
LACASA, INC. AND SUBSIDIARIES
(AN INDIANA NOT-FOR-PROFIT CORPORATION)

CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT

YEARS ENDED DECEMBER 31, 2021 AND 2020

**LACASA, INC. AND SUBSIDIARIES
(AN INDIANA NOT-FOR-PROFIT CORPORATION)**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
LaCasa, Inc. and Subsidiaries
(An Indiana Not-for-Profit Corporation)

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying consolidated financial statements of LaCasa, Inc. and Subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, and the related consolidated statements of activities, 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 financial statements referred to above present fairly, in all material respects, the financial position of LaCasa, Inc. and Subsidiaries as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits 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. 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 LaCasa, Inc. and Subsidiaries and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about LaCasa, Inc. and Subsidiaries' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance, and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 financial statements.

In performing an audit in accordance with generally accepted auditing standards 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 financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of LaCasa, Inc. and Subsidiaries' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about LaCasa, Inc. and Subsidiaries' ability to continue as a going concern for a reasonable period of time.

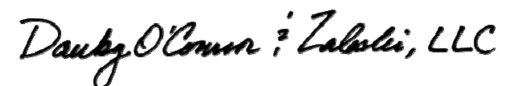
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2022, on our consideration of LaCasa, Inc. and Subsidiaries' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of LaCasa, Inc. and Subsidiaries' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering LaCasa, Inc. and Subsidiaries' internal control over financial reporting and compliance.



March 30, 2022
Carmel, Indiana

Dauby O'Connor & Zaleski, LLC
Certified Public Accountants

LACASA, INC. AND SUBSIDIARIES
(AN INDIANA NOT-FOR-PROFIT CORPORATION)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

ASSETS		
	2021	2020
Current assets		
Cash and cash equivalents		
Cash	\$ 1,360,897	\$ 1,516,604
Resident security deposits	120,726	110,879
Reserve for replacements	679,592	676,631
Operating reserves	1,062,272	970,325
Total cash and cash equivalents	3,223,487	3,274,439
Accounts receivable - residential and commercial, net	8,720	22,484
Accounts and notes receivable - operations	211,560	181,314
Investments - properties for resale	22,022	22,685
Prepaid expenses	127,100	41,065
Current portion of mortgages and notes receivable	42,815	51,594
Total current assets	3,635,704	3,593,581
Restricted deposits and funded reserves		
Cash - IDA funds	575,950	673,606
Property and equipment		
Land	358,907	385,198
Buildings and land improvements	42,159,150	41,419,281
Furniture and equipment	848,095	848,095
Office furniture and equipment	830,096	830,096
Vehicles	1,163	1,163
Construction in progress	1,113,033	700,645
	45,310,444	44,184,478
Less: Accumulated depreciation	(17,885,842)	(16,744,390)
Total property and equipment	27,424,602	27,440,088
Other assets		
Investments - entity	12,932	13,447
Unamortized costs, net	33,413	37,463
Mortgages and notes receivable, net of current portion	1,806,617	952,944
Investments - CFEC	108,966	95,538
Total other assets	1,961,928	1,099,392
	\$ 33,598,184	\$ 32,806,667

LACASA, INC. AND SUBSIDIARIES
(AN INDIANA NOT-FOR-PROFIT CORPORATION)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)
DECEMBER 31, 2021 AND 2020

LIABILITIES AND NET ASSETS

	2021	2020
Current liabilities		
Accounts payable	\$ 104,399	\$ 174,397
Accrued expenses and other payables	177,962	191,757
Current portion of accrued interest	4,414	1,930
Accrued real estate taxes	18,257	20,904
Prepaid revenue	14,815	13,120
Current portion of mortgage notes and notes payable	934,626	242,088
Total current liabilities	1,254,473	644,196
Deposit liabilities		
Resident security deposits	200,423	183,648
IDA funds held	240,163	147,025
Total deposit liabilities	440,586	330,673
Long term liabilities		
Development fee payable	-	268,185
Lines of credit	429,677	494,513
Notes payable - entity, net of current portion	465,000	465,000
Notes payable, net of current portion	689,539	1,388,895
Mortgage notes payable - first mortgages, net of current portion	2,927,002	2,584,941
PPP Loan	-	324,000
Less: Unamortized debt issuance costs, net	(6,478)	(9,136)
Notes payable - Elkhart County Housing Fund	774,397	922,602
Accrued interest, net of current portion	98,731	85,469
Total long term liabilities	5,377,868	6,524,469
Total liabilities	7,072,927	7,499,338
Net Assets		
Without donor restrictions	20,333,892	18,714,099
With donor restrictions	1,358,007	532,469
Non-controlling interest	4,833,358	6,060,761
Total net assets	26,525,257	25,307,329
	\$ 33,598,184	\$ 32,806,667

LACASA, INC. AND SUBSIDIARIES
(AN INDIANA NOT-FOR-PROFIT CORPORATION)

CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue			
Rental income, net of vacancy and concessions	\$ 2,565,242	\$ -	\$ 2,565,242
Fees for services	284,706	-	284,706
Grant income	2,645,978	1,000,000	3,645,978
Donations income	528,963	-	528,963
Donated labor and assets	8,902	-	8,902
Interest income	24,967	-	24,967
Change in beneficial interest	13,428	-	13,428
Other income	366,239	-	366,239
Satisfaction of program restrictions	174,462	(174,462)	-
Total revenue	6,612,887	825,538	7,438,425
Expenses			
Program expenses			
Asset and property management	3,816,764	-	3,816,764
Community building and engagement	94,783	-	94,783
Financial empowerment center	761,946	-	761,946
Real estate development	603,452	-	603,452
Immigration services	152,555	-	152,555
Total program expenses	5,429,500	-	5,429,500
Supporting services			
Mission advancement	289,052	-	289,052
Management and general	501,945	-	501,945
Total supporting services	790,997	-	790,997
Total expenses	6,220,497	-	6,220,497
Changes in net assets	\$ 392,390	\$ 825,538	\$ 1,217,928
Non-controlling interest in net losses of subsidiaries	1,227,403	-	1,227,403
Changes in net assets excluding non-controlling interest	\$ 1,619,793	\$ 825,538	\$ 2,445,331

LACASA, INC. AND SUBSIDIARIES
(AN INDIANA NOT-FOR-PROFIT CORPORATION)

CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue			
Rental income, net of vacancy and concessions	\$ 2,381,347	\$ -	\$ 2,381,347
Fees for services	479,164	-	479,164
Grant income	2,487,188	-	2,487,188
Donations income	496,259	-	496,259
Donated labor and assets	10,050	-	10,050
Interest income	18,595	-	18,595
Change in beneficial interest	9,394	-	9,394
Other income	95,427	-	95,427
Satisfaction of program restrictions	447,614	(447,614)	-
Total revenue	6,425,038	(447,614)	5,977,424
Expenses			
Program expenses			
Asset and property management	3,588,283	-	3,588,283
Community building and engagement	79,972	-	79,972
Financial empowerment center	688,794	-	688,794
Real estate development	488,568	-	488,568
Immigration services	137,036	-	137,036
Total program expenses	4,982,653	-	4,982,653
Supporting services			
Mission advancement	236,788	-	236,788
Management and general	492,550	-	492,550
Total supporting services	729,338	-	729,338
Total expenses	5,711,991	-	5,711,991
Changes in net assets	\$ 713,047	\$ (447,614)	\$ 265,433
Non-controlling interest in net losses of subsidiaries	1,180,250	-	1,180,250
Changes in net assets excluding non-controlling interest	\$ 1,893,297	\$ (447,614)	\$ 1,445,683

LACASA, INC. AND SUBSIDIARIES
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CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2021 AND 2020

	WITHOUT DONOR RESTRICTIONS		WITH DONOR RESTRICTIONS	TOTAL
	Controlled interest	Non- controlling interest		
Net assets, January 1, 2020	\$ 16,820,802	\$ 7,241,011	\$ 980,083	\$ 25,041,896
Changes in net assets	1,893,297	(1,180,250)	(447,614)	265,433
Net assets, December 31, 2020	18,714,099	6,060,761	532,469	25,307,329
Changes in net assets	1,619,793	(1,227,403)	825,538	1,217,928
Net assets, December 31, 2021	\$ 20,333,892	\$ 4,833,358	\$ 1,358,007	\$ 26,525,257

LACASA, INC. AND SUBSIDIARIES
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CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Cash flow from operating activities		
Changes in net assets	\$ 1,217,928	\$ 265,433
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	1,485,828	1,416,630
Amortization of debt issuance costs	2,658	2,658
Amortization	4,050	4,050
Change in beneficial interest	(8,998)	(9,394)
(Gain) Loss on sale of property and equipment	19,747	(103,884)
Forgiveness of PPP Loan	(324,000)	-
Write off of development fee payable	(268,185)	-
Change in assets and liabilities:		
Cash - IDA funds	97,656	33,538
Accounts receivable - residents and commercial, net	13,764	4,414
Accounts and notes receivable - operations	(30,246)	170,985
Prepaid expenses	(86,035)	21,873
Accounts payable	(36,276)	35,323
IDA funds held	93,138	18,823
Accrued expenses and other payables	(13,795)	61,046
Accrued interest	15,746	14,979
Accrued real estate taxes	(2,647)	502
Prepaid revenue	1,695	5,729
Resident security deposits	16,775	9,464
Net cash provided by (used in) operating activities	<u>2,198,803</u>	<u>1,952,169</u>
Cash flow from investing activities		
Mortgages and notes receivable	(844,894)	53,028
Purchase of property and equipment	(2,248,648)	(2,927,457)
Proceeds from sale of property and equipment	725,500	134,000
Investments - entity	515	492
Investments - ECCF	(4,430)	(9,394)
Net cash provided by (used in) investing activities	<u>\$ (2,371,957)</u>	<u>\$ (2,749,331)</u>

LACASA, INC. AND SUBSIDIARIES
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CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
Cash flow from financing activities		
Proceeds from lines of credit	\$ 610,288	\$ 467,846
Payments on lines of credit	(675,124)	(173,333)
Payments on notes payable	(28,059)	(263,231)
Proceeds from mortgage notes payable	533,749	445,000
Payments on mortgage notes payable	(165,814)	(41,667)
Proceeds from PPP Loan	-	324,000
Payments on notes payable - Elkhart County Housing Fund	(152,838)	(42,689)
Net cash provided by (used in) financing activities	122,202	715,926
Change in cash and cash equivalents	(50,952)	(81,236)
Cash and cash equivalents, beginning of year	3,274,439	3,355,675
Cash and cash equivalents, end of year	\$ 3,223,487	\$ 3,274,439
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	\$ 184,043	\$ 156,063

Supplemental information:

Cash flows from investing activities related to the purchase of property and equipment for the year ended December 31, 2021 includes \$90,051, which was included in accounts payable at December 31, 2020 and excludes \$56,329, which is included in accounts payable at December 31, 2021.

LACASA, INC. AND SUBSIDIARIES
(AN INDIANA NOT-FOR-PROFIT CORPORATION)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 1-ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

LaCasa, Inc. was formed as a Not-For-Profit Corporation under the laws of the State of Indiana on February 26, 1970. The mission of the organization is to work "...in partnership with individuals and community partners to create opportunity for personal empowerment, family stability and neighborhood vitality." This mission is carried out through the following lines of business: 1) real estate development, 2) asset and property management, 3) financial empowerment, 4) immigration services, and 5) community building and engagement. LaCasa, Inc. utilizes a variety of city, county, state and federal grants, as well as private fundraising and program service revenues to fund these activities.

Real Estate Development

This line of business directs all real estate acquisition and development activities including single and multi-family construction and rehabilitation, owner-occupied rehabilitation and support for property maintenance activities.

Asset and Property Management

As of December 31, 2021, LaCasa, Inc. and Subsidiaries owned and operated 347 units of affordable rental housing and related commercial space. 196 of those units were owned directly by LaCasa, Inc., and the remaining 151 units were owned by the limited partnerships further described below. The LaCasa, Inc.-owned units include a 72-unit multi-family project known as Arbor Ridge Apartments, 29 units of Permanent Supportive Housing, two 10-unit multi-family residential buildings, one 6-unit multi-family building, one 15-unit multifamily building, one 8-unit multi-family building, 44 scattered-site rental units and 2 units of commercial space. All housing and commercial units are located in Elkhart County, Indiana. The Permanent Supportive Housing is operated in collaboration with Oaklawn, the community mental health center who provides case management and other supportive services for tenants in those units. Commercial units are primarily leased to other social service agencies who utilize the space to provide services to their clients.

Residential housing and commercial space

The consolidated financial statements include the transactions and accounts of LaCasa, Inc. and its wholly owned subsidiaries; LaCasa WTP Development Corporation, Lincoln Avenue Housing Corporation, LaCasa RC Development Corporation, LaCasa HAEP Development Corporation, and LaCasa Real Estate Holdings, LLC (collectively, "LaCasa") and also Elkhart Senior Housing, LP ("Water Tower Place Apartments"), Lincoln Avenue Redevelopment, LP ("Lincoln Avenue"), Roosevelt Center, LP ("Roosevelt Center"), and Hawks Arts & Enterprise Center, LP ("Hawks") (collectively, the "Subsidiaries") which are reported collectively as LaCasa, Inc. and Subsidiaries (the "Corporation").

LaCasa WTP Development Corporation, a wholly owned subsidiary of LaCasa, Inc., was formed to own a general partnership interest in Elkhart Senior Housing, LP.

Lincoln Avenue Housing Corporation, a wholly owned subsidiary of LaCasa, Inc., was formed to own a general partnership interest in Lincoln Avenue Redevelopment, LP.

LaCasa RC Development Corporation, a wholly owned subsidiary of LaCasa, Inc., was formed to own a general partnership interest in Roosevelt Center, LP.

LACASA, INC. AND SUBSIDIARIES
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 1-ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Residential housing and commercial space (continued)

LaCasa HAEP Development Corporation, a wholly owned subsidiary of LaCasa, Inc., was formed to own a general partnership interest in Hawks Arts & Enterprise Center, LP.

LaCasa Real Estate Holdings, LLC, a wholly owned subsidiary of LaCasa, Inc., was formed to participate in the Indiana Housing and Community Development Authority Blight Elimination Program ("BEP") to acquire and demolish blighted residential structures and facilitate an end use of newly vacant residential lots.

Water Tower Place Apartments was formed as a limited partnership under the laws of the State of Indiana on October 5, 2006 for the purpose of constructing, developing, improving, maintaining, operating, and leasing a 52-unit affordable senior housing property located in Elkhart, Indiana. Pursuant to the terms of the partnership agreement, the general partner is LaCasa WTP Development Corporation, a wholly owned subsidiary of LaCasa, Inc., having a 0.1% ownership and the limited partner is Ohio Equity Fund for Housing Limited Partnership XVI having a 99.9% ownership. The term of the partnership shall extend until December 31, 2046, unless sooner terminated as provided in the partnership agreement. WTP Apartments qualifies for the low-income housing tax credit in accordance with Section 42 of the Internal Revenue Code ("LIHTC") and has entered into extended use agreements and loan agreements which govern the operation of the property and restricts the persons eligible to reside at the property.

Lincoln Avenue was formed as a limited partnership under the laws of the State of Indiana on August 11, 2006 for the purpose of constructing, developing, improving, maintaining, operating, and leasing a 28-unit affordable housing property and one commercial space located in Goshen, Indiana. Pursuant to the terms of the partnership agreement, the general partner is Lincoln Avenue Housing Corporation, a wholly owned subsidiary of LaCasa, Inc., having a 0.01% ownership and the limited partners are Great Lakes Capital Fund for Housing Limited Partnership XV and Great Lakes Capital Fund for Housing 5/3 Fund I Limited Partnership having a 99.99% ownership. The term of the partnership shall extend until December 31, 2056, unless sooner terminated as provided in the partnership agreement. Lincoln Avenue qualifies for the ("LIHTC") and has entered into extended use agreements and loan agreements which govern the operation of the property and restricts the persons eligible to reside at the property.

Roosevelt Center was formed as a limited partnership under the laws of the State of Indiana on August 13, 2007 for the purpose of constructing, developing, improving, maintaining, operating, and leasing a 35-unit affordable housing property located in Elkhart, Indiana. Pursuant to the terms of the partnership agreement, the general partner is LaCasa RC Development Corporation, a wholly owned subsidiary of LaCasa, Inc., having a 0.01% ownership and the limited partner is GL-Roosevelt Center Elkhart LLC having a 99.99% ownership. The term of the partnership shall extend until December 31, 2057, unless sooner terminated as provided in the partnership agreement. Roosevelt Center qualifies for the ("LIHTC") and has entered into extended use agreements and loan agreements which govern the operation of the property and restricts the persons eligible to reside at the property.

**LACASA, INC. AND SUBSIDIARIES
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 1-ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Residential housing and commercial space (continued)

Hawks was formed as a limited partnership under the laws of the State of Indiana on March 20, 2013 for the purpose of constructing, developing, improving, maintaining, operating, and leasing a 35-unit affordable housing property located in Goshen, Indiana. Pursuant to the terms of the partnership agreement, the general partner is LaCasa HAEP Development Corporation, a wholly owned subsidiary of LaCasa, Inc., having a 0.01% ownership and the limited partner is Great Lakes Capital Fund for Housing Limited Partnership XXVII having a 99.99% ownership. The term of the partnership shall extend until December 31, 2112, unless sooner terminated as provided in the partnership agreement. Hawks qualifies for the ("LIHTC") and has entered into extended use agreements and loan agreements which govern the operation of the property and restricts the persons eligible to reside at the property.

Financial Empowerment Center

This line of business provides comprehensive training and counseling services covering both Homeownership Promotion and Preservation including administration of Individual Development Accounts (matched savings accounts) and delivers a variety of other financial empowerment services.

Immigration Services

This line of business provides fee for service assistance with a variety of immigration documentation, legalization, translation and related activities delivered by a U.S. Citizenship and Immigration Services ("USCIS")-certified counselor.

Community Building and Engagement

This line of business provides leadership development for neighborhood leaders in Elkhart County, facilitation of neighborhood visioning and action planning, connections and referrals to local resources and information and acts as a bridge between the neighborhood and other stakeholders.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial reporting

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

The primary intent of the financial statements is for the U.S. Office of Management and Budget. The accounts of the Corporation are maintained, and the consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America. Accordingly, revenues are recognized when earned, and expenses are recognized when incurred. In addition, the consolidated financial statements are in conformity with the provisions required by the Not-for-Profit Entities Presentation of Financial Statements topic of the Financial Accounting Standards Board ("FASB") *Accounting Standards Codification* ("ASC") 958-205. This statement established standards for external financial reporting for Not-for-Profit Organizations.

LACASA, INC. AND SUBSIDIARIES
(AN INDIANA NOT-FOR-PROFIT CORPORATION)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 1-ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Financial reporting (continued)

The Not-for-Profit Entities Presentation of Financial Statements topic of the FASB ASC primarily affects the display of the financial statements and requires that the amounts for each of two classes of net assets - with or without donor restrictions be displayed in an aggregate statement of financial position and the amounts of change in each of those classes of net assets be displayed in a statement of changes in net assets. Assets held by the Corporation at December 31, 2021 and 2020 are classified as with donor restrictions (See Note 15) or without donor restrictions (See Note 16).

Consolidation

In accordance with FASB ASC 810-10, the consolidated financial statements include the accounts of LaCasa and its wholly owned partnerships, after elimination of all material intercompany accounts, transactions, and profits.

The financial statements also consolidate the assets, liabilities, and activities of LaCasa and various limited partnerships for which a wholly owned subsidiary of LaCasa, as the general partner, has a controlling financial and legal interest (see Note 1). All significant intercompany transactions have been eliminated in the consolidation.

New accounting pronouncements

In February 2016, FASB issued *Accounting Standards Update* ("ASU") 2016-02, Leases, which once implemented will result in lessees recognizing most leased assets and corresponding lease liabilities on the consolidated statements of financial position. The standard is effective for year-ends beginning after December 15, 2021 and early adoption is permitted. The lease standard is not expected to have a material impact on the financial statements.

Cash

For the consolidated statements of cash flows, all unrestricted investments are cash. At December 31, 2021 and 2020, cash consists of unrestricted checking accounts, savings accounts and petty cash.

Resident and commercial tenant receivable and bad debt policy

Resident and commercial tenant rent charges for the current month are due on the first of the month. Resident and commercial tenants who are evicted or move out are charged with damages or cleaning fees, if applicable. Resident and commercial tenant receivables consist of amounts due for rents, damages and cleaning fees. The Corporation does not accrue interest on the resident or commercial receivables.

LACASA, INC. AND SUBSIDIARIES
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 1-ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Resident and commercial tenant receivable and bad debt policy (continued)

Management periodically reviews resident and commercial tenant receivables and uses an allowance for doubtful accounts to recognize bad debts. Resident and commercial tenant receivable on the consolidated statements of financial position is shown net of the allowance for doubtful accounts, which totaled \$51,586 and \$43,538 at December 31, 2021 and 2020, respectively. Bad debts included in asset and property management in the consolidated statements of activities expensed for the years ended December 31, 2021 and 2020 totaled \$43,176 and \$43,768, respectively.

Investments - properties for resale

The real estate held for resale is recorded at cost less a valuation allowance after consideration of level 3 inputs within the fair value hierarchy, further described below.

Other receivables and bad debt policy

Mortgages and notes receivable are carried at amounts contractually due, less an allowance for doubtful accounts. Grants receivable consists of formal commitments to provide funding. Pledges receivable consists of written promises to give by donors. Development fees receivable consists of amounts due from related entities for construction development when earned per the development fee agreement and is eliminated in consolidation. The Corporation does not accrue interest on these receivable balances.

Management periodically reviews mortgages, grants, pledges, and development fees receivable and uses an allowance for doubtful accounts to recognize bad debts. Mortgages, grants, pledges, and development fee receivables on the consolidated statements of financial position is shown net of the allowance for doubtful accounts, which totaled \$2,757 and \$11,633 at December 31, 2021 and 2020, respectively. Bad debts included in Financial Empowerment Center in the consolidated statements of activities expensed for the years ended December 31, 2021 and 2020 totaled \$-0- and \$3,297, respectively.

Notes receivable

Notes receivable are carried at amounts contractually due, less an allowance for doubtful accounts. The Corporation accrues interest on the note receivable balances.

Management periodically reviews notes receivable and uses an allowance for doubtful accounts to recognize bad debts. Notes receivable on the consolidated statements of financial position is shown net of the allowance for doubtful accounts. There were no bad debts expensed for the years ended December 31, 2021 and 2020. There is no allowance for doubtful accounts as of December 31, 2021 and 2020.

LACASA, INC. AND SUBSIDIARIES
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 1-ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Property and equipment

Land, buildings and land improvements, and furniture and equipment are recorded at cost. Depreciation is provided for in amounts sufficient to relate the costs of depreciable assets to operations over their estimated service lives of 7-40 years using the straight-line method. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Depreciation expense for the years ended December 31, 2021 and 2020 was \$1,485,828 and \$1,416,630, respectively.

The Corporation is subject to the provisions of the Impairment or Disposal of Long-Lived Assets topic of the FASB ASC 360-10. Impairment or Disposal of Long-Lived Assets has no retroactive impact on the Corporation's consolidated financial statements. The standard requires impairment losses to be recorded on long-lived assets when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets (excluding interest) are less than the carrying amount of the assets. In such cases, the carrying value of assets to be held and used are adjusted to their estimated fair value and assets held for sale are adjusted to their estimated fair value less selling expenses. No impairment loss was recognized during the years ended December 31, 2021 and 2020.

Debt issuance costs

The Corporation is subject to the provisions of the Interest-Imputation of Interest topic of the FASB ASC 835-30 which requires unamortized debt issuance costs to be presented as a reduction of the outstanding debt and the amortization of the debt issuance costs to be presented as a component of interest expense. Generally accepted accounting principles require that the effective yield method be used to amortize debt issuance costs; however, the effect of using the straight-line method is not material to the financial statements for the years ended December 31, 2021 and 2020.

Donated assets

Donations of property and equipment and other assets are recorded as revenue at their estimated fair value at the date of donation. Such donations are reported as without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment and other assets are reported as with donor restrictions. Absent donor stipulations regarding how long these donated assets must be maintained, the Corporation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Corporation reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Compensated absences

Employees of the Corporation are entitled to paid vacation and paid sick days depending on length of service and other factors. At December 31, 2021 and 2020 accrued compensated absences were \$70,838 and \$84,246, respectively, and are included in accrued expenses and other payables on the consolidated statements of financial position.

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YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 1-ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Rental income

Rental income is recognized as rents become due. Rental payments received in advance are deferred until earned. All leases between the Corporation or relevant subsidiary and the residents are operating leases and will be for terms of no longer than one year. The Corporation also receives rent under commercial leases of terms from one to ten years, some of which provide for increasing noncancelable lease payments. Generally accepted accounting principles require such revenue be recognized over the term of the lease using the straight-line method, when realization is reasonably assured and management follows this method for most leases. However, when the difference in revenue recognition is not material to the consolidated financial statements, management recognizes rental income from commercial leases as payments are due for these leases.

Grant income

Grants that the Corporation receives from various government and nongovernmental agencies may have long-term compliance requirements. As management intends to fulfill the compliance requirements as part of their mission, those amounts are recognized as revenue in the period the grants funds were spent for their intended use.

Contributions and donations

Contributions and donations, including unconditional promises to give, are recognized in the period received or made, in accordance with FASB ASC 958-605 under the Revenue Recognition of Contributions Receivable topic.

Donated labor and assets

In accordance with FASB ASC 958-605, in-kind services are recognized if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Corporation. In addition, the Corporation receives donated services from unpaid volunteers that are essential to the completion of the Corporation's purposes. During the years ended December 31, 2021 and 2020, the Corporation received \$8,902 and \$10,050 of in-kind contributions included in donated labor and assets on the consolidated statements of activities, respectively.

Developer fee revenue

LaCasa earns developer fees primarily for orchestrating the financing and construction of low and moderate income housing, generally in its capacity as general partner or managing member of various real estate partnerships and limited liability companies. Fees are recognized based on completion of various phases of the property representing its performance obligations, as specified in the respective agreements. Certain fees are deferred and payable from the properties' future available operating cash flow. Generally accepted accounting principles require that an allowance should be established to reserve against balances determined to be uncollectible. However, the receivable balances are eliminated as intercompany transactions, and the difference is considered to not be material to the consolidated financial statements.

**LACASA, INC. AND SUBSIDIARIES
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 1-ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Beneficial interest in assets

The Corporation records periodic distributions of income and realizes changes in the market value of its beneficial interest as gains (losses) in the consolidated statements of activities.

Advertising costs

Advertising costs are expensed as incurred and are included in asset and property management in the consolidated statements of activities.

Property taxes

The Corporation is exempt from some, but not all, real property taxes. For those properties that are required to pay property taxes, such taxes are expensed in the year of the lien on the property such that twelve months of expense are charged to operations each year.

Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited based upon direct expenditures incurred or based upon time spent in the activities. For the years ended December 31, 2021 and 2020, fundraising costs were insignificant to the consolidated financial statements as a whole.

Concentration

The Corporation maintains various cash balances with various regional and national financial institutions. The balances in the accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. As of December 31, 2021 and 2020, the cash balances held at some of these financial institutions exceeded the FDIC insurance limit. The Corporation has not experienced any losses in such accounts. Management believes that LaCasa is not exposed to any significant credit risk on cash and cash equivalents.

The Corporation's operations are concentrated in the multifamily real estate market. In addition, the Corporation operates in a heavily regulated environment. The operations of the Corporation are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by the respective agency. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, if any, to comply with a change.

The Corporation has received grants from various government and nongovernmental agencies. The grants are contingent on periodic budget approvals, tax levies, and annual appropriations. At December 31, 2021 and 2020, the grants without donor restrictions were 49% and 42% of total revenue, respectively. At December 31, 2021 and 2020, approximately 82% and 43% of the Corporation's total net accounts receivable balance related to grants, respectively.

**LACASA, INC. AND SUBSIDIARIES
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 1-ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Use of estimates in the preparation of consolidated financial statements

The preparation of consolidated financial statements in conformity with accounting standards generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair value

The Corporation is subject to the provisions of the Fair Value Measurement topic of the FASB ASC 820-10 which provides guidance for assets and liabilities which are required to be measured at fair value and requires expanded disclosure for fair value measurement. The standard clarifies the principle that fair value should be based on the assumptions that market participants would use when pricing the asset or liability and establishes the following fair value hierarchy:

- Level 1 - Quoted prices in active markets for identical assets or liabilities
- Level 2 - Quoted prices for similar assets or liabilities in active markets
- Level 3 - Unobservable inputs for the asset or liability based on the best available information

For instances in which the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the fair value measurement will fall within the lowest level input that is significant to the fair value measurement in its entirety.

Accounting for uncertainty in income taxes

LaCasa is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and state income tax and has been classified as other than a private foundation. Accordingly, no provision for federal and state taxes on revenue and income has been recognized in the accompanying financial statements. Generally, the Federal and State tax returns are subject to examinations from the three years after the later of the original or extended due date or the date filed with the applicable tax authority.

Even though LaCasa is recognized as tax exempt, it still may be liable for tax on its unrelated business income ("UBI"). LaCasa evaluates uncertain tax positions through its review of the sources of income to identify UBI and certain other matters, including those which may affect its tax exempt status. The effect of the uncertainty would be recorded if the outcome was considered probable and reasonably estimable. As of December 31, 2021 and 2020, LaCasa had no uncertain tax positions requiring accrual.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 1-ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Accounting for uncertainty in income taxes (continued)

The Subsidiaries are treated as pass-through entities for income tax purposes and, as such, are not subject to income taxes. Rather, all items of taxable income, deductions and tax credits are passed through to and are reported by their owners on their respective income tax returns. These entities' federal tax statuses as pass-through entities are based on their legal status as limited partnerships and limited liability companies. Accordingly, these entities are not required to take any tax positions in order to qualify as pass-through entities. These entities are required to file and do file tax returns with the Internal Revenue Service and other taxing authorities. Accordingly, these consolidated financial statements do not reflect a provision for income taxes and these entities have no other tax positions which they must consider for disclosure. There has been no interest or penalties recognized in the consolidated statements of activities or consolidated statements of financial position for the years ended December 31, 2021 and 2020. Generally, the federal and state returns are subject to examination for three years after the later of the original or extended due date or the date filed with the applicable tax authorities.

Subsequent events

Management performed an evaluation of the Corporation's activity through March 30, 2022, the audit report date, and has concluded that there were no significant subsequent events requiring disclosure through the date these consolidated financial statements were available to be issued.

NOTE 2-PLEDGES RECEIVABLE

During the year ended December 31, 2017, the Corporation initiated a fundraising campaign to finance the implementation of its strategic plan. Known as the "Impact Fund," the goal was to raise \$1.2 million in private and public monies to develop new programming, initiate new development projects and improve organizational capacity. As of December 31, 2021 and 2020, pledges receivable designated for the Impact Fund were \$-0- and \$100, respectively, and included in accounts and notes receivable - operations on the accompanying consolidated statements of financial position. As of December 31, 2021, all pledges have been received and the Impact Fund initiative has been completed.

NOTE 3-CASH-IDA FUNDS

Cash-IDA Funds consists of cash designated to be used to assist low income individuals and families for the purchase of homes, pay for education costs or start up a business. Individual contributions are matched with grant funds. At December 31, 2021 and 2020, match funds held for individuals and families are included in the consolidated statements of financial position as IDA Funds held in the amount of \$575,950 and \$673,606, respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 4-RESTRICTED DEPOSITS AND FUNDED RESERVES

Various operating and loan agreements require the establishment of restricted deposits and funded reserves, including reserve for replacements, operating reserves, or resident security deposits, which must be maintained in separate interest bearing accounts. At December 31, 2021 and 2020, the balance of restricted deposits and funded reserves is \$1,741,864 and \$1,646,956 and the balance of the deposits held in trust-funded is \$120,726 and \$110,879, all respectively.

NOTE 5-PROPERTIES FOR RESALE

Properties held for sale consists of the following:

	<u>2021</u>	<u>2020</u>
Held for future development	\$ 112,102	\$ 112,765
Currently in development	<u>38,530</u>	<u>38,530</u>
Total properties held for resale	150,632	151,295
Valuation allowance	<u>(128,610)</u>	<u>(128,610)</u>
Net properties held for resale	<u>\$ 22,022</u>	<u>\$ 22,685</u>

The properties held for resale are recorded at cost less a valuation allowance. The eventual sales proceeds from these properties may be less than the carrying value of the property.

The reconciliation of the changes in properties held for resale measured on a recurring basis using significant unobservable inputs (level 3) is as follows:

	<u>2021</u>	<u>2020</u>
January 1	\$ 22,685	\$ 46,390
Transfer to rental property and CIP	<u>(663)</u>	<u>(23,705)</u>
December 31	<u>\$ 22,022</u>	<u>\$ 22,685</u>

NOTE 6-CONSTRUCTION IN PROGRESS

As of December 31, 2021 and 2020, property development and rehabilitation is in progress on the following projects:

	<u>2021</u>	<u>2020</u>
1798 Westplains II new construction	\$ -	\$ 499,986
146 State Street development	372,549	31,130
152 State Street development	187,428	-
156 State Street development	183,298	-
160 State Street development	184,703	-
Modular housing under construction	-	99,404
Other projects under construction	<u>185,055</u>	<u>69,945</u>
	<u>\$ 1,113,033</u>	<u>\$ 700,465</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 6-CONSTRUCTION IN PROGRESS (CONTINUED)

The Corporation has fourteen projects in development as of December 31, 2021. The development costs related to the projects in development are included in construction in progress in the accompanying consolidated statements of financial position.

NOTE 7-UNAMORTIZED COSTS

Unamortized costs consist of \$102,515 of tax credit application fees. The tax credit fees are being amortized over the 10 year tax credit period. Amortization expense for each of the years ended December 31, 2021 and 2020 was \$4,050. At December 31, 2021 and 2020 accumulated amortization was \$69,102 and \$65,052, respectively.

NOTE 8-MORTGAGES AND NOTES RECEIVABLE

Mortgages have been granted to low to moderate income residents of Elkhart County, Indiana for the purchase of homes. These mortgages are in accordance with grant restrictions. Interest rates range from 0% to 6.0%. Terms range from 10 to 30 years. All mortgages are secured by deeds of trust.

During the year ended December 31, 2021, the Corporation received a \$1,000,000 grant from the Indiana Housing and Community Development Authority ("IHCD"), which is included in grant income on the consolidated statements of activities. The grant is to be used exclusively as a revolving loan fund for the purpose of promoting affordable, sustainable, decent, safe, and sanitary housing in the State of Indiana. During the year ended December 31, 2021, the Corporation loaned a total of \$1,000,000 to four separate entities in accordance with the grant agreement. Any repayments made from the entities must be used within rural communities to improve or provide affordable housing to low to moderate income individuals. At December 31, 2021, \$1,000,000 remains receivable from the entities.

Net mortgages and notes receivable consist of the following at December 31:

	<u>2021</u>	<u>2020</u>
Current portion	\$ 42,815	\$ 51,594
Long term portion	<u>1,809,374</u>	<u>964,577</u>
	1,852,189	1,016,171
Less allowance for doubtful accounts	<u>(2,757)</u>	<u>(11,633)</u>
	<u>\$ 1,849,432</u>	<u>\$ 1,004,538</u>

Interest is recognized over the term of the loans and is calculated using the simple interest method.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 9-NOTES RECEIVABLE

LaCasa has entered into various note receivables with Subsidiaries. The outstanding notes and terms of the notes provide for, among other items, as of December 31, 2021 the following:

		Outstanding Balance			
Date of Note	Maturity Date	Interest Rate	Face Amount	Long term Portion	Current Portion
WTP Apartments					
12/06/06	12/06/36	5.29%	\$ 470,000	\$ 470,000	\$ -
10/01/14	05/15/38	5.29%*	100,000	100,000	-
10/31/14	12/31/45	0.00%	40,000	40,000	-
09/19/19	06/30/24	0.00%	50,000	20,000	10,000
Lincoln Avenue					
10/27/06	12/31/26	5.5%	100,000	100,000	-
10/27/06	12/31/26	5.5%	266,000	266,000	-
10/27/06	12/31/26	5.5%	430,000	430,000	-
10/27/06	12/31/26	5.5%	148,355	148,355	-
10/27/06	12/31/26	5.5%	75,000	75,000	-
10/27/06	12/31/26	5.5%	70,000	70,000	-
10/27/06	12/31/26	5.5%	45,800	45,800	-
Roosevelt Center					
01/17/08	12/31/27	7.5%*	400,000	400,000	-
09/23/08	12/31/27	6.0%*	115,000	115,000	-
02/28/12	12/31/27	3.5%*	215,806	215,806	-
03/31/10	12/31/27	3.5%*	42,761	42,761	-
05/02/11	12/31/27	3.5%*	200,000	200,000	-
01/17/08	12/31/27	7.0%*	100,000	100,000	-
08/09/16	12/31/23	3.0%	115,000	115,000	-
05/12/17	12/31/27	3.5%*	45,000	45,000	-
Hawks					
03/27/14	12/31/44	6.00%	500,000	500,000	-
03/27/14	12/31/44	3.00%	400,000	400,000	-
03/27/14	12/31/44	6.00%	176,345	176,345	-
10/01/14	12/31/44	6.00%	15,000	15,000	-
10/14/20	12/31/31	0.00%	245,571	245,571	-
				\$4,335,638	\$ 10,000

*annual compounding

At December 31, 2021 and 2020, intercompany notes receivable of \$4,345,638 and \$4,246,253 has been eliminated with intercompany notes payable, respectively. For the years ended December 31, 2021 and 2020, intercompany interest income of \$366,667 and \$347,161, respectively, has been eliminated with intercompany interest expense. At December 31, 2021 and 2020, intercompany accrued interest receivable of \$3,294,677 and \$2,928,009, respectively, has been eliminated with intercompany accrued interest payable.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 10-BENEFICIAL INTEREST IN COMMUNITY FOUNDATION OF ELKHART COUNTY

The Corporation transferred funds to the Community Foundation of Elkhart County ("CFEC") in the amount of \$80,000, at cost.

Under the governing agreement for the fund, distributions are determined based on the spending formula adopted by the CFEC's board of directors. Net income in excess of the spending formula distributions, administrative fees and direct expenses will be maintained in each fund unless the Corporation requests a distribution of excess income. Losses in each fund are deducted from the fund balance. Control over the investment of the funds lies solely with CFEC.

The beneficial interest in CFEC is carried at fair value using Level 3 inputs in accordance with FASB Accounting Standards Codification related to fair value measurements, which is based upon the organization's interest in the underlying fair value of pooled investments purchased by CFEC, with the resulting realized and unrealized gain or losses reported in the consolidated statements of activities as "change in beneficial interest."

With respect to contributions received by the CFEC on behalf of the LaCasa, Inc. from other donors, as prescribed by generally accepted accounting principles, this portion of the Fund (fair value of \$93,225 and \$77,097 at December 31, 2021 and 2020, respectively) has not been reflected as part of the Corporation's beneficial interest.

During the years ended December 31, 2021 and 2020, the Corporation received distributions of \$4,430 and \$4,220, respectively, from the CFEC.

The CFEC invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and those changes could materially affect the beneficial interest in each fund at the CFEC.

The following is a summary of the transactions for the fund for the years ended December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Beginning balance	\$ 95,538	\$ 86,144
Change in value:		
Interest and dividend income	3,969	1,891
Realized gain on sales of investments	2,414	1,293
Unrealized gain (loss) on sales of investments	11,736	10,645
Distribution	(4,430)	(4,220)
Administration bank fees	(261)	(215)
	<u>\$ 108,966</u>	<u>\$ 95,538</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 11-NOTES PAYABLE

The Corporation has entered into various notes payable agreements with multiple financial institutions, individuals, organizations, LaCasa, Inc., and governmental agencies to fund acquisitions, pre-development, construction, and normal operations. The outstanding balances and terms of notes payable as of December 31, 2021 are as follows:

Outstanding Balance						
<u>Date of Note</u>	<u>Maturity Date</u>	<u>Lender</u>	<u>Interest Rate</u>	<u>Face Amount</u>	<u>Long term Portion</u>	<u>Current Portion</u>
LaCasa, Inc.						
02/21/19	02/21/23	Individual	1.00%	\$ 10,000	\$ 10,000	\$ -
12/31/19	12/31/22	Individual	1.00%	145,000	-	145,000
12/29/19	12/31/22	Individual	1.50%	13,348	-	13,348
11/20/19	11/20/24	Individual	2.00%	100,000	100,000	-
08/01/18	08/01/22	Individual	2.00%	25,000	-	25,000
02/08/19	02/08/24	Lake City Bank	4.86%	625,021	505,995	33,308
11/22/19	12/31/34	First State Bank	5.20%	375,000	319,784	18,646
08/15/12	12/31/22	City of Goshen	Variable	500,000	-	500,000
	See	Elkhart County				
	Note 14	Housing Fund	Various	1,571,451	774,396	37,272
09/15/14	09/16/24	1 st Source Bank	4.81%	1,200,000	838,557	52,434
12/31/15	12/31/23	Organization	2.00%	150,000	150,000	-
		First State Bank				
12/14/18	12/14/23	of Middlebury	4.475%	540,000	429,539	29,698
06/05/20	06/05/35	Lake City Bank	4.50%	320,000	306,449	5,686
06/17/20	06/17/30	Centier Bank	4.00% (&)	206,873	179,201	20,280
01/21/21	01/21/36	IHCDA	3.00%	227,840	218,118	4,933
11/11/21	12/01/36	IHCDA	3.00%	206,000	201,670	4,330
WTP Apartments						
10/17/14	12/31/23	Ohio Equity Fund	3.25%	425,000	425,000	-
12/15/14	01/01/25	IHCDA	1.00%	150,000	31,368	15,369
12/06/06	12/06/36	LaCasa, Inc.	5.29%	470,000	470,000	-
10/01/14	05/15/38	LaCasa, Inc.	5.29%	100,000	100,000	-
10/31/14	12/31/45	LaCasa, Inc.	0.00%	40,000	40,000	-
02/09/15	12/31/45	PIRHL	0.00%	40,000	40,000	-
09/19/19	06/30/24	LaCasa, Inc.	0.00%	50,000	30,000	-
Lincoln Avenue						
10/08/12	10/27/26	1 st Source Bank	5.00%	183,000	63,225	14,704
10/27/06	12/31/26	LaCasa, Inc.	5.50%	100,000	100,000	-
10/27/06	12/31/26	LaCasa, Inc.	5.50%	266,000	266,000	-
10/27/06	12/31/26	LaCasa, Inc.	5.50%	430,000	430,000	-
10/27/06	12/31/26	LaCasa, Inc.	5.50%	148,355	148,355	-
10/27/06	12/31/26	LaCasa, Inc.	5.50%	75,000	75,000	-
10/27/06	12/31/26	LaCasa, Inc.	5.50%	115,800	115,800	-

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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NOTE 11-NOTES PAYABLE (CONTINUED)

<u>Outstanding Balance</u>						
<u>Date of Note</u>	<u>Maturity Date</u>	<u>Lender</u>	<u>Interest Rate</u>	<u>Face Amount</u>	<u>Long term Portion</u>	<u>Current Portion</u>
Roosevelt Center						
01/17/08	12/31/27	LaCasa, Inc.	7.50%	\$ 400,000	\$ 400,000	\$ -
09/23/08	12/31/27	LaCasa, Inc.	6.00%	115,000	115,000	-
02/28/12	12/31/27	LaCasa, Inc.	3.50%	215,806	215,806	-
03/31/10	12/31/27	LaCasa, Inc.	3.50%	42,761	42,761	-
05/02/11	12/31/27	LaCasa, Inc.	3.50%	200,000	200,000	-
01/17/08	12/31/26	LaCasa, Inc.	7.00%	100,000	100,000	-
09/09/16	12/31/23	LaCasa, Inc.	3.00%	115,000	115,000	-
05/12/17	12/31/27	LaCasa, Inc.	3.50%	45,000	45,000	-
Hawks						
05/06/16	04/01/36	1 st Source	4.01%	350,000	262,636	14,618
03/27/14	12/31/44	LaCasa, Inc.	6.00%	500,000	500,000	-
03/27/14	12/31/44	LaCasa, Inc.	3.00%	400,000	400,000	-
03/27/14	12/31/44	LaCasa, Inc.	6.00%	176,345	176,345	-
10/01/14	12/31/44	LaCasa, Inc.	6.00%	15,000	15,000	-
10/14/20	12/31/31	LaCasa, Inc.	0.00%	245,571	245,571	-
					9,201,576	934,626
Less eliminations					(4,345,638)	-
					<u>\$ 4,855,938</u>	<u>\$ 934,626</u>

(&) 4% through September 17, 2026 and variable thereafter

Interest has not been imputed on any of the above mortgages that carry below-market rates as they are payable to governmental entities and carry legal restrictions. The restrictions require the Corporation to use the property for low income housing, as defined by the respective mortgages' regulatory agreements or other restriction agreements. Certain mortgages provide for the deferral of interest payments. Accrued interest totaled \$3,397,822 and \$3,014,820, of which \$3,294,677 and \$2,928,009 was eliminated at December 31, 2021 and 2020, all respectively. For the years ended December 31, 2021 and 2020, the Corporation has incurred interest of \$567,044 and \$542,008, respectively. For the years ended December 31, 2021 and 2020, the Corporation eliminated interest of \$366,667 and \$347,749, respectively.

The loans are generally secured by the real estate and assignments of rents on the properties. The Corporation is not in default on any of the loan agreements.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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NOTE 11-NOTES PAYABLE (CONTINUED)

Maturities of notes payable

The Corporation is obligated for the following estimated principal payments in each of the next five years and thereafter under notes payable obligations:

2022	\$ 934,626
2023	1,361,130
2024	1,531,268
2025	134,610
2026	1,272,404
Thereafter	<u>4,902,163</u>
	10,136,201
Unamortized debt issuance costs, net	<u>(6,478)</u>
Total	<u>\$10,129,723</u>

Financing costs of \$42,382 were incurred in connection with obtaining various debt financing arrangements. These costs are amortized over the respective terms of the loans using the straight-line method. For each of the years ended December 31, 2021 and 2020, amortization expense was \$2,658. At December 31, 2021 and 2020, accumulated amortization was \$35,904 and \$33,246, respectively.

NOTE 12-LINE OF CREDIT

On June 11, 2018, the Corporation entered into a revolving line of credit agreement with Lake City Bank. The agreement provided, among other things, for:

- A maximum note amount of \$700,000;
- An interest rate of prime, as defined in the line of credit agreement, less 0.25% (3% at December 31, 2021); and
- An original maturity date of July 11, 2023.

During the years ended December 31, 2021 and 2020, \$335,288 and \$417,846 was drawn on the line of credit, and \$457,624 and \$173,333 was repaid, all respectively. At December 31, 2021 and 2020, the outstanding principal balance is \$122,177 and \$244,513, respectively.

On March 22, 2022, the revolving line of credit agreement was modified and the maximum note amount was increased to \$1,400,000.

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NOTE 12-LINE OF CREDIT (CONTINUED)

On September 22, 2017, the Corporation entered into a revolving line of credit agreement with First State Bank of Middlebury. On September 7, 2021, the revolving line of credit agreement was modified. The agreement provides, among other things, for:

- a. A maximum note amount of \$400,000;
- b. An interest rate at the greater of (a) the index, as defined, less 0.39% or (b) 3.75% (3.75% at December 31, 2021); and
- c. An original maturity date of September 10, 2023.

During the years ended December 31, 2021 and 2020, \$275,000 and \$50,000 was drawn on the line of credit, and \$217,500 and \$-0- was repaid, all respectively. At December 31, 2021 and 2020, the outstanding principal balance is \$307,500 and \$250,000, respectively.

During the years ended December 31, 2021 and 2020, interest incurred related to the lines of credit totaled \$10,615 and \$12,914, respectively.

NOTE 13-PPP LOAN

On April 15, 2020, the Corporation entered into a loan agreement with 1st Source Bank under the Paycheck Protection Program ("PPP Loan") through the U.S. Small Business Administration ("SBA"), as authorized in the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), for a maximum amount of \$324,000, as amended. Pursuant to the CARES Act, the PPP Loan was required to be utilized for fund payroll, mortgage, and utility costs. The PPP Loan is unsecured. The PPP Loan provides, among other things, for the following:

1. The maturity date of April 16, 2022;
2. An interest rate of 1% per annum;
3. Principal and interest payments commencing on November 16, 2020; and
4. Principal and accrued interest eligible for forgiveness if conditions are met, as provided in the CARES Act.

On September 3, 2021, the Corporation received notification of forgiveness of the PPP Loan and the principal balance of \$324,000 was forgiven, which is included in grant income on the consolidated statements of activities.

NOTE 14-ELKHART COUNTY HOUSING FUND

Elkhart County Housing Fund is a coalition of banks participating in five loan pools totaling \$900,000, \$1,050,000, \$1,200,000, \$2,450,000 and \$2,100,000 to provide first or second mortgages for the purchase or rehabilitation of homes. The maximum amount of an individual loan is \$100,000, and the minimum individual loan is \$5,000.

In Pool #1 as of December 31, 2021 and 2020, banks have funded 100% of their commitment, and the Corporation has a \$-0- and \$31,594 mortgage receivable and a note payable of \$-0- and \$31,594 to the bank coalition, all respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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NOTE 14-ELKHART COUNTY HOUSING FUND (CONTINUED)

In Pool #2 as of December 31, 2021 and 2020, banks have funded 100% of their commitment, and the Corporation has a \$89,974 and \$93,834 mortgage receivable and a note payable of \$89,974 and \$93,834 to the bank coalition, all respectively.

In Pool #3 as of December 31, 2021 and 2020, banks have funded 100% of their commitment, and the Corporation has a \$50,607 and \$52,986 mortgage receivable and a note payable of \$50,607 and \$52,986 to the bank coalition, all respectively.

In Pool #4 as of December 31, 2021 and 2020, banks have funded 100% of their commitment, and the Corporation has a \$68,061 and \$80,313 mortgage receivable and a note payable of \$68,061 and \$80,313 to the bank coalition, all respectively.

In Pool #5 as of December 31, 2021 and 2020, banks have funded 100% of their commitment, and the Corporation has a \$603,027 and \$705,780 mortgage receivable and a note payable of \$603,027 and \$705,780 to the bank coalition, all respectively.

NOTE 15-NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were for the following purposes at December 31:

	<u>2021</u>	<u>2020</u>
Net assets with donor restrictions not invested in perpetuity, subject to purpose or time restrictions:		
Funds restricted for IDA program	\$ 352,122	\$ 526,584
Funds restricted from United Way	5,885	5,885
IHCDA RD Moving Forward Grant (See Note 8)	<u>1,000,000</u>	<u>-</u>
	<u>\$ 1,358,007</u>	<u>\$ 532,469</u>

NOTE 16-NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor-imposed restrictions for the years ended December 31, 2021 and 2020 by incurring expenses satisfying the restricted purposes, by the passage of time, or by occurrence of other events specified by donors were as follows:

	<u>2021</u>	<u>2020</u>
Satisfaction of purpose and time restrictions	\$ <u>174,462</u>	\$ <u>447,614</u>
Total net assets released from donor restrictions	<u>\$ 174,462</u>	<u>\$ 447,614</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 17-NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions consist of the following as of December 31, 2021:

Undesignated controlled interest net assets	\$ 20,020,846
Management restricted:	
NeighborWorks funds to be spent	164,456
United Way thrive financial counseling funds	20,000
Impact fund contributions - received	<u>128,590</u>
Total controlled interest net assets without donor restrictions	<u>\$20,333,892</u>

Management has restricted NeighborWorks funds, United Way thrive financial counseling funds, and impact fund contributions received, internally.

The Board of Directors has established operating and other reserves with the objective of setting funds aside to be drawn upon in the event of financial stress of an immediate liquidity need or if said funds have been designated for a specific purpose. The goal of the Corporation is to maintain operating and other reserves at a level to meet normal operating needs.

NOTE 18-LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Corporation manages its liquidity by completing annual operating budgets that provide sufficient funds for general expenditures in meeting liabilities and other obligations as they become due and maintains cash and cash equivalents that may be drawn upon as needed during the year to manage cash flow and make necessary expenditures. The Corporation's cash and cash equivalents is available within one year of the statement of financial position date to meet cash needs for general expenditures. There are funds (operating and other reserves) established by the governing board that may be drawn upon in the event of financial distress or an immediate liquidity need resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities. In the event of an unanticipated liquidity need, the Corporation also could draw upon available lines of credit (as further discussed in Note 12).

The following reflects the organizations financial assets as of the December 31, 2021, reduced by amounts not available for general use within one year of the December 31, 2021 because of internal designations. Amounts not available include amounts set aside as payable on mortgages and investments designated by the Board of Directors as held for future development or currently in development, security deposits held on behalf of residents, and operating and reserve for replacements reserves. These amounts could be drawn upon if needed with approval from the Board of Directors.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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NOTE 18-LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (CONTINUED)

Cash	\$ 1,360,897
Resident security deposits	120,726
Reserve for replacements	679,592
Operating reserves	1,062,272
Accounts receivable - residents and commercial net	8,720
Accounts and notes receivable - operations	211,560
Investments - properties for resale	22,022
Current portion of mortgages and notes receivable	42,815
Prepaid expenses	<u>127,100</u>
	3,635,704
Internal designations	
Investments - properties for resale	(22,022)
Current portion of mortgages and notes receivable	(42,815)
Resident security deposits	(120,726)
Reserve for replacements	(679,592)
Operating reserves	<u>(1,062,272)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,708,277</u>

NOTE 19-RELATED PARTIES

Developer fee revenue and receivables

In connection with the development of housing properties utilizing LIHTC, LaCasa, Inc. earns a developer fee in accordance with the developer fee agreement. During the years ended December 31, 2021 and 2020, developer fee revenue totaled \$-0-. During the year ended December 31, 2021, the Corporation contributed \$185,000 to Lincoln Avenue Redevelopment, L.P., \$611,370 to Elkhart Senior Housing, LP, and \$229,014 to Roosevelt Center, L.P., to payoff each entities deferred developer fee. The cumulative intercompany contribution amount of \$1,025,384 has been eliminated with the intercompany loss on development fee. At December 31, 2021 and 2020, intercompany receivables of \$-0- and \$757,199 has been eliminated with intercompany payables, respectively.

LaCasa, Inc., an affiliate of the General Partner, earned development fees of \$891,469 for its services in connection with the development of WTP Apartments. LaCasa, Inc. entered into a subcontract agreement with PIRHL Developers, LLC ("Co-Developer") to provide consulting and developer services for \$412,148 of the total development fees. The entire fee has been capitalized into property and equipment. In accordance with the subcontract agreement with the Co-Developer, the Co-Developer is no longer entitled to it's portion of the deferred developer fee if a contribution is made by the Corporation to payoff the deferred developer fee. As mentioned above, the Corporation made a contribution to payoff the deferred developer fee of WTP Apartments during the year ended December 31, 2021. During the year ended December 31, 2021, the \$268,185 write-off of the payable to the Co-Developer is included in other income on the consolidated statement of activities. At December 31, 2021 and 2020, \$-0- and \$268,185 remains payable to the Co-Developer, respectively.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 19-RELATED PARTIES (CONTINUED)

Asset management fee

Pursuant to the Partnership Agreement for WTP Apartments, Ohio Capital Corporation for Housing ("OCCH") earns an asset management fee annually to provide property management oversight, tax credit compliance monitoring and related services. OCCH will be paid asset management fees equal to \$4,000 for the first year and increased 3% annually as set forth in the Partnership Agreement. During the years ended December 31, 2021 and 2020, asset management fees of \$5,880 and \$5,700 were expensed and asset management fees paid were \$4,410 and \$5,700, all respectively. At December 31, 2021 and 2020, accrued asset management fees was \$1,470 and \$-0-, respectively, which is included in accrued expenses and other payables on the consolidated statements of financial position.

Partnership management fee

For its efforts in the administration of the property, Hawks Arts & Enterprise Center, L.P. shall pay to the General Partner an annual partnership management fee of \$13,000, increasing by 3% per annum. The partnership management fee is cumulative and shall be payable from cash flow, as defined in the Partnership Agreement. During the years ended December 31, 2021 and 2020, partnership management fees of \$17,911 and \$17,388 were expensed, respectively, and no partnership management fees were paid. The expenses were eliminated with the revenue recognized by LaCasa, Inc. As of December 31, 2021 and 2020, \$92,363 and \$74,452 remained payable, respectively, which is eliminated with accrued expenses and other payables on the consolidated statements of financial position.

Investor services fee

As compensation for its services in handling relations between Hawks Arts & Enterprise Center, L.P. and the Limited Partners, Hawks Arts & Enterprise Center, L.P. shall pay Great Lakes Capital, an affiliate of the Investor Limited Partner, an annual investor services fee of \$2,800 commencing in 2016. The investor services fee is cumulative and shall be paid out of the investor services fee reserve and shall increase by 3% per annum. During the years ended December 31, 2021 and 2020, investor services fees of \$2,800 were expensed, and \$4,057 and \$3,825 were paid, all respectively. As of December 31, 2021 and 2020, \$55 and \$1,312 remain payable, respectively, and is included in accrued expenses and other payables on the consolidated statements of financial position.

NOTE 20-COMMERCIAL LEASES

Unrelated operating leases

LaCasa, Inc. leases residential housing units to clients in its scattered site program. These units, with a few exceptions, are rented at below market rates, to individuals at, or below, 80% of the median income. These leases are generally for a 12 month term.

The rental homes are included in the consolidated statements of financial position under property and equipment. The total cost of rental real estate at December 31, 2021 was \$18,264,158, and the accumulated depreciation on the property totaled \$6,399,761. Total cost of rental real estate at December 31, 2020 was \$17,180,569, and the accumulated depreciation on the property totaled \$6,155,695.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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NOTE 20-COMMERCIAL LEASES (CONTINUED)

Unrelated operating leases (continued)

The Corporation leases space for 4 commercial tenants. The base rent ranges from \$24,000 to \$30,000 per annum. Rent income under these leases were \$50,940 and \$47,221 for the years ended December 31, 2021 and 2020, respectively.

As of December 31, 2021, the future minimum rental receipts are as follows:

2022	\$	59,940
2023		<u>25,480</u>
	\$	<u>85,420</u>

NOTE 21-EMPLOYEE RETIREMENT PLAN

The Corporation has a defined contribution pension plan under Internal Revenue Code Section 403(b) covering all regular employees after they have worked 90 days. A regular employee is defined as one who works 30 hours per week or more. The Corporation will match contributions of regular employees based on the following schedule: a) year 2 - up to 1% of gross wages; b) year 3 - up to 2% of gross wages; c) year 4 - up to 3% of gross wages; and d) year 5 and later - up to 4% of gross wages. The plan is managed by various third parties. The Corporation's contributions to the plan for the years ended December 31, 2021 and 2020 were \$83,046 and \$78,210, respectively.

NOTE 22-COMMITMENTS AND CONTINGENCIES

LaCasa, Inc. receives funds under numerous contracts, grants and agreements with federal, state, and local governmental agencies, some of which were loaned to limited liability entities to carry out the defined requirements. In the event of noncompliance with these requirements, LaCasa, Inc. may be subject to repayment of funds received under contracts, grants and agreements with governmental agencies that provide for payments by LaCasa, Inc. based on cost or statistical data. Most contracts, grants and agreements are subject to audit by the funding sources.

LaCasa, Inc. has provided unconditional construction completion guarantees and in a number of cases is required to make operating deficit contributions for any operating deficits not funded from the operating reserves, as defined. This operating deficit obligation is limited to a stated amount and for a stated period. Operating deficit contributions are repayable from Cash Flow, as defined, in the order of priority documented in the respective partnership or operating agreements.

In accordance with the respective partnership or operating agreements, in a few cases LaCasa, Inc. has agreed to unconditionally guarantee the due and punctual performance by the general partner or managing member of all its obligations under the partnership or operating agreement. In accordance with the respective partnership or operating agreements, in a few cases LaCasa, Inc. is required to fund required reserve payments or any unpaid portion of developer fee for a period defined in partnership or operating agreement. See Note 19.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 22-COMMITMENTS AND CONTINGENCIES (CONTINUED)

Certain properties have received allocations of ("LIHTC"). The tax credits are contingent on the applicable partnerships' ability to maintain compliance with applicable sections of Section 42 of the Internal Revenue Code. Failure to maintain compliance with occupant eligibility, and/or unit gross rent, or to correct non-compliance within a specified time period could result in recapture of previously taken tax credits. In addition, such potential noncompliance may require adjustments as disclosed in the properties' partnership or operating agreements.

In connection with the development of certain affordable housing properties, which are owned by limited partnerships, LaCasa, Inc. has the option to purchase the properties at the close of the properties' 15-year compliance period.

Economic conditions

In December 2019, a novel strain of the coronavirus ("COVID-19") surfaced. The spread of COVID-19 around the world has caused significant volatility in U.S. and international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. and international economies, and, as such, the Corporation is unable to determine if it will have a material impact to its operations.

LACASA, INC. AND SUBSIDIARIES
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DETAIL OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION										DECEMBER 31, 2021
ASSETS	LaCasa, Inc.	Elkhart Senior Housing, L.P.	Lincoln Avenue Redevelopment, L.P.	Roosevelt Center, L.P.	Hawks Arts & Enterprise Center, L.P.	LaCasa Real Estate Holdings, LLC	Eliminations	Total		
Current assets										
Cash and cash equivalents	\$ 1,310,920	\$ 10,396	\$ 16,735	\$ 7,708	\$ 12,537	\$ 2,601	\$ -	\$ 1,360,897		
Cash	27,559	28,868	19,377	23,215	21,707	-	-	120,726		
Resident security deposits	232,067	174,033	97,583	99,481	76,428	-	-	679,592		
Reserve for replacements	839,583	2,055	24,565	10,228	185,841	-	-	1,062,272		
Operating reserves										
Total cash and cash equivalents	2,410,129	215,352	158,260	140,632	296,513	2,601	-	3,223,487		
Accounts receivable - residents and commercial, net	4,210	237	1,333	743	2,197	-	-	8,720		
Accounts and notes receivable - operations	773,749	312	1,423	-	-	-	(563,924)	211,560		
Developer and partnership management fees receivable	92,363	-	-	-	-	-	(92,363)	-		
Investments - properties for resale	22,022	-	-	-	-	-	-	22,022		
Prepaid expenses	99,597	114	-	-	27,389	-	-	127,100		
Current portion of mortgages and notes receivable	42,815	-	-	-	-	-	-	42,815		
Total current assets	3,444,885	216,015	161,016	141,375	326,099	2,601	(656,287)	3,635,704		
Restricted deposits and funded reserves										
Cash - IDA funds	575,950	-	-	-	-	-	-	575,950		
Property and equipment										
Land	157,402	142,791	58,714	-	-	-	-	358,907		
Buildings and land improvements	18,222,066	6,527,176	5,319,081	5,789,140	6,301,687	-	-	42,159,150		
Furniture and equipment	-	139,129	66,020	84,657	558,289	-	-	848,095		
Office furniture and equipment	830,096	-	-	-	-	-	-	830,096		
Vehicles	1,163	-	-	-	-	-	-	1,163		
Construction in progress	1,113,033	-	-	-	-	-	-	1,113,033		
Total property and equipment	20,323,760	6,809,096	5,443,815	5,873,797	6,859,976	-	-	45,310,444		
Less: Accumulated depreciation	(7,587,143)	(3,393,743)	(2,470,059)	(2,327,442)	(2,107,455)	-	-	(17,885,842)		
Total property and equipment	12,736,617	3,415,353	2,973,756	3,546,355	4,752,521	-	-	27,424,602		
Other assets										
Investments - entity	319,925	-	-	-	-	-	(306,993)	12,932		
Unamortized costs, net	-	-	-	-	33,413	-	-	33,413		
Notes receivable	4,345,638	-	-	-	-	-	(4,345,638)	-		
Interest receivable	3,294,677	-	-	-	-	-	(3,294,677)	-		
Mortgages and notes receivable, net of current portfolio	1,806,617	-	-	-	-	-	-	1,806,617		
Investments - CFEC	108,966	-	-	-	-	-	-	108,966		
Total other assets	9,875,823	-	-	-	33,413	-	(7,947,308)	1,961,928		
\$ 26,633,275	\$ 3,631,368	\$ 3,134,772	\$ 3,687,730	\$ 5,112,033	\$ 2,601	\$ (8,603,595)	\$ 33,598,184			

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DETAIL OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)										DECEMBER 31, 2021
LIABILITIES AND NET ASSETS	LaCasa, Inc.	Elkhart Senior Housing, L.P.	Lincoln Avenue Redevelopment, L.P.	Roosevelt Center, L.P.	Hawks Arts & Enterprise Center, L.P.	LaCasa Real Estate Holdings, LLC	Eliminations	Total		
Current liabilities										
Accounts payable	\$ 82,633	\$ 4,668	\$ 7,550	\$ 5,837	\$ 3,711	\$ -	\$ -	\$ -		\$ 104,399
Accrued payable - related party	-	(409)	-	-	43,481	110,585	(153,657)	-		-
Accrued expenses and other payables	176,436	1,470	-	-	92,419	-	(92,363)	177,962		177,962
Current portion of accrued interest	4,299	115	-	-	-	-	-	4,414		4,414
Accrued real estate taxes	-	3,528	3,140	1,445	-	10,144	-	18,257		18,257
Prepaid revenue	-	4,972	4,216	1,314	4,313	-	-	14,815		14,815
Current portion of mortgage notes and notes payable	889,935	15,369	14,704	-	14,618	-	-	934,626		934,626
Total current liabilities	1,153,303	29,713	29,610	8,596	158,542	120,729	(246,020)	1,254,473		
Deposit liabilities										
Resident security deposits	109,908	28,837	18,526	22,181	20,971	-	-	200,423		200,423
IDA funds held	240,163	-	-	-	-	-	-	240,163		240,163
Total deposit liabilities	350,071	28,837	18,526	22,181	20,971	-	-	440,586		
Long term liabilities										
Accounts payable - related party	-	-	197,582	212,685	-	-	(410,267)	-		-
Lines of credit	429,677	-	-	-	-	-	-	429,677		429,677
Notes payable - entity, net of current portion	-	1,105,000	1,135,155	1,233,567	1,336,916	-	(4,345,638)	465,000		465,000
Mortgage notes payable - first mortgages, net of current portion	689,539	-	-	-	-	-	-	689,539		689,539
Less: Unamortized debt issuance costs, net	2,569,773	31,368	63,225	-	262,636	-	-	2,927,002		2,927,002
Notes payable - Elkhart County Housing Fund	-	(2,691)	(1,747)	-	(2,040)	-	-	(6,478)		(6,478)
Accrued interest, net of current portion	774,397	617,917	1,249,319	1,194,130	332,042	-	(3,294,677)	774,397		774,397
Total long term liabilities	4,463,386	1,751,594	2,643,534	2,640,382	1,929,554	-	(8,050,582)	5,377,868		
Total liabilities	5,966,760	1,810,144	2,691,670	2,671,159	2,109,067	120,729	(8,296,602)	7,072,927		
Net Assets										
Without donor restrictions	19,308,508	607,529	614,617	228,619	(260)	(118,128)	(306,993)	20,333,892		20,333,892
With donor restrictions	1,358,007	-	-	-	-	-	-	1,358,007		1,358,007
Non-controlling interest	-	1,213,695	(171,515)	787,952	3,003,226	-	-	4,833,358		4,833,358
Total net assets	20,666,515	1,821,224	443,102	1,016,571	3,002,966	(118,128)	(306,993)	26,525,257		
\$ 26,633,275	\$ 3,631,368	\$ 3,134,772	\$ 3,687,730	\$ 5,112,033	\$ 2,601	\$ (8,603,595)	\$ 33,598,184			

LACASA, INC. AND SUBSIDIARIES
(AN INDIANA NOT-FOR-PROFIT CORPORATION)

DETAIL OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)								DECEMBER 31, 2020
ASSETS	LaCasa, Inc.	Elkhart Senior Housing, L.P.	Lincoln Avenue Redevelopment, L.P.	Roosevelt Center, L.P.	Hawks Arts & Enterprise Center, L.P.	LaCasa Real Estate Holdings, LLC	Eliminations	Total
Current assets								
Cash and cash equivalents								
Cash	\$ 1,481,486	\$ 7,187	\$ 16,020	\$ 4,214	\$ 6,749	\$ 948	\$ -	\$ 1,516,604
Resident security deposits	25,579	24,915	17,022	21,659	21,704	-	-	110,879
Reserve for replacements	216,001	171,847	106,782	123,149	58,852	-	-	676,631
Operating reserves	709,024	2,055	44,556	26,332	188,358	-	-	970,325
Total cash and cash equivalents	2,432,090	206,004	184,380	175,354	275,663	948	-	3,274,439
Accounts receivable - residents and commercial, net	16,949	1,628	1,536	2,296	75	-	-	22,484
Accounts and notes receivable - operations	677,866	1,085	-	-	-	-	(497,637)	181,314
Developer and partnership management fees receivable	831,651	-	-	-	-	-	(831,651)	-
Investments - properties for resale	22,685	-	-	-	-	-	-	22,685
Prepaid expenses	41,065	-	-	-	-	-	-	41,065
Current portion of mortgages and notes receivable	51,594	-	-	-	-	-	-	51,594
Total current assets	4,073,900	208,717	185,916	177,650	275,738	948	(1,329,288)	3,593,581
Restricted deposits and funded reserves								
Cash - IDA funds	673,606	-	-	-	-	-	-	673,606
Property and equipment								
Land	183,693	142,791	58,714	-	-	-	-	385,198
Buildings and land improvements	17,545,895	6,527,176	5,313,081	5,779,896	6,253,233	-	-	41,419,281
Furniture and equipment	-	139,129	66,020	84,657	558,289	-	-	848,095
Office furniture and equipment	830,096	-	-	-	-	-	-	830,096
Vehicles	1,163	-	-	-	-	-	-	1,163
Construction in progress	700,361	-	-	-	-	284	-	700,645
	19,261,208	6,809,096	5,437,815	5,864,553	6,811,522	284	-	44,184,478
Less: Accumulated depreciation	(7,293,540)	(3,144,159)	(2,285,646)	(2,154,640)	(1,866,405)	-	-	(16,744,390)
Total property and equipment	11,967,668	3,664,937	3,152,169	3,709,913	4,945,117	284	-	27,440,088
Other assets								
Investments - entity	339,821	-	-	-	-	-	(326,374)	13,447
Unamortized costs, net	-	-	-	-	37,463	-	-	37,463
Notes receivable	4,246,253	-	-	-	-	-	(4,246,253)	-
Interest receivable	2,928,009	-	-	-	-	-	(2,928,009)	-
Mortgages and notes receivable receivable, net of current portion	952,944	-	-	-	-	-	-	952,944
Investments - CFEC	95,538	-	-	-	-	-	-	95,538
Total other assets	8,562,565	-	-	-	37,463	-	(7,500,636)	1,099,392
\$	25,277,739	\$ 3,873,654	\$ 3,338,085	\$ 3,887,563	\$ 5,258,318	\$ 1,232	\$ (8,829,924)	\$ 32,806,667

**LACASA, INC. AND SUBSIDIARIES
(AN INDIANA NOT-FOR-PROFIT CORPORATION)**

DETAIL OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)										DECEMBER 31, 2020	
LIABILITIES AND NET ASSETS											
	LaCasa, Inc.	Elkhart Senior Housing, L.P.	Lincoln Avenue Redevelopment, L.P.	Roosevelt Center, L.P.	Hawks Arts & Enterprise Center, L.P.	LaCasa Real Estate Holdings, LLC	Eliminations	Total			
Current liabilities											
Accounts payable	\$ 83,184	\$ 4,422	\$ 16,856	\$ 11,022	\$ 59,688	\$ -	\$ (775)	\$ -		\$ 174,397	
Accounts payable - related party	-	7,000	-	-	26,269	89,999	(123,268)			191,757	
Accrued expenses and other payables	190,445	-	-	-	75,765	-	(74,453)			1,930	
Current portion of accrued interest	934	114	-	882	-	-	-			20,904	
Accrued real estate taxes	-	3,528	3,140	1,445	2,442	10,349	-			13,120	
Prepaid revenue	-	5,409	2,614	-	5,097	-	-			-	
Current portion of mortgage notes and notes payable	198,840	15,216	13,988	-	14,044	-	-			242,088	
Total current liabilities	473,403	35,689	36,598	13,349	183,305	100,348	(198,496)			644,196	
Deposit liabilities											
Resident security deposits	97,559	24,231	18,006	20,895	22,957	-	-			183,648	
IDA funds held	147,025	-	-	-	-	-	-			147,025	
Total deposit liabilities	244,584	24,231	18,006	20,895	22,957	-	-			330,673	
Long term liabilities											
Accounts payable - related party	-	12,092	166,655	194,846	-	-	(373,593)			-	
Development fee payable	-	611,370	185,000	229,014	-	-	(757,199)			268,185	
Lines of credit	494,513	-	-	-	-	-	-			494,513	
Notes payable - entity, net of current portion	-	1,115,000	1,135,155	1,233,567	1,227,531	-	(4,246,253)			465,000	
Notes payable, net of current portion	1,388,895	-	-	-	-	-	-			1,388,895	
Mortgage notes payable - first mortgages, net of current portion	2,183,175	46,738	77,793	-	277,235	-	-			2,584,941	
PPP Loan	324,000	-	(2,108)	-	-	-	-			324,000	
Less: Unamortized debt issuance costs, net	-	(4,845)	-	-	(2,183)	-	-			(9,136)	
Notes payable - Elkhart County Housing Fund	922,602	-	-	-	-	-	-			922,602	
Accrued interest, net of current portion	-	549,354	1,124,959	1,060,604	278,561	-	(2,928,009)			85,469	
Total long term liabilities	5,313,185	2,329,709	2,687,454	2,718,031	1,781,144	-	(8,305,054)			6,524,469	
Total liabilities	6,031,172	2,389,629	2,742,058	2,752,275	1,987,406	100,348	(8,503,550)			7,499,338	
Net Assets											
Without donor restrictions	18,714,098	(3,567)	429,651	(360)	(233)	(99,116)	(326,374)			18,714,099	
With donor restrictions	532,469	-	-	-	-	-	-			532,469	
Non-controlling interest	-	1,487,592	166,376	1,135,648	3,271,145	-	-			6,060,761	
Total net assets	19,246,567	1,484,025	596,027	1,135,288	3,270,912	(99,116)	(326,374)			25,307,329	
\$ 25,277,739	\$ 25,277,739	\$ 3,873,654	\$ 3,338,085	\$ 3,887,563	\$ 5,258,318	\$ 1,232	\$ (8,829,924)			\$ 32,806,667	

LACASA, INC. AND SUBSIDIARIES
(AN INDIANA NOT-FOR-PROFIT CORPORATION)

DETAIL OF CONSOLIDATED STATEMENT OF ACTIVITIES							
YEAR ENDED DECEMBER 31, 2021							
	LaCasa, Inc.	Elkhart Senior Housing, L.P.	Lincoln Avenue Redevelopment, L.P.	Roosevelt Center, L.P.	Hawks Arts & Enterprise Center, L.P.	LaCasa Real Estate Holdings, LLC	Total
Revenue							
Rental income, net of vacancy and concessions	\$ 1,447,856	\$ 339,625	\$ 232,737	\$ 264,495	\$ 280,529	\$ -	\$ 2,565,242
Fees for services	374,772	-	-	-	-	-	284,706
Grant income	3,645,978	-	-	-	-	-	3,645,978
Donations income	528,963	-	-	-	-	-	528,963
Donated labor and assets	8,902	-	-	-	-	-	8,902
Interest income	391,335	92	46	47	114	-	24,967
Change in beneficial interest	13,428	-	-	-	-	-	13,428
Other income	317,173	12,046	7,136	8,480	5,023	7,000	366,239
Total revenue	6,728,407	351,763	239,919	273,022	285,666	7,000	7,438,425
Expenses							
Program expenses							
Asset and property management	1,879,342	625,934	577,844	620,753	553,612	26,012	3,816,764
Community building and engagement	94,783	-	-	-	-	-	94,783
Financial empowerment center	761,946	-	-	-	-	-	761,946
Real estate development	603,452	-	-	-	-	-	603,452
Immigration services	152,555	-	-	-	-	-	152,555
Total program expenses	3,492,078	625,934	577,844	620,753	553,612	26,012	5,429,500
Supporting services							
Mission advancement	289,052	-	-	-	-	-	289,052
Management and general	501,945	-	-	-	-	-	501,945
Total supporting services	790,997	-	-	-	-	-	790,997
Non-operating expense							
Loss on development fee	1,025,384	-	-	-	-	-	-
Total expenses	5,308,459	625,934	577,844	620,753	553,612	26,012	6,220,497
Changes in net assets	\$ 1,419,948	\$ (274,171)	\$ (337,925)	\$ (347,731)	\$ (267,946)	\$ (19,012)	\$ 1,217,928

LACASA, INC. AND SUBSIDIARIES
(AN INDIANA NOT-FOR-PROFIT CORPORATION)

DETAIL OF CONSOLIDATED STATEMENT OF ACTIVITIES (CONTINUED)							
YEAR ENDED DECEMBER 31, 2020							
	LaCasa, Inc.	Elkhart Senior Housing, L.P.	Lincoln Avenue Redevelopment, L.P.	Roosevelt Center, L.P.	Hawks Arts & Enterprise Center, L.P.	LaCasa Real Estate Holdings, LLC	Total
Revenue							
Rental income, net of vacancy and concessions	\$ 1,328,571	\$ 313,695	\$ 227,058	\$ 254,319	\$ 257,704	\$ -	\$ 2,381,347
Fees for services	564,566	-	-	-	-	-	479,164
Grant income	2,487,188	-	-	-	-	-	2,487,188
Donations income	496,259	-	-	-	-	-	496,259
Donated labor and assets	10,050	-	-	-	-	-	10,050
Interest income	350,591	84	101	100	253	-	18,595
Change in beneficial interest	9,394	-	-	-	-	-	9,394
Other income	26,122	9,524	4,698	8,911	3,942	800	95,427
Total revenue	5,272,741	323,303	231,857	263,330	261,899	800	5,977,424
Expenses							
Program expenses							
Asset and property management	1,718,565	569,201	525,788	585,270	580,719	41,891	3,588,283
Community building and engagement	79,972	-	-	-	-	-	79,972
Financial empowerment center	688,794	-	-	-	-	-	688,794
Real estate development	488,568	-	-	-	-	-	488,568
Immigration services	137,036	-	-	-	-	-	137,036
Total program expenses	3,112,935	569,201	525,788	585,270	580,719	41,891	4,982,653
Supporting services							
Mission advancement	236,788	-	-	-	-	-	236,788
Management and general	492,550	-	-	-	-	-	492,550
Total supporting services	729,338	-	-	-	-	-	729,338
Total expenses	3,842,273	569,201	525,788	585,270	580,719	41,891	5,711,991
Changes in net assets	\$ 1,430,468	\$ (245,898)	\$ (293,931)	\$ (321,940)	\$ (318,820)	\$ (41,091)	\$ 265,433

LACASA, INC. AND SUBSIDIARIES
(AN INDIANA NOT-FOR-PROFIT CORPORATION)

		DETAIL OF CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS							YEAR ENDED DECEMBER 31, 2021	
	LaCasa, Inc.	Elkhart Senior Housing, L.P.	Lincoln Avenue Redevelopment, L.P.	Roosevelt Center, L.P.	Hawks Arts & Enterprise Center, L.P.	LaCasa Real Estate Holdings, LLC	Eliminations	Total		
Net assets, January 1, 2021	\$ 19,246,567	\$ 1,484,025	\$ 596,027	\$ 1,135,288	\$ 3,270,912	\$ (99,116)	\$ (326,374)	\$ 25,307,329		
Contributions	-	611,370	185,000	229,014	-	-	(1,025,384)	-		
Distributions	-	-	-	-	-	-	-	-		
Changes in net assets	1,419,948	(274,171)	(337,925)	(347,731)	(267,946)	(19,012)	1,044,765	1,217,928		
Net assets, December 31, 2021	\$ 20,666,515	\$ 1,821,224	\$ 443,102	\$ 1,016,571	\$ 3,002,966	\$ (118,128)	\$ (306,993)	\$ 26,525,257		

LACASA, INC. AND SUBSIDIARIES
(AN INDIANA NOT-FOR-PROFIT CORPORATION)

		DETAIL OF CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS (CONTINUED)						YEAR ENDED DECEMBER 31, 2020	
	LaCasa, Inc.	Elkhart Senior Housing, L.P.	Lincoln Avenue Redevelopment, L.P.	Roosevelt Center, L.P.	Hawks Arts & Enterprise Center, L.P.	LaCasa Real Estate Holdings, LLC	Eliminations	Total	
Net assets, January 1, 2020	\$ 17,816,099	\$ 1,729,923	\$ 889,958	\$ 1,457,228	\$ 3,589,732	\$ (58,025)	\$ (383,019)	\$ 25,041,896	
Contributions	-	-	-	-	-	-	-	-	
Distributions	-	-	-	-	-	-	-	-	
Changes in net assets	1,430,468	(245,898)	(293,931)	(321,940)	(318,820)	(41,091)	56,645	265,433	
Net assets, December 31, 2020	\$ 19,246,567	\$ 1,484,025	\$ 596,027	\$ 1,135,288	\$ 3,270,912	\$ (99,116)	\$ (326,374)	\$ 25,307,329	

LACASA, INC. AND SUBSIDIARIES
(AN INDIANA NOT-FOR-PROFIT CORPORATION)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2021

Federal Grantor

<i>Pass-through Grantor</i> "Program Title"	Assistance Listing	Pass-Through Identification Number	Federal Expenditures
U.S. Department of Treasury			
NeighborWorks Americal - Capital Grant	21.000	None	\$ 75,000
NeighborWorks America - Expendable Grant	21.000	None	170,000
NeighborWorks America - Community Leadership Institute	21.000	None	4,000
NeighborWorks America - Pandemic Recovery	21.000	R-PRI-2021-63242	20,000
NeighborWorks America - Training Grant	21.000	None	10,000
NeighborWorks America - Expendable Grants	21.000	None	25,500
NeighborWorks America - Comprehensive Counseling	21.000	None	11,443
NeighborWorks America - Technology Grant	21.000	None	18,500
NeighborWorks America - Marketing	21.000	None	9,250
			343,693
Department of Housing and Urban Development			
<i>Indiana Housing and Community Development Authority</i>			
"Home Investment Partnerships Program"	14.239	CH-012-007	400,000
"Home Investment Partnerships Program"	14.239	CH-006-009	470,000
"Home Investment Partnership Program"	14.239	CO-019-013	50,000
"Home Investment Partnership Program"	14.239	CO-019-004	50,000
"Home Investment Partnership Program"	14.239	CH-020-001	50,000
"Home Investment Partnership Program"	14.239	CH-019-007	437,097
"Home Investment Partnership Program"	14.239	PD-020-001	12,145
"Home Investment Partnership Program"	14.239	CH-018-007	63,195
			1,532,437
<i>City of Goshen/Elkhart</i>			
"Community Development Block Grants/Entitlement Grants"	14.218	None	4,500
"Community Development Block Grants/Entitlement Grants"	14.218	None	113,195
"Community Development Block Grants/Entitlement Grants"	14.218	None	7,000
"Community Development Block Grants/Entitlement Grants"	14.218	None	100,424
"Community Development Block Grants/Entitlement Grants"	14.218	None	200,000
"Community Development Block Grants/Entitlement Grants"	14.218	None	309,236
"Community Development Block Grants/Entitlement Grants"	14.218	None	3,190
			737,545
Total Department of Housing and Urban Development			2,269,982
Total Expenditures of Federal Awards			\$ 2,613,675

Note 1: The schedule of expenditures of federal awards is prepared on the accrual basis of accounting and the Corporation elected not to use the 10% de minimis cost rule.

Note 2: The accompanying schedule of expenditures of federal awards includes the federal grant activity of LaCasa, Inc. and its Subsidiaries and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**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 Directors of
LaCasa, Inc. and Subsidiaries
(An Indiana Not-for-Profit Corporation)

We have audited, in accordance with the 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 financial statements of LaCasa, Inc. and Subsidiaries, which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, change in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 30, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered LaCasa, Inc. and Subsidiaries' 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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of LaCasa, Inc. and Subsidiaries' internal control. Accordingly, we do not express an opinion on the effectiveness of LaCasa, Inc. and Subsidiaries' 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 LaCasa, Inc. and Subsidiaries' 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 were not identified.

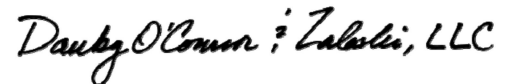
Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether LaCasa, Inc. and Subsidiaries' 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 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 LaCasa, Inc. and Subsidiaries' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering LaCasa, Inc. and Subsidiaries' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

March 30, 2022
Carmel, Indiana



Dauby O'Connor & Zaleski, LLC
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of
LaCasa, Inc. and Subsidiaries
(An Indiana Not-for-Profit Corporation)

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited LaCasa, Inc. and Subsidiaries' compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of LaCasa, Inc. and Subsidiaries' major federal programs for the year ended December 31, 2021. LaCasa, Inc. and Subsidiaries' major federal programs are identified in the summary of auditor's results section of the accompanying summary of auditor's results.

In our opinion, LaCasa, Inc. and Subsidiaries complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of LaCasa, Inc. and Subsidiaries and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of LaCasa, Inc. and Subsidiaries' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to LaCasa, Inc. and Subsidiaries' federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on LaCasa, Inc. and Subsidiaries' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance, and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above are considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about LaCasa, Inc. and Subsidiaries' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 LaCasa, Inc. and Subsidiaries' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of LaCasa, Inc. and Subsidiaries' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances, and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of LaCasa, Inc. and Subsidiaries' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Report on Internal Control over Compliance (continued)

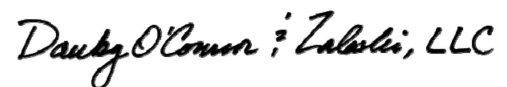
Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section, and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purposes of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

March 30, 2022
Carmel, Indiana



Dauby, O'Connor & Zaleski, LLC
Certified Public Accountants

LACASA, INC. AND SUBSIDIARIES
(AN INDIANA NOT-FOR-PROFIT CORPORATION)

SUMMARY OF AUDITOR'S RESULTS
YEAR ENDED DECEMBER 31, 2021

Section I-Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiencies identified that are not considered to be material weaknesses? ☐ yes ☒ none reported

Noncompliance material to financial statements noted? ☐ yes ☒ no

Federal Awards

Dollar threshold to distinguish Type A and B programs \$750,000

Internal control over major programs:

- Material weakness(es) identified? ☐ yes ☒ no
- Auditee qualifies as a low-risk auditee? ☒ yes ☐ no

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)? ☐ yes ☒ no

Identification of major programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
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14.239	HOME Investment Partnership Program
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**LACASA, INC. AND SUBSIDIARIES
(AN INDIANA NOT-FOR-PROFIT CORPORATION)**

**SUMMARY OF AUDITOR'S RESULTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021**

Section II-Financial Statement Findings

Our audit disclosed no findings that are required to be reported.

Section III-Federal Award Findings and Questioned Costs

Our audit disclosed no findings that are required to be reported.

**LACASA, INC. AND SUBSIDIARIES
(AN INDIANA NOT-FOR-PROFIT CORPORATION)**

**CORRECTIVE ACTION PLAN
YEAR ENDED DECEMBER 31, 2021**

Name of auditee: LaCasa, Inc. and Subsidiaries

Name of audit firm: Dauby O'Connor & Zaleski, LLC

Period covered by the audit: Year ended December 31, 2021

CAP prepared by

Name: Amy Call

Position: Chief Financial Officer

Telephone number: 574-533-4450

Current Findings on the Schedule of Findings, Questioned Costs, and Recommendations

No corrective action plan is required to be reported.

**LACASA, INC. AND SUBSIDIARIES
(AN INDIANA NOT-FOR-PROFIT CORPORATION)**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2021**

There were no findings or questioned costs from the prior audit report.

LACASA, INC. AND SUBSIDIARIES
(AN INDIANA NOT-FOR-PROFIT CORPORATION)

SUPPLEMENTAL SCHEDULE - CONSOLIDATED STATEMENT OF ACTIVITIES - NATURAL
YEAR ENDED DECEMBER 31, 2021

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue			
Rental income, net of vacancy and concessions	\$ 2,565,242	\$ -	\$ 2,565,242
Fees for services	284,706	-	284,706
Grant income	2,645,978	1,000,000	3,645,978
Donations income	528,963	-	528,963
Donated labor and assets	8,902	-	8,902
Interest income	24,967	-	24,967
Change in beneficial interest	13,428	-	13,428
Other income	366,239	-	366,239
Satisfaction of program restrictions	174,462	(174,462)	-
Total revenue	6,612,887	825,538	7,438,425
Operating Expense			
Salaries and wages	2,006,372		2,006,372
Administrative	803,630	-	803,630
Utilities	384,056	-	384,056
Operating and maintenance	925,730	-	925,730
Taxes and insurance	405,139	-	405,139
Total operating expenses	4,524,927	-	4,524,927
Changes in net assets from operations	2,087,960	825,538	2,913,498
Other expenses			
Interest expense	203,034	-	203,034
Interest - debt issuance costs	2,658	-	2,658
Depreciation	1,485,828	-	1,485,828
Amortization	4,050	-	4,050
Total other expenses	1,695,570	-	1,695,570
Changes in net assets	\$ 392,390	\$ 825,538	\$ 1,217,928
Non-controlling interest in net losses of subsidiaries	1,227,403	-	1,227,403
Changes in net assets excluding non-controlling interest	\$ 1,619,793	\$ 825,538	\$ 2,445,331

LACASA, INC. AND SUBSIDIARIES
(AN INDIANA NOT-FOR-PROFIT CORPORATION)

SUPPLEMENTAL SCHEDULE - CONSOLIDATED STATEMENT OF ACTIVITIES - NATURAL
YEAR ENDED DECEMBER 31, 2020

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue			
Rental income, net of vacancy and concessions	\$ 2,381,347	\$ -	\$ 2,381,347
Fees for services	479,164	-	479,164
Grant income	2,487,188	-	2,487,188
Donations income	496,259	-	496,259
Donated labor and assets	10,050	-	10,050
Interest income	18,595	-	18,595
Change in beneficial interest	9,394	-	9,394
Other income	95,427	-	95,427
Satisfaction of program restrictions	447,614	(447,614)	-
Total revenue	6,425,038	(447,614)	5,977,424
Operating Expense			
Salaries and wages	2,094,082		2,094,082
Administrative	527,751	-	527,751
Utilities	369,743	-	369,743
Operating and maintenance	765,112	-	765,112
Taxes and insurance	337,118	-	337,118
Total operating expenses	4,093,806	-	4,093,806
Changes in net assets from operations	2,331,232	(447,614)	1,883,618
Other expenses			
Interest expense	194,847	-	194,847
Interest - debt issuance costs	2,658	-	2,658
Depreciation	1,416,630	-	1,416,630
Amortization	4,050	-	4,050
Total other expenses	1,618,185	-	1,618,185
Changes in net assets	\$ 713,047	\$ (447,614)	\$ 265,433
Non-controlling interest in net losses of subsidiaries	1,180,250	-	1,180,250
Changes in net assets excluding non-controlling interest	\$ 1,893,297	\$ (447,614)	\$ 1,445,683

LACASA, INC. AND SUBSIDIARIES
(AN INDIANA NOT-FOR-PROFIT CORPORATION)

SUPPLEMENTAL SCHEDULES OF FINANCIAL POSITION NEIGHBORWORKS AMERICA
(UNAUDITED)
DECEMBER 31, 2021 AND 2020

Schedule I

	2021	2020
Assets		
Notes Receivable - Roosevelt Center	\$ -	\$ -
Notes Receivable - Hawks Arts & Enterprise Center	-	-
Notes Receivable - Elkhart Senior Housing	-	-
Total assets	\$ -	\$ -
Net Assets		
With donor restrictions	\$ -	\$ -
Total net assets	\$ -	\$ -

Schedule II

	2021	2020
Revenue, Gains, and Other Support		
Expendable Grant - NeighborWorks America	\$ 259,443	\$ 219,083
Capital Grant - NeighborWorks America	75,000	50,000
Total revenue, gains and other support	334,443	269,083
Funds expended	334,443	269,083
Change in net assets	-	-
Net assets released from restrictions	-	(382,205)
Net assets at beginning of year	-	382,205
Net assets at end of year	\$ -	\$ -