accrual basis and include the accounts of Partners and all for-profit subsidiaries and not-for-profit affiliates it controls. The ownership interests of other parties in entities we consolidate are presented as noncontrolling interest in our consolidated financial statements. We primarily use the equity method to account for the interests in entities we do not control. Significant intercompany balances and transactions are eliminated in consolidation.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of the financial statements and revenue and expenses recognized during the reporting period. Significant estimates are inherent in the preparation of these consolidated financial statements in a number of areas, including revenue recognition, evaluation of the collectability of accounts, loans and notes, contributions and other receivables, assessment of the value of investments in unconsolidated partnerships and goodwill, valuation of mortgage loans held for sale ("MLHS"), derivative assets and liabilities and mortgage servicing rights ("MSRs") and related valuation reserves, useful lives of property and equipment and intangible assets, determination of discount rate and length of lease term when valuing right-of-use lease assets and lease liabilities, estimation of potential losses relating to loans and development cost overruns, measurement of uncertain tax positions and determination of certain deferred income tax assets and liabilities and associated valuation allowances, allocation of expenses between functional expense category, determination of the fair value of unconditional contributions, and evaluation of guarantee obligations. Actual results could differ from our estimates.

Organization and business

Partners is a 501(c)(3) and 509(a)(1) publicly supported charitable foundation. Our mission is to create opportunities for low- and moderate-income people through fit, affordable housing and diverse, thriving communities. Partners accomplishes this mission by providing local communities technical assistance, training and financial resources. More specifically, we provide: operating grants to community organizations; loans to community-based developers of low-income housing, community organizations and certain affiliates; technical services and training programs; and research and information services. Partners obtains funding primarily from contracts, grants and contributions from the federal government, foundations, corporations, individuals, state and local governments and through services provided to subsidiaries and affiliates.

Investment is a stock based, 501(c)(4) social welfare organization. Investment supports Partners' mission by providing investment capital and development services for affordable housing and community revitalization efforts. Investment's core business strategy involves working in partnership with developers and corporate investors to invest and manage equity and debt investments in affordable housing and catalytic commercial properties in low-income and emerging communities throughout the United States. These investments may qualify for low-income housing tax credits ("LIHTC"), historic tax credits, new markets tax credits ("NMTC"), and/or Opportunity Zone federal tax incentives. In support of our core strategy, Investment provides asset management and consulting services, offers debt financing products to affordable residential and commercial properties, provides development and management expertise relating to the construction of affordable housing properties, and provides property management services to affordable housing properties.

Loan Fund is a 501(c)(3) and 509(a)(2) not-for-profit organization, and a community development financial institution ("CDFI") whose mission is to deliver innovative financial products and technical assistance to mission-aligned organizations to acquire, develop, and preserve quality affordable housing for low- and moderate- income families, and to revitalize their communities by providing access to good jobs, quality affordable housing, first-rate schools, transportation and healthy living environments.

Bellwether, originates permanent loans for a wide range of institutional investors, including life insurance companies, pension funds, government agencies and banks. Bellwether also manages mortgage loan servicing for these institutional investors. The department of Housing and Urban Development ("HUD") recognizes Bellwether as a Title II Non-supervised Mortgagee under the Federal Housing Association ("FHA") loan program, and Bellwether is an approved Government National Mortgage Association ("Ginnie Mae") issuer of mortgage-backed securities. Bellwether is also a licensed Freddie Mac Optigo Seller Servicer of Conventional, Manufactured Housing Community, Senior Housing and Targeted Affordable Housing ("TAH") Loans. In addition, Bellwether is a full Delegated Underwriting and Servicing ("DUS") Lender in the Federal National Mortgage Association ("Fannie Mae") program. Bellwether is required to maintain financial eligibility and adhere to financial reporting requirements under these programs (see Note 23).

As of December 31, 2023 and 2022, our ownership interest in Bellwether was 43.54% and 44.45%, respectively. As of December 31, 2023 and 2022, our controlling voting interest was 58.27% and 60.00%, respectively.

Through our controlled affiliate Enterprise Community Development, Inc. and Subsidiaries ("ECD"), we develop and support financially sound, socially responsible affordable housing for low-income individuals, families, and communities through acquisition, development and ownership, property management, and work in partnership with residents of housing developments to establish programs that strengthen their communities and increase opportunities for individual growth. It's properties are located in the Mid-Atlantic region, including Virginia, Washington, D.C., Maryland and Pennsylvania.

We wholly-own and consolidate EPF Growth Fund, LLC ("EPF") into these financial statements. EPF serves as a vehicle for providing unsecured working capital and predevelopment loans to people of color as well as other historically marginalized individual leaders in the real estate industry.

Donor restrictions

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

- Net assets without donor restrictions - Net assets not subject to donor-imposed restrictions.
- Net assets with donor restrictions - Net assets subject to donor-imposed restrictions that will be met by our actions and/or the passage of time, or maintained perpetually by us.

Revenue is reported as increases in net assets without donor restrictions unless use of the related assets are limited by donor-imposed restrictions. Investment proceeds and realized/unrealized gains and losses are reported as changes in net assets without donor restrictions unless specifically limited by donor-imposed restrictions. We elected the simultaneous release option for donor-restricted contributions that were initially conditional contributions. We classify these contributions as net assets without donor restrictions if the restriction is met in the same reporting period the revenue is recognized. Expenses are reported as decreases in net assets without donor restrictions. Expirations of donor restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications from net assets with donor restrictions to net assets without donor restrictions, except for those subject to the simultaneous release option.

Acquisition of affordable housing properties
On August 29, 2022, ECD acquired an affordable housing property located in Washington, D.C. for $26.0 million. Additionally, on December 16, 2022, ECD acquired another property located in Silver Spring, MD for $20.4 million. These purchases were accounted for as asset acquisitions. Under asset acquisition guidance, the purchase price is allocated to the individual assets acquired and liabilities assumed based upon their relative fair values and generally no gain or loss upon purchase is recognized. These transactions resulted in an increase in property and equipment of $45.2 million and intangible assets of $1.2 million to these consolidated financial statements.

On December 18, 2023, ECD acquired a property located in Falls Church, Virginia for $20.2 million. Part of this acquisition was financed through an assumption of existing debt on the property with a value assumed at acquisition date of $4.3 million of note principal and $0.1 million of accrued interest. In addition to the aforementioned assumed debt and accrued interest, this transaction resulted in an increase in property and equipment of $19.7 million and intangible assets of $0.5 million to these consolidated financial statements.

Acquisition of limited partner interests
During 2023 and 2022, ECD acquired the remaining limited partnership interests in two and three affordable housing properties, respectively, for which ECD previously held the general partner interest for a combined purchase price of $10,600 and $0.1 million, respectively. Subsequent to the purchase of the limited partner interests, ECD was deemed to control the partnerships, and therefore, upon purchase consolidated the assets and liabilities into these consolidated financial statements. As these purchases did not constitute the purchase of a business, they have been accounted for as asset acquisitions. The initial effect on these consolidated financial statements upon acquisition is summarized as follows ($ in thousands):

For the year ended December 31, 2023:

Cash and cash equivalents	$	143
Restricted cash and cash equivalents		916
Accounts and other receivables		(16)
Investments in unconsolidated partnerships		(54)
Prepaid expenses and other assets		32
Property and equipment		5,589
Intangible assets		119
Accounts payable and accrued expenses		(140)
Funds held for others		(79)
Indebtedness		(6,487)
Deferred revenue		(23)

For the year ended December 31, 2022:

Cash and cash equivalents	$ 764
Restricted cash and cash equivalents	3,653
Accounts and other receivables	(11)
Investments in unconsolidated partnerships	(2,794)
Prepaid expenses and other assets	202
Property and equipment	57,629
Intangible assets	1,516
Accounts payable and accrued expenses	(5,523)
Funds held for others	(152)
Derivative liability	(128)
Indebtedness	(55,005)
Deferred revenue	(151)

Deconsolidation of third party limited partner interest
On December 14, 2022, one affordable housing property wholly-owned by ECD moved into the development stage. At this time, the property admitted third-party limited partners as owners. Subsequent to their admission, these third-party limited partners hold substantive participating rights over the significant operating activities of the property and therefore this entity was deconsolidated as of the date the third party limited partner was admitted. This transaction resulted in a decrease in property and equipment and increase in investments in unconsolidated partnerships of $0.4 million. In addition, in connection with this transaction, ECD exchanged $0.8 million of predevelopment costs for a note receivable.

Resyndication transactions
On August 1, 2023 and September 30, 2023, ECD closed on two resyndication transactions whereby the assets of three wholly-owned partnerships were transferred to four new partnerships. As the new partnerships are under common control, no gain or loss was recognized on these transactions.

In connection with these transactions, ECD transferred capital assets with a book value of $21.4 million, and intangible assets with a book value of $2.4 million. In exchange, ECD received cash of $30.1 million of cash and seller notes valued at $80.9 million. ECD did not recognize a gain or increase in net assets related to the Seller Notes received in this transaction, rather the seller notes were recognized in a noncash transaction of $2.1 million, which was the book value of the assets exchanged for the notes. As the cash received was in excess of the net book value of the assets transferred, ECD recognized an increase in net assets relating to this transaction of $8.4 million.

Asset purchase of Phillips
On January 14, 2022, Bellwether entered into an Asset Purchase Agreement with Phillips Reality Capital DE, LLC ("Phillips") to purchase assets and hire employees. Phillips is a mortgage lender based in the Washington, D.C. area. The acquisition added approximately $1.8 billion in annual loan volume and $2.4 billion in servicing volume to Bellwether. Ownership interest in Bellwether was issued to key employees of Phillips in connection with the acquisition, including total consideration of $17.3 million, which consisted of a cash payment of $5 million, equity consideration valued at $5 million and contingent consideration valued at $7.3 million. This transaction was accounted for in accordance with business combinations accounting guidance.

The effect on these consolidated financial statements of the combination is summarized as follows ($ in thousands):

Cash and cash equivalents	$	(5,000)
Mortgage servicing rights		3,020
Property and equipment		102
Intangible assets		2,120
Goodwill		12,098
Accounts payable and accrued expenses		(7,340)
Net assets without donor restrictions - noncontrolling interest		(5,000)

There were no liabilities assumed in the acquisition, rather the amount recognized as accounts payable and accrued expenses is a contingent liability which represents additional payments to be made based on the achievement of specific performance factors in the future. The estimated undiscounted range of outcomes of the contingent consideration liability is $7.4 million to $10.0 million.

Asset purchase of First Southern Mortgage Corporation
On January 24, 2024, Bellwether entered into an Asset Purchase Agreement with First Southern Mortgage Corp. of Tennessee ("First Southern") to purchase assets and hire employees. First Southern is a mortgage lender based in the Tennessee area.

Note 2 - Significant accounting policies

Revenue recognition and related matters

Gains from mortgage banking activities
Gains from mortgage banking activities are recognized when Bellwether enters into a commitment to originate a loan with a borrower and when Bellwether enters into a corresponding commitment to sell that loan to an investor. Bellwether does not enter into commitments to make loans to borrowers until they have the corresponding commitment from an investor to purchase the loans. The commitments are recognized at their fair values, which reflect the fair value of the contractual loan origination related fees and sale premiums, net of costs, and the estimated fair value of the expected net cash flows associated with the servicing of the loan. Also, included in gains from mortgage banking activities are changes to the fair value of loan commitments, forward sale commitments, and loans held for sale that occur during their respective holding periods. Upon sale of the loans, no gains or losses are recognized as such loans are recorded at fair value during their holding periods. MSRs are recognized as assets upon the sale of the loans. Additionally, placement fees are recorded as gains from mortgage banking activities when Bellwether directly arranges commitments between a permanent investor and a borrower. Placement fees are recognized as revenue when all significant services have been performed.

Interest income
Interest income on loans and notes receivable is accrued on the principal balance outstanding at the contractual interest rate. Direct origination costs are offset against related origination fees and the net amount is amortized over the life of the loan as a component of interest income. For certain loans and notes receivable that were initially recorded at fair value due to rules surrounding accounting for business combinations, interest income is accrued using the effective interest method.

Effective interest method
Interest income is accrued using the effective interest method on loans and notes receivable, and interest expense is accrued using the effective interest method on loans and notes payable that were recorded initially in these financial statements at their fair values due to rules surrounding accounting for business combinations.

Syndication fees
We earn syndication fees for services relating to forming limited partnership entities, particularly LIHTC funds (known as "Investment Funds"), selling interests in those partnerships to investors and acquiring interests in affordable housing properties that are expected to generate a stream of low-income housing tax credits. Syndication fees from the sale of partnership interests to investors and related acquisitions of interests in properties are recognized as the partnerships acquire property interests, which is deemed to be the point our performance obligation has been satisfied and control has been transferred to the customer, provided that various criteria relating to the terms of the transactions and any subsequent involvement by us with the interests sold are met. Revenue relating to transactions that do not meet the established criteria is deferred and recognized when the criteria are met. All syndication fees earned represent market rates.

We may elect to defer the collection of a portion of the fees earned for syndication services if the Investment Funds have short-term liquidity needs. If deferral is elected, we record the related revenue and receivables based on the estimated date of collection using appropriate discount rates. Accretion of interest is included in syndication fees in the consolidated statements of activities.

Contributions
Contributions, which are unconditional transfers of cash or other assets as well as unconditional promises to give, are recognized as net assets with donor restrictions in the period the promise is made if there are donor stipulations on use or payments to be received in future periods. Contributions are recognized as net assets without donor restrictions if there are no donor stipulations on use or the donor permits payments to be received in future periods to be used in the current period. We reclassify net assets with donor restrictions to net assets without donor restrictions at the time the restriction for release is met. Unconditional grants made by us in accordance with the restricted purpose of a donor-restricted contribution made to us are generally considered to meet the donor-imposed restriction at the time we issue the grant, as we have no additional performance specific to the issuance of the grant. The reclassification of net assets may include payments due to us in future periods. If there are explicit stipulations or other indications that the donor-imposed restriction intends for grants to be made by us in a future period rather than the current period, then we issue the grant in such future period.

Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Conditional promises to give with payments received in advance are classified as liabilities. As we elected the simultaneous release option for donor-restricted contributions that were initially conditional contributions, we classify these contributions as net assets without donor restrictions if the restriction is met in the same reporting period the revenue is recognized.

Contributions are initially measured at fair value or net realizable value if receipt is expected in less than one year. In estimating fair value, we use the income approach. For contributions where receipt is expected in more than one year, we apply a discount rate, determined at the time the contribution is initially recognized and commensurate with the risk involved. This rate is based on management's assessment of current market expectations plus a reasonable risk premium. The average discount rate for 2023 and 2022 was 5.70% and 5.87%, respectively. Amortization of the discount is recorded as additional contribution revenue. Contributions of assets other than cash are recorded at estimated fair value at the date of the gift.

An allowance for uncollectible contributions receivable is made based upon management's judgment, inclusive of factors such as prior collection history, the type of contribution and other relevant factors.

Contributions with donor imposed restrictions from the top five contributors, excluding pass-through contributions, comprise approximately 49% of total contributions for 2023 and 2022.

Contributed goods and services
In-kind contributions consist of donated goods, rent and professional services provided to ECD. All amounts are recorded as without donor restrictions at fair value at the time of contribution and recorded as expense when used in programing for goods, or over the period of service for donated services.

Loan servicing fees
Loan servicing fees represent income earned for servicing loan portfolios owned by permanent investors, net of amortization of capitalized MSRs, if applicable. Loan servicing fees are generally calculated on the outstanding principal balance of the loan serviced and recognized as income as services are performed. Loan servicing costs are charged to expense as incurred.

Asset management fees
We earn asset management fees in providing oversight and management services relating to investments held by various affiliated partnerships. Revenue is recognized under the terms of the related agreements over time as we provide the contracted services to the customers and collectability is reasonably assured. Certain syndication fees are associated with certain asset management services to be performed throughout the life of the limited partnerships and these fees are deferred and recognized as a component of asset management fees over the periods that the services are performed. Advance payments received under multi-year agreements are recorded as deferred revenue and recognized over time as revenue when services are performed.

Rental income
Rental income, principally derived from short-term leases on apartment units, is recognized as income on the accrual basis as it is earned, and collectability is reasonably assured. Advance receipts of rental income are deferred and classified as liabilities until earned.

A portion of the rental income is in the form of subsidy payments from HUD under Section 8 of the National Housing Act. Rent for certain units is subsidized based on tenant income levels. Rent increases require HUD approval.

Grants and contracts
Grants and contracts are generally conditional promises of funding from government sources. The funding includes stipulations that must be met by us in order to be entitled to the assets transferred or promised. These are generally cost reimbursement contracts where the stipulations are met at the time costs are incurred. Certain grants and contracts provide for reimbursement of indirect costs, generally based on a specified percentage of direct costs. The revenue related to direct and indirect costs is recorded as an addition to net assets without donor restrictions if the restrictions are met in the same reporting period, in accordance with our election of the simultaneous release option.

Approximately 63% and 66% of the grants and contract revenue is derived from federal cost reimbursement contracts in 2023 and 2022, respectively. Approximately 62% and 74% of the federal funding is provided by HUD in 2023 and 2022, respectively.

Property management fees and reimbursed costs
ECD earns property management fees for providing management services to multi-family LIHTC and workforce housing properties for which it has a property management agreement. Revenue is recognized under the terms of the related agreements over time as ECD provides the contracted services, and collection is reasonably assured. For the years ended December 31, 2023 and 2022, ECD recognized property management fee revenue of $6.8 million and $6.5 million, respectively.

Under ECD's property management agreements, ECD is entitled to be reimbursed for certain costs ECD incurs on behalf of the managed housing properties, with no added mark-up. These costs consist primarily of payroll and related expenses for the housing properties where ECD is the employer of the employees performing services at the housing properties. ECD's agreements also provide for the ability to bill for certain operational costs, such as allocated IT costs as the related costs are incurred by the managed housing properties. ECD is entitled to reimbursement in the period in which the related costs are incurred. For the years ended December 31, 2023 and 2022, ECD recognized cost reimbursement revenue of $18.4 million and $17.2 million, respectively.

Development fees
ECD recognizes development fees primarily relating to low-income housing rental properties that ECD assists in developing, in accordance with development service agreements. ECD views its contractual obligations under these agreements as a single performance obligation and recognizes revenue over time using the percentage of completion method, in accordance with its estimates of the satisfaction of the performance obligation and transfer of the development and construction management services. Certain portions of development fee revenue may be deferred due to contractual support obligations that may require funding from ECD after the completion of the construction period of the low-income housing rental property. These deferrals are recognized after it is reasonably estimable that ECD has no further support obligations that will require funding under the contract which generally occurs after construction completion and stabilization, as defined in the contract, of the low-income housing rental property. Revenue recognized in excess of billings recorded are accounted for as unbilled receivables, and cash received in excess of revenue recognized is accounted for as deferred revenue. Development fee revenue, which is contractually deferred, and will be paid out of the operating cash surpluses of the underlying low-income housing rental properties are included in accounts and other receivables, net, and discounted based upon the net present value of the expected future payments.

Under certain of ECD's development fee agreements, ECD is responsible for costs that are in excess of an agreed maximum amount. In these cases, ECD recognizes revenue as described above, however, if a current estimate of total contract costs indicates that costs are expected to be incurred in excess of the agreed-upon maximum amount, a loss is recognized in the period such excess costs are determined.

Advisory services and other fees
Revenue is recognized under the terms of the related agreements when services are performed and collectability is reasonably assured. A liability is recognized for advance payments received under agreements, and revenue is recognized when services are performed.

Investment income

Investment earnings on funds held pursuant to donor-imposed restrictions are reported as investment income and added to net assets with donor restrictions. Changes in market value on investments with donor-imposed restrictions are reported as net realized and unrealized gains and losses and added to or deducted from net assets with donor restrictions.

Cash and cash equivalents and investments

Our investment policies define authorized investments and establish various guidelines for the credit quality, amounts and maturities of investments held. Authorized investments include corporate and U.S. government and agency obligations, certificates of deposit, banker's acceptances, repurchase agreements, and money market mutual funds. The carrying value of such investments approximates their market value. Short-term investments with maturities at dates of purchase of three months or less are classified as cash equivalents.

Investments consist of marketable securities, stock, and certificates of deposit that are carried at fair value. Investments in marketable securities consist of U.S. Treasury and agency securities and are carried at fair value. The original basis of such investments is the purchase price.

Restricted cash and cash equivalents

Restricted cash and cash equivalents consist of funds held for lending activity, restricted contributions and funds held for others under escrow, restricted insurance proceeds, partnership and fiscal agent agreements.

Accounts and other receivables

Accounts and other receivables are reported net of an allowance for credit losses. We routinely evaluate our accounts and other receivables balances and allow for anticipated losses based on our best estimate of probable losses.

Short-term loans receivable consisting of term loans, including bridge loans made by Bellwether to borrowers that are awaiting permanent financing, are carried at their uncollected principal balance, and are included in accounts and other receivables, net. Interest income, if applicable, on short-term loans receivable is recognized on an accrual basis. These short-term loans receivable are generally collateralized by a security interest in the underlying assets and/or other assets owned by the borrowers.

We routinely evaluate the creditworthiness of our borrowers and other related factors and establish a reserve where we believe collectability is no longer reasonably assured. Expected credit losses for accounts and other receivables are estimated based on historical experience, current conditions, and reasonable and supportable forecasts. The allowance for credit losses for these financial assets at December 31, 2023 is not significant.

Mortgage loans held for sale

Bellwether originates or acquires MLHS for investors. Bellwether's holding period for these MLHS is generally one month. Bellwether measures its MLHS at fair value. The fair value is estimated by using current investor commitments to purchase loans, adjusted for the value attributable to retained MSRs or obligations, to approximate the value of a whole loan.

Derivative assets and liabilities

Bellwether enters into interest rate lock commitments with borrowers on loans intended to be held for sale and enter into forward sale commitments with investors. These commitments are not entered into on a speculative basis as each commitment to lend has a corresponding commitment from an investor to purchase. These commitments are considered freestanding derivative instruments and, as such, must be reflected at fair value with changes included in earnings within our consolidated financial statements. Fair value of derivatives related to these loan commitments includes the effects of interest rate movements between the time of the commitment and the time of the loan funding and investor purchase, any loan origination fees and premiums on the anticipated sale of the loan, net of costs, and the fair value of the expected net cash flows associated with the servicing of the loan as part of the fair value of the underlying commitments.

In addition, ECD or one of its controlled properties may enter into interest rate swaps to mitigate the economic impact of changes in interest rates. The swaps are designated as cash flow hedges and are being used to offset the risk of changes in cash flows associated with benchmark interest payments on certain variable rate mortgage loans. Changes in the fair value of interest rate swap contracts are reported as a component of interest expense on the consolidated statements of activities.

Principles of consolidation - limited partnerships and similar entities
We have subsidiaries and controlling interests in entities subject to not-for-profit consolidation principles, and subsidiaries and controlling interests in entities subject to for-profit consolidation principles. Not-for-profit consolidation principles require limited partnerships or similar entities to be consolidated by the general partner or managing member under the presumption that the general partner or managing member controls the entity. The presumption of control by a general partner or managing member can be overcome if the limited partners are able to exercise substantive kick-out or participating rights. We do not consolidate limited partnerships or similar entities in which we own a general partner or managing member interest and for which the presumption of control has been overcome, and instead account for these interests using the equity method of accounting. For limited partnerships or similar entities in which we are solely a limited partner or investor member, we account for these interests using the equity method of accounting if we are able to influence the operating or financial decisions of the entity, or using the fair value method if we are not able to influence those decisions.

Interests in other entities held by our subsidiaries and controlled entities subject to for-profit consolidation principles are evaluated to determine if the entities are variable interest entities ("VIEs"). If the entities are determined to be VIEs, we then make a determination as to whether or not we are the primary beneficiary. The primary beneficiary is the party with both the power to direct the activities of a VIE that most significantly impact its economic performance and the obligation to absorb losses or right to receive benefits of the VIE that could potentially be significant to the VIE. We consolidate VIEs in which we are the primary beneficiary and account for our noncontrolling interests in VIEs and other entities we do not control using the equity method of accounting.

Under the equity method, the initial investment is recorded at cost, increased by our share of income and contributions, and decreased by our share of losses and distributions. As a general partner or managing member, our investment balance may be reduced below zero. Distributions we receive from investments with carrying amounts less than zero are recognized as income to the extent the distribution is not indicative of a future funding obligation.

Under the fair value method, the investment is carried at fair value with changes in the fair value recognized through changes in net assets. Under the fair value method, investments without a readily determinable fair value, as a practical expedient, may be estimated using the net asset value per share. If no net asset value per share is available, then the investment may be measured at cost minus impairment and adjusted to fair value if a future event occurs that provides us with enough observable inputs to determine the fair value.

If events or circumstances indicate an other than temporary decline in value, the carrying amount of our investment in an unconsolidated partnership is written down to fair value, with the write down being classified as impairment.

Loans and notes receivable

We make loans to and enter into notes with community-based not-for-profit and for-profit mission aligned affordable housing developers, community organizations and certain affiliates for the purpose of supporting low-income communities. We have two segments of loans and notes in our portfolio - housing loans and notes and other loans and notes. Housing loans and notes are primarily used to acquire, renovate and/or construct multi-family residential housing. Our other loans and notes generally provide financing for a variety of community development needs, including community facilities such as charter schools and health care centers as well as loans and notes that encourage community development by supporting growth and operating needs of organizations in low-income communities. Our loans and notes are generally collateralized by real estate. The majority of the loans and notes have repayment terms requiring a balloon payment when construction or permanent financing on the underlying property is secured, the property is sold, or at the stated maturity date. Our other loans and notes also include notes issued by Bellwether to their employees for the purposes of acquiring an equity interest in Bellwether, the terms for which vary.

We may modify loans or notes for a variety of reasons. Modifications include changes to interest rates, principal and interest payment terms, loan or note maturity dates, and collateral. Some modifications are in conjunction with a borrower experiencing financial difficulty when a loan or note is no longer performing under the current loan or note terms. These modifications may include the types of modifications noted above and/or a forbearance agreement. We also enter into loan participation agreements with other organizations as the lead lender. If certain conditions are met, these loan participations are accounted for as sales by derecognizing the participation interest sold. No gain or loss on sale is incurred. If the conditions are not met, we continue to carry the full loan receivable in our consolidated financial statements and reflect the participation component of the loan as a secured borrowing with a pledge of collateral. We did not have any loans that did not meet the conditions for sale accounting treatment at December 31, 2023 and 2022. We retain the servicing rights on participations and provide loan servicing on other loan arrangements as well. Since the benefits of servicing approximate the costs, no servicing asset or liability is recognized.

During the loan and note approval process, underwriting criteria is generally consistent regardless of the portfolio segment. Criteria considered for housing loans and notes include an analysis of the market, sponsor, primary repayment sources, loan takeout options, and collateral. For other loans and notes and investments, more attention is focused on additional criteria, such as the borrower's business plan and cash flow from operations. Once loans and notes are approved, our monitoring processes are consistently applied across portfolio segments.

As a result of these monitoring processes, we generally group our loans and notes into three categories:

- Performing - Loans and notes are performing and borrower is expected to fully repay obligations.

- Monitored - Loans and notes are performing but require monitoring due to change in market, sponsor or other factors that have the potential to impact the borrower's ability to repay obligations.

- Impaired - The primary source of repayment is questionable and the value of the underlying collateral has declined, increasing the probability that we will be unable to collect all principal and interest due.

For impaired loans or notes, we discontinue the accrual of interest income in our consolidated statements of activities. Interest payments received on these loans or notes are recognized as either a reduction of principal or, if it is determined that principal can be fully repaid irrespective of collateral value, as interest income. Interest income on housing loans of $0.2 million and $22,000 was charged off during the years ended December 31, 2023 and 2022, respectively. Interest accrual is resumed when the quality of the loan or note improves sufficiently to warrant interest recognition.

Loans and notes are carried at their unpaid principal balance, less an allowance for loan losses to reflect potentially uncollectible balances. The allowance for loan losses is based upon management's periodic evaluation of the criteria used to initially underwrite the loan or note as well as other credit factors, economic conditions, historic loss trends and other risks inherent in the overall portfolio such as geographic or sponsor concentration risks. Reserves are calculated based on the loan balance and assigned percentage. The expected loss percentage is based on actual inception to date losses, current economic conditions, and forecasted future circumstances, correlated with the level of risk. Our forecasts of future circumstances project two years into the future. Beyond the two years, we revert to historical loss information. The allowance is adjusted through a provision for credit losses which is charged to expense as a component of provision for loan loss sharing and credit losses and bad debt expense and reduced by write-offs, net of recoveries. Loans or notes are written off when repayment is not expected to occur. When a third party guarantees loss coverage on a loan or note and a charge-off occurs, the amount received is netted against the write-off for reporting purposes. After write-off, we continue to pursue collection of the amount owed.

We record a liability for losses on unfunded commitments on our loans. The liability is calculated in the same manner as the allowance for loan losses on our funded loans above, adjusted for the likelihood that funding will occur. The liability is reported as a component of other liabilities on the consolidated statements of financial position and adjusted through the provision for loan loss sharing and credit losses and bad debt expense, which is recorded to expense. The allowance for credit loss on unfunded commitments on loans was $0.9 million at December 31, 2023, and is included in other liabilities on the accompanying consolidated statement of financial position. Provision for credit losses for commitments for the year ended December 31, 2023 was ($27,333) and is included as a component of provision for loan loss sharing and credit losses and bad debt expense on the accompanying consolidated statements of functional expenses.

Restricted investments

Restricted investments at December 31, 2023 and 2022 consisted of stock, marketable securities, and mutual funds.

Investment in stock is with the Federal Home Loan Bank of Atlanta, which is accounted for using the cost method. This investment is evaluated annually for impairment. As of and for the years ended December 31, 2023 and 2022, we did not identify any events or changes in circumstances that might have a significant adverse effect on the recorded cost of this investment requiring the recording of a loss on impairment.

Investments in marketable securities consist of U.S. Treasury and agency securities, which are carried at fair value. The original basis of such investments is the purchase price. Investment income is recorded when earned as an addition to net assets without donor restrictions unless restricted by a donor.

Investments in mutual funds are selected by the participants in our nonqualified deferred compensation plan. The investments in such mutual funds are measured at fair value with changes in value recorded as an offset to the corresponding liability at the end of each reporting period.

Mortgage servicing rights and mortgage servicing obligations
MSRs are recognized as separate assets when purchased, when the servicing is contractually separated from the underlying mortgage loans by sale or securitization of the loans with servicing rights retained, or when the right to service a loan originated by others is assumed. Whenever Bellwether obtains an obligation to service a loan, Bellwether assesses whether a servicing asset or liability should be recognized. A mortgage servicing asset is recognized whenever the compensation for servicing is expected to exceed current market servicing costs. Likewise, servicing liabilities are recognized when servicing fees to be received are not expected to adequately compensate Bellwether for its expected cost. The MSRs are initially recognized at fair value based on the expected future net cash flow to be received over the estimated life of the loan discounted at market rates. Subsequently, the mortgage servicing assets or liabilities are amortized in proportion to, and over the period of, estimated servicing income. The amortization expense is included as a reduction of loan servicing fees in the consolidated statements of activities.

The fair value of MSRs is estimated using an internal valuation model at the time of capitalization. This model determines fair value by estimating the present value of anticipated future net servicing cash flows. Estimates of the fair value involve assumptions, including discount rates, servicing costs, and other economic factors which are subject to change over time.

Changes in the underlying assumptions could cause the fair value of MSRs to change significantly. To the extent that the carrying value of MSRs exceeds fair value, the asset is considered to be impaired and a valuation reserve is recorded as a reduction of servicing income in current earnings. Valuation reserves are adjusted to reflect changes in the measurement of impairment. At December 31, 2023 and 2022, no valuation reserve was necessary.

Property and equipment and intangible assets
Property and equipment and intangible assets are stated at cost less accumulated depreciation and amortization. If events or circumstances indicate that the carrying amount is not recoverable, the related asset is tested for impairment and written down to the fair value, if impaired. Upon meeting certain criteria, we capitalize external direct costs incurred and payroll and payroll-related expenses for employees who are directly associated with developing or obtaining software applications and related upgrades and enhancements. The cost of property and equipment and certain intangible assets is depreciated or amortized using the straight-line method over the estimated useful lives of the related assets, which range from six months to 40 years. Some intangible assets are amortized ratably as related fees are earned. Land is not depreciated, while leasehold improvements are capitalized and depreciated over the shorter of their useful lives or lease terms. In addition, certain intangible assets are not amortized, rather they are reviewed for impairment annually and whenever a triggering event occurs.

Goodwill
Goodwill is not amortized; rather, it is reviewed for impairment annually, and between annual tests whenever a triggering event occurs.

Grants payable and grant expense
Unconditional grants made by us are reported as decreases in net assets without donor restrictions in the period the grant is made. Unconditional grants made by us in accordance with the restricted purpose of a donor-restricted contribution to us consider the period of performance and payment

terms of the restricted contribution received by us. Conditional grants made by us are reported as decreases in net assets without donor restrictions in the period the conditions are substantially met by the grantee. Conditional grants include stipulations by us that must be met before the recipient is entitled to the transfer of assets and include a right of return of the assets or release of the obligation to transfer assets if the stipulations are not met. All grants payable outstanding as of December 31, 2023 are expected to be paid during the year ended December 31, 2024.

Funds held for others
We hold assets, primarily cash and cash equivalents, for third parties pursuant to fiscal agency and similar contractual arrangements. The assets held are classified as restricted and the liability is included in funds held for others.

Debt issuance costs
Debt issuance costs, net of accumulated amortization, are reported as a direct deduction from the face amount of the loans and notes payable and line of credit borrowings to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense, and is computed using an imputed rate of interest on loans and notes payable with amortizing principal payments and using the straight-line method for line of credit borrowings.

Repayable grants and forgivable notes payable
ECD accounts for grants that include repayment terms if compliance requirements are not met and notes that are forgivable if certain compliance requirements are met as loans and notes payable. ECD recognizes the grant income or the debt forgiveness income only when all compliance requirements have been met and no ongoing obligations exist at the end of the compliance period. For loans and notes payable that are forgiven in tranches, ECD recognizes the debt forgiveness income in accordance with the timing of the legal forgiveness of the loans and notes.

Allowance for loan loss sharing
Bellwether bears a portion of the risk of loan losses for certain mortgages it originates and services based on the terms set forth in its agreements with investors. Bellwether maintains an allowance for loan loss sharing for loans at a level that, in management's judgment, is adequate to provide for estimated potential losses. This judgment is based upon various risk assessments including the value of the collateral, the operating results of the properties, the remaining years of available tax credits, the borrower's financial condition and Bellwether's loss experience with similar loans.

Guarantee obligations
We account for our potential exposure to losses under guarantees by recording a liability equal to the estimated fair value of the guarantee based on the facts and circumstances existing at the time the guarantee is undertaken. Determining the estimated fair value of a contingent liability requires management to make significant estimates and assumptions, including among others, market interest rates, historical loss experience on similar guarantees, total financial exposure, probability of loss, and severity and timing of possible losses. The guarantee obligation is reduced as identified risks are deemed to have expired based upon the satisfaction of applicable measures or milestones, which reduce or eliminate the guarantee exposure.

Income taxes
Partners and certain affiliates consolidated in these financial statements are exempt from income taxes with respect to their charitable activities, except for unrelated business income. These tax-exempt entities did not have any unrelated business income during the years ended December 31, 2023 and 2022. Accordingly, no provision or benefit for income taxes has been recorded in the accompanying consolidated financial statements related to our tax-exempt activities and no other tax

positions which must be considered for disclosure. However, we are liable for federal and state income taxes with respect to some of our for-profit subsidiaries. These subsidiaries are primarily involved in our mortgage, LIHTC asset management, Opportunity Zone federal tax incentive, and certain nontax credit affordable housing investment fund activities. In addition, certain of our subsidiaries that act as the general partners of affordable housing properties have made Internal Revenue Code Section 168(h) elections, which causes them to be treated as taxable corporations. The provision for or benefit from income taxes has been recorded on the accompanying consolidated financial statements.

We use the asset and liability method to record deferred income taxes. Under this method, assets and liabilities are recognized for the future tax attributable to differences between the financial statement carrying amounts and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rate is recognized in the period that includes the enactment date. We only recognize deferred tax assets to the extent that it is more likely than not that they will be realized based on consideration of available evidence, including tax planning strategies and other factors.

We recognize the financial statement impact of a tax position when it is more-likely-than-not that the position will be sustained upon examination. If the more-likely-than-not threshold is met, the tax position is to be measured at the largest amount of the benefit that is greater than 50% likely of being realized upon ultimate settlement.

Income tax returns are subject to examination by the Internal Revenue Service for a period of three years from the date of filing. While no other income tax returns are currently being examined, tax years since 2020 remain open for examination.

Expense allocation

Expenses by function have been allocated among program activities and support services based on an analysis performed by us. Staff time is reviewed for the allocation of other operating expenses except professional and contract services. Professional and contract services is allocated based on its nature or staff time, depending on the type of expense. Interest expense other than interest expense incurred on corporate borrowings, grant expense, and provision for loan loss sharing and credit losses are program activities by nature.

Fair value of financial instruments

Investments in marketable securities, MLHS, derivative assets and derivative liabilities, and certain investments in unconsolidated partnerships are recorded at fair value. The carrying amounts of other financial instruments approximate their fair values.

Reclassifications

Certain reclassifications have been reflected in the current year presentation for prior year balances. Such reclassifications are made to ensure our balances and amounts in our consolidated financial statements are classified similarly in all years presented and do not restate the prior year consolidated financial statements.

Business combinations

Upon the occurrence of a business combination, we generally allocate the purchase price of the entity based upon the fair value of the assets and liabilities acquired.

Transaction costs arising from business combinations, such as broker fees, transfer taxes, legal, accounting, valuation, and other professional and consulting fees, are expensed as incurred.

Changes in accounting principles
The Financial Accounting Standards Board ("FASB") issued new guidance related to the accounting for leases. This guidance requires lessees to recognize a right-of-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases are classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of activities. For the year ending December 31, 2022, we adopted this new guidance and related amendments using the modified retrospective method. We also elected to apply transition practical expedients upon initial adoption of the new guidance which included not reassessing the lease classification of existing leases, whether existing and expired contracts are or contain leases, and initial direct costs for existing leases. The adoption of the new standard resulted in the recognition on January 1, 2022 of a lease liability for the obligation to make lease payments of $58.4 million, a right-of-use asset for the rights to use the underlying asset for the lease term of $51.7 million, and a derecognition of the previously recorded tenant improvement allowance and deferred rent of $6.7 million, which was reflected in accounts payable and accrued expenses prior to adoption. There was no impact on retained earnings upon adoption, and the adoption did not have a material impact on the change in net assets for the year ended December 31, 2022. All leases upon adoption were operating leases. See Note 14 for additional disclosures.

Furthermore, FASB issued new guidance related to credit losses. The guidance introduces an expected credit loss model for the impairment of financial assets measured at amortized cost. The model replaces the probable, incurred loss model for those assets and broadens the information to be considered in developing the credit loss estimate for assets measured at amortized cost. For the year ended December 31, 2023, we adopted this new guidance and related amendments using the modified retrospective method. The adoption of the new standard resulted in the recognition on January 1, 2023, of a cumulative effect adjustment in relation to the change in accounting policy of $2.6 million, which also resulted in an increase in loans receivable, net of allowance for loan loss of $3.5 million, and an increase in other liabilities of $0.9 million.

Note 3 - Liquidity

Our financial assets available to meet general expenditures over the next 12 months consist of the following at December 31 ($ in thousands):

	2023	2022
Financial assets		
Cash and cash equivalents and investments	$ 204,893	$ 234,336
Restricted cash and cash equivalents and investments	224,087	210,153
Contributions receivable, net	40,902	38,749
Accounts and other receivables, net	205,916	159,399
Mortgage loans held for sale	160,519	85,082
Derivative assets	144,937	119,481
Investments in unconsolidated partnerships	160,753	284,703
Prepaid expenses and other assets, net	8,874	10,472
Loans and notes receivable, net	463,077	348,409
Mortgage servicing rights, net	193,864	197,581
Total financial assets	1,807,822	1,688,365
Less amounts not available to be used within one year		
Restricted cash and cash equivalents and investments	(224,087)	(210,153)
Contributions receivable, net	(40,902)	(38,749)
Accounts and other receivables, net	(48,078)	(57,159)
Mortgage loans held for sale	(159,429)	(83,711)
Derivative assets	(140,740)	(115,485)
Investments in unconsolidated partnerships	(146,772)	(246,467)
Prepaid expenses and other assets, net	(5,147)	(2,999)
Loans and notes receivable, net	(425,397)	(335,611)
Mortgage servicing rights, net	(165,238)	(171,058)
Total financial assets not available to be used within one year	(1,355,790)	(1,261,392)
Financial assets available to meet general expenditures over the next 12 months	$ 452,032	$ 426,973

We consider general expenditures to be operating expenses that will be paid with funds that do not have donor restrictions. A portion of our overall operating expenses are supported by restricted contributions. In addition, a portion of our overall operating expenses are supported by cost reimbursements from Investment Funds and operating properties we manage as discussed in Note 1. Our overall operating expenses, which do not include grants, depreciation and amortization, and certain programmatic professional and contract services, are approximately $414 million and $374 million as of December 31, 2023 and 2022, respectively.

Reasons for differences between financial assets and amounts not expected to be available to be used within one year are as follows:

- A portion of accounts and other receivables are not expected to be collected, or when collected are expected to be used to pay back line of credit borrowings.

- As disclosed in Note 7, only a small portion of MLHS represent trading gains expected to be earned when the loans are sold. The remaining proceeds from the sale of these loans will be used to pay back line of credit borrowings.

- Similar to MLHS, as disclosed in Note 9, only a portion of the derivative assets represent accrued fees which will be available to meet general expenditures.

- We bridge capital to our held for sale investments until they are sold to Investment Funds. This bridged capital is expected to be repaid to us and will then be available to meet general expenditures.

- We expect to be reimbursed for capitalized predevelopment costs paid to third-parties upon closing of the related developments. The remaining balance of prepaid expenses and other assets does not include financial assets.

- Loans and notes payable could be drawn to finance a portion of loans and notes receivable that is currently funded with our cash, providing additional liquidity. In addition, a portion of loans and notes receivable is expected to be collected and is not expected to be used to pay loans and notes payable.

- A portion of MSRs are not expected to be collected.

We also maintain line of credits for potential liquidity needs (see Note 17). Commitments on these lines totaled $464 million and $645 million at December 31, 2023 and 2022, respectively, with $285 million and $549 million undrawn as of December 31, 2023 and 2022, respectively. Of the undrawn amounts as of December 31, 2023 and 2022, $153 million and $121 million, respectively, may be used for general corporate purposes while the remaining capacity is generally used to fund our warehousing and lending activity.

Note 4 - Restricted cash and cash equivalents

The majority of restricted cash and cash equivalents consist of conditional and restricted contributions. In addition, restricted cash and cash equivalents consists of funds held for lending activity, restricted insurance, and funds held for others under escrow, partnership and fiscal agent agreements.

Note 5 - Contributions receivable, net

Contributions receivable at December 31 are summarized as follows ($ in thousands):

	2023	2022
Unconditional promises expected to be collected in		
Less than one year	$ 21,199	$ 24,448
One year to five years	20,804	15,192
	42,003	39,640
Less unamortized discount	(1,101)	(891)
Total	$ 40,902	$ 38,749

Note 6 - Accounts and other receivables, net

Accounts and other receivables, net at December 31 are summarized as follows ($ in thousands):

	2023	2022
Fees receivable, net	$ 112,906	$ 91,671
Bridge loans to unconsolidated partnerships	72,969	40,214
Interest receivable, net	14,095	10,327
Contracts receivable, net	5,946	7,187
Borrower bridge loans	-	10,000
Total	$ 205,916	$ 159,399

Fees receivable, net includes fees due from unconsolidated partnerships, development fees receivable, and other fees receivable.

Fees due from unconsolidated partnerships are primarily attributable to syndication and asset management fees earned related to Investment Funds in which we hold a general partner or managing member interest. The syndication and asset management fees are funded by the limited partners in the Investment Funds. As the entities that hold the limited partner interests are generally highly-rated financial institutions, we do not expect that any of the limited partners will fail to meet their obligations and we believe that credit risk with respect to these syndication and asset management fee receivables is not significant. The receivables are due on demand; however, we may elect to defer collection. At December 31, 2023 and 2022, fees due from unconsolidated partnerships totaled $85.9 million and $73.5 million, respectively.

Development fees receivable includes fees that have been billed and uncollected, or unbilled amounts for which revenue was recognized as services provided were transferred to the customer. These development fees are due generally from the customer's annual surplus cash and mature upon expiration of the LIHTC compliance period. As of December 31, 2023 and 2022, the balance of development fees receivable was $25.9 million and $17.9 million, respectively.

Other fees receivable which amounted to $8.5 million and $5.6 million as of December 31, 2023 and 2022, respectively, are primarily related to uncollected advisory service fees.

For the years ended December 31, 2023 and 2022, the allowance for credit losses on fees receivable was $7.4 million and $5.3 million, respectively.

As of December 31, 2023 and 2022, bridge loans to unconsolidated partnerships consists of short-term bridge loans and predevelopment loans. The bridge loans are made to unconsolidated partnerships, are noninterest-bearing and are generally due within six months of the loan date. The predevelopment loans are made to LIHTC projects, bear interest at rates ranging from noninterest-bearing to 6.5%, and are generally due within 12 months of the loan date.

Interest receivable primarily relates to interest earned on both long and short-term loans and notes receivable.

Contracts receivable primarily consists of amounts due from government entities.

As of December 31, 2023 and 2022, borrower bridge loans are short-term loans made by Bellwether to borrowers that are awaiting permanent financing and bear interest at rates at a Daily Simple

Secured Overnight Financing Rate (SOFR) five-day lookback on the NY Federal Reserve Bank plus 350 basis points. The loans are secured by the respective underlying properties.

Note 7 - Mortgage loans held for sale

At December 31, MLHS were recorded at fair value and consist of the following ($ in thousands):

	2023	2022
Unpaid principal of MLHS	$ 157,433	$ 82,744
Gains on MSRs	1,996	967
Trading gains on MLHS	1,090	1,371
Total	$ 160,519	$ 85,082

The unpaid principal balance of MLHS at December 31, 2023 and 2022 are current. The difference between the carrying amount of the MLHS and the unpaid principal balance consists of trading gains and gains on originated MSRs, both of which are included in gains from mortgage banking activities on the accompanying consolidated statements of activities.

The loans were sold at amounts equal to their carrying value subsequent to year end, less amounts attributable to the fair value of MSRs retained by Bellwether.

Note 8 - Gains from mortgage banking activities

Gains from mortgage banking activities consist of the following for the years ended December 31 ($ in thousands):

	2023	2022
Contractual loan origination and related fees, net	$ 66,995	$ 88,953
Originated MSRs	27,282	43,100
Trading gains	14,424	20,451
Derivative gains on outstanding commitments	6,771	10,235
Total	$ 115,472	$ 162,739

Note 9 - Derivative instruments

Bellwether's derivative assets and liabilities consist of the forward commitments to fund and sell 88 loans as of December 31, 2023, and to fund and sell 113 loans as of December 31, 2022, respectively. The amounts related to these commitments are summarized as follows ($ in thousands):

December 31, 2023	Asset	Liability	Net
Interest rate	$ 131,400	$ 131,400	$ -
Accrued fees	4,197	-	4,197
MSRs	9,340	-	9,340
Total	$ 144,937	$ 131,400	$ 13,537

December 31, 2022	Asset	Liability	Net
Interest rate	$ 104,268	$ 104,268	$ -
Accrued fees	3,996	-	3,996
MSRs	11,217	-	11,217
Total	$ 119,481	$ 104,268	$ 15,213

The interest rate component of the net derivative relates to a forecasted movement in interest rates between the time of the commitment and the time of the loan funding and investor purchase. As Bellwether does not enter into speculative commitments, its interest rate exposure is completely hedged with respect to these commitments. The accrued fees relate to origination fees and trading gains that Bellwether expects to collect related to the commitments. The MSRs relate to the expected servicing right assets that will be realized upon the sale of the loans to the investors. Income related to these derivatives is included in gains from mortgage banking activities on the accompanying consolidated statements of activities.

There were no transfers into or out of Level 3 assets, as defined in Note 26, during the year. Derivative instruments on mortgage banking activity classified as Level 3 assets were entered into during the year, with the exception of $8.7 million and $9.0 million in net derivative instruments associated with 62 and 67 commitments as of December 31, 2023 and 2022, respectively, that were entered into in previous years.

As disclosed in Note 1, ECD acquired the remaining limited partnership interests in three affordable housing properties during 2022, all of which they control subsequent to the acquisitions. One of those affordable housing properties has entered into an interest rate swap to mitigate the economic impact of changes in interest rates on its variable rate mortgage loan. As of December 31, 2023 and 2022, this derivative instrument had a fair value of a $0.1 million liability.

Note 10 - Investments in unconsolidated partnerships

Investments in unconsolidated partnerships at December 31 are summarized as follows ($ in thousands):

	2023	2022
Held for sale investments	$ 121,643	$ 247,503
Direct investments in affordable housing partnerships	15,765	13,708
Traditional investments in affordable housing	13,134	13,259
Social impact investments	1,302	1,354
Other investments	8,909	8,879
Total	$ 160,753	$ 284,703

Held for sale investments
We purchase and hold interests in properties for sale to Investment Funds. Such properties are multi-family low-income housing tax credit properties that are under construction. Their balance sheets consist primarily of land, building, and construction in progress balances, as well as any related mortgage debt. Operating activities for these entities are generally minimal.

At December 31, 2023 and 2022, we held for sale investments in 10 and 15 properties, respectively. The balance consists of future capital contribution commitments to these properties in the amount of $108 million and $209 million at December 31, 2023 and 2022, respectively, with the remaining balance relating to cash investments and other adjustments. The capital contributions payable is reflected as a liability on the consolidated statements of financial position.

We acquire limited partnership interests (generally 99%) in these properties that are expected to earn tax credits and transfer those interests to Investment Funds for the investor(s) benefit. Our holding period for these investments is generally three to nine months and, during that period, we account for our interest using the equity method of accounting because the significant participating rights are held by the entities' third-party limited partners. Typically, due to the short holding period, the carrying amount of the investments approximates their fair value. However, if events or circumstances indicate that the carrying amount exceeds its estimated fair value, an investment will be written down to the fair value. There were no impairment charges incurred for the years ended December 31, 2023 and 2022.

Direct investments in affordable housing partnerships
At December 31, 2023 and 2022, ECD holds the direct general partner interest in 79 and 75 real estate partnerships. During 2023 and 2022, ECD acquired the remaining limited partner interests in two and three properties, respectively, which resulted in them, being consolidated into these financial statements as of December 31, 2023 and 2022, respectively, (see Note 1). Additionally, during 2023, seven new general partner interests were acquired or created and one such general partner interest was dissolved. During 2022, two new general partner interests were acquired and one such general partner interest was deconsolidated by ECD (see Note 1). As of December 31, 2023, ECD's general partner interest in these partnerships ranges from 0.005% to 15%. ECD also holds one 14.99% limited partner interest as of December 31, 2023. This is a limited partner interest in an affordable property in which ECD holds the general partner interest. As a result of guarantees ECD provides as the general partner to the limited partners, the investment in certain partnerships may be negative. These investments are accounted for on the equity method due to significant participating rights held by the entities' third-party limited partners. As of December 31, 2023 and 2022, ECD's net investment in

these partnerships was $15.6 million and $13.4 million, respectively. Included in these net amounts as of December 31, 2023 and 2022 are negative investments of $0.2 million and $0.3 million, respectively, which are included in losses in excess of investments in unconsolidated partnerships on the consolidated statements of financial position.

As of December 31, 2023 and 2022, we wholly-owned four Investment Funds, and therefore consolidate them into these financial statements. Each of these Investment Funds holds direct, limited partner interests in operating partnerships that are either beyond the tax credit delivery period, or that have de minimis tax credits remaining. We account for these investments on the equity method, and had no investment balance at December 31, 2023 and 2022. During 2023, we were assigned the limited partner interest in an Investment Fund which we previously held the general partner interest in, resulting in us wholly-owning and therefore consolidating the Investment Fund into these financial statements. Consolidation of this Investment Fund resulted in a $0.6 million increase in both cash and deferred gain which is included in other liabilities on the consolidated statements of financial position. In addition during 2023, one of the Investment Funds dissolved resulting in the recognition of deferred gain of $0.5 million, which is included in other income on the consolidated statements of activities.

In addition, Loan Fund held a 0.01% limited partner interest in Columbia Apartments LP. In exchange for Loan Fund's total capital commitment of $5.0 million, Loan Fund received a 6% annual return. During 2022, Loan Fund redeemed its limited partner interest, resulting in a recognized gain of $1.5 million which is included in other revenue on the consolidated statements of activities.

Traditional investments in affordable housing partnerships
We hold investor member interests ranging from 1.09% to 5.00% in four nontax credit affordable housing investment funds as of December 31, 2023 and 2022, respectively. We also serve as the managing member of these funds. The funds provide returns to investors through cash flow and residual proceeds, with an expected investment holding period of approximately seven years. We determined these entities are not VIEs and that we do not control these entities. We account for our interest in these entities on the equity method, subject to the specified investment period of the funds. Our investment in these funds totaled $2.8 million and $2.9 million as of December 31, 2023 and 2022, respectively. As of December 31, 2023 and 2022, the funds held 33 and 28 investments, respectively.

The Enterprise Homes Preservation Fund, LLC ("EHPF") was formed as a single-investor Investment Fund, for the purpose of acquiring ownership interests in a portfolio of affordable housing properties located in the Mid-Atlantic region. EHPF holds an interest in 28 investments as of December 31, 2023 and 2022. Similar to the other nontax credit affordable housing investment funds, EHPF is expected to provide returns through cash flow and residual proceeds to ECD and the investor. ECD had a maximum capital commitment of $21.1 million, all of which was contributed in a prior year, and a 29.64% general partner interest in EHPF. It was determined that the limited partner in EHPF can exercise substantive participating rights on the operations of EHPF, resulting in the presumption of control by the general partner being overcome. Therefore, ECD accounts for the interest in EHPF on the equity method. As of December 31, 2023 and 2022, ECD's investment in EHPF was $10.3 million and $10.4 million, respectively.

Social Impact investments
Loan Fund holds limited partner interests in two partnerships that seek to address pressing social and environmental challenges through debt and equity investments. As of December 31, 2023 and 2022, Loan Fund's ownership interests in these investments are 0.72% and 1.60%. Total capital commitments for both investments is $1.9 million. Based on the size of Loan Fund's ownership

interests in each of the investments, along with the fact that Loan Fund is unable to influence the operating or financial decisions of the partnerships, these investments are not accounted for on the equity method, rather these investments are accounted for using the fair value method. As of December 31, 2023 and 2022, Loan Fund has uncalled capital commitments totaling $0.1 million to these two partnerships.

Other investments
We hold between 1.4% and 24.1% limited partner interests in five and eight Investment Funds as of December 31, 2023 and 2022. During 2023, three of the investment funds were dissolved. Each of these Investment Funds holds investments in operating partnerships that are either beyond the tax credit delivery period, or that have de minimis tax credits remaining. We determined that these entities are VIEs, and that we are not the primary beneficiary. Accordingly, we account for our interest in these Investment Funds on the equity method. The balance of our investment in these Investment Funds was $0.4 million and $1.5 million at December 31, 2023 and 2022, respectively.

We hold a 33.33% co-member interest in Rivermont Enterprise Capital, LLC ("REC"). This entity is the manager of a Qualified Opportunity Fund ("QOF") named Rivermont Enterprise Emergent Communities Fund I, LP ("REECF") which holds investments in Qualified Opportunity Zones as designated by the 2017 tax legislation commonly referred to as the Tax Cuts and Jobs Act. In addition, we hold a 10.00% limited partner interest in REECF. This fund's principal business activity is to be a QOF that invests in qualified assets in the Southeastern United States. We determined that these entities are VIEs, and that we are not the primary beneficiary as control is shared amongst the members. Accordingly, we account for our interest in these entities on the equity method and have fully funded our commitments to these entities. The balance of our investment in these entities was $0.9 million at December 31, 2023 and 2022.

Loan Fund holds interests in four limited liability companies, three located in California and one located in Georgia. As of December 31, 2023 and 2022, Loan Fund's ownership interest in these investments ranges from 20% to 33.33%. The purpose of these limited liability companies is to provide loans for affordable housing and community services in specific locales in California and Georgia. The balance of Loan Fund's investment in these limited liability companies was $1.9 million and $2.2 million as of December 31, 2023 and 2022, respectively.

We hold several other investments that are accounted for on the equity method. The balance of our investment in these was $5.7 million and $4.3 million as of December 31, 2023 and 2022, respectively.

Investment Funds
We hold general partner or managing member interests of between 0.005% and 1.0% in Investment Funds. These Investment Funds invest in affordable housing and commercial properties that qualify for income tax credits. We determined that certain of these Investment Funds were VIEs, and that we were not the primary beneficiary. We account for our interest in these Investment Funds and other entities that we do not control on the equity method.

We obtained our first interest in one of these tax credit Investment Funds in 1988 and typically obtain an interest in several new Investment Funds each year. The limited partners in these Investment Funds are generally financial institutions that contribute committed capital to fund investments and meet working capital reserve requirements. Most of the real estate partnerships in which these Investment Funds invest must meet certain requirements to be eligible for tax credits. Once the credits are fully earned and tax compliance requirements are met, it is anticipated that the partnerships will be dissolved. Due to the funding obligations of our limited partners, management believes our exposure to loss in excess of our fees relating to these Investment Funds to be insignificant. However, under the equity method of accounting, we are required to record our share of losses from these Investment Funds, and our share of losses generally exceeds our nominal contributions resulting in negative investment balances in these Investment Funds. These negative balances are classified as losses in excess of investments in unconsolidated partnerships in the liability section of our consolidated statements of financial position. As the majority of our share of losses from these Investment Funds relate to noncash charges, such as depreciation expense, management believes that this liability generally will not result in a funding requirement by Enterprise and will likely reverse at dissolution of the Investment Funds.

Note 11 - Loans and notes receivable, net

Loans and notes receivable, net consist of the following at December 31 ($ in thousands):

	2023	2022
Loans and notes to unaffiliated organizations	$ 485,900	$ 369,747
Allowance for loan losses	(22,823)	(21,338)
Loans and notes receivable, net	$ 463,077	$ 348,409

Affordable housing and community revitalization loans

Loan Fund makes loans to community-based not-for-profit and for-profit mission aligned affordable housing developers, community organizations and certain affiliates for the purpose of supporting low-income communities. These loans are generally collateralized by real estate. The majority of the loans have repayment terms requiring a balloon payment when construction or permanent financing on the underlying property is secured, the property is sold, or at the stated maturity date. As of December 31, 2023 and 2022, the net balance of these loans receivable totaled $377.3 million and $273.5 million, respectively. The sources of funds used and anticipated to be used to originate these loans are loans and notes payable, and net assets. Of these amounts, $151.5 million and $112.6 million as of December 31, 2023 and 2022, respectively, were due within one year. The loans are secured through a variety of collateral arrangements. As of December 31, 2023, 73% of these loans receivable were secured by first liens placed on the underlying real estate; 8% were unsecured or secured by subordinate liens; and 19% were secured by nonreal estate assignments, including developer fees, equity pay-ins, third-party credit enhancements or guarantees, and cash and investments. The loans bear interest at varying rates, which approximate 5.4% in the aggregate as of December 31, 2023 and 2022. In accordance with Loan Fund's historical practices, it is expected that some of these loans will be extended at maturity. Loan Fund's loan policy dictates that loans can only be extended if there is no material adverse change in credit, and repayment is not threatened.

Loan participations outstanding totaled $73.3 million and $52.9 million at December 31, 2023 and 2022, respectively.

The allowance for loan losses based on the above loans receivable portfolio was 3.32% and 4.60% as of December 31, 2023 and 2022, respectively.

In addition, we hold notes receivable that support affordable housing communities and their residents. These notes mature at various dates between 2025 and 2032, and bear interest at rates ranging from 1.0% and 3.53%. As of December 31, 2023 and 2022, the net carrying balance of these notes receivable was $10.3 million and $10.4 million, respectively.

As discussed in Note 1, EPF serves as a vehicle for providing unsecured working capital and predevelopment loans to people of color as well as other historically marginalized individual leaders in the real estate industry. EPF holds loans receivable that mature at various dates between 2026 and 2028. All loans receivable were unsecured and bear interest at 5.0% for the years ended December 31, 2023 and 2022. As of December 31, 2023 and 2022, the net carrying balance of these loans receivable was $23.0 million and $14.7 million, respectively.

Loans to affiliated affordable housing properties

ECD also hold loans and notes receivable due from affordable housing properties which ECD developed and own a general partner interest in. Payment terms on a majority of these loans and notes are generally annual payments of interest and principal due contingent on available cash flow with the balance due upon maturity. Some of these loans and notes are short-term construction financing loans or bridge loans that fund the affordable housing property until it closes on permanent financing, at which time the loans and notes mature. These loans and notes mature at various dates between 2024 and 2074, and bear interest at rates ranging from 0% to 8%.

As part of various acquisitions, fair value adjustments were recorded to numerous loans and notes in this portfolio. These fair value adjustments were being amortized over the remaining life of the loans and notes using the effective interest method. Amortization of the fair value discounts included in interest income on the accompanying consolidated statements of activities was $0.6 million and $1.3 million for the years ended December 31, 2023 and 2022, respectively. As of December 31, 2023, no further amortization of fair value adjustments is scheduled.

As of December 31, 2023, 87% of the gross principal balance of these loans and notes to affordable housing properties was secured by either deeds of trust on the underlying property or other collateral. The remaining balances are unsecured as the loans and notes were generally made to fund operating deficits of the properties or provide grant funding and will be repaid with available cash flow. As of December 31, 2023, and 2022, the net carrying balance of these loans and notes totaled $40.6 million and $40.9 million, respectively.

Employee loans

Loans and notes receivable also includes notes to employees of Bellwether that were made to assist the employees acquiring equity interest in Bellwether. Principal and accrued interest on these notes are due in quarterly installments through the maturity dates which range from July 1, 2029 to October 1, 2033. The employee notes are secured by their member interest in Bellwether. As of December 31, 2023 and 2022, the outstanding balance of these notes totaled $11.9 million and $8.9 million, respectively.

Allowance for loan losses activity by portfolio segment for the years ended December 31 is summarized as follows ($ in thousands):

	2023			2022		
	Housing	Other	Total	Housing	Other	Total
Allowance for loan losses						
Balance at beginning of year	$ (14,717)	$ (6,621)	$ (21,338)	$ (10,161)	$ (6,647)	$ (16,808)
Change in accounting policy	2,678	885	3,563	-	-	-
Net change in allowance for loan losses	(4,982)	(1,373)	(6,355)	(4,798)	26	(4,772)
Write-offs	502	805	1,307	402	-	402
Recoveries	-	-	-	(160)	-	(160)
Balance at end of year	$ (16,519)	$ (6,304)	$ (22,823)	$ (14,717)	$ (6,621)	$ (21,338)

As of December 31, loans by credit quality indicator and portfolio segment consist of the following ($ in thousands):

	2023			2022		
	Housing	Other	Total	Housing	Other	Total
Performing	$ 320,698	$ 125,016	$ 445,714	$ 251,042	$ 91,040	$ 342,082
Monitored	15,063	7,460	22,523	8,163	8,830	16,993
Impaired	14,562	3,101	17,663	10,672	-	10,672
Total	$ 350,323	$ 135,577	$ 485,900	$ 269,877	$ 99,870	$ 369,747

During the years ended December 31, 2023 and 2022, two loans and one loan, respectively, were modified with borrowers experiencing financial difficulty. The outstanding balance of these modified loans, and as a percentage of loans and notes receivable, as well as the additional commitments to lend as of the years ended December 31, by portfolio segment, are as follows ($ in thousands):

	2023			2022		
	Housing	Other	Total	Housing	Other	Total
Number	-	2	2	1	-	1
Balance at December 31	$ -	$ 2,318	$ 2,318	$ 8,219	$ -	$ 8,219
Balance as a percentage of loans receivable	0.00%	1.71%	0.48%	3.05%	0.00%	2.22%
Additional commitments to lend as of year end	$ 864	$ -	$ 864	$ 1,177	$ -	$ 1,177

The amounts above for the year ended December 31, 2022 are presented in accordance with ASC 326 for comparability.

An aging of past due loans by portfolio segment as of December 31 is as follows ($ in thousands):

	2023			2022		
	Housing	Other	Total	Housing	Other	Total
Past due						
31-60 days	$ 8,528	$ -	$ 8,528	$ 4,100	$ -	$ 4,100
61-90 days	1,010	-	1,010	-	-	-
Over 90 days	-	-	-	777	-	777
Total	9,538	-	9,538	4,877	-	4,877
Current	340,785	135,577	476,362	265,000	99,870	364,870
Total	$ 350,323	$ 135,577	$ 485,900	$ 269,877	$ 99,870	$ 369,747

As of December 31, information on loans for which we are no longer accruing interest is as follows ($ in thousands):

	2023			2022		
	Housing	Other	Total	Housing	Other	Total
Balance at beginning of year	$ 10,672	$ -	$ 10,672	$ 4,731	$ -	$ 4,731
Balance at end of year	$ 14,562	$ -	$ 14,562	$ 10,672	$ -	$ 10,672
Balance without an increased allowance for loan losses	$ 8,528	$ -	$ 8,528	$ 9,895	$ -	$ 9,895
Interest income recognized	$ 72	$ -	$ 72	$ 33	$ -	$ 33

Note 12 - Mortgage servicing rights and obligations, net

As of December 31, 2023 and 2022, Bellwether was servicing 4,996 and 4,604 loans, respectively, with outstanding principal balances of approximately $48.8 billion and $43.9 billion, respectively.

Changes in the carrying value of the MSRs, net consist of the following for the years ended December 31 ($ in thousands):

	2023	2022
MSRs, net beginning balance	$ 197,581	$ 171,401
MSRs originated, net of obligations recognized	27,282	43,100
MSRs purchased, net of obligations recognized	-	3,020
Settlement of prior year derivatives to MSRs	3,998	2,120
Amortization expense and write-offs of MSRs	(33,968)	(34,540)
Change related to MLHS	(1,029)	12,480
MSRs, net ending balance	$ 193,864	$ 197,581

Included in the $193.9 million and $197.6 million net MSR balances above are servicing contracts related to private/equity loans that are cancellable within 30-90 days and were initially recorded at fair value during previous mergers and acquisitions. Such loans have a net book value of $4.8 million and $5.8 million at December 31, 2023 and 2022, respectively. For financial statement presentation, these assets are classified with MSRs, as they are being amortized and accounted for similar to other MSRs in the overall pool.

Bellwether determines the value of servicing assets and liabilities by considering factors such as net future cash flows and discount rates. Management uses industry trends and portfolio data to make certain assumptions in determining discount rates that are commensurate with risks involved in the portfolio, market assumptions, prepayment and default rates and other relevant factors. Bellwether amortizes the initial carrying value of servicing assets and liabilities over the expected servicing period, generally 10 years, and assesses for impairment or increased obligation annually, unless Bellwether has specific information giving rise to the need to make adjustments on a more current basis.

At December 31, the fair value and key economic assumptions used to estimate the fair value of MSRs were as follows ($ in thousands):

	2023	2022
Beginning of year	$ 320,979	$ 255,735
End of year	$ 357,781	$ 320,979
Weighted average discount rate	11%	11%
Weighted average contractual servicing life	252 months	258 months
Weighted average term to payoff	113 months	119 months

For the years ended December 31, 2023 and 2022, there was no impairment recognized on any MSRs.

Note 13 - Property and equipment, net

Property and equipment, net, consist of the following at December 31 ($ in thousands):

	2023	2022
Building and improvements	$ 151,915	$ 145,481
Land and land improvements	74,148	75,155
Software applications	59,403	56,628
Leasehold improvements	11,156	10,722
Furniture and fixtures	9,588	9,051
Office equipment	6,792	6,217
	313,002	303,254
Accumulated depreciation and amortization	(77,167)	(67,092)
Property and equipment, net	$ 235,835	$ 236,162

ECD controls several operating affordable housing properties and affordable housing properties in the predevelopment stage. These properties held significant building and improvements and land balances as of December 31, 2023 and 2022.

On April 8, 2022, ECD closed on the sale of rental property and equipment held by a subsidiary for an amount in excess of its carrying amount. The gain on sale of $14.8 million is included in gain on property dispositions of property and equipment on the consolidated statements of activities.

The software applications assets consist of investments made in proprietary software applications developed for use in our various reporting segments.

Depreciation and amortization expense on property and equipment was $13.2 million and $12.0 million for the years ended December 31, 2023 and 2022, respectively.

Note 14 - Leases

We lease office spaces under office leases expiring in various years through 2035. At lease commencement, we recognize a lease liability which is measured at the present value of future lease payments, and a corresponding right-of-use asset equal to the lease liability, adjusted for prepaid lease cost, initial direct costs, and lease incentives as applicable. We remeasure lease liabilities and related right-of-use assets whenever there is a change to the lease term or there is a change in the amount of future lease payments, but only when such modification does not qualify to be accounted for as a separate contract.

We determine an appropriate discount rate to apply when determining the present value of the remaining lease payments for purposes of measuring lease liabilities. As the rate implicit in the lease is generally not readily determinable, we have elected to utilize the practical expedient which allows not-for-profit entities to use a risk-free rate as the discount rate for all office leases. We use the US Treasury rate for periods that most closely align with the term of each lease at commencement as an approximation of a risk-free rate. The weighted average discount rate used to measure our lease liabilities at December 31, 2023 was 2.49%.

For accounting purposes, the leases commence on the earlier of the date upon which we obtain control of the underlying office space, or the contractual effective date of the lease. Certain leases have renewal options which are exercisable by us and, when exercised, usually provide for rental payments through the extension period at then current market rates or pre-determined rental amounts. Unless we determine it is reasonably certain that the term of a lease will be extended, the term of the lease begins at lease commencement and spans for the duration of the minimum noncancellable contractual term. When the exercise of a renewal option is reasonably certain, the lease term is measured as ending at the end of the renewal period. The weighted average remaining lease term for our office leases as of December 31, 2023 was 7.2 years.

Lease expense for leases on which we are the lessee is recognized on a straight-line basis over the lease term with variable lease payments recognized in the period those payments are incurred. Total lease expense for the years ended December 31, 2023 and 2022 was $8.6 million and $8.7 million, respectively, and is included in occupancy expense on the statement of functional expenses.

Future maturities of our lease liabilities as of December 31, 2023 are as follows:

2024	$ 8,497
2025	8,966
2026	8,142
2027	7,392
2028	6,793
Thereafter	16,428
Total lease payments	56,218
Less imputed interest	(4,656)
Total	$ 51,562

Note 15 - Intangible assets, net and goodwill

Through previous acquisitions, we acquired the rights to receive certain fees from affordable housing properties, many in which ECD holds the general partner interest. These include rights to property management fees, community service fees, incentive management fees, and other miscellaneous fees. These intangible assets are shown net of the related liabilities on our consolidated statements of financial position. The related liabilities represent anticipated costs we expect to incur in performing services to earn these fees. The intangible assets related to these fees are not amortized, rather reviewed for impairment annually, and whenever a triggering event occurs. During the years ended December 31, 2023 and 2022, triggering events occurred which caused the value of certain of these intangible assets to be impaired. These triggering events resulted in charges of $1.1 million and $0.6 million, recorded and recognized, which are included in impairment on the consolidated statements of activities for the years ended December 31, 2023 and 2022, respectively. As of December 31, 2023 and 2022, the balance of these intangible assets was $4.6 million and $5.7 million, respectively.

In addition to the aforementioned intangible assets with indefinite lives, we have also recognized several intangible assets with finite lives that are being amortized, which consist of the following at December 31 ($ in thousands):

	2023		
	Gross Carrying Amount	Accumulated Amortization	Net Book Value
Ground leases	$ 5,532	$ 409	$ 5,123
Borrower relationships	10,522	8,721	1,801
Payment in lieu of taxes	1,968	279	1,689
In-Place Leases	4,275	3,753	522
Rights to development fees	1,782	1,693	89
Trade name	100	50	50
Total	$ 24,179	$ 14,905	$ 9,274

	2022		
	Gross Carrying Amount	Accumulated Amortization	Net Book Value
Ground leases	$ 8,125	$ 498	$ 7,627
Borrower relationships	10,522	7,859	2,663
Payment in lieu of taxes	1,968	180	1,788
In-Place Leases	4,317	2,902	1,415
Rights to development fees	1,782	1,604	178
Trade name	100	30	70
Total	$ 26,814	$ 13,073	$ 13,741

Amortization expense on these intangible assets was $2.7 million and $4.1 million for the years ended December 31, 2023 and 2022, respectively.

As part of 2023 and 2022 acquisitions disclosed in Note 1, ECD recognized several intangible assets including ground leases, payment in lieu of taxes and in-place leases.

Bellwether recognized goodwill of $11.5 million related to mortgage companies acquired in previous years. As part of Bellwether's asset purchase of Phillips, Bellwether has recognized goodwill of $12.1 million (see Note 1). Goodwill was recognized due to expected synergies from combining operations of Phillips with that of Bellwether. Goodwill is not amortized, rather it is reviewed for impairment annually.

All intangible assets, other than goodwill, as of December 31, 2023 and 2022 are included in intangible assets, net on the consolidated statements of financial position.

Future amortization expense with respect to intangible assets is estimated as follows ($ in thousands):

2024	$	1,615
2025		735
2026		610
2027		191
2028		172
Thereafter		5,951
Total	$	9,274

Note 16 - Income taxes

As described in Note 1, Investment is a 501(c)(4) social welfare organization. While Investment's LIHTC syndication, development, property management and NMTC activities are exempt from income taxes, other activities are taxable including mortgage, LIHTC asset management, Opportunity Zone federal tax incentive, and certain nontax credit affordable housing investment fund operations. Investment's taxable and tax-exempt increase in net assets without donor restrictions before income taxes was $28.1 million and $10.5 million for the year ended December 31, 2023 and $57.7 million and $26.4 million for the year ended December 31, 2022, respectively.

The income tax provision consists of the following for the years ended December 31 ($ in thousands):

	2023		2022	
Current tax expense	$	1,077	$	6,301
Deferred tax expense		(192)		861
Income tax expense	$	885	$	7,162

Current income tax expense includes tax refunds as well as interest and penalties relating to income tax obligations. Investment benefits from the allocation of tax credits from certain tax credit partnerships in which it holds an interest. This allocation of tax credits reduces our current income tax expense.

Income tax expense is reconciled to the amount computed by applying the federal corporate income tax rate of 21% for the years ended December 31, 2023 and 2022, as follows ($ in thousands):

	2023	2022
Tax at statutory rate on income before taxes	$ 8,106	$ 17,665
State income tax, net of federal income tax benefits	507	1,426
Change in valuation allowance	1,567	877
Tax notices	98	(39)
Tax refunds	(182)	-
Change in tax rates	(661)	(98)
True up to deferred tax assets and liabilities	(1,580)	230
Tax credits	(1,282)	(103)
Tax effect at statutory rate on income not subject to income taxes	(2,213)	(5,539)
Tax effect at statutory rate on income related to noncontrolling interest	(3,602)	(6,959)
Other	127	(298)
Income tax expense	$ 885	$ 7,162

Deferred tax liabilities, net consist of the following at December 31 ($ in thousands):

	2023	2022
Total deferred assets	$ 4,496	$ 5,685
Total deferred liabilities	(27,436)	(28,817)
Deferred liabilities, net	$ (22,940)	$ (23,132)

The deferred tax assets relate primarily to deferred compensation, deferred revenue and net operating loss carryforwards. Deferred tax liabilities consist primarily of the tax effects of MSR revenue and amortization expense, which are recognized for book purposes but not for income tax purposes until the related servicing activities are performed in subsequent years, accelerated depreciation for tax purposes, book to tax differences in investments in unconsolidated partnerships and deferred fees.

Net operating losses consists of the following tax effected amounts at December 31 ($ in thousands):

	2023		
	ECI	ECD	Total
Federal net operating loss carryforwards	$ 1	$ 4,695	$ 4,696
State net operating loss carryforwards	1,968	1,275	3,243
Valuation allowance	1,968	4,453	6,421

	2022		
	ECI	ECD	Total
Federal net operating loss carryforwards	$ 1	$ 3,173	$ 3,174
State net operating loss carryforwards	1,446	971	2,417
Valuation allowance	1,447	3,407	4,854

The federal and state loss carryforwards will expire between 2034 and 2042 with some having an indefinite life carryforward. A valuation allowance has been established due to the uncertainty of realizing certain of these federal and state loss carryforwards and certain other deferred tax assets. Based on projections of future taxable income, management believes that it is more likely than not that the deferred tax assets, net of any valuation allowance, will be realized. The amount of deferred tax assets considered realizable could be reduced if estimates of future taxable income are reduced.

Uncertain tax positions

We conduct business throughout the United States and, as a result, we file income tax returns in federal and various state jurisdictions. Although there are currently no ongoing examinations by state jurisdictions, the statute of limitations has not yet expired on several of our tax filings. We also remain subject to examination of all of our federal income tax returns for 2020 and subsequent years. We also generally remain subject to the examination of our various state income tax returns for a period of four to five years from the date the return was filed. Our most significant state tax exposure is within Maryland, the location of our headquarters.

The filing of income tax returns requires management to assess and measure uncertain tax positions. Upon examination of tax positions taken, management concluded that all positions taken on its tax returns exceed the more-likely-than-not threshold and expects to realize the benefit of all positions if examined by a taxing authority. As a result, management concluded that there were no uncertain positions that required measurement in or adjustment to our consolidated financial statements.

Note 17 - Indebtedness

A summary of indebtedness at December 31 is as follows ($ in thousands):

	2023	2022
Loans payable	$ 613,031	$ 556,986
Credit line agreements	176,050	96,026
Debt issuance costs	(1,943)	(1,782)
Total	$ 787,138	$ 651,230

Loans payable

Loan Fund borrows to fund its lending activities. Total loans payable, net associated with these borrowings as of December 31, 2023 and 2022, were $290.0 million and $252.9 million, respectively. Debt issuance cost, net associated with these borrowings as of December 31, 2023 and 2022, were $0.3 million and $0.4 million, respectively. These loans payable bear interest at rates which vary from 0% to 4.15% and are repayable through 2047. Most of these borrowings are structured as unsecured. Three of these loans require that Loan Fund pledge collateral. Based on the requirements of the lender, Loan Fund pledges the underlying loans receivable, government and agency securities, and/or cash to collateralize draws. Secured loans payable were $37.6 million and $38.7 million as of December 31, 2023 and 2022, respectively. Most of these loans payable reflect borrowings that have been restricted by the lender for lending to various community development organizations. Some borrowings are further restricted for use in certain locations or in certain sectors and/or initiatives. Some of these loans payable may be utilized for working capital purposes. Additionally, certain of these loans payable contain covenants that require Loan Fund to provide reporting on a periodic basis and to meet and maintain specific financial ratios.

Certain of these loans payable are considered Equity Equivalent ("EQ2") investments. EQ2 investments are fully subordinated, unsecured obligations that carry a fixed interest and have a rolling maturity. The lender cannot accelerate repayment unless an uncured event of default exists. As of December 31, 2023 and 2022, loans payable included $13.0 million of EQ2 investments.

Loan Fund also offers an Impact Note program to individuals, including employees and board members, and institutions. Investments are at a minimum of $5,000 for one to 15 years at interest rates of 0% to 3.5%. As of December 31, 2023 and 2022, the amounts outstanding under the program were $44.1 million and $44.6 million, respectively. As of December 31, 2023 and 2022, the balance due to employees and board members was $0.1 million.

Total interest cost for Loan Fund borrowings was $7.8 million and $6.6 million for the years ended December 31, 2023 and 2022, respectively. Amortization of debt issuance costs for these borrowings amounted to $0.1 million and $0.2 million for the years ended December 31, 2023 and 2022, respectively.

Furthermore, we entered into an unsecured $30 million note payable with two lenders. As of December 31, 2023 and 2022, the note carries a fixed rate of 3.48% and a maturity date in November 2028. The outstanding balance as of December 31, 2023 and 2022 was $20.6 million and $21.8 million, respectively. Total interest cost under this note payable was $0.7 million and $0.8 million for the years ended December 31, 2023 and 2022, respectively.

Bellwether entered into unsecured notes payable in conjunction with the redemption of certain noncontrolling members' interest in Bellwether. The notes bear interest at a fixed rate of 4.0% and are repayable through October of 2027. The outstanding balance as of December 31, 2023 and 2022 was $2.9 million and $2.2 million, respectively. Total interest cost under these notes was $0.1 million for the years ended December 31, 2023 and 2022, respectively.

ECD and an affordable housing property that ECD controls hold forgivable notes. ECD lends any funds from the forgivable notes to the LIHTC properties in which it holds a general partner interest (see Note 10). These notes are secured by deeds of trust, and bear interest at rates which vary from 0% to 1%. The carrying value of these notes payable as of December 31, 2023 and 2022 was $7.4 million and $6.5 million, respectively. The borrowings will be forgiven if the underlying LIHTC properties maintain their respective compliance requirements for periods ranging from 15 to 40 years. The forgiveness of these notes occurs either at the end of the compliance periods, or in tranches throughout the compliance periods. These notes were recorded at fair value as part of previous acquisitions, resulting in actual contractual obligations under these notes payable exceeding their carrying value. Total contractual obligations under these loans payable as of December 31, 2023 and 2022 was $20.4 million and $19.2 million, respectively. Based on the history of compliance by the properties in which ECD holds a general partner interest, no future payments are expected related to these notes.

ECD has an unsecured term note with JPMC. The note bears interest at a fixed rate of 3% with a maturity date in December of 2028. The outstanding balance as of December 31, 2023 and 2022 was $10.0 million.

Loans held by affordable housing properties that ECD controls bear interest at rates which vary from 0% to 12% and are repayable through 2054. Most of these borrowings are secured by the underlying real estate. The carrying value of these loans payable as of December 31, 2023 and 2022 was $215.1 million and $203.6 million, respectively. Debt issuance cost, net associated with these borrowings as of December 31, 2023 and 2022 was $1.1 million and $0.9 million, respectively. These loans were recorded at fair value as part of previous acquisitions, resulting in actual contractual obligations under these loans payable exceeding their carrying value. Total contractual obligations under these loans payable as of December 31, 2023 and 2022 was $219.6 million and $208.2 million, respectively.

Total interest cost on borrowings ECD and its controlled affordable housing properties holds was $10.4 million and $5.6 million for the years ended December 31, 2023 and 2022, respectively. Amortization of debt issuance costs for these borrowings amounted to $0.2 million for the years ended December 31, 2023 and 2022.

EPF entered into loans payable to fund its lending activities. EPF has two commitments from two different lenders for a total of $50 million. The loans bear interest at 2% and are repayable through 2031. Under the terms of these agreements, interest is due quarterly with one third of the outstanding principal due in June of 2029, 2030, and 2031. The total outstanding balances on these loans as of December 31, 2023 and 2022 was $22.9 million and $15.4 million, respectively. Total interest cost under these notes was $0.4 million and $0.1 million for the years ended December 31, 2023 and 2022, respectively.

Credit line agreements

Bellwether has two credit facilities with KeyBank National Association ("KeyBank"). They are subject to an Amended and Restated Master Participation and Facility Agreement (the "Agreement") with KeyBank. Under the terms of the Agreement, Bellwether has agreed to sell beneficial ownership interest in eligible loans funded under the Agreement to KeyBank subject to KeyBank's approval. The Agreement is used to fund certain of Bellwether's MLHS. At December 31, 2023 and 2022, the borrowing capacity under the Agreement was $200 million and may be expanded in size up to $300 million. Interest is payable at a fluctuating interest rate, which was 6.685% and 5.675% at December 31, 2023 and 2022, respectively, and is secured by KeyBank's participation in the eligible loans funded under the Agreement. At December 31, 2023 and 2022, the outstanding balance under these facilities was $68.4 million and $10.9 million, respectively. Bellwether expects to extend the Agreement at similar terms before the maturity date of July 1, 2024.

Bellwether also has a separate Master Participation and Facility Agreement (the "Bridge Agreement") with KeyBank. Under the terms of the Bridge Agreement, Bellwether has agreed to sell beneficial ownership interest in eligible loans that will serve as bridge loans pending closing of permanent refinancing, funded under the Bridge Agreement to KeyBank subject to KeyBank's approval. At December 31, 2023 and 2022, the borrowing capacity was $60 million. Interest is payable at a fluctuating interest rate, which was 8.31% and 7.30% at December 31, 2023 and 2022, respectively, and is secured by KeyBank's participation in the eligible loans funded under the Bridge Agreement. A closing fee is payable with the purchase of each participation at the greater of $7,500 or 15bps of the purchase price. At December 31, 2023 and 2022, there were no outstanding borrowings. Bellwether expects to extend the Bridge Agreement at similar terms before the maturity date of July 1, 2024.

Furthermore, Bellwether entered into a Revolving Loan and Security Agreement with KeyBank for a maximum commitment of $30 million for corporate borrowing purposes. This facility was secured by the fair value of Bellwether's Fannie Mae mortgage servicing rights. On January 4, 2023, Bellwether extinguished their Revolving Loan and Security Agreement with Key Bank. Interest was payable at a fluctuating interest rate, which was 6.80% at December 31, 2022. At December 31, 2022, the outstanding balance was $12.8 million. Debt issuance costs, net of accumulated amortization, totaled $0.1 million as of December 31, 2022, related to this borrowing.

On January 5, 2023, Bellwether entered into a Revolving Credit and Security Agreement with Fifth Third Bank, National Association to be used for corporate purposes. The facility is secured by the fair value of Bellwether's Fannie Mae MSRs. At December 31, 2023, the borrowing capacity was $30 million. Interest is payable at a fluctuating interest rate, which was 7.81% at December 31, 2023. At December 31, 2023, there were no outstanding borrowings. The facility matures on January 4, 2026.

In addition, Bellwether has a Warehousing Credit and Security Agreement ("Security Agreement") with PNC Bank, National Association ("PNC"). Under the terms of the Security Agreement, Bellwether has agreed to sell beneficial ownership interest in eligible loans funded under the Security Agreement to PNC subject to PNC's approval. At December 31, 2023 and 2022, the available warehouse was $175 million and $250 million, respectively. The warehouse may be expanded in size up to $350 million, in $50 million increments for a period of 60 days. The Security Agreement is used to fund MLHS, and is secured by PNC's participation in the eligible loans funded under the Security Agreement. Interest is payable at a fluctuating interest rate, which was 6.69% and 5.36% at December 31, 2023 and 2022, respectively. At December 31, 2023 and 2022, the outstanding balance under this facility was $89.0 million and $11.8 million, respectively. Debt issuance costs, net of accumulated amortization, totaled $0.3 million and $0.2 million as of December 31, 2023 and 2022, respectively, related to this borrowing. Bellwether expects to extend the Agreement at similar terms before the maturity date of September 21, 2024.

Bellwether has a Master Repurchase Agreement ("Repurchase Agreement") with JPMC. Under the terms of the Repurchase Agreement, Bellwether has agreed to sell beneficial ownership interest in eligible loans funded under the Repurchase Agreement to JPMC subject to JPMC's approval. As of December 31, 2023 and 2022, the available facility was $750 million uncommitted. The Repurchase Agreement will be used by to fund MLHS, and is secured by JPMC's participation in the eligible loans funded under the Repurchase Agreement. Interest will be payable at a fluctuating interest rate, which was 7.24% and 6.15% at December 31, 2023 and 2022, respectively. At December 31, 2023, there were no outstanding borrowings. At December 31, 2022, the outstanding balance was $60.0 million. Bellwether expects to extend the Agreement at similar terms before the maturity date of December 28, 2024.

We utilize an unsecured credit facility for corporate purposes and the issuance of letters of credit with a maximum commitment of $50 million. Interest is payable at a fluctuating interest rate, which was 7.340% and 6.275% at December 31, 2023 and 2022, respectively. Borrowings on this facility mature on November 2, 2024, with any letters of credit on the facility maturing on November 2, 2026. We expect to extend the credit facility at similar terms before the maturity date. We had $3.1 million and $0.8 million in letters of credit issued through this facility as of December 31, 2023 and 2022, respectively. Except for these letters of credit, there were no outstanding borrowings under this facility at December 31, 2023 and 2022. Debt issuance costs, net of accumulated amortization totaled $0.2 million as of December 31, 2023 and 2022, related to this borrowing.

To finance predevelopment spending and acquisitions, ECD has entered into two unsecured revolving line of credit agreements, one of which was entered into during 2023 and the other of which was entered into during 2022. The borrowing capacity of the predevelopment lines totaled $2.0 million and $0.5 million as of December 31, 2023 and 2022, respectively. The total outstanding balance was $2.0 million and $0.5 million as of December 31, 2023 and 2022, respectively. The interest rates on the lines are 2.5% and 2.0%, respectively, and they expire in 2027 and 2028, respectively.

To finance ECD's general operating needs and letters of credit, ECD entered into an unsecured working capital line of credit agreement with M&T Bank during 2023 with a maximum commitment of $25 million. Interest is payable at a fluctuating interest rate which was 7.34% at December 31, 2023.

At December 31, 2023, the outstanding balance on this working capital line was $16.6 million. The line of credit agreement expires in November 2026.

Total interest cost under these credit facilities was $16.1 million and $11.9 million for the years ended December 31, 2023 and 2022, respectively. Amortization of debt issuance costs amounted to $1.4 million and $0.5 million for the years ended December 31, 2023 and 2022, respectively, and is included in interest expense on the consolidated statements of activities. As noted throughout Note 17, while a significant portion of these borrowings are contractually due in 2024, it is expected the agreements will be extended before their contractual due dates.

All of these credit facilities have certain covenants and restrictions. The most restrictive of these limits the levels of debt we may incur and require us to maintain specified minimum levels of debt service coverage and net worth. We have maintained compliance with these restrictions, and they have not limited our normal business activities.

Future contractual maturities

Future contractual maturities of indebtedness, not including forgivable notes, for each of the next five years and thereafter are summarized as follows ($ in thousands):

2024	$ 180,998
2025	88,796
2026	79,864
2027	43,537
2028	68,019
Thereafter	325,013
Total	$ 786,227

The debt due in 2024 consists primarily of borrowings related to loan facilities that are used to fund outstanding loans and notes receivable and MLHS. We expect to make payments at or before the scheduled maturity dates of the related loans from proceeds from the collection of loans and notes receivable and MLHS, the refinancing of loan facilities, or through the use of operating cash.

Note 18 - Allowance for loan loss sharing

As a Fannie Mae DUS lender, Bellwether assumes responsibility for a portion of any loss that may result if borrowers default on loans Bellwether services. Under a loss-sharing formula with Fannie Mae, Bellwether is generally responsible for funding 100% of the mortgagor's delinquency up to the first 5% of the unpaid principal balance and a portion of any additional losses to a maximum of 20% of the original principal balance.

As a U.S. Department of Agriculture lender, Bellwether is responsible for 10% of any loss in the event a borrower defaults on loans originated in the Rural Housing Services Section 538 Guaranteed Rural Rental Housing Program.

In addition, there are other programs in which we assume responsibility for a portion of loan losses.

Allowance for loan loss sharing under all programs was $40.8 million and $36.0 million at December 31, 2023 and 2022, respectively. At December 31, 2023 and 2022, there were no reserves related to specific loans included in the allowance for loan loss sharing provision.

Note 19 - Deferred revenue

Deferred revenue consists of the following at December 31 ($ in thousands):

	2023	2022
Syndication fees	$ 10,456	$ 8,098
Asset management and other fees	2,965	3,183
Total	$ 13,421	$ 11,281

As of December 31, 2021, deferred revenue amounted to $7.6 million. Deferred revenue consists of amounts we have recorded related to our asset management or other obligations to be performed in future periods, or due to certain contingencies. In general, revenue deferrals with respect to the syndication fees consist of estimated costs expected to be incurred and paid by us in managing tax credit Investment Funds in which we own a 0.005% to 1.0% general partner or managing member ownership interest. Our exposure could be greater than the amount of revenue deferred. During the years ended December 31, 2023 and 2022, we amortized $0.7 million and $0.6 million, respectively, of syndication deferred revenue into asset management fees.

We provide asset management, development, and other services to third parties with respect to affordable housing and commercial real estate in emerging and under-served communities. Some of these fees for these services are prepaid by the third parties for services to be performed in the future. The remaining deferral of asset management and other fees consists of various advisory service agreements.

Note 20 - Related party transactions

We provide syndication, asset management, development, property management, and other advisory services to certain affiliated entities in which we, or one of our subsidiaries, own an interest and are compensated for these services. For the years ended December 31, 2023 and 2022, we recorded revenue of $153.1 million and $140.7 million, respectively, for such services.

We also manage three credit facilities as of December 31, 2023, one of which was entered into during 2023, on behalf of select Investment Funds that are admitted as borrowers to the facility. The maximum combined borrowing capacity under all three credit facilities is $235 million. Borrowings are secured by capital commitments payable from the investors in these Investment Funds with repayments to come from investor capital contributions. We manage these facilities on behalf of the Investment Funds but are not considered a borrower. As such, our assets are not provided as collateral for the facilities and we do not provide guarantees for repayment of borrowings. However, we pay certain interest and fees associated with these facilities. Interest related to borrowings is payable at fluctuating interest rates which range from 6.792% to 6.992% . Interest costs incurred by us for these facilities totaled $1.6 million and $0.1 million for the years ended December 31, 2023 and 2022, respectively. The credit facilities are set to expire in either November or December of 2024, at which time we expect to extend them all at similar terms. Total outstanding borrowings under these facilities were $82.6 million and $78.2 million as of December 31, 2023 and 2022, respectively. These costs are included in general operating expenses in our consolidated statements of functional expenses.

Note 21 - Restrictions and limitations on net assets

During the years ended December 31, 2023 and 2022, net assets released from donor restrictions and the events or transactions which caused the restrictions to expire total $62.0 million and $78.7 million, respectively, for expenses incurred for donor specified purposes or time restrictions.

Net assets with donor restrictions at December 31 consist of the following ($ in thousands):

	2023	2022
Gifts and other unexpended revenue restricted to specific programs or locations	$ 138,820	$ 133,784
Contributions receivable due in future periods, net	40,902	38,749
Total	$ 179,722	$ 172,533

Note 22 - Pension and savings plans

We sponsor a qualified defined contribution plan available to substantially all our employees. This plan allows employees to make pre-tax contributions pursuant to Section 401(k) of the Internal Revenue Code and provides for employer matching contributions for eligible employees in accordance with the provisions of this plan that vest ratably over three years. After three years of service, all future matching contributions are automatically vested. Matching contributions of approximately $5.2 million and $4.7 million were made during the years ended December 31, 2023 and 2022, respectively.

The plan also includes a defined contribution provision, whereby we contribute an amount equal to a percentage, as defined in the plan agreement, of the gross compensation of each employee. Contributions under this provision vest ratably over three years. After three years of service, all future contributions are automatically vested. Total expenses under this plan totaled $3.0 million and $3.1 million for the years ended December 31, 2023 and 2022, respectively.

We also have a nonqualified deferred compensation plan covering certain of Investment's employees. This plan provides for employer annual discretionary contributions. Covered employees were previously able to make pre-tax contributions of up to $25,000 annually. Under this plan, contributions made prior to 2011 are not paid to the covered employees until their separation from Enterprise. Beginning in 2011, employer contributions now vest after three years and upon vesting, the employer contributions are paid to the covered employees. Such payments from plan assets to covered employees began in 2014. Additionally, employees are vested and paid immediately if they are at least 55 years old and have five years or more of service to Enterprise. Effective January 1, 2021, the plan has been terminated and contributions to this plan are no longer be made.

Compensation deferrals and employer contributions are invested on behalf of the participants in various participant directed investment options. The investments amounted to $3.4 million and $3.8 million at December 31, 2023 and 2022, respectively, and are included in restricted investments on the consolidated statements of financial position. Obligations to the plan participants at December 31, 2023 and 2022 totaled $3.4 million and $3.8 million, respectively, and are included in accounts payable and accrued expenses in the consolidated statements of financial position. The vested amounts of these obligations were $2.6 million and $2.3 million at December 31, 2023 and 2022, respectively.

Note 23 - Commitments and contingencies

Commitments and contingencies not reflected in the consolidated statements of financial position at December 31, 2023 are indicated below:

Net worth and liquidity requirements

As discussed in Note 1, Bellwether is an FHA Title II Non-Supervised Mortgagee, and as such, is required under this program to maintain adjusted net worth of $2.5 million, of which no less than $0.5 million must be liquid assets. As a Ginnie Mae issuer of mortgage-backed securities, the adjusted net worth required is $1 million plus 1% of the outstanding principal balance of securities and commitment authority in excess of $25 million up to $175 million, plus 0.2% in excess of $175 million. The Ginnie Mae program also requires liquid assets of 20% of the adjusted net worth. At December 31, 2023, Bellwether met these requirements with an adjusted net worth of $232.1 million, and $33.0 million of such liquid assets.

Additionally, under the Fannie Mae DUS program, a subsidiary of Bellwether is required to maintain acceptable net worth and liquidity. The subsidiary's net worth requirement at December 31, 2023, which is a function of its portfolio balance at December 31, 2023, is $53.9 million. At December 31, 2023, the subsidiary had adjusted net worth of $200.8 million applicable to this requirement and therefore met the requirement. At December 31, 2023, the subsidiary's operational liquidity requirement was $10.1 million and the restricted liquidity requirement was approximately $32.5 million. The subsidiary had $12.7 million and $32.5 million of applicable assets to meet the operational and restricted liquidity requirements, respectively. The restricted liquidity requirement is calculated monthly by Fannie Mae's custodian, U.S. Bank, N.A., and is based upon current portfolio size and types of collateral. The requirement is classified as restricted cash and cash equivalents on the accompanying consolidated statements of financial position.

As a licensed Freddie Mac Optigo Seller Servicer of Conventional and TAH loans, Bellwether is required to maintain acceptable net worth and liquidity. At December 31, 2023, Bellwether's required net worth was $5.0 million and its required liquidity was $0.5 million. At December 31, 2023, Bellwether met these requirements with net worth of $270.8 million and liquid assets totaling $33.0 million.

Grants and contracts

At December 31, 2023, we had commitments under grants and contracts from federal and various state governments of $44.8 million. This amount will be received through 2026 as we provide services under the terms of the grants and contracts.

Minimum equity requirement

Pursuant to certain partnership agreements of entities managed by us, we are required to maintain a minimum equity amount that is generally stated as a fixed amount or a percentage of the investment partnership's invested equity. This requirement is less restrictive than a similar requirement in our credit facilities (see Note 17) and has not limited our ability to conduct our business.

Loan origination commitments

Bellwether is a party to financial instruments in the normal course of business to meet the financing needs of its customers and to reduce its own exposure to fluctuations in interest rates, that are not reflected in our consolidated statements of financial position. These financial instruments include (a) commitments to extend credit and (b) forward contracts to deliver and sell loans to investors. Those instruments involve, to varying degrees, elements of credit and market risk in excess of the amount recognized on the consolidated statements of financial position.

Bellwether's exposure to credit loss in the event of nonperformance by the other parties to these financial instruments is represented by the contract amount of the instruments. Bellwether uses the same credit policies in making commitments and forward contracts as it does for on-statement of financial position instruments.

Commitments to extend credit are agreements to lend to a customer and generally have fixed expiration dates. Since most of the commitments are expected to be drawn upon, the total commitment amounts represent future cash requirements. Bellwether evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained upon extension of credit is based on Bellwether's credit evaluation of the counterparty. The collateral held is commercial and multifamily real estate.

Forward contracts are contracts for delayed delivery of loans or mortgage-backed securities in which the seller agrees to make delivery at a future date of a specified instrument, at a specified price or yield. These contracts are used primarily to reduce the exposure to interest rate fluctuations for loans in process and in loan inventory held for sale to investors. Most forward contracts are for terms of 30 days to 90 days.

As of December 31, 2023, Bellwether had entered into commitments to originate loans approximating $1.045 billion and commitments to sell loans of $1.056 billion, $10.9 million of which are included in MLHS on our consolidated statements of financial position. As discussed in Note 2, Bellwether accounts for these commitments as derivatives recorded at fair value.

Escrow accounts
The servicing of mortgage loans includes collection of loan and escrow payments from commercial mortgagors, deposit of these collections into restricted trust accounts, periodic remittance of principal and interest to investors, payment of property taxes and insurance premiums, and periodic inspection of certain properties. As of December 31, 2023, Bellwether held fiduciary funds of $753.9 million representing undisbursed collections from mortgagors. These trust funds and the corresponding fiduciary trust liability are not included in our consolidated financial statements as they do not represent assets or liabilities of Bellwether.

Unfunded loan commitments
In connection with development activities, ECD entered into agreements with various affordable housing developments to fund sponsor notes. As of December 31, 2023, there were open commitments for $15.0 million in sponsor loans which were unfunded. Of these unfunded loan commitments, $7.1 million are expected to be fulfilled through cash from tax credit transfers.

Commitments to transfer tax credits
In connection with the development of several Properties, ECD entered into agreements with third parties to transfer tax credits not yet earned. As of December 31, 2023, ECD had agreements in place to transfer an expected value of $15.9 million of future tax credits.

Development contingency
In performing development services, our development fee revenue is indirectly and/or directly based on incurred development costs, realizing sufficient development funding and development profits and/or cost savings. These costs, funding, profits and/or cost savings are subject to audits by an Independent Certified Public Accountant reporting to the owners, lenders and/or stakeholders of the affordable housing developments. Accordingly, the ultimate realization of revenue recognized is contingent upon the outcome of such audits. In the opinion of management, adequate provisions

have been made in the accompanying consolidated financial statements for material adjustments, if any, which may result from the audits of the affordable housing developments.

Environmental contingencies
ECD, or one of our wholly-owned subsidiaries that serve as the general partners of the various real estate affordable housing developments, frequently enters into agreements connected with the financing of the affordable housing developments to indemnify the lenders or investors against any environmental contingencies that may arise relating to the construction or operations of the affordable housing developments. Management is not aware of any pending environmental costs on our affordable housing developments that fall under these indemnities, and accordingly, no loss contingencies are required to be recorded in the accompanying consolidated financial statements.

Loans
At December 31, 2023, Loan Fund has commitments to fund loans to various community development organizations of approximately $77 million. Loan Fund also has additional commitments for debt to fund these loans of approximately $169 million. These loans may also be partially funded with Loan Fund's cash.

Custodial accounts
At December 31, 2023, Loan Fund held $26.0 million of cash in an agency capacity through custodial accounts for participation and syndication programs, which is not included in our consolidated financial statements.

New Markets Tax Credits
The NMTCs are contingent on our ability to maintain compliance with various rules and regulations of the CDFI Fund and applicable sections of Section 45D of the Internal Revenue Code. Failure to maintain compliance could result in recapture of previously taken NMTCs and the loss of future NMTCs.

Litigation
In the ordinary course of business, we are involved in a number of lawsuits, claims and assessments. In the opinion of management, there is no pending legal liability and accordingly no loss contingencies are required to be recorded in the accompanying consolidated financial statements except for a matter relating to a property in which ECD is the general partner of. On March 27, 2024, the property executed an Assurance of Voluntary Compliance with the District of Columbia Office of Attorney General, which resolved issues arising from an investigation into certain asserted violations at the property. The matter was settled for $1.0 million, which was accrued in our 2023 results.

Government contracting
We recognize revenue from grants and contracts from government agencies based on actual costs incurred and reimbursable expenses from the granting agencies. These costs are subject to audit by the Office of the Inspector General and ultimate realization of revenue recognized is contingent upon the outcome of such audits. In the opinion of management, adequate provisions have been made in the accompanying consolidated financial statements for adjustments, if any, which may result from an audit.

Conditional grants
As of December 31, 2023, conditional promises to us totaled $44.8 million all of which are conditional due to federal cost principles. Of these promises to us that are conditional due to federal cost principles, $23.8 million of the promises also contain a matching requirement.

Matching requirements

We were awarded various five-year Capacity Building grants by HUD. These awards require us to either directly provide qualified matching program services and costs or obtain the matching program services and costs from third parties on a 3:1 basis within four years of the award date on amounts expended which could be less than the award amount. Should we not achieve the committed 3:1 matching requirement from third parties, we would be required to provide the matching program services or accept alternative corrective action.

The awards, outstanding at any time during 2023, the related matching requirements, amounts expended and matching program services and the costs achieved as of December 31, 2023 are summarized as follows ($ in thousands):

Capacity Building Grant	Award Year	Award Amount	Required Matching Commitments	Amount Expended	Matching Commitment Achieved
CB 22	2018	$ 13,962	$ 41,887	$ 13,962	$ 42,529
CB 23	2020	14,315	42,945	13,837	11,151
CB 24	2021	14,254	42,762	9,830	4,743
CB 25	2022	15,000	45,000	1,333	-

Note 24 - Guarantee obligations

We enter into certain guarantees in the ordinary course of business. The guarantees and obligations are described below.

ECD or one of its wholly-owned subsidiaries that serve as the general partners for various affordable housing properties are responsible under operating deficit guarantees. These guarantees require the guaranteeing entity to loan cash to the affordable housing property properties to cover any operating deficits. Such guarantees generally begin at the closing date, completion of construction, or first mortgage loans conversion, and either upon achieving certain benchmarks, or upon a set time after commencement. At December 31, 2023, the maximum liability under ECD's operating deficit guarantee was $23.4 million.

Additionally, ECD or one of its wholly owned subsidiaries provides construction completion, development deficit, environmental, and/or tax credit guarantees to investors related to the performance under various development agreements. The maximum future payments ECD or one of its wholly owned subsidiaries could be required to pay under these guarantees range from a fixed amount to unlimited based on the nature of the guarantee. However, in management's judgment, there are several factors that reduce or limit loss exposure, including requiring general contractors to post construction completion bonds and, therefore, no risk of loss has been recognized in these consolidated financial statements.

We have letters of credit relating to certain partnerships for which we provide syndication and/or development services, including $3.1 million issued through one of our credit facilities at December 31, 2023. The estimated maximum exposure to loss under these guarantees is $3.1 million at December 31, 2023. Management believes that there is sufficient collateral from partnership assets to support these instruments and, therefore, no risk of loss has been recognized in these consolidated financial statements.

ECD provides guarantees to certain lenders who provide financing for the acquisition and construction of affordable housing properties ECD develops. Under these guarantees, ECD provides repayment guarantees for the associated loans. These guarantees are generally in effect until the maturity date of the loan, or in the case of construction loans, the conversion to permanent financing. As of December 31, 2023, ECD had provided guarantees on eleven loans, of which $94.7 million was outstanding at year end.

We also provide guarantees to Ohio Housing Finance Agency ("OHFA") related to certain LIHTC properties which have received a Housing Development Loan ("HDL") from OHFA. The intent of the HDLs is to bridge a portion of the investor equity that would typically be paid during construction or at completion over a 10-year period in order to increase the value of the LIHTCs. Our guaranty serves as collateral for the loan's repayment to OHFA. The guaranty is in the amount of the outstanding principal and interest on the HDL and remains in place until the HDL is fully repaid. As payments are made over the term of the HDL, the guaranty is effectively reduced by the amount of the payments. The estimated maximum exposure to loss under these guarantees is $14.4 million at December 31, 2023. As the source of repayment for the HDL is investor capital contributions which are deemed to be highly probable based on history and the financial health of the investors, we have determined that our risk is not significant, and as such, no related liability has been recorded.

We provide a guarantee to the investor in an affordable housing property developed in a Qualified Opportunity Zone. Under the guarantee, we would be responsible to cover a portion of losses incurred by the investor if the losses were the result of the property failing to maintain its compliance with rules designated under the Opportunity Zone program. At December 31, 2023, the estimated maximum exposure to loss under this guarantee was $0.2 million.

Note 25 - Risks and uncertainties

Our investments consist of commercial paper, corporate and U.S. agency bonds and notes, and diversified funds which invest in fixed income securities, and equities. Investment policy and guidelines are established by our investment committee of the board of trustees and approved by the applicable boards. These investments are exposed to various risks, such as interest rate, market and credit. Due to the level of uncertainty related to changes in interest rates, market volatility and credit risks, it is at least reasonably possible that changes in these risks could materially affect the fair value of investments reported in the consolidated statement of financial position as of December 31, 2023. The investment policy and guidelines consider liquidity and risks for each entity and each pool of assets and attempt to diversify asset classes to mitigate risks over the applicable time horizons.

Note 26 - Fair value measurements

Fair value of assets or liabilities measured on a recurring basis is determined based on the price we would receive to sell an asset or pay to transfer a liability in an orderly transaction with a market participant at the measurement date. In the absence of active markets for the identical assets or liabilities, such measurements involve developing assumptions based on market observable data and, in the absence of such data, internal information that is consistent with what market participants would use in a hypothetical transaction that occurs at the measurement date.

Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect our market assumptions. Preference is given to observable inputs. These two types of inputs create the following fair value hierarchy:

Level 1 - Quoted prices for identical instruments in active markets.

Level 2 - Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable.

Level 3 - Significant inputs to the valuation model are unobservable.

We maintain policies and procedures to value instruments using the best and most relevant data available. Additionally, management routinely performs various risk assessments that review valuation, including independent price validation for certain instruments. Furthermore, in other instances, we retain independent pricing vendors to assist in valuing certain instruments.

The following table presents the fair value of assets measured on a recurring basis at December 31, ($ in thousands):

2023	Level 1	Level 2	Level 3	Net balance
Assets				
Investments in marketable securities and CDs	$ 33,358	$ -	$ -	$ 33,358
MLHS	-	160,519	-	160,519
Derivative assets	-	-	144,937	144,937
Investments in unconsolidated partnerships	-	-	1,302	1,302
Total	$ 33,358	$ 160,519	$ 146,239	$ 340,116
Liabilities				
Derivative liabilities	$ -	$ 67	$ 131,400	$ 131,467
Total	$ -	$ 67	$ 131,400	$ 131,467

2022	Level 1	Level 2	Level 3	Net balance
Assets				
Investments in marketable securities and CDs	$ 91,013	$ -	$ -	$ 91,013
MLHS	-	85,082	-	85,082
Derivative assets	-	-	119,481	119,481
Investments in unconsolidated partnerships	-	-	1,354	1,354
Total	$ 91,013	$ 85,082	$ 120,835	$ 296,930
Liabilities				
Derivative liabilities	$ -	$ 127	$ 104,268	$ 104,395
Total	$ -	$ 127	$ 104,268	$ 104,395

Marketable securities are invested in exchange traded mutual funds and measured at their unadjusted, quoted net asset value. Certificates of deposits ("CDs") are measured at cost plus accrued interest, which approximates their fair value. MLHS are measured using market values provided by third-party investors for similar loans, plus the value of the related servicing rights. Level 3 derivative instruments consist of interest rate lock commitments and forward sale agreements. These instruments are valued using a discounted cash flow model based on changes in the U.S. Treasury rate and other observable market data for similar instruments. Level 2 derivative instruments are interest rate swaps, whose fair value is determined using the present value of expected cash flows based on a market observable interest rate yield curve commensurate with the term of the instruments. Certain of our investments in unconsolidated partnerships, our social impact investments, are measured at fair value which is measured by our net asset value per share in each of those investments.

There were no transfers between any of the levels within the fair value hierarchy during 2023 or 2022 and no purchases and issues of Level 3 assets and liabilities during the years ended December 31, 2023 and 2022.

The following table presents information about significant unobservable inputs used in the measurement of the fair value of our Level 3 derivative assets and liabilities measured on a recurring basis at December 31 ($ in thousands):

	Fair value 2023	Fair value 2022	Valuation technique	Unobservable input	Input value
Derivative assets	$ 144,937	$ 119,481	Discounted cash flow	Counterparty credit risk	-
Derivative liabilities	131,400	104,268	Discounted cash flow	Counterparty credit risk	-
Derivative assets, net	$ 13,537	$ 15,213			

Significant increases (decreases) in counterparty credit risk may lead to significantly lower (higher) fair value measurements. Given the credit quality of Bellwether's counterparties, the short duration between funding the loan to the borrower and subsequent sale of the loan to the investor, and Bellwether's historical experience with the agreements, the risk of nonperformance by its counterparties is not considered to be significant.

Nonrecurring fair value measurements
We evaluate mortgage servicing rights and obligations, our investments in unconsolidated partnerships, and intangible assets annually for impairment. We estimate the fair value of mortgage servicing rights and obligations as described in Note 12. We estimate the fair value of investments in unconsolidated partnerships that are held for sale using market yields to investors as of the measurement date. These valuations represent Level 3 fair value measurements due to significant unobservable inputs. We recognize impairment to the extent transferring the unconsolidated partnerships to the investment partnership will result in a loss to us. For all other investments in unconsolidated partnerships, we estimate the fair value based on the residual value to Enterprise of the investment as of the measurement date. During the year ended December 31, 2023, an impairment charge of $0.4 million was recognized on our investment in an Investment Fund. In addition, during the years ended December 31, 2023 and 2022, intangible assets were impaired by $1.1 million and $0.6 million, respectively.

Note 27 - Subsequent events

Events that occur after the consolidated statement of financial position date, but before the consolidated financial statements were available to be issued, must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the consolidated statement of financial position date are recognized in the accompanying consolidated financial statements. Subsequent events which provide evidence about conditions that existed after the consolidated statement of financial position date require disclosure in the accompanying notes. Management evaluated the activity of Enterprise Community Partners, Inc. and its Subsidiaries and Affiliates through April 29, 2024 (the date the consolidated financial statements were available to be issued) and concluded that other than the subsequent event disclosed in Note 23, no other subsequent event requires recognition in the consolidated financial statements. Management determined that other than the subsequent event disclosed in Note 1, no other subsequent event requires disclosure in the notes to the consolidated financial statements.

Supplementary Information

Enterprise Community Partners, Inc. and its Subsidiaries and Affiliates

Supplementary Information

Consolidating Statement of Financial Position
December 31, 2023

Assets

	Enterprise Community Partners, Inc.	Enterprise Community Loan Fund, Inc.	Combined Eliminations	Combined Total	All Other Subsidiaries & Affiliates, net of Eliminations	Consolidated
Cash and cash equivalents	$ 53,239	$ 51,652	$ -	$ 104,891	$ 93,080	$ 197,971
Restricted cash and cash equivalents	86,157	41,585	-	127,742	68,214	195,956
Contributions receivable, net	40,661	-	-	40,661	241	40,902
Accounts and other receivables, net	6,432	2,166	-	8,598	197,318	205,916
Advances to (from) subsidiaries and affiliates	3,050	(1,350)	-	1,700	(1,700)	-
Mortgage loans held for sale	-	-	-	-	160,519	160,519
Derivative assets	-	-	-	-	144,937	144,937
Investments in controlled subsidiaries and affiliates	640,191	-	(134,707)	505,484	(505,484)	-
Investments in uncontrolled subsidiaries and affiliates	1,848	7,112	(3,937)	5,023	155,730	160,753
Prepaid expenses and other assets, net	867	80	-	947	18,570	19,517
Loans and notes receivable, net	22,136	369,290	-	391,426	71,651	463,077
Investments	1,000	5,922	-	6,922	-	6,922
Restricted investments	22,452	2,320	-	24,772	3,359	28,131
Mortgage servicing rights, net	-	-	-	-	193,864	193,864
Property and equipment, net	7,218	679	-	7,897	227,938	235,835
Lease right-of-use assets	27,685	-	-	27,685	17,609	45,294
Intangible assets, net	-	-	-	-	13,863	13,863
Goodwill	-	-	-	-	23,642	23,642
Total assets	$ 912,936	$ 479,456	$ (138,644)	$ 1,253,748	$ 883,351	$ 2,137,099

Liabilities and Net Assets

	Enterprise Community Partners, Inc.	Enterprise Community Loan Fund, Inc.	Combined Eliminations	Combined Total	All Other Subsidiaries & Affiliates, net of Eliminations	Consolidated
Liabilities						
Accounts payable and accrued expenses	$ 6,659	$ 2,844	$ -	$ 9,503	$ 72,166	$ 81,669
Grants payable	10,672	-	-	10,672	-	10,672
Funds held for others	1,728	4,468	-	6,196	16,034	22,230
Derivative liabilities	-	-	-	-	131,467	131,467
Indebtedness	-	333,804	-	333,804	453,334	787,138
Capital contributions payable	-	-	-	-	107,662	107,662
Deferred tax liabilities, net	-	-	-	-	22,940	22,940
Deferred revenue	315	-	-	315	13,106	13,421
Losses in excess of investments in unconsolidated partnerships	-	-	-	-	958	958
Allowance for loan loss sharing	-	-	-	-	40,812	40,812
Lease liabilities	31,557	-	-	31,557	20,005	51,562
Other liabilities	119	3,633	-	3,752	4,867	8,619
Total liabilities	51,050	344,749	-	395,799	883,351	1,279,150
Commitments and contingencies	-	-	-	-	-	-
Net assets						
Net assets without donor restrictions	528,742	96,339	(100,056)	525,025	-	525,025
Net assets without donor restrictions - noncontrolling interest	153,202	-	-	153,202	-	153,202
Net assets with donor restrictions	179,942	38,368	(38,588)	179,722	-	179,722
Total net assets	861,886	134,707	(138,644)	857,949	-	857,949
Total liabilities and net assets	$ 912,936	$ 479,456	$ (138,644)	$ 1,253,748	$ 883,351	$ 2,137,099

See Independent Auditor's Report.

Enterprise Community Partners, Inc. and its Subsidiaries and Affiliates

Supplementary Information

Consolidating Statement of Financial Position
December 31, 2022

	Enterprise Community Partners, Inc.	Enterprise Community Loan Fund, Inc.	Combined Eliminations	Combined Total	All Other Subsidiaries & Affiliates, net of Eliminations	Consolidated
Assets						
Cash and cash equivalents	$ 49,391	$ 31,213	$ -	$ 80,604	$ 96,910	$ 177,514
Restricted cash and cash equivalents	64,871	51,171	-	116,042	58,399	174,441
Contributions receivable, net	34,588	3,160	-	37,748	1,001	38,749
Accounts and other receivables, net	7,407	2,110	-	9,517	149,882	159,399
Advances (from) to subsidiaries and affiliates	7,607	(219)	-	7,388	(7,388)	-
Mortgage loans held for sale	-	-	-	-	85,082	85,082
Derivative assets	-	-	-	-	119,481	119,481
Investments in controlled subsidiaries and affiliates	604,933	-	(119,492)	485,441	(485,441)	-
Investments in uncontrolled subsidiaries and affiliates	480	7,470	(3,925)	4,025	280,678	284,703
Prepaid expenses and other assets, net	566	1,647	-	2,213	18,274	20,487
Loans and notes receivable, net	36,646	270,908	-	307,554	40,855	348,409
Investments	1,000	55,822	-	56,822	-	56,822
Restricted investments	29,861	2,022	-	31,883	3,829	35,712
Mortgage servicing rights, net	-	-	-	-	197,581	197,581
Property and equipment, net	7,828	563	-	8,391	227,771	236,162
Lease right-of-use assets	29,688	-	-	29,688	15,686	45,374
Intangible assets, net	-	-	-	-	19,388	19,388
Goodwill	-	-	-	-	23,642	23,642
Total assets	$ 874,866	$ 425,867	$ (123,417)	$ 1,177,316	$ 845,630	$ 2,022,946
Liabilities and Net Assets						
Liabilities						
Accounts payable and accrued expenses	$ 5,432	$ 2,745	$ -	$ 8,177	$ 72,488	$ 80,665
Grants payable	6,789	-	-	6,789	(875)	5,914
Funds held for others	2,330	6,533	-	8,863	12,207	21,070
Derivative liabilities	-	-	-	-	104,395	104,395
Indebtedness	-	297,097	-	297,097	354,133	651,230
Capital contributions payable	-	-	-	-	209,267	209,267
Deferred tax liabilities, net	-	-	-	-	23,132	23,132
Deferred revenue	542	-	-	542	10,739	11,281
Losses in excess of investments in unconsolidated partnerships	-	-	-	-	1,469	1,469
Allowance for loan loss sharing	-	-	-	-	35,962	35,962
Lease liabilities	33,636	-	-	33,636	18,169	51,805
Other liabilities	-	-	-	-	4,544	4,544
Total liabilities	48,729	306,375	-	355,104	845,630	1,200,734
Commitments and contingencies	-	-	-	-	-	-
Net assets						
Net assets without donor restrictions	501,008	81,747	(84,047)	498,708	-	498,708
Net assets without donor restrictions - noncontrolling interest	150,971	-	-	150,971	-	150,971
Net assets with donor restrictions	174,158	37,745	(39,370)	172,533	-	172,533
Total net assets	826,137	119,492	(123,417)	822,212	-	822,212
Total liabilities and net assets	$ 874,866	$ 425,867	$ (123,417)	$ 1,177,316	$ 845,630	$ 2,022,946

See Independent Auditor's Report.

Enterprise Community Partners, Inc. and its Subsidiaries and Affiliates

Supplementary Information

Consolidating Statement of Activities
Year Ended December 31, 2023

	Without Donor Restrictions						With Donor Restrictions						
	Enterprise Community Partners, Inc.	Enterprise Community Loan Fund, Inc.	Combined Eliminations	Combined Total	All Other Subsidiaries & Affiliates, net of Eliminations	Consolidated	Enterprise Community Partners, Inc.	Enterprise Community Loan Fund, Inc.	Combined Eliminations	Combined Total	All Other Subsidiaries & Affiliates, net of Eliminations	Consolidated	Consolidated Total
Revenue and support													
Gains from mortgage banking activities	$ -	$ -	$ -	$ -	$ 115,472	$ 115,472	$ -	$ -	$ -	$ -	$ -	$ -	$ 115,472
Interest income	3,538	18,680	-	22,218	55,233	77,451	2,532	-	-	2,532	107	2,639	80,090
Syndication fees	-	-	-	-	65,206	65,206	-	-	-	-	-	-	65,206
Contributions	7,037	-	-	7,037	(3,672)	3,365	51,961	2,200	-	54,161	1,507	55,668	59,033
Loan servicing fees	-	1,413	-	1,413	38,573	39,986	-	-	-	-	-	-	39,986
Asset management fees	-	-	-	-	36,331	36,331	-	-	-	-	-	-	36,331
Rental income	-	-	-	-	35,139	35,139	-	-	-	-	-	-	35,139
Grants and contracts	23,391	-	-	23,391	-	23,391	-	7,548		7,548	-	7,548	30,939
Property management fees and reimbursed costs	-	-	-	-	25,202	25,202	-	-	-	-	-	-	25,202
Development fees	-	-	-	-	12,963	12,963	-	-	-	-	-	-	12,963
Services provided to subsidiaries and affiliates	3,547	-	-	3,547	(3,547)	-	-	-	-	-	-	-	-
Advisory services and other fees	-	-	-	-	4,690	4,690	-	-	-	-	-	-	4,690
Investment income	1,753	4,706	-	6,459	(4,491)	1,968	455	107	-	562	(107)	455	2,423
Royalty income	11,965	-	-	11,965	(11,965)	-	-	-	-	-	-	-	-
Other revenue	3,873	1,011	-	4,884	8,648	13,532	-	-	-	-	-	-	13,532
	55,104	25,810	-	80,914	373,782	454,696	54,948	9,855	-	64,803	1,507	66,310	521,006
Net assets released from restrictions	51,945	9,232	(188)	60,989	1,022	62,011	(51,945)	(9,232)	188	(60,989)	(1,022)	(62,011)	-
Total revenue and support	107,049	35,042	(188)	141,903	374,804	516,707	3,003	623	188	3,814	485	4,299	521,006
Expenses													
Program activities	99,287	22,221	(3,400)	118,108	337,767	455,875	-	-	-	-	-	-	455,875
Management and general	7,388	1,533	-	8,921	20,910	29,831	-	-	-	-	-	-	29,831
Fundraising	5,943	-	-	5,943	(265)	5,678	-	-	-	-	-	-	5,678
Total expenses	112,618	23,754	(3,400)	132,972	358,412	491,384	-	-	-	-	-	-	491,384
Excess (deficiency) of revenue and support over expenses from operations	(5,569)	11,288	3,212	8,931	16,392	25,323	3,003	623	188	3,814	485	4,299	29,622
Net realized and unrealized gain on investments	211	34	-	245	60	305	2,890	-	-	2,890	-	2,890	3,195
Impairment	-	-	-	-	(1,515)	(1,515)	-	-	-	-	-	-	(1,515)
Equity in increase (decrease) in net assets of subsidiaries and affiliates	37,806	455	(16,415)	21,846	(14,052)	7,794	(742)	-	1,237	495	(495)	-	7,794
Change in net assets before income taxes	32,448	11,777	(13,203)	31,022	885	31,907	5,151	623	1,425	7,199	(10)	7,189	39,096
Income tax expense	-	-	-	-	885	885	-	-	-	-	-	-	885
Change in net assets	32,448	11,777	(13,203)	31,022	-	31,022	5,151	623	1,425	7,199	(10)	7,189	38,211
Change in net assets, noncontrolling interest	(17,151)	-	-	(17,151)	-	(17,151)	-	-	-	-	-	-	(17,151)
Change in net assets, controlling interest	$ 15,297	$ 11,777	$ (13,203)	$ 13,871	$ -	$ 13,871	$ 5,151	$ 623	$ 1,425	$ 7,199	$ (10)	$ 7,189	$ 21,060

See Independent Auditor's Report.

Enterprise Community Partners, Inc. and its Subsidiaries and Affiliates

Supplementary Information

Consolidating Statement of Activities
Year Ended December 31, 2022

	Without Donor Restrictions						With Donor Restrictions						
	Enterprise Community Partners, Inc.	Enterprise Community Loan Fund, Inc.	Combined Eliminations	Combined Total	All Other Subsidiaries & Affiliates, net of Eliminations	Consolidated	Enterprise Community Partners, Inc.	Enterprise Community Loan Fund, Inc.	Combined Eliminations	Combined Total	All Other Subsidiaries & Affiliates, net of Eliminations	Consolidated	Consolidated Total
Revenue and support													
Gains from mortgage banking activities	$ -	$ -	$ -	$ -	$ 162,739	$ 162,739	$ -	$ -	$ -	$ -	$ -	$ -	$ 162,739
Interest income	2,028	14,167	-	16,195	26,889	43,084	-	-	-	-	-	-	43,084
Syndication fees	-	-	-	-	63,002	63,002	-	-	-	-	-	-	63,002
Contributions	16,478	15	-	16,493	(12,110)	4,383	64,958	10,925	-	75,883	2,769	78,652	83,035
Loan servicing fees	-	1,413	-	1,413	42,169	43,582	-	-	-	-	-	-	43,582
Asset management fees	-	-	-	-	33,190	33,190	-	-	-	-	-	-	33,190
Rental income	-	-	-	-	29,873	29,873	-	-	-	-	-	-	29,873
Grants and contracts	17,530	-	-	17,530	-	17,530	-	5,235		5,235	-	5,235	22,765
Property management fees and reimbursed costs	-	-	-	-	23,680	23,680	-	-	-	-	-	-	23,680
Development fees	-	-	-	-	6,992	6,992	-	-	-	-	-	-	6,992
Services provided to subsidiaries and affiliates	1,093	-	-	1,093	(1,093)	-	-	-	-	-	-	-	-
Advisory services and other fees	-	-	-	-	5,653	5,653	-	-	-	-	-	-	5,653
Investment income	649	1,398	-	2,047	(1,354)	693	410	-	-	410	-	410	1,103
Royalty income	11,843	-	-	11,843	(11,843)	-	-	-	-	-	-	-	-
Other revenue	3,237	2,526	-	5,763	6,174	11,937	-	-	-	-	-	-	11,937
	52,858	19,519	-	72,377	373,961	446,338	65,368	16,160	-	81,528	2,769	84,297	530,635
Net assets released from restrictions	67,141	10,112	(701)	76,552	2,119	78,671	(67,141)	(10,112)	701	(76,552)	(2,119)	(78,671)	-
Total revenue and support	119,999	29,631	(701)	148,929	376,080	525,009	(1,773)	6,048	701	4,976	650	5,626	530,635
Expenses													
Program activities	101,107	18,106	(1,768)	117,445	314,132	431,577	-	-	-	-	-	-	431,577
Management and general	6,020	1,377	-	7,397	12,862	20,259	-	-	-	-	-	-	20,259
Fundraising	6,713	-	-	6,713	(258)	6,455	-	-	-	-	-	-	6,455
Total expenses	113,840	19,483	(1,768)	131,555	326,736	458,291	-	-	-	-	-	-	458,291
Excess (deficiency) of revenue and support over expenses from operations	6,159	10,148	1,067	17,374	49,344	66,718	(1,773)	6,048	701	4,976	650	5,626	72,344
Gain on dispositions of property and equipment	-	-	-	-	15,724	15,724	-	-	-	-	-	-	15,724
Net realized and unrealized (loss) gain on investments	(389)	58	-	(331)	-	(331)	(4,582)	-	-	(4,582)	-	(4,582)	(4,913)
Impairment	-	-	-	-	(627)	(627)	-	-	-	-	-	-	(627)
Equity in increase (decrease) in net assets of subsidiaries and affiliates	76,304	51	(10,307)	66,048	(58,663)	7,385	447	-	203	650	(650)	-	7,385
Change in net assets before income taxes	82,074	10,257	(9,240)	83,091	5,778	88,869	(5,908)	6,048	904	1,044	-	1,044	89,913
Income tax expense	-	-	-	-	7,162	7,162	-	-	-	-	-	-	7,162
Change in net assets	82,074	10,257	(9,240)	83,091	(1,384)	81,707	(5,908)	6,048	904	1,044	-	1,044	82,751
Change in net assets, noncontrolling interest	(33,139)	-	-	(33,139)	-	(33,139)	-	-	-	-	-	-	(33,139)
Change in net assets, controlling interest	$ 48,935	$ 10,257	$ (9,240)	$ 49,952	$ (1,384)	$ 48,568	$ (5,908)	$ 6,048	$ 904	$ 1,044	$ -	$ 1,044	$ 49,612

See Independent Auditor's Report.

Enterprise Community Partners, Inc. and its Subsidiaries and Affiliates

Supplementary Information

Consolidating Statement of Functional Expenses
Year Ended December 31, 2023

	Program activities						Management and General						Fundraising						
Expenses	Enterprise Community Partners, Inc.	Enterprise Community Loan Fund, Inc.	Combined Eliminations	Combined Total	All Other Subsidiaries & Affiliates, net of Eliminations	Consolidated	Enterprise Community Partners, Inc.	Enterprise Community Loan Fund, Inc.	Combined Eliminations	Combined Total	All Other Subsidiaries & Affiliates, net of Eliminations	Consolidated	Enterprise Community Partners, Inc.	Enterprise Community Loan Fund, Inc.	Combined Eliminations	Combined Total	All Other Subsidiaries & Affiliates, net of Eliminations	Consolidated	Consolidated Total
Salaries and employee benefits	$ 29,642	$ 4,397	$ -	$ 34,039	$ 228,708	$ 262,747	$ 2,528	$ 903	$ -	$ 3,431	$ 15,584	$ 19,015	$ 3,550	$ -	$ -	$ 3,550	$ 270	$ 3,820	$ 285,582
Occupancy	2,262	345	-	2,607	33,684	36,291	238	52	-	290	1,662	1,952	238	-	-	238	25	263	38,506
Grants and royalty fee	41,226	3,255	-	44,481	(6,089)	38,392	-	-	-	-	-	-	-	-	-	-	-	-	38,392
Interest expense	-	7,897	-	7,897	28,670	36,567	-	-	-	-	594	594	-	-	-	-	-	-	37,161
General operating expenses	1,096	590	-	1,686	22,912	24,598	56	88	-	144	2,549	2,693	-	-	-	-	102	102	27,393
Professional and contract services	21,729	2,273	-	24,002	(426)	23,576	3,073	472	-	3,545	(758)	2,787	1,703	-	-	1,703	(613)	1,090	27,453
Depreciation and amortization expense	1,091	124	-	1,215	13,616	14,831	117	18	-	135	862	997	67	-	-	67	4	71	15,899
Provision for loan loss sharing and credit losses and bad debt expense	146	3,340	-	3,486	6,183	9,669	-	-	-	-	-	-	51	-	-	51	(51)	-	9,669
Travel and related costs	906	-	-	906	5,108	6,014	142	-	-	142	291	433	148	-	-	148	-	148	6,595
Marketing expenses	625	-	-	625	1,537	2,162	50	-	-	50	139	189	172	-	-	172	(2)	170	2,521
Meetings and conferences	564	-	-	564	464	1,028	1,153	-	-	1,153	18	1,171	14	-	-	14	-	14	2,213
	$ 99,287	$ 22,221	$ -	$ 121,508	$ 334,367	$ 455,875	$ 7,357	$ 1,533	$ -	$ 8,890	$ 20,941	$ 29,831	$ 5,943	$ -	$ -	$ 5,943	$ (265)	$ 5,678	$ 491,384

See Independent Auditor's Report.

Enterprise Community Partners, Inc. and its Subsidiaries and Affiliates

Supplementary Information

Consolidating Statement of Functional Expenses
Year Ended December 31, 2022

Expenses	Program activities					
	Enterprise Community Partners, Inc.	Enterprise Community Loan Fund, Inc.	Combined Eliminations	Combined Total	All Other Subsidiaries & Affiliates, net of Eliminations	Consolidated
Salaries and employee benefits	$ 26,249	$ 4,108	$ -	$ 30,357	$ 224,079	$ 254,436
Occupancy	1,812	399	-	2,211	25,866	28,077
Grants and royalty fee	43,039	3,544	(1,768)	44,815	(18)	44,797
Interest expense	-	6,577	-	6,577	19,242	25,819
General operating expenses	1,912	289	-	2,201	17,706	19,907
Professional and contract services	24,603	1,954	-	26,557	(3,056)	23,501
Depreciation and amortization expense	1,443	106	-	1,549	13,612	15,161
Provision for loan loss sharing and credit losses and bad debt expense	484	1,129	-	1,613	10,212	11,825
Travel and related costs	678	-	-	678	4,461	5,139
Marketing expenses	312	-	-	312	1,692	2,004
Meetings and conferences	575	-	-	575	336	911
	$ 101,107	$ 18,106	$ (1,768)	$ 117,445	$ 314,132	$ 431,577

Expenses	Management and General					
	Enterprise Community Partners, Inc.	Enterprise Community Loan Fund, Inc.	Combined Eliminations	Combined Total	All Other Subsidiaries & Affiliates, net of Eliminations	Consolidated
Salaries and employee benefits	$ 1,826	$ 850	$ -	$ 2,676	$ 10,892	$ 13,568
Occupancy	185	60	-	245	1,223	1,468
Grants and royalty fee	-	-	-	-	-	-
Interest expense	-	-	-	-	138	138
General operating expenses	151	43	-	194	1,183	1,377
Professional and contract services	3,395	408	-	3,803	(1,595)	2,208
Depreciation and amortization expense	176	16	-	192	629	821
Provision for loan loss sharing and credit losses and bad debt expense	-	-	-	-	-	-
Travel and related costs	41	-	-	41	200	241
Marketing expenses	20	-	-	20	178	198
Meetings and conferences	226	-	-	226	14	240
	$ 6,020	$ 1,377	$ -	$ 7,397	$ 12,862	$ 20,259

Expenses	Fundraising						
	Enterprise Community Partners, Inc.	Enterprise Community Loan Fund, Inc.	Combined Eliminations	Combined Total	All Other Subsidiaries & Affiliates, net of Eliminations	Consolidated	Consolidated Total
Salaries and employee benefits	$ 4,145	$ -	$ -	$ 4,145	$ 248	$ 4,393	$ 272,397
Occupancy	243	-	-	243	17	260	29,805
Grants and royalty fee	-	-	-	-	-	-	44,797
Interest expense	-	-	-	-	-	-	25,957
General operating expenses	160	-	-	160	34	194	21,478
Professional and contract services	1,365	-	-	1,365	(562)	803	26,512
Depreciation and amortization expense	51	-	-	51	5	56	16,038
Provision for loan loss sharing and credit losses and bad debt expense	-	-	-	-	-	-	11,825
Travel and related costs	119	-	-	119	-	119	5,499
Marketing expenses	288	-	-	288	-	288	2,490
Meetings and conferences	342	-	-	342	-	342	1,493
	$ 6,713	$ -	$ -	$ 6,713	$ (258)	$ 6,455	$ 458,291

See Independent Auditor's Report.

Enterprise Community Partners, Inc. and its Subsidiaries and Affiliates

Supplementary Information

Consolidating Statement of Cash Flows
Year Ended December 31, 2023

	Enterprise Community Partners, Inc.	Enterprise Community Loan Fund, Inc.	Combined Eliminations	Combined Total	All Other Subsidiaries & Affiliates, net of Eliminations	Consolidated
Cash flows from operating activities						
Changes in net assets	$ 38,224	$ 12,400	$ (12,413)	$ 38,211	$ -	$ 38,211
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities						
Depreciation and amortization expense	1,275	142	-	1,417	14,482	15,899
Amortization of debt issuance costs	-	81	-	81	1,680	1,761
Impairment expense	-	-	-	-	1,515	1,515
Gain on dispositions of property and equipment	-	-	-	-	-	-
Provision for loan loss sharing and credit losses and bad debt expense	146	3,340	-	3,486	6,183	9,669
Conversion of loan payable to restricted grant	-	-	-	-	-	-
Changes in operating lease right-of-use asset and liability, net	(76)	-	-	(76)	(87)	(163)
Net realized and unrealized gain on investments	(3,101)	(34)	-	(3,135)	(60)	(3,195)
Equity in net income from unconsolidated partnerships	-	(455)	13	(442)	(7,352)	(7,794)
Equity in increase in net assets of subsidiaries and affiliates	(37,687)	-	12,400	(25,287)	25,287	-
Deferred tax expense	-	-	-	-	(192)	(192)
Origination of mortgage servicing rights	-	-	-	-	(27,282)	(27,282)
Amortization of mortgage servicing rights	-	-	-	-	33,968	33,968
Origination of mortgages held for sale	-	-	-	-	(2,775,212)	(2,775,212)
Proceeds from sales of loans to third parties	-	-	-	-	2,696,806	2,696,806
(Increases) decreases in assets			-			
Contributions receivable, net	(6,073)	3,160	-	(2,913)	760	(2,153)
Accounts and other receivables, net	975	(56)	-	919	(48,793)	(47,874)
Advances to (from) subsidiaries and affiliates	4,557	1,131	-	5,688	(5,688)	-
Loans and notes receivable, net	-	-	-	-	(628)	(628)
Derivative assets	-	-	-	-	(25,456)	(25,456)
Investments in unconsolidated partnerships	-	-	-	-	24,255	24,255
Prepaid expenses and other assets	(301)	1,567	-	1,266	(264)	1,002
Increases (decreases) in liabilities						
Accounts payable, accrued expenses, and other liabilities	1,028	3,143	-	4,171	1,351	5,522
Grants payable	3,883	-	-	3,883	875	4,758
Funds held for others	(602)	(2,065)	-	(2,667)	3,748	1,081
Deferred tax liabilities, net	-	-	-	-	-	-
Derivative liabilities	-	-	-	-	27,131	27,131
Indebtedness	-	-	-	-	525	525
Net cash provided by (used in) operating activities	2,248	22,354	-	24,602	(52,448)	(27,846)
Cash flows from investing activities						
Advances on loans and notes receivable	(124,953)	(169,842)	-	(294,795)	103,257	(191,538)
Repayments of loans and notes receivable	139,362	71,524	-	210,886	(131,190)	79,696
Net proceeds from sales (purchases of) investments	10,510	49,602	-	60,112	933	61,045
Purchases of property and equipment	(665)	(258)	-	(923)	(9,494)	(10,417)
Investments made in unconsolidated partnerships	(1,370)	(3)	-	(1,373)	(5,552)	(6,925)
Proceeds from dispositions of property and equipment	-	-	-	-	31,234	31,234
Proceeds from transfers of intangible assets	-	-	-	-	263	263
Acquisition of affordable housing property	-	-	-	-	(15,832)	(15,832)
Net cash acquired in purchase of limited partner interests	-	-	-	-	1,059	1,059
Cash paid for acquisition of assets of Phillips	-	-	-	-	-	-
Distributions from investments in unconsolidated partnerships	2	850	-	852	11,030	11,882
Net cash provided by (used in) investing activities	22,886	(48,127)	-	(25,241)	(14,292)	(39,533)

See Independent Auditor's Report.

Enterprise Community Partners, Inc. and its Subsidiaries and Affiliates

Supplementary Information

Consolidating Statement of Cash Flows
Year Ended December 31, 2023

	Enterprise Community Partners, Inc.	Enterprise Community Loan Fund, Inc.	Combined Eliminations	Combined Total	All Other Subsidiaries & Affiliates, net of Eliminations	Consolidated
Cash flows from financing activities						
Proceeds from indebtedness	-	60,163	-	60,163	108,568	168,731
Indebtedness repayments	-	(23,537)	-	(23,537)	(20,405)	(43,942)
Payment of debt issuance costs	-	-	-	-	(1,922)	(1,922)
Acquisition of noncontrolling interest	-	-	-	-	(250)	(250)
Contributions from noncontrolling interest holders	-	-	-	-	11,772	11,772
Distributions to noncontrolling interest holders	-	-	-	-	(25,038)	(25,038)
Net cash provided by financing activities	-	36,626	-	36,626	72,725	109,351
Net increase in cash and cash equivalents	25,134	10,853	-	35,987	5,985	41,972
Cash and cash equivalents, beginning of year	114,262	82,384	-	196,646	155,309	351,955
Cash and cash equivalents, end of year	$ 139,396	$ 93,237	$ -	$ 232,633	$ 161,294	$ 393,927
Supplementary disclosure of cash flow information						
Cash paid for interest during the year, net of amounts capitalized	$ -	$ 7,874	$ -	$ 7,874	$ 28,610	$ 36,484
Income taxes paid, net	-	-	-	-	757	757
Change in accounting policy (Note 2)	-	2,815	-	2,815	(211)	2,604
Reconciliation of cash, cash equivalents, and restricted cash and cash equivalents presented in the statements of cash flows						
Cash and cash equivalents	53,239	51,652	-	104,891	93,080	197,971
Restricted cash and cash equivalents	86,157	41,585	-	127,742	68,214	195,956
Total cash, cash equivalents, and restricted cash and cash equivalents presented in the statements of cash flows	$ 139,396	$ 93,237	$ -	$ 232,633	$ 161,294	$ 393,927
Supplementary disclosure of significant noncash investing and financing activities						
Commitments to make capital contributions to unconsolidated partnerships	$ -	$ -	$ -	$ -	$ 98,294	$ 98,294
Transfers of investments in unconsolidated partnerships	$ -	$ -	$ -	$ -	$ 199,899	$ 199,899
Loan receivable foreclosure resulting in real estate owned included in prepaid expenses and other assets	$ -	$ -	$ -	$ -	$ -	$ -
Note receivable received in lieu of cash for predevelopment costs	$ -	$ -	$ -	$ -	$ -	$ -
Note receivable for transfer of property	$ -	$ -	$ -	$ -	$ 2,143	$ 2,143
Recovery of loan receivable presented as a loan payable repayment	$ -	$ -	$ -	$ -	$ -	$ -
Loans receivable written off	$ -	$ 502	$ -	$ 502	$ -	$ 502
Notes receivable funded with grants written off	$ -	$ 805	$ -	$ 805	$ -	$ 805
Notes payable assumed in acquisition of property	$ -	$ -	$ -	$ -	$ 4,351	$ 4,351
Loan payable converted to grant with donor restrictions	$ -	$ -	$ -	$ -	$ -	$ -
Recognition of contingent consideration liability in connection with Phillips acquisition	$ -	$ -	$ -	$ -	$ -	$ -
Issuance of equity in connection with Phillips acquisition	$ -	$ -	$ -	$ -	$ -	$ -

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Enterprise Community Partners, Inc. and its Subsidiaries and Affiliates

Supplementary Information

Consolidating Statement of Cash Flows
Year Ended December 31, 2022

	Enterprise Community Partners, Inc.	Enterprise Community Loan Fund, Inc.	Combined Eliminations	Combined Total	All Other Subsidiaries & Affiliates, net of Eliminations	Consolidated
Cash flows from operating activities						
Changes in net assets	$ 82,235	$ 16,305	$ (15,789)	$ 82,751	$ -	$ 82,751
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities						
Depreciation and amortization expense	1,670	122	-	1,792	14,246	16,038
Amortization of debt issuance costs	-	156	-	156	798	954
Impairment expense	-	-	-	-	627	627
Gains on dispositions of property and equipment	-	-	-	-	(15,724)	(15,724)
Provision for loan loss sharing and credit losses and bad debt expense	485	1,129	-	1,614	10,211	11,825
Conversion of loan payable to restricted grant	-	(3,000)	-	(3,000)	-	(3,000)
Changes in operating lease right-of-use asset and liability, net	3,948	-	-	3,948	2,483	6,431
Net realized and unrealized gain (loss) on investments	4,971	(58)	-	4,913	-	4,913
Equity in net income from unconsolidated partnerships	-	(51)	(516)	(567)	(6,818)	(7,385)
Equity in increase in net assets of subsidiaries and affiliates	(82,799)	-	16,305	(66,494)	66,494	-
Deferred tax expense	-	-	-	-	861	861
Origination of mortgage servicing rights	-	-	-	-	(43,100)	(43,100)
Amortization of mortgage servicing rights	-	-	-	-	34,540	34,540
Origination of mortgages held for sale	-	-	-	-	(3,566,970)	(3,566,970)
Proceeds from sales of loans to third parties	-	-	-	-	4,285,819	4,285,819
Decreases (increases) in assets						
Contributions receivable, net	13,887	(613)	-	13,274	997	14,271
Accounts and other receivables, net	(170)	(34)	-	(204)	7,406	7,202
Advances (from) to subsidiaries and affiliates	(7,872)	350	-	(7,522)	7,522	-
Loans and notes receivable, net	-	-	-	-	(1,527)	(1,527)
Derivative assets	-	-	-	-	(74,811)	(74,811)
Investments in unconsolidated partnerships	-	-	-	-	(19,519)	(19,519)
Prepaid expenses and other assets	193	(117)	-	76	(5,257)	(5,181)
(Decreases) increases in liabilities				-		-
Accounts payable, accrued expenses, and other liabilities	(3,841)	1,052	-	(2,789)	(13,133)	(15,922)
Grants payable	(42,988)	-	-	(42,988)	(875)	(43,863)
Funds held for others	712	3,834	-	4,546	2,366	6,912
Deferred tax liabilities, net	-	-	-	-	-	-
Derivative liabilities	-	-	-	-	73,567	73,567
Indebtedness	-	-	-	-	(38)	(38)
						-
Net cash (used in) provided by operating activities	(29,569)	19,075	-	(10,494)	760,165	749,671
Cash flows from investing activities						
Advances on loans and notes receivable	(31,697)	(164,358)	-	(196,055)	59,076	(136,979)
Repayments of loans and notes receivable	57,475	137,871	-	195,346	(111,393)	83,953
Net (purchases of) proceeds from sales of investments	(814)	(56,382)	-	(57,196)	1,821	(55,375)
Purchases of property and equipment	(2,621)	(101)	-	(2,722)	(7,557)	(10,279)
Investments made in unconsolidated partnerships	-	(133)	-	(133)	(2,463)	(2,596)
Proceeds from dispositions of property and equipment	-	-	-	-	29,315	29,315
Proceeds from transfers of intangible assets	-	-	-	-	-	-
Acquisition of affordable housing properties	-	-	-	-	(46,420)	(46,420)
Net cash acquired in purchase of limited partner interests	-	-	-	-	4,416	4,416
Cash paid for acquisition of assets of Phillips	-	-	-	-	(5,000)	(5,000)
Distributions from investments in unconsolidated partnerships	-	4,231	-	4,231	10,679	14,910
Net cash provided by (used in) investing activities	22,343	(78,872)	-	(56,529)	(67,526)	(124,055)

See Independent Auditor's Report.

Enterprise Community Partners, Inc. and its Subsidiaries and Affiliates

Supplementary Information

Consolidating Statement of Cash Flows
Year Ended December 31, 2022

	Enterprise Community Partners, Inc.	Enterprise Community Loan Fund, Inc.	Combined Eliminations	Combined Total	All Other Subsidiaries & Affiliates, net of Eliminations	Consolidated
Cash flows from financing activities						
Proceeds from indebtedness	-	114,090	-	114,090	80,413	194,503
Indebtedness repayments	-	(38,635)	-	(38,635)	(770,616)	(809,251)
Payment of debt issuance costs	-	-	-	-	(1,489)	(1,489)
Contributions from noncontrolling interest holders	-	-	-	-	7,314	7,314
Distributions to noncontrolling interest holders	-	-	-	-	(33,734)	(33,734)
Net cash provided by financing activities	-	75,455	-	75,455	(718,112)	(642,657)
Net (decrease) increase in cash and cash equivalents	(7,226)	15,658	-	8,432	(25,473)	(17,041)
Cash and cash equivalents, beginning of year	121,488	66,726	-	188,214	180,782	368,996
Cash and cash equivalents, end of year	$ 114,262	$ 82,384	$ -	$ 196,646	$ 155,309	$ 351,955
Supplementary disclosure of cash flow information						
Cash paid for interest during the year, net of amounts capitalized	$ -	$ 6,084	$ -	$ 6,084	$ 20,069	$ 26,153
Income taxes paid, net	-	-	-	-	9,854	9,854
Reconciliation of cash, cash equivalents, and restricted cash and cash equivalents presented in the statements of cash flows						
Cash and cash equivalents	49,391	31,213	-	80,604	96,910	177,514
Restricted cash and cash equivalents	64,871	51,171	-	116,042	58,399	174,441
Total cash, cash equivalents, and restricted cash and cash equivalents presented in the statements of cash flows	$ 114,262	$ 82,384	$ -	$ 196,646	$ 155,309	$ 351,955
Supplementary disclosure of significant noncash investing and financing activities						
Commitments to make capital contributions to unconsolidated partnerships	$ -	$ -	$ -	$ -	$ 209,267	$ 209,267
Transfers of investments in unconsolidated partnerships	$ -	$ -	$ -	$ -	$ 180,056	$ 180,056
Loan receivable foreclosure resulting in real estate owned included in prepaid expenses and other assets	$ -	$ 1,526	$ -	$ 1,526	$ -	$ 1,526
Note receivable received in lieu of cash for predevelopment costs	$ -	$ -	$ -	$ -	$ 765	$ 765
Note receivable for transfer of property	$ -	$ -	$ -	$ -	$ -	$ -
Recovery of loan receivable presented as a loan payable repayment	$ -	$ 740	$ -	$ 740	$ -	$ 740
Loans receivable written off	$ -	$ 402	$ -	$ 402	$ -	$ 402
Notes receivable funded with grants written off	$ -	$ -	$ -	$ -	$ -	$ -
Notes payable assumed in acquisition of property	$ -	$ -	$ -	$ -	$ -	$ -
Loan payable converted to grant with donor restrictions	$ -	$ 3,000	$ -	$ 3,000	$ -	$ 3,000
Recognition of contingent consideration liability in connection with Phillips acquisition	$ -	$ -	$ -	$ -	$ 7,340	$ 7,340
Issuance of equity in connection with Phillips acquisition	$ -	$ -	$ -	$ -	$ 5,000	$ 5,000

See Independent Auditor's Report.

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Trustees
Enterprise Community Partners, Inc.

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, the consolidated financial statements of Enterprise Community Partners, Inc. and its Subsidiaries and Affiliates, which comprise the consolidated statement of financial position as of December 31, 2023, and the related consolidated statements of activities, functional expenses, changes in net assets, and cash flows for the year then ended, and the related notes to the consolidated financial statements and have issued our report thereon dated April 29, 2024. The financial statements of certain subsidiaries and affiliates were not audited in accordance with *Government Auditing Standards* and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with these subsidiaries and affiliates.

Report on Internal Control over Financial Reporting

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

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

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

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Report on Compliance and Other Matters

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

Purpose of This Report

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

CohnReznick LLP

Bethesda, Maryland
April 29, 2024

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