CONSOLIDATED FINANCIAL STATEMENTS

BUILDING BRIDGES ACROSS THE RIVER, INC. AND AFFILIATE

FOR THE YEAR ENDED DECEMBER 31, 2022
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2021

BUILDING BRIDGES ACROSS THE RIVER, INC. AND AFFILIATE

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Building Bridges Across the River, Inc. and Affiliate
Washington, D.C.

Opinion

We have audited the accompanying consolidated financial statements of Building Bridges Across the River, Inc. (BBAR) and Building Bridges Development Corporation (BBDC), collectively, the Organizations, which comprise the consolidated statement of financial position as of December 31, 2022, and the related consolidated statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

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

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organizations' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Report on Summarized Comparative Information

We have previously audited the Organizations' 2021 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated August 2, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The Consolidating Schedule of Financial Position on pages 23 - 24, Consolidating Schedule of Activities on page 25, Consolidating Schedule of Change in Net Assets on page 26 and Consolidating Schedule of Cash Flows on page 27 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the 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.

Gelman Rozenberg & Freedman

December 11, 2023

EXHIBIT A

BUILDING BRIDGES ACROSS THE RIVER, INC. AND AFFILIATE

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2022
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2021

ASSETS

	2022	2021
CURRENT ASSETS		
Cash and cash equivalents	$ 19,190,713	$ 14,353,560
Grants and pledges receivable	4,217,893	4,955,594
Accounts receivable, net of allowance for doubtful accounts of $4,913	110,085	72,436
Land use contribution receivable	44,500	-
Prepaid expenses	79,122	82,034
Total current assets	23,642,313	19,463,624
PROPERTY AND EQUIPMENT		
Buildings and improvements	52,740,847	52,660,865
Equipment	1,356,295	1,194,805
Furniture	66,640	39,601
Vehicles	50,463	-
Construction in progress	1,198,534	-
	55,412,779	53,895,271
Less: Accumulated depreciation and amortization	(14,692,423)	(13,158,190)
Net property and equipment	40,720,356	40,737,081
NONCURRENT ASSETS		
Investments - Board designated	636,506	802,161
Interest rate swap	-	94,427
Grants and pledges receivable, net of present value discount of $52,724	1,622,276	1,452,784
Land use contribution receivable, net of current portion	3,411,000	-
Loan receivable from TDIF	21,944,125	21,944,125
Total noncurrent assets	27,613,907	24,293,497
TOTAL ASSETS	**$ 91,976,576**	**$ 84,494,202**

See accompanying notes to consolidated financial statements.

BUILDING BRIDGES ACROSS THE RIVER, INC. AND AFFILIATE

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2022
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2021**

LIABILITIES AND NET ASSETS

	2022	2021
CURRENT LIABILITIES		
Notes payable	$ 6,711,762	$ 149,490
Accounts payable and accrued expenses	560,215	507,743
Deferred rental income	1,770,462	1,901,423
Interest rate swap obligation	26,724	-
Total current liabilities	9,069,163	2,558,656
NONCURRENT LIABILITIES		
Notes payable, net	31,448,387	38,162,009
Total liabilities	40,517,550	40,720,665
NET ASSETS		
Without donor restrictions:		
Undesignated	10,463,610	11,259,055
Board designated	1,639,106	1,978,947
Invested in property and equipment	14,061,277	13,391,061
Total without donor restrictions	26,163,993	26,629,063
With donor restrictions	25,295,033	17,144,474
Total net assets	51,459,026	43,773,537
TOTAL LIABILITIES AND NET ASSETS	**$ 91,976,576**	**$ 84,494,202**

BUILDING BRIDGES ACROSS THE RIVER, INC. AND AFFILIATE

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2021

	2022			2021
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	**Total**
SUPPORT AND REVENUE				
Contributions and grants	$ 1,768,818	$ 13,028,620	$ 14,797,438	$ 10,446,363
Rental income and tenant expense reimbursements	2,909,073	-	2,909,073	2,069,999
Interest and investment income, net	375,320	-	375,320	583,779
Other revenue	76,719	-	76,719	55,079
Net assets released from donor restrictions	4,878,061	(4,878,061)	-	-
Total support and revenue	10,007,991	8,150,559	18,158,550	13,155,220
EXPENSES				
Program Services	6,634,745	-	6,634,745	6,719,560
Supporting Services:				
Management and General	2,109,749	-	2,109,749	638,510
Fundraising	1,607,416	-	1,607,416	625,180
Total supporting services	3,717,165	-	3,717,165	1,263,690
Total expenses	10,351,910	-	10,351,910	7,983,250
Change in net assets before other items	(343,919)	8,150,559	7,806,640	5,171,970
OTHER ITEMS				
Extinguishment of debt	-	-	-	964,415
Unrealized loss on interest rate swap	(121,151)	-	(121,151)	(137,113)
Total other items	(121,151)	-	(121,151)	827,302
Change in net assets	(465,070)	8,150,559	7,685,489	5,999,272
Net assets at beginning of year	26,629,063	17,144,474	43,773,537	37,774,265
NET ASSETS AT END OF YEAR	**$ 26,163,993**	**$ 25,295,033**	**$ 51,459,026**	**$ 43,773,537**

BUILDING BRIDGES ACROSS THE RIVER, INC. AND AFFILIATE

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2021

	2022					2021
		Supporting Services				
	Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses	Total Expenses
Personnel	$ 2,438,639	$ 840,013	$ 498,052	$ 1,338,065	$ 3,776,704	$ 3,166,561
Depreciation and amortization	1,541,976	-	-	-	1,541,976	1,515,554
Building and maintenance costs	991,791	-	56,729	56,729	1,048,520	689,612
Consulting fees	126,702	107,734	810,128	917,862	1,044,564	781,665
Interest expense	-	784,439	-	784,439	784,439	778,269
Rent	551,956	60,554	-	60,554	612,510	130,327
Supplies	213,035	51,420	163,302	214,722	427,757	197,662
Contract services	323,342	15,769	-	15,769	339,111	127,292
Bank fees	82,793	76,450	2,835	79,285	162,078	17,374
Professional fees	93,888	67,961	-	67,961	161,849	90,839
Marketing	85,883	-	42,275	42,275	128,158	79,094
Equipment	8,580	42,637	10,669	53,306	61,886	54,695
Other	8,331	33,728	17,288	51,016	59,347	69,941
Insurance	55,907	-	-	-	55,907	69,262
Telephone	29,209	23,987	-	23,987	53,196	48,933
Production costs	37,083	-	-	-	37,083	66,968
Travel and entertainment	15,124	-	5,572	5,572	20,696	4,071
Printing and production	18,078	649	403	1,052	19,130	38,532
Events and fundraising costs	7,746	-	17	17	7,763	54,100
Bad debt	4,155	2,565	-	2,565	6,720	-
Postage and delivery	145	1,261	146	1,407	1,552	2,499
Repairs and maintenance	383	582	-	582	965	-
TOTAL	**$ 6,634,746**	**$ 2,109,749**	**$ 1,607,416**	**$ 3,717,165**	**$ 10,351,911**	**$ 7,983,250**

See accompanying notes to consolidated financial statements.

BUILDING BRIDGES ACROSS THE RIVER, INC. AND AFFILIATE

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 7,685,489	$ 5,999,272
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,534,234	1,507,812
Amortization of deferred financing costs	7,742	7,742
Change in present value discount on noncurrent grants and pledges receivable	(5,508)	(45,033)
Unrealized loss (gain) on investments	156,925	(59,240)
Realized loss (gain) on sale of investments	71,508	(7,615)
Proceeds from the sale of donated securities	6,961	108,661
Receipt of donated securities	(6,961)	(108,661)
Unrealized loss on interest rate swap	121,151	137,113
Extinguishment of debt	-	(964,415)
Decrease (increase) in:		
Grants and pledges receivable	573,717	(1,860,607)
Accounts receivable	(37,649)	(17,229)
Land use contribution receivable	(3,455,500)	-
Prepaid expenses	2,912	18,578
Increase (decrease) in:		
Accounts payable and accrued expenses	52,470	(310,083)
Deferred rental income	(130,961)	(173,405)
Net cash provided by operating activities	6,576,530	4,232,890
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of furniture and equipment	(188,529)	(132,214)
Payments for building improvements	(79,981)	(25,488)
Purchase of vehicles	(50,463)	-
Payments for construction in progress	(1,198,534)	-
Purchases of investments	(81,087)	(163,532)
Proceeds from sales of investments	18,309	113,677
Net cash used by investing activities	(1,580,285)	(207,557)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program loan payable	-	517,698
Principal payments on notes payable	(159,092)	(152,191)
Net cash (used) provided by financing activities	(159,092)	365,507
Net increase in cash and cash equivalents	4,837,153	4,390,840
Cash and cash equivalents at beginning of year	14,353,560	9,962,720
CASH AND CASH EQUIVALENTS AT END OF YEAR	**$ 19,190,713**	**$ 14,353,560**
SUPPLEMENTAL INFORMATION		
Interest Paid	**$ 784,439**	**$ 778,269**

See accompanying notes to consolidated financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organizations -

Building Bridges Across the River, Inc. (BBAR) was established in May 1997, and was organized to raise funds, acquire land, develop, construct and oversee the operation of the Town Hall, Education, Arts and Recreation Center (THEARC) located in the southeast quadrant of the District of Columbia.

Building Bridges Development Corporation (BBDC) was established during 2015 to act as the “qualified active low-income community business” (“QALICB”) under the New Markets Tax Credit Program.

Principles of consolidation -

The accounts of the BBAR have been consolidated with the BBDC (collectively, the Organizations) in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) which require that financially interrelated organizations be consolidated. All intercompany transactions and balances have been eliminated.

Basis of presentation -

The accompanying consolidated financial statements are presented on the accrual basis of accounting, and in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entitie*s. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- **Net Assets Without Donor Restrictions -** Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board Designated and are also reported as net assets without donor restrictions.

- **Net Assets With Donor Restrictions -** Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in "net assets with donor restrictions", depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Consolidated Statement of Activities and Change in Net Assets as net assets released from donor restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

New accounting pronouncements adopted -

During the year ended December 31, 2022, the Organizations adopted ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which improves generally accepted accounting principles in the United States (U.S. GAAP) by increasing the transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The amendments in this Update address certain stakeholders' concerns about the lack of transparency relating to the measurement of contributed nonfinancial assets recognized by NFPs, as well as the amount of those contributions used in a NFP's programs and other activities. The ASU was adopted retrospectively and did not change the recognition and measurement requirements for those contributed nonfinancial assets.

During the year ended December 31, 2022, the Organizations adopted ASU 2019-01, *Leases* (Topic 842), which changed the accounting treatment for operating leases by requiring recognition of a lease asset and lease liability at the present value of the lease payments in the Consolidated Statement of Financial Position and disclosure of key information about leasing arrangements. The Organizations applied the new standard using the modified retrospective approach and adopted the practical expedient package to not reassess at adoption (i) expired or existing contracts for whether they are or contain a lease, (ii) the lease classification of any existing leases or (iii) initial indirect costs for existing leases. The Organizations did not have any leases that qualified under the ASU. Accordingly, there was no impact on the Organizations.

Cash and cash equivalents -

The Organizations consider all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents. As of December 31, 2022, cash in the amounts of $102,186 and $12,773,185 is restricted for purposes of the New Markets Tax Credit Program and net assets with donor restrictions, respectively.

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of $250,000. At times during the year, the Organizations maintain cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Investments -

Investments are recorded at their readily determinable fair value. Interest, dividends, realized and unrealized gains and losses net of investment expenses are included in interest and investment income, net in the Consolidated Statement of Activities and Change in Net Assets.

Property and equipment -

Property and equipment acquisitions in excess of $5,000 are capitalized and stated at cost. Property and equipment are depreciated on a straight-line basis over the estimated useful lives of the related assets; generally five years for furniture and equipment or thirty-nine years for buildings and improvements. The cost of maintenance and repairs is recorded as expenses are incurred.

THEARC project includes three buildings (Phase I, II and III) on land leased from the District of Columbia. The Phase I building is for the use of the Covenant House Washington (CHW) pursuant to a 99-year ground sub-lease between BBAR and CHW. The Phase I costs were paid by (and capitalized on the books of) CHW. Phase II and Phase III building costs have been capitalized as an asset of the Organizations.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Property and equipment (continued) -

Depreciation expense for the year ended December 31, 2022 totaled $1,534,234.

Impairment of long-lived assets -

Management reviews asset carrying amounts whenever events or circumstances indicate that such carrying amounts may not be recoverable. When considered impaired, the carrying amount of the assets is reduced, by a charge to the Consolidated Statement of Activities and Change in Net Assets, to its current fair value.

Grants and pledges receivable -

Grants and pledges receivable are recorded at their net realizable value, which approximates fair value. Grants and pledges receivable that are expected to be collected in future years are recorded at their fair value, measured as the present value of their future cash flows. The discounts on these amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contributions and grants revenue. All grants and pledges receivable are considered by management to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

Accounts receivable -

Accounts receivable are recorded at their net realizable value, which approximates fair value. The allowance for doubtful accounts is determined based upon an annual review of account balances, including the age of the balance and the historical experience with the donor/ stakeholder/customer.

Debt issuance costs -

In accordance with the FASB ASU 2015-03, *Simplifying the Presentation of Debt Issuance Costs,* the Organizations present debt issuance costs in the consolidated financial statement as a direct deduction from the related debt liability. Amortization of the costs is reported as amortization expense.

Accounting for derivatives -

Derivatives are recognized in the Consolidated Statement of Financial Position at their fair value. Fair values for the Organizations' derivative financial instruments are based on the mark-to-market value quoted to the Organizations by Truist Bank, the derivative issuer. Changes in the swap contract's fair value are included in the accompanying Consolidated Statement of Activities and Change in Net Assets.

Support and revenue -

Contributions and grants -

The majority of the Organizations' revenue is received through contributions and grants. Contributions and grants are recognized in the appropriate category of net assets in the period received.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Support and revenue (continued) -

Contributions and grants (continued) -

The Organizations perform an analysis of the individual contribution and grant to determine if the revenue streams follow the contribution rules or if they should be recorded as an exchange transaction depending upon whether the transactions are deemed reciprocal or nonreciprocal under ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made.*

For contributions and grants and contracts qualifying under the contribution rules, revenue is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions and grants qualifying as contributions that are unconditional that have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions; such funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying consolidated financial statements. For contributions and grants treated as conditional contributions, the Organizations had approximately $6,000,000 unrecognized conditional awards as of December 31, 2022.

In-kind contributions -

In-kind contributions consist of donated land use which is recorded at the fair value as of the date of the gift. The Organizations may receive gifts of cash or other assets restricted for use to acquire or construct a long-lived asset. In accordance with *Financial Accounting Standards Board* (FASB) Accounting Standards Update (ASU) 2016-14, the Organizations adopted the placed-in-service approach for reporting the expirations of donor restrictions used to acquire or construct long-lived assets.

Rental income -

Rental income is classified as an exchange transaction which follows ASU 2014-09, *Revenue from Contracts With Customers*, and is recorded as revenue at a point in time when the performance obligations are met. The Organizations have elected to opt out of all (or certain) disclosures not required for nonpublic entities. Rental income is recognized as rentals become due. Rental payments received in advance are deferred until earned. All leases with tenants are considered to be operating leases.

Income taxes -

The Organizations are exempt from Federal income tax under Section 501(ac)(3) of the Internal Revenue Code. BBDC is a Type I supporting organization to BBAR under Section 509(a)(3) of the Internal Revenue Code. BBAR is a not private foundation.

Uncertain tax positions -

For the year ended December 31, 2022, the Organizations have documented their consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and have determined that no material uncertain tax positions qualify for either recognition or disclosure in the consolidated financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Use of estimates -

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

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Consolidated Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area of the Organizations are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of estimated time and effort or other reasonable basis.

Reclassification -

Certain amounts in the prior year's consolidated financial statements have been reclassified to conform to the current year's presentation.

Risks and uncertainties -

The Organizations invest in various investment securities. Investment securities are exposed to various risks such as interest rates, 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 that such changes could materially affect the amounts reported in the accompanying consolidated financial statements.

Fair value measurement -

The Organizations apply the provisions of FASB ASC 820, *Fair Value Measurement*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements. The Organizations account for a significant portion of their financial instruments at fair value or consider fair value in their measurement.

New accounting pronouncement not yet adopted -

Accounting Standard Update (ASU) 2016-13, *Financial Instruments – Credit Losses* (Topic 326), replaces the incurred loss impairment methodology in current U.S. GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The ASU is effective for the Organizations for the year ending December 31, 2023. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach.

The Organizations plan to adopt the new ASU at the required implementation date and management is currently in the process of evaluating the adoption method and the impact of the new standard on its accompanying consolidated financial statements.

2. INVESTMENTS

Included in investments at December 31, 2022, are the following:

	Fair Value
Mutual funds - fixed income	$ 189,474
Mutual funds - equities	447,032
TOTAL INVESTMENTS	**$ 636,506**

Included in interest and investment income, net for the year ended December 31, 2022, are the following:

Interest and dividends earned on investments	$ 20,138
Interest on New Markets notes receivable (see Note 4)	588,262
Unrealized loss on investments	(156,925)
Realized loss on sales of investments	(71,508)
Investment fees	(4,647)
TOTAL INTEREST AND INVESTMENT INCOME, NET	**$ 375,320**

3. GRANTS AND PLEDGES RECEIVABLE

As of December 31, 2022, the Organizations have received promises to give, which have yet to be collected, aggregating $5,892,893. Payments expected to be collected more than one year from the Consolidated Statement of Financial Position date are recorded at their net present value of the estimated cash flows, using discount rates between 0.1% and 3.25%.

Grants and pledges receivable are due as follows as of December 31, 2022:

Less than one year	$ 4,217,893
One to five years	1,675,000
Total	5,892,893
Less: Current portion	(4,217,893)
Less: Present value discount	(52,724)
NONCURRENT GRANTS AND PLEDGES RECEIVABLE, NET OF PRESENT VALUE DISCOUNT	**$ 1,622,276**

4. NEW MARKETS TAX CREDIT PROGRAM

BBAR obtained financing for the Phase III Expansion of THEARC under the New Markets Tax Credit Program (“NMTC"). The NMTC Program permits taxpayers to claim a credit against Federal income taxes for Qualified Equity Investments in designated Community Development Entities (“CDEs”). These designated CDEs must use substantially all of the proceeds to make Qualified Low-Income Community Investments (“QLICIs”). The investor is provided with a tax credit, which is claimed over a seven-year period. BBDC acts as the “qualified active low-income community business” (“QALICB”) under the NMTC.

4. NEW MARKETS TAX CREDIT PROGRAM (Continued)

Also, during 2015, SunTrust Bank established a special purpose entity called THEARC DC Investment Fund, LLC (the "TDIF") of which SunTrust Community Capital, LLC ("STCC") is the sole member. On February 3, 2016, STCC made a $10,690,875 capital contribution and BBAR made a leveraged loan to TDIF totaling $21,944,125. The note receivable has a maturity date of March 1, 2051, and bears interest at the rate of 2.184% per annum. Interest-only is payable until March 10, 2023, and thereafter blended payments are due of principal and interest sufficient to amortize the note fully over the remaining term. The note is collateralized by a security interest in the CDEs and any distributions from them. Interest earned on the note during the year ended December 31, 2022 totaled $588,262 and is included in interest and investment income in the accompanying Consolidated Statement of Activities and Change in Net Assets.

BBAR raised funds for the leveraged loan from grants, loans, private financing and cash reserves.

On February 3, 2016, TDIF made Qualified Equity Investments ("QEIs") totaling $32,250,000 in exchange for a 99% interest in the following CDEs: City First Capital 40, LLC ("CFC"), ESIC New Markets Partners LXV Limited Partnership, ("ESIC"), LIIF Sub-CDE XXXIV, LLC, ("LIIF") and ST CDE XXIV, LLC, ("ST").

The CDEs used the proceeds of the QEI to make two qualified low-income community investments structured as secured loans ("Project Loans") to BBDC in the aggregate principal amount of $31,450,000, and secured by a deed of trust. The QLICI Loans were divided into eight separate notes with a maturity date of December 1, 2055 and interest rate of 1.788% per annum (see Note 10).

Restricted cash for purposes of the NMTC amounted to $102,186 as of December 31, 2022 and is included in cash and cash equivalents on the accompanying Consolidated Statement of Financial Position.

In February 2023, when the NMTC period expired, STCC exercised its put option to sell its ownership interest in TDIF. TDIF was liquidated and its assets were distributed to BBAR. In conjunction with this event, the CDEs were liquidated, and BBAR acquired the $31,450,000 Project Loans in satisfaction of BBAR's leveraged loan to TDIF totaling $21,944,125. As a result of these exit transactions, and the offsetting of the project loans and leverage loans, debt forgiveness income of approximately $9,500,000 was recognized as income during the year ended December 31, 2023.

5. BOARD DESIGNATED NET ASSETS

Included in net assets without donor restrictions are amounts that the Board has identified as designated for certain purposes. As of December 31, 2022, the aggregate amount designated was $1,639,106.

6. INVESTED IN PROPERTY AND EQUIPMENT NET ASSETS

Included in net assets without donor restrictions are amounts that have been been identified as invested in property and equipment. As of December 31, 2022, the aggregate amount totaled $14,061,277 and includes property and equipment, net of accumulated depreciation.

7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at December 31, 2022:

11th Street Bridge	$ 19,269,949
Gala	377,880
Land use contribution	3,455,500
ICAN	129,355
Phase IV	897,165
Initiatives	517,906
Subject to passage of time:	647,278
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	**$ 25,295,033**

8. NET ASSETS RELEASED FROM DONOR RESTRICTIONS

The following net assets with donor restrictions were released from donor restrictions by incurring expenses (or through the passage of time) which satisfied the restricted purposes specified by the donors:

11th Street Bridge	$ 1,943,649
ICAN	276,545
Skyland Workforce Center	268,002
Theater	492,487
Gala	306,710
Arts4All	6,055
Phase IV	802,835
Initiatives	82,094
Farm and wellness	140,487
WCS Memorial Fund - A new fund started with the passing of William C. Smith Sr. to benefit Building Bridges	10,975
Blackbox	155,000
Land use contribution	44,500
Samuel Waters Memorial Fund	8,882
Passage of Time	339,840
TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS	**$ 4,878,061**

9. LIQUIDITY

The Organizations' financial assets available within one year of the Consolidated Statement of Financial Position date for general expenditures comprise the following at December 31, 2022:

Cash and cash equivalents	$ 19,190,713
Grants and pledges receivable	4,217,893
Accounts receivable, net	110,085
Subtotal financial assets available within one year	23,518,691
Less: Donor restricted funds	(21,192,255)
Less: Board designated funds	(1,639,106)
Less: Restricted cash	(102,186)
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	**$ 585,144**

9. LIQUIDITY (Continued)

The Organizations are substantially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organizations must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Organizations' liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The reserve funds established by the governing board 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.

10. NOTES PAYABLE

Note payable from SunTrust Bank, in the amount of $7,422,749, maturing on February 3, 2023. The note payable bears interest of LIBOR plus 2.4% and quarterly interest-only is payable until December 15, 2017, followed by monthly principal and interest payments in the amount of $36,255. A balloon payment totaling $6,711,360 is due at maturity. The note is collateralized by an interest in BBAR's leveraged loan to THEARC DC Investment Fund, LLC (See Note 4). BBAR is subject to debt covenants and also entered into an interest rate swap agreement related to this note (See Note 11). Total interest incurred on the note, including the swap agreement, during 2022 was $282,613. The note payable was paid off subsequent to December 31, 2022.	$ 6,711,762
Debt under the New Markets Tax Credit (NMTC) Program:	
Eight separate notes through four financial institutions that each mature on December 1, 2055, with interest rates of 1.788%. Loan costs have been capitalized and are being amortized over the NMTC compliance period. The notes are secured by the QLICI Deed of Trust and the other QLICI Loan Documents. The Organizations are subject to debt covenants. Total interest incurred on the note during 2022 was $501,826. Following is a breakdown of the notes:	
ST CDE XXIV Loan A	$ 1,504,125
ST CDE XXIV Loan B	745,875
ESIC New Markets Partner Loan A	6,685,000
ESIC New Markets Partner Loan B	3,015,000
City First Capital 40 Loan A	7,070,000
City First Capital 40 Loan B	2,730,000
LIIF Sub-CDE Loan A	6,685,000
LIIF Sub-CDE Loan B	3,015,000
Total debt under the NMTC Program	31,450,000
Total notes payable	38,161,762
Less: Current portion	(6,711,762)
Less: Deferred financing costs, net of accumulated amortization of $78,177	(1,613)
NONCURRENT PORTION	**$ 31,448,387**

10. NOTES PAYABLE (Continued)

Future estimated maturities of the aforementioned notes are as follows:

Year Ending December 31,	
2023	$ 6,711,762
Thereafter	31,450,000
	$ 38,161,762

On May 3, 2023, BBAR entered into a commercial promissory note with United Bank for $3,000,000 for a term of 25 years. The note bears interest at 1.5% per year and monthly principal and interest payments commenced one month after the date of the note.

11. INTEREST RATE SWAP

In order to reduce its exposure to volatility in the variable rate index, BBAR entered into an interest rate swap agreement with SunTrust Bank on the note payable described in Note 10. The intention of the swap agreement is to synthetically fix the interest rate on the note.

The note and the related swap agreement mature February 3, 2023, and the original swap notional amount of $7,422,749 hedges 100% of the outstanding variable rate bonds as of the effective date of the swap, February 3, 2016.

Starting in 2018, the combined notional value of the swap and the combined principal amount of the associated debt began to decline.

As of December 31, 2022, the outstanding notional amount was $6,711,762. Under the swap, BBAR pays SunTrust Bank the difference between a fixed rate of 4.17% and a variable rate at 3-Months USD-LIBOR-BBA plus 2.4%.

As of December 31, 2022, the swap had a negative fair value of $26,724, which is reflected as a liability in the Consolidated Statement of Financial Position. The swap valuations were established by market quotations from SunTrust Bank, representing estimates of the amounts that would be paid upon terminating the agreement.

12. GROUND LEASE AGREEMENT

BBAR entered into a lease agreement on July 18, 2001, with the District of Columbia, to lease land for the purpose of constructing, maintaining and operating THEARC. The 99-year lease requires an annual payment of $100 until July 18, 2100.

THEARC project is subject to certain restrictions, limiting the use for the enhancement of the lives of local residents of Ward 8, as approved by the District of Columbia. Since BBAR is paying a "below-market" rate for use of the land, it has recorded a land use contribution receivable and a donor-restricted contribution for the estimated fair market value of the land.

12. GROUND LEASE AGREEMENT (Continued)

As of December 31, 2022, the facility use contribution receivable is due as follows:

Year Ending December 31,	
2023	$ 50,633
2024	50,633
2025	50,633
2026	50,633
2027	50,633
Thereafter	3,696,006
	3,949,171
Less: Discount	(493,671)
LAND USE CONTRIBUTION RECEIVABLE	**$ 3,455,500**

The land use contribution receivable has been discounted using a 6% rate. During the year ended December 31, 2022, BBAR recognized $44,500 of donated rent related to this land use contribution as noted in Note 1.

13. LEASE COMMITMENTS

On December 12, 2018, BBAR amended its Skyland Workforce Center lease agreement to extend it for an additional five years. Base rent is $123,000 per year. The following is a schedule of the future minimum lease payments:

Year Ending December 31, 2023	**$ 134,405**

The amount of rent expense for the year ended December 31, 2022 totaled $181,843.

On March 20, 2023, BBAR entered into a new lease agreement for space with a commencement date of January 1, 2024 for a term of 20 years. Base annual rent is approximately $74,000 increasing by a factor of 3% per year.

14. RENTAL INCOME FROM OPERATING LEASES

The Organizations currently lease space to several tenants and charge rental income based on each tenant's proportionate share of the building's annual operating expenses. Lease agreements currently in force expire between 2022 and 2100. During the year ended December 31, 2022, the Organizations received $2,909,073 of tenant rental income and tenant expense reimbursements.

15. RETIREMENT PLAN

The Organizations offer qualified employees the option to participate in a 401(k) retirement plan. Employees who have attained the age of 21 and have completed 1,000 hours of service may participate in the Plan. The Organizations match all employee contributions up to six percent of eligible compensation. Retirement plan expense during December 31, 2022 totaled $53,622.

16. CONTINGENCY

Various lawsuits and other contingent liabilities arise in the ordinary course of the Organizations' activities. While the final outcome of these legal actions cannot be determined at this time, management is of the opinion that the ultimate liability, if any, from the final resolution of these matters will not have a material effect on the Organizations' consolidated financial statements.

17. FAIR VALUE MEASUREMENT

In accordance with FASB ASC 820, *Fair Value Measurement*, the Organizations have categorized their financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the Consolidated Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market the Organizations have the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used at December 31, 2022.

- *Mutual Funds* - Valued at the daily closing price as reported by the fund. Mutual funds held by the Organizations' are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Organizations are deemed to be actively traded.

- *Interest Rate Swap* - Fair value is derived from quotes from a dealer or broker, where available. Models used in valuing such agreements consider the contractual terms of and specific risks inherent in the instrument, and inputs used typically include yield curve, instrument volatility, prepayment rates and assumptions concerning nonperformance risk.

The table below summarizes, by level within the fair value hierarchy, the Organizations' investments as of December 31, 2022:

	Level 1	Level 2	Level 3	Total
Investments:				
Mutual funds - fixed income	$ 189,474	$ -	$ -	$ 189,474
Mutual funds - equities	447,032	-	-	447,032
TOTAL	**$ 636,506**	**$ -**	**$ -**	**$ 636,506**
Liability:				
Interest Rate Swap	**$ -**	**$ 26,724**	**$ -**	**$ 26,724**

17. FAIR VALUE MEASUREMENT (Continued)

There were no transfers between levels in the fair value hierarchy during the year ended December 31, 2022. Transfers between levels are recorded at the end of the reporting period, if applicable.

18. SUBSEQUENT EVENTS

In preparing these consolidated financial statements, the Organizations have evaluated events and transactions for potential recognition or disclosure through December 11, 2023, the date the consolidated financial statements were issued.

SUPPLEMENTAL FINANCIAL INFORMATION

BUILDING BRIDGES ACROSS THE RIVER, INC. AND AFFILIATE

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
AS OF DECEMBER 31, 2022

ASSETS

	BBAR	BBDC	Eliminations	Total
CURRENT ASSETS				
Cash and cash equivalents	$ 19,041,503	$ 149,210	$ -	$ 19,190,713
Grants and pledges receivable	4,217,893	-	-	4,217,893
Accounts receivable, net of allowance for doubtful accounts of $4,913	110,085	-	-	110,085
Land use contribution receivable	44,500	-	-	44,500
Due from related party	130	-	(130)	-
Prepaid expenses	79,122	-	-	79,122
Total current assets	23,493,233	149,210	(130)	23,642,313
PROPERTY AND EQUIPMENT				
Buildings and improvements	22,164,355	30,576,492	-	52,740,847
Equipment	1,356,295	-	-	1,356,295
Furniture	66,640	-	-	66,640
Vehicles	50,463	-	-	50,463
Construction in progress	1,198,534	-	-	1,198,534
	24,836,287	30,576,492	-	55,412,779
Less: Accumulated depreciation and amortization	(10,775,010)	(3,917,413)	-	(14,692,423)
Net property and equipment	14,061,277	26,659,079	-	40,720,356
NONCURRENT ASSETS				
Investments - Board designated	636,506	-	-	636,506
Grants and pledges receivable, net of present value discount of $52,724	1,622,276	-	-	1,622,276
Land use contribution receivable, net of current portion	3,411,000	-	-	3,411,000
Loan receivable from TDIF	21,944,125	-	-	21,944,125
Total noncurrent assets	27,613,907	-	-	27,613,907
TOTAL ASSETS	**$ 65,168,417**	**$ 26,808,289**	**$ (130)**	**$ 91,976,576**

BUILDING BRIDGES ACROSS THE RIVER, INC. AND AFFILIATE

**CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
AS OF DECEMBER 31, 2022**

LIABILITIES AND NET ASSETS

	BBAR	BBDC	Eliminations	Total
CURRENT LIABILITIES				
Notes payable	$ 6,711,762	$ -	$ -	$ 6,711,762
Accounts payable and accrued expenses	560,215	-	-	560,215
Deferred rental income	1,770,462	-	-	1,770,462
Due to related party	-	130	(130)	-
Interest rate swap obligation	26,724	-	-	26,724
Total current liabilities	9,069,163	130	(130)	9,069,163
NONCURRENT LIABILITIES				
Notes payable, net	(1,613)	31,450,000	-	31,448,387
Total liabilities	9,067,550	31,450,130	(130)	40,517,550
NET ASSETS				
Without donor restrictions:				
Undesignated	15,105,451	(4,641,841)	-	10,463,610
Board designated	1,639,106	-	-	1,639,106
Invested in property and equipment	14,061,277	-	-	14,061,277
Total without donor restrictions	30,805,834	(4,641,841)	-	26,163,993
With donor restrictions	25,295,033	-	-	25,295,033
Total net assets	56,100,867	(4,641,841)	-	51,459,026
TOTAL LIABILITIES AND NET ASSETS	**$ 65,168,417**	**$ 26,808,289**	**$ (130)**	**$ 91,976,576**

BUILDING BRIDGES ACROSS THE RIVER, INC. AND AFFILIATE

CONSOLIDATING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

	BBAR	BBDC	Eliminations	Total
SUPPORT AND REVENUE WITHOUT DONOR RESTRICTIONS				
Contributions and grants	$ 1,768,818	$ 500,000	$ (500,000)	$ 1,768,818
Rental income and tenant expense reimbursements	2,909,073	-	-	2,909,073
Interest and investment income, net	375,316	4	-	375,320
Other revenue	76,719	-	-	76,719
Net assets released from donor restrictions	4,878,061	-	-	4,878,061
Total support and revenue without donor restrictions	10,007,987	500,004	(500,000)	10,007,991
EXPENSES				
Program Services	5,732,931	1,401,814	(500,000)	6,634,745
Supporting Services:				
Management and General	2,109,749	-	-	2,109,749
Fundraising	1,607,416	-	-	1,607,416
Total supporting services	3,717,165	-	-	3,717,165
Total expenses	9,450,096	1,401,814	(500,000)	10,351,910
Change in net assets without donor restrictions before other items	557,891	(901,810)	-	(343,919)
OTHER ITEM				
Unrealized loss on interest rate swap	(121,151)	-	-	(121,151)
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	**$ 436,740**	**$ (901,810)**	**$ -**	**$ (465,070)**
SUPPORT AND REVENUE WITH DONOR RESTRICTIONS				
Contributions and grants	$ 13,028,620	$ -	$ -	$ 13,028,620
Net assets released from donor restrictions	(4,878,061)	-	-	(4,878,061)
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	**$ 8,150,559**	**$ -**	**$ -**	**$ 8,150,559**

BUILDING BRIDGES ACROSS THE RIVER, INC. AND AFFILIATE

CONSOLIDATING SCHEDULE OF CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022

	BBAR	BBDC	Eliminations	Total
NET ASSETS WITHOUT DONOR RESTRICTIONS				
Net assets at beginning of year	$ 30,369,094	$ (3,740,031)	$ -	$ 26,629,063
Change in net assets without donor restrictions	436,740	(901,810)	-	(465,070)
NET ASSETS WITHOUT DONOR RESTRICTIONS AT END OF YEAR	**$ 30,805,834**	**$ (4,641,841)**	**$ -**	**$ 26,163,993**
NET ASSETS WITH DONOR RESTRICTIONS				
Net assets at beginning of year	$ 17,144,474	$ -	$ -	$ 17,144,474
Change in net assets with donor restrictions	8,150,559	-	-	8,150,559
NET ASSETS WITH DONOR RESTRICTIONS AT END OF YEAR	**$ 25,295,033**	**$ -**	**$ -**	**$ 25,295,033**
TOTAL NET ASSETS AT END OF YEAR	**$ 56,100,867**	**$ (4,641,841)**	**$ -**	**$ 51,459,026**

BUILDING BRIDGES ACROSS THE RIVER, INC. AND AFFILIATE

CONSOLIDATING SCHEDULE OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

	BBAR	BBDC	Eliminations	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Change in net assets	$ 8,587,299	$ (901,810)	$ -	$ 7,685,489
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:				
Depreciation	768,936	765,298	-	1,534,234
Amortization of deferred financing costs	7,742	-	-	7,742
Change in present value discount on noncurrent grants and pledges receivable	(5,508)	-	-	(5,508)
Unrealized loss on investments	156,925	-	-	156,925
Realized loss on sale of investments	71,508	-	-	71,508
Proceeds from the sale of donated securities	6,961	-	-	6,961
Receipt of donated securities	(6,961)	-	-	(6,961)
Unrealized loss on interest rate swap	121,151	-	-	121,151
Decrease (increase) in:				
Grants and pledges receivable	573,717	-	-	573,717
Accounts receivable	(37,649)	-	-	(37,649)
Land use contribution receivable	(3,455,500)	-	-	(3,455,500)
Due from related party	(130)	-	130	-
Prepaid expenses	2,912	-	-	2,912
Increase (decrease) in:				
Accounts payable and accrued expenses	52,470	-	-	52,470
Due to related party	-	130	(130)	-
Deferred rental income	(130,961)	-	-	(130,961)
Net cash provided (used) by operating activities	6,712,912	(136,382)	-	6,576,530
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of furniture and equipment	(188,529)	-	-	(188,529)
Payments for building improvements	(79,981)	-	-	(79,981)
Purchase of vehicles	(50,463)	-	-	(50,463)
Payments for construction in progress	(1,198,534)	-	-	(1,198,534)
Purchases of investments	(81,087)	-	-	(81,087)
Proceeds from sales of investments	18,309	-	-	18,309
Net cash used by investing activities	(1,580,285)	-	-	(1,580,285)
CASH FLOWS FROM FINANCING ACTIVITIES				
Principal payments on notes payable	(159,092)	-	-	(159,092)
Net cash used by financing activities	(159,092)	-	-	(159,092)
Net increase (decrease) in cash and cash equivalents	4,973,535	(136,382)	-	4,837,153
Cash and cash equivalents at beginning of year	14,067,968	285,592	-	14,353,560
CASH AND CASH EQUIVALENTS AT END OF YEAR	**$ 19,041,503**	**$ 149,210**	**$ -**	**$ 19,190,713**

SUPPLEMENTAL INFORMATION	BBAR	BBDC	Eliminations	Total
Interest Paid	**$ 282,613**	**$ 501,826**	**$ -**	**$ 784,439**