



CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022



Leaf & Cole, LLP
Certified Public Accountants

**SOLUTIONS FOR CHANGE, INC.
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

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A Partnership of Professional Corporations

Independent Auditor's Report

To the Board of Directors
Solutions for Change, Inc.

Opinion

We have audited the accompanying consolidated financial statements of Solutions for Change, Inc. (a nonprofit organization), which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Solutions for Change, Inc. as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Solutions for Change, Inc., 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 Solutions for Change, Inc.'s ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the 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 Solutions for Change, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Solutions for Change, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

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

Leafcote LLP

San Diego, California
February 18, 2025

SOLUTIONS FOR CHANGE, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022

	ASSETS	
	<u>2023</u>	<u>2022</u>
<u>Current Assets:</u> (Notes 2 and 4)		
Cash and cash equivalents	\$ 187,323	\$ 388,563
Grants and other receivables, net	35,421	467,059
Prepaid expenses and other assets	54,884	77,924
Tenant trust funds	77,985	38,639
Tenant security deposits	77,800	71,254
Deposits	3,161	8,661
Total Current Assets	<u>436,574</u>	<u>1,052,100</u>
<u>Noncurrent Assets:</u> (Notes 2, 4, 5, 6, 7, and 8)		
Related party receivables	1,182,034	1,827,859
Restricted reserves	82,232	467,799
Investment in partnerships	51	57
Right of use asset - finance lease	396,961	604,071
Property and equipment, net	12,070,838	12,895,943
Total Noncurrent Assets	<u>13,732,116</u>	<u>15,795,729</u>
TOTAL ASSETS	<u><u>\$ 14,168,690</u></u>	<u><u>\$ 16,847,829</u></u>
LIABILITIES AND NET ASSETS		
<u>Current Liabilities:</u> (Notes 2 and 8)		
Accounts payable	\$ 284,892	\$ 186,132
Accrued expenses	236,774	215,489
Interest payable	11,929	13,891
Tenant trust funds	77,985	38,639
Tenant security deposits	77,800	71,254
Current portion of finance lease liability	212,844	202,535
Current portion of notes payable	939,268	546,160
Total Current Liabilities	<u>1,841,492</u>	<u>1,274,100</u>
<u>Noncurrent Liabilities:</u> (Notes 2, 6 and 8)		
Share of deficiency in partnerships	-	2,198
Finance lease liability, net of current portion	204,712	417,556
Notes payable, net	13,763,694	15,007,671
Interest payable	3,579,596	3,279,608
Total Noncurrent Liabilities	<u>17,548,002</u>	<u>18,707,033</u>
Total Liabilities	<u>19,389,494</u>	<u>19,981,133</u>
<u>Commitments and Contingencies:</u> (Notes 10 and 11)		
<u>Minority Interest in Subsidiary</u>	<u>(20,388)</u>	<u>(18,682)</u>
<u>Net Assets:</u> (Notes 2 and 9)		
Without donor restrictions	(5,200,416)	(3,645,477)
With donor restrictions	-	530,855
Total Net Assets	<u>(5,200,416)</u>	<u>(3,114,622)</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 14,168,690</u></u>	<u><u>\$ 16,847,829</u></u>

The accompanying notes are an integral part of the consolidated financial statements.

SOLUTIONS FOR CHANGE, INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:						
Contributions	\$ 2,456,470	\$ 64,300	\$ 2,520,770	\$ 2,761,606	\$ 1,072,500	\$ 3,834,106
Rental income	996,900	-	996,900	1,022,045	-	1,022,045
Special event revenue (net of direct donor benefit costs of \$85,504 and \$6,700 in 2023 and 2022, respectively)	372,789	-	372,789	179,203	-	179,203
Grants	102,965	-	102,965	135,042	-	135,042
Interest and miscellaneous	77,070	-	77,070	53,145	-	53,145
Gain on sale of property and equipment	73,888	-	73,888	-	-	-
In-kind contributions	34,236	-	34,236	4,100	-	4,100
Supporting services	-	-	-	110,300	-	110,300
Social enterprise	-	-	-	14,646	-	14,646
Net assets released from restriction	595,155	(595,155)	-	581,645	(581,645)	-
Total Support and Revenue	<u>4,709,473</u>	<u>(530,855)</u>	<u>4,178,618</u>	<u>4,861,732</u>	<u>490,855</u>	<u>5,352,587</u>
Operating Expenses:						
Program services	3,846,824	-	3,846,824	3,763,025	-	3,763,025
Management and general	999,255	-	999,255	419,970	-	419,970
Fundraising	430,821	-	430,821	153,277	-	153,277
Total Operating Expenses	<u>5,276,900</u>	<u>-</u>	<u>5,276,900</u>	<u>4,336,272</u>	<u>-</u>	<u>4,336,272</u>
Change in Net Assets Before Nonoperating Revenue and (Expenses)	(567,427)	(530,855)	(1,098,282)	525,460	490,855	1,016,315
Nonoperating Revenue and (Expenses):						
Depreciation and amortization	(701,033)	-	(701,033)	(708,024)	-	(708,024)
Interest - residual receipts debt	(288,179)	-	(288,179)	(288,179)	-	(288,179)
Minority interest excess of expenses over revenue and support of subsidiary	1,706	-	1,706	2,244	-	2,244
Partnership loss	(6)	-	(6)	(119)	-	(119)
Total Nonoperating Revenue and (Expenses)	<u>(987,512)</u>	<u>-</u>	<u>(987,512)</u>	<u>(994,078)</u>	<u>-</u>	<u>(994,078)</u>
Change in Net Assets	(1,554,939)	(530,855)	(2,085,794)	(468,618)	490,855	22,237
Net Assets at Beginning of Year	<u>(3,645,477)</u>	<u>530,855</u>	<u>(3,114,622)</u>	<u>(3,176,859)</u>	<u>40,000</u>	<u>(3,136,859)</u>
NET ASSETS AT END OF YEAR	\$ (5,200,416)	\$ -	\$ (5,200,416)	\$ (3,645,477)	\$ 530,855	\$ (3,114,622)

The accompanying notes are an integral part of the consolidated financial statements.

SOLUTIONS FOR CHANGE, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

	Program Services					Supporting Services		
	Solutions For Change, Inc. Programs	Solutions Family Center, L.P.	Solutions Farms, LLC	Solutions Chestnut, LLC	Total Program Services	Management and General	Fundraising	Total
Salaries and Related Expenses:								
Salaries and wages	\$ 717,510	\$ 82,404	\$ -	\$ 37,524	\$ 837,438	\$ 669,411	\$ 114,910	\$ 1,621,759
Payroll taxes	104,867	11,232	-	5,448	121,547	14,431	6,645	142,623
Employee benefits	52,941	1,296	-	636	54,873	7,244	3,355	65,472
Total Salaries and Related Expenses	<u>875,318</u>	<u>94,932</u>	<u>-</u>	<u>43,608</u>	<u>1,013,858</u>	<u>691,086</u>	<u>124,910</u>	<u>1,829,854</u>
Nonsalary Related Expenses:								
Advertising	239,071	-	-	-	239,071	-	-	239,071
Automobile and truck	26,640	-	1,920	-	28,560	-	-	28,560
Bad debt expense	928,486	-	-	-	928,486	-	-	928,486
Dues and subscriptions	65,309	-	-	-	65,309	769	-	66,078
Insurance	160,343	11,508	9,695	1,933	183,479	19,108	19,796	222,383
Interest	186,330	4,282	30,363	250	221,225	36	-	221,261
Meetings and seminars	28,065	550	-	550	29,165	42,097	-	71,262
Miscellaneous	-	-	-	-	-	1,352	-	1,352
Office expense	80,104	1,167	-	854	82,125	9,065	-	91,190
Payroll processing	5,489	-	-	-	5,489	1,176	1,176	7,841
Professional fees	368,865	15,330	-	16,453	400,648	136,239	-	536,887
Property fees	-	1,566	-	2,549	4,115	16,360	-	20,475
Rent	133,350	-	-	-	133,350	-	-	133,350
Repairs and maintenance	100,480	29,390	240	26,339	156,449	14,091	-	170,540
Special event expenses	-	-	-	-	-	-	284,939	284,939
Supplies	27,551	-	-	-	27,551	-	-	27,551
Taxes, licenses and fees	-	-	-	-	-	41,682	-	41,682
Telephone	46,003	-	1,577	-	47,580	5,287	-	52,867
Utilities and refuse removal	152,139	92,202	3,988	32,035	280,364	20,907	-	301,271
Total Nonsalary Related Expenses	<u>2,548,225</u>	<u>155,995</u>	<u>47,783</u>	<u>80,963</u>	<u>2,832,966</u>	<u>308,169</u>	<u>305,911</u>	<u>3,447,046</u>
Total Operating Expenses	3,423,543	250,927	47,783	124,571	3,846,824	999,255	430,821	5,276,900
Nonoperating Expenses:								
Depreciation and amortization	431,361	157,396	69,244	43,032	701,033	-	-	701,033
Interest - residual receipts debt	102,253	106,546	-	79,380	288,179	-	-	288,179
Total Nonoperating Expenses	<u>533,614</u>	<u>263,942</u>	<u>69,244</u>	<u>122,412</u>	<u>989,212</u>	<u>-</u>	<u>-</u>	<u>989,212</u>
TOTAL EXPENSES	\$ 3,957,157	\$ 514,869	\$ 117,027	\$ 246,983	\$ 4,836,036	\$ 999,255	\$ 430,821	\$ 6,266,112

The accompanying notes are an integral part of the consolidated financial statements.

SOLUTIONS FOR CHANGE, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Program Services					Supporting Services		
	Solutions For Change, Inc. Programs	Solutions Family Center, L.P.	Solutions Farms, LLC	Solutions Chestnut, LLC	Total Program Services	Management and General	Fundraising	Total
Salaries and Related Expenses:								
Salaries and wages	\$ 1,651,421	\$ 76,780	\$ 21,634	\$ 34,536	\$ 1,784,371	\$ 109,600	\$ 119,170	\$ 2,013,141
Payroll taxes	127,279	9,936	2,617	4,819	144,651	19,159	8,066	171,876
Employee benefits	105,007	1,308	16	641	106,972	14,377	6,654	128,003
Total Salaries and Related Expenses	<u>1,883,707</u>	<u>88,024</u>	<u>24,267</u>	<u>39,996</u>	<u>2,035,994</u>	<u>143,136</u>	<u>133,890</u>	<u>2,313,020</u>
Nonsalary Related Expenses:								
Advertising	252,965	-	-	-	252,965	-	-	252,965
Automobile and truck	10,935	-	3,133	-	14,068	-	-	14,068
Bad debt expense	12,840	280	-	-	13,120	-	-	13,120
Cost of goods sold	-	-	15,604	-	15,604	-	-	15,604
Dues and subscriptions	80,289	-	732	-	81,021	-	-	81,021
Insurance	65,332	13,338	6,399	4,399	89,468	8,459	8,066	105,993
Interest	191,990	7,581	34,872	413	234,856	96	-	234,952
Meetings and seminars	20,512	-	498	-	21,010	30,767	-	51,777
Miscellaneous	15,773	-	125	-	15,898	-	-	15,898
Office expense	96,012	956	541	680	98,189	11,805	-	109,994
Payroll processing	2,845	-	490	-	3,335	697	610	4,642
Postage and printing	301	-	-	-	301	-	-	301
Professional fees	273,361	38,846	32,443	27,751	372,401	122,035	-	494,436
Property fees	-	-	-	-	-	14,037	-	14,037
Rent	63,362	-	-	-	63,362	-	-	63,362
Repairs and maintenance	108,556	23,569	2,959	43,457	178,541	17,220	-	195,761
Special event expenses	-	-	-	-	-	-	10,711	10,711
Supplies	21,559	-	51	-	21,610	6	-	21,616
Taxes, licenses and fees	-	-	-	-	-	51,760	-	51,760
Telephone	33,097	-	1,821	-	34,918	3,880	-	38,798
Utilities and refuse removal	99,585	71,712	18,983	26,084	216,364	16,072	-	232,436
Total Nonsalary Related Expenses	<u>1,349,314</u>	<u>156,282</u>	<u>118,651</u>	<u>102,784</u>	<u>1,727,031</u>	<u>276,834</u>	<u>19,387</u>	<u>2,023,252</u>
Total Operating Expenses	3,233,021	244,306	142,918	142,780	3,763,025	419,970	153,277	4,336,272
Nonoperating Expenses:								
Depreciation and amortization	425,187	157,083	82,727	43,027	708,024	-	-	708,024
Interest - residual receipts debt	102,253	106,546	-	79,380	288,179	-	-	288,179
Total Nonoperating Expenses	<u>527,440</u>	<u>263,629</u>	<u>82,727</u>	<u>122,407</u>	<u>996,203</u>	<u>-</u>	<u>-</u>	<u>996,203</u>
TOTAL EXPENSES	\$ 3,760,461	\$ 507,935	\$ 225,645	\$ 265,187	\$ 4,759,228	\$ 419,970	\$ 153,277	\$ 5,332,475

The accompanying notes are an integral part of the consolidated financial statements.

SOLUTIONS FOR CHANGE, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>Cash Flows From Operating Activities:</u>		
Change in net assets	\$ (2,085,794)	\$ 22,237
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	493,923	500,914
Amortization of right of use assets - finance lease	207,110	207,110
Gain on disposal of property and equipment	(73,888)	-
Bad debt - related party receivables	642,052	-
Interest - residual receipts debt	288,179	288,179
Minority interest (excess) deficit of support and revenue over expenses of subsidiary	(1,706)	(2,244)
Partnership income	6	119
(Increase) Decrease in:		
Grants and other receivables, net	431,638	133,915
Prepaid expenses and other assets	23,040	(38,877)
Increase (Decrease) in:		
Accounts payable	98,760	(164,514)
Accrued expenses	21,285	(39,583)
Deferred revenue	-	(4,823)
Interest payable	9,847	(45,193)
Tenant trust funds	39,346	(33,721)
Tenant security deposits	6,546	6,733
Net Cash Provided by Operating Activities	<u>101,919</u>	<u>830,252</u>
<u>Cash Flows From Investing Activities:</u>		
Proceeds from sale of property and equipment	765,172	-
Purchase of property and equipment	(360,102)	(209,246)
Related party receivables repayment	-	29,391
Refund (payment) for deposits	5,500	(2,000)
Net Cash Provided by (Used in) Investing Activities	<u>410,570</u>	<u>(181,855)</u>
<u>Cash Flows From Financing Activities:</u>		
Payments on finance lease liability	(202,535)	(191,090)
Proceeds from notes payable	221,410	100,000
Payments on notes payable	(1,072,279)	(161,200)
Net Cash Used in Financing Activities	<u>(1,053,404)</u>	<u>(252,290)</u>
Net (Decrease) Increase in Cash and Cash Equivalents and Restricted Cash	(540,915)	396,107
Cash and Cash Equivalents and Restricted Cash at Beginning of Year	<u>966,255</u>	<u>570,148</u>
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AT END OF YEAR	<u>\$ 425,340</u>	<u>\$ 966,255</u>
<u>Supplemental Disclosure of Cash Flow Information:</u>		
Cash paid for interest, net of capitalized interest (Note 2)	<u>\$ 211,414</u>	<u>\$ 243,235</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Financing cash outflows from finance lease	<u>\$ 228,000</u>	<u>\$ 228,000</u>
Right of use asset upon ASC 842 implementation	<u>\$ -</u>	<u>\$ 811,181</u>
Right of use asset after ASC 842 implementation	<u>\$ -</u>	<u>\$ 604,071</u>

The accompanying notes are an integral part of the consolidated financial statements.

SOLUTIONS FOR CHANGE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

Note 1 - Organization:

The consolidated financial statements include the accounts of the following entities, which are collectively referred to as the “Organization.”

Solutions for Change, Inc.

Solutions for Change, Inc. (“Solutions for Change”) was incorporated in the State of California on November 15, 1999. The mission of Solutions for Change is to solve family homelessness one family, one community at a time. Solutions for Change is supported primarily through donor contributions and grants.

Solutions Family Center, L.P.

Solutions Family Center, L.P. (the “Partnership”) was formed as a limited partnership under the laws of the State of California on December 18, 2000. The Partnership was established for the purpose and intent of constructing and operating a rental housing project. The rental housing project was placed into service in November 2004, and is located in Vista, California. The project consists of 33 units. Solutions for Change is the General Partner, and owns 99% of the Partnership.

Solutions Farms, LLC

Solutions Farms, LLC (“Solutions Farms”) is an integral part of Solutions for Change. It functions as a laboratory for teaching important work values and preparing people for re-entry into the workforce. This is the social enterprise function: accomplishing a worthwhile social purpose, while also being a functioning business. Solutions Farms raises hope, as well as produce. Solutions Farms is unique in many ways. It is an aquaponic farm where nutrient-rich water from fish culture is used to nourish produce, which in turn purifies the water so it can be returned to the fish. Everything is done within the controlled environment of a greenhouse. Its sole member is Solutions for Change. The farm property was sold in November 2023.

Solutions Escondido Boulevard, LLC

Solutions Escondido Boulevard, LLC (“Escondido”) was formed to serve as the managing general partner of one or more limited partnerships that own, operate, and manage various multifamily affordable housing projects located in California. Its sole member was Solutions for Change. Effective May 2023, Kingdom Development Inc. (“Kingdom”) acquired 100% of the membership interest of Escondido.

Escondido has a .0095% interest in Solutions Escondido Boulevard 33, L.P. (“EB33”), which has been recorded on the equity method. In addition, Escondido acquired land and incurred predevelopment costs that were acquired by EB33 in March 2017.

SFC Weitzel, LLC

SFC Weitzel, LLC (“Weitzel”) had a 99% interest in SFC Weitzel, L.P. Effective April 28, 2017, SFC Weitzel, L.P. admitted a new unrelated partner, and Weitzel has a 0.01% interest in SFC Weitzel, L.P. Weitzel was formed to serve as the managing general partner of one or more limited partnerships that own, operate, and manage various multifamily affordable housing projects located in California. Its sole member was Solutions for Change. Effective December 2023, Kingdom acquired 100% of the membership interest of Weitzel.

SFC Weitzel, L.P. completed construction of a 32-unit apartment complex in Oceanside, CA in 2018.

SOLUTIONS FOR CHANGE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

Note 1 - Organization: (Continued)

Solutions Chestnut, LLC

Solutions Chestnut, LLC (“Chestnut”) was formed to serve as the managing general partner of one-or-more limited partnerships that own, operate, and manage various multifamily affordable housing projects located in California. On December 26, 2014, Chestnut acquired a 16-unit apartment complex in the City of Carlsbad. Its sole member is Solutions for Change.

Solutions Vista Terrace, LLC

Solutions Vista Terrace, LLC (“Vista Terrace”) has a 0.005% interest in SFC Vista Terrace, L.P., which has been recorded on the equity method. Its sole member was Solutions for Change. Effective December 2023, Kingdom acquired 100% of the membership interest of Vista Terrace.

Solutions Parkview, LLC

Solutions Parkview, LLC (“Parkview”) has a .001% interest in Parkview San Marcos II, L.P., which has been recorded on the equity method. Its sole member is Solutions for Change.

Solutions EV, LLC

Solutions EV, LLC (“EV”) has a 0.005% interest in EVW. EV was formed to serve as the managing general partner of one or more limited partnerships that own, operate, and manage various multifamily affordable housing projects located in California. Its sole member is Solutions for Change.

Solutions East Vista Way, L.P.

Solutions East Vista Way, L.P. (“EVW”) was formed as a limited partnership under the laws of the State of California on September 21, 2017. The Partnership was established for the purpose and intent of constructing and operating a rental housing project. EVW has a managing general partner: EV, which has a .005% interest; an administration general partner: Kingdom EV, LLC, which has a .005% interest; and a limited partner: Solutions for Change, which has a 99.99% interest.

Solutions for Change - Our Mission and Our Model

The mission of Solutions for Change is to solve family homelessness – one family, one community at a time. With this goal, Solutions has pioneered an innovative and sustainable solution for homeless families in our community—an effort that has led more than 900 families and 2,400 children out of homelessness since 1999. The Solutions model is built on three pillars—Solutions University, Solutions Farms, and Solutions in the Community. Solutions University evaluates each family’s needs, then addresses them through an individualized and holistic personal development engagement intended to permanently end dependency and improve well-being. Solutions Farms is a social enterprise that combines employment training for Solutions University residents while growing certified organic produce using cutting-edge aquaponics technology. The produce is supplied to local school districts, where tens of thousands of school children consume the food. Meanwhile, Solutions in the Community is an intentional means to re-connect resident families to their communities of origin. Through opportunities of service and engagement, families develop healthy connections and relationships that provide a sense of belonging. Solutions in the Community is also a partnership to improve distressed areas through the development of affordable rental housing, community revitalization and renewal.

SOLUTIONS FOR CHANGE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

Note 2 - Significant Accounting Policies:

Consolidated Financial Statements

The consolidated financial statements include the accounts of Solutions for Change, Inc.; Solutions Family Center, L.P.; Solutions Farms, LLC; Solutions Escondido Boulevard, LLC; SFC Weitzel, LLC; Solutions Chestnut, LLC; Solutions Vista Terrace, LLC; Solutions Parkview, LLC; Solutions EV, LLC, and Solutions East Vista Way, L.P., which are collectively referred to as the “Organization.” All material intercompany transactions have been eliminated in consolidation.

Accounting Method

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting which is in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), and, accordingly, reflect all significant receivables, payables, and other liabilities.

Financial Statement Presentation

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

- Net Assets Without Donor Restrictions - Net assets available for use in general operations, and not subject to donor (or certain grantor) restrictions.
- Net Assets With Donor Restrictions - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires—that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Estimates

The preparation of 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, 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 Measurements

Fair value accounting standards define fair value, establish a framework for measuring fair value, outline a fair value hierarchy based on inputs used to measure fair value, and enhance disclosure requirements for fair value measurements. The fair value hierarchy distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Level 1 or 2 of the hierarchy), and the reporting entity’s own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy). The Organization had no financial instruments at December 31, 2023 and 2022.

SOLUTIONS FOR CHANGE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

Note 2 - Significant Accounting Policies: (Continued)

Allowance for Credit Losses

The Organization recognizes an allowance for credit losses on contracts and other receivables to present the net amount expected to be collected as of the consolidated statement of financial position date. Such allowance is based on the credit losses expected to arise over the life of the asset which is based on the expectation as of the consolidated statement of financial position date, aging reports and historical information. Contracts and other receivables are written off when the Organization determines such receivables are deemed uncollectible. Write-offs are recognized as a deduction from the allowance for credit losses. The allowance for credit losses totaled \$25,000 and \$10,000 for the years ended December 31, 2023 and 2022, respectively.

Capitalization and Depreciation

The Organization capitalizes all expenditures in excess of \$2,000 for property and equipment at cost, while donations of property and equipment are recorded at their estimated fair values. Such donations are reported as support without donor restrictions, unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as support with donor restrictions. Absent donor stipulations regarding how those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment is depreciated using the straight-line method over the estimated useful asset lives, as follows:

Land improvements	20 years
Buildings and improvements	5 - 40 years
Machinery and equipment	5 - 7 years
Furniture and fixtures	7 - 10 years
Vehicles	5 years

Depreciation totaled \$493,923 and \$500,914 for the years ended December 31, 2023 and 2022, respectively.

Maintenance and repairs are charged to operations as incurred. Major renewals or improvements are capitalized.

Impairment of Real Estate

The Organization reviews its property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted cash flows expected to be generated by the rental property, including any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of real estate exceeds the fair value of such property. There were no impairment losses recognized in 2023 and 2022.

SOLUTIONS FOR CHANGE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

Note 2 - Significant Accounting Policies: (Continued)

Lease

The Organization entered into a lease agreement for property through March 2024. Pursuant to the guidance for accounting for leases, the Organization accounts for operating and finance leases as noted below.

The Organization determines if an arrangement is a lease at inception. An arrangement is a lease if the arrangement conveys a right to direct the use of, and obtain substantially all of the economic benefits from, the use of an asset for a period of time in exchange for consideration. A lease is classified as a finance lease if any one of the following criteria are met: the lease transfers ownership of the asset by the end of the lease term, the lease contains an option to purchase the asset that is reasonably certain to be exercised, the lease term is for a major part of the remaining useful life of the asset or the present value of the lease payments equals or exceeds substantially all of the fair value of the asset.

For all leases at the lease commencement date, a right-of-use asset and a lease liability are recognized. The right-of-use asset represents the right to use the leased asset for the lease term. The lease liability represents the present value of the lease payments under the lease. The Organization use the incremental borrowing rate in determining the present value of the lease payments. For finance leases, the Organization uses the rate implicit in the lease or the incremental borrowing rate.

The operating lease right-of-use asset also includes any lease payments made and excludes lease incentives. The lease term may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. The lease does not contain any material residual value guarantee or material restrictive covenants. Lease expense for lease payments is recognized on the straight-line basis over the lease term. Lease expense for finance leases consists of the amortization of the right-of-use asset on a straight-line basis over the lease term and interest expense determined on an amortized cost basis. The lease payments are allocated between a reduction of the lease liability and interest expense.

Investments in Limited Partnerships

Solutions for Change is the sole member of limited liability companies that own a general partner interest in limited partnerships. These ownership interests range from .005% to .01%, and are accounted for on the equity method.

Compensated Absences

Accumulated unpaid vacation totaling \$84,438 and \$82,751 at December 31, 2023 and 2022, respectively, is accrued as earned and included in accrued expenses.

Tenant Trust Funds

Tenant trust funds represent amounts held on behalf of tenants in savings accounts for program participants. Tenant trust funds totaled \$77,985 and \$38,639 at December 31, 2023 and 2022, respectively.

Tenant Security Deposits

Tenant security deposits are restricted to the extent of the tenant security deposit liability totaling \$77,800 and \$71,254 at December 31, 2023 and 2022, respectively.

SOLUTIONS FOR CHANGE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

Note 2 - Significant Accounting Policies: (Continued)

Net Assets Without Donor Restriction

The Organization's net assets without donor restriction include depreciation on property and equipment, amortization of capitalized costs, and accrued interest on loans for which the interest may only be paid from residual receipts. The amounts included in the net assets without donor restrictions are as follows at December 31:

	<u>2023</u>	<u>2022</u>
Accumulated depreciation	\$ 6,135,472	\$ 6,348,521
Interest payable – residual receipts	3,408,824	3,129,232
Accumulated amortization of debt issuance costs	4,311	4,311
	<u>\$ 9,548,607</u>	<u>\$ 9,482,064</u>

Revenue Recognition

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are 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. Contributions to be received in future periods are discounted at an appropriate discount rate. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Solutions for Change provides development services in connection with agreements for the development and construction of affordable low-income housing projects. Solutions for Change earns fees based on the fixed-fee agreements and recognizes revenue upon completion of each performance milestone defined in the agreement, for example: closing of construction financing, initial ground-breaking, percentage of completion of construction or rehabilitation and certificate of occupancy.

Grant revenue is recognized in the period in which the related work is performed, in accordance with the terms of the grant. Grants receivable are recorded when revenue earned under a grant exceeds the cash received.

Rental income is recognized for apartment rents as it accrues. Advance receipts of rental income are deferred or classified as liabilities until earned.

Revenue from special events are recognized as revenue when the related event occurs. Receivables are recorded when the revenue earned exceeds the cash received. Deferred revenue is recorded when the cash received exceeds the revenue earned

Revenues from the sale of products sold through the social enterprise are recognized at the point of sale.

Supporting services are provided in accordance with agreements with affordable low-income housing projects. Solutions for Change recognizes revenue as the services are performed in accordance with the agreements.

Sales of property and equipment are recognized on the date the sale occurs. Upon the sale or disposition of property or equipment, the asset account is reduced by the cost, and the accumulated depreciation account is reduced by the depreciation taken prior to the sale. Any resultant gain or loss is then recorded as income or expense, unless the sale is the result of a related party transaction.

SOLUTIONS FOR CHANGE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

Note 2 - Significant Accounting Policies: (Continued)

Donated Services and Materials

The Organization utilizes the services of many volunteers throughout the year. This contribution of services by the volunteers is not recognized in the consolidated financial statements, unless the services received (a) create or enhance nonfinancial assets, or (b) require specialized skills which are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The donated services for the years ended December 31, 2023 and 2022 did not meet the requirements above; therefore, no amounts were recognized in the consolidated financial statements.

The Organization received in-kind contributions of auction items for its special event totaling \$34,236 and \$-0- for the years ended December 31, 2023 and 2022, respectively, which have been recorded as in-kind contributions in the consolidated statements of activities. In addition, the Organization received in-kind contributions of goods used in a fundraising event, totaling \$-0- and \$4,100 for the years ended December 31, 2023 and 2022, respectively. The donated auction items and donated goods are valued at the wholesale prices that would be received for similar products.

Functional Allocation of Expenses

The consolidated statements of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area are reported as expenses of those functional areas. A portion of expenses that benefit multiple functional areas have been allocated between programs and supporting services, based on a cost allocation plan that allocates costs based on the proportion of full-time employee equivalents, space utilization, and estimates made by the Organization's management.

Income Taxes

Solutions for Change is a public charity, and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. Solutions for Change believes that it has appropriate support for any tax positions taken, and, as such, does not have any uncertain tax positions that are material to the consolidated financial statements. Solutions for Change is not a private foundation.

No provision or benefit for income taxes for the Limited Liability Companies and Limited Partnerships have been included in these consolidated financial statements since taxable income (loss) passes through to, and is reportable by, the Member/Partners individually.

Solutions for Change's Return of Organization Exempt from Income Tax, Partnership and LLC tax returns for the years ended December 31, 2023, 2022, 2021 and 2020 are subject to examination by the Internal Revenue Service and State taxing authorities, generally three-to-four years after the returns were filed.

Concentration of Credit Risk

The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

SOLUTIONS FOR CHANGE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

Note 2 - Significant Accounting Policies: (Continued)

Cash and Cash Equivalents and Restricted Cash

For purposes of the consolidated statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. Certificates of deposits that may be redeemed without a significant penalty are considered cash and cash equivalents, regardless of the maturity. The following is a reconciliation of cash and cash equivalents and restricted cash reported within the consolidated statements of financial position that sum to the total in the statements of cash flows at December 31:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 187,323	\$ 388,563
Tenant trust funds	77,985	38,639
Tenant security deposits	77,800	71,254
Restricted reserves	82,232	467,799
Total Cash and Cash Equivalents and Restricted Cash	<u>\$ 425,340</u>	<u>\$ 966,255</u>

Accounting Pronouncement Adopted

In June 2016, the Financial Accounting Standards Board (“FASB”) issued ASU No. 2016-13, *Financial Instruments—Credit Losses (“Topic 326”)* to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. FASB ASU 2016-13 affects loans, debt securities, trade receivables, net investments in leases, off-balance-sheet credit exposures, reinsurance receivables, and any other financial assets not excluded from the scope that have the contractual right to receive cash.

The standard requires a financial asset (or a group of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected. The allowance for credit losses is a valuation account that is deducted from the amortized cost basis of the financial asset(s) to present the net carrying value at the amount expected to be collected on the financial asset.

FASB ASU 2016-13 was adopted January 1, 2023 on a prospective transition approach. With respect to accounts receivables, ASU 2016-13 did not have a material impact on the consolidated financial statements.

Reclassification

The Organization has reclassified certain prior year information to conform with the current year presentation.

Subsequent Events

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through February 18, 2025, the date the consolidated financial statements were available to be issued, and concluded that there were no events or transactions that needed to be disclosed, except as disclosed in Note 12.

SOLUTIONS FOR CHANGE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

Note 3 - Liquidity and Availability:

The Organization regularly monitors the availability of resources required to meet its operating needs and other contractual commitments. The Organization considers contributions without donor restrictions and contributions with donor restrictions for use in current programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing programs as well as the conduct of services undertaken to support those activities to be general expenditures.

The table below presents financial assets available for general expenditure within one year at December 31:

	<u>2023</u>	<u>2022</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 187,323	\$ 388,563
Grant and other receivables, net	35,421	467,059
Financial assets available for general expenditures within one year	<u>\$ 222,744</u>	<u>\$ 855,622</u>

In addition, the Organization operates with a balanced budget, and anticipates collecting sufficient revenue to cover general expenditures.

Note 4 - Related Party Receivables:

Related party receivables consist of the following at December 31:

	<u>2023</u>	<u>2022</u>
The note receivable, which originated on July 1, 2012 and was amended effective April 11, 2013, from SFC Vista Terrace, L.P., in the original amount of \$400,000 bears interest at 3% per annum. Principal and interest are payable from residual receipts, as defined in the agreement, calculated annually. Principal and accrued interest are due July 1, 2067. Secured by a deed of trust. Accrued interest totaled \$-0- and \$113,490 at December 31, 2023 and 2022, respectively, and is included in the receivable. In addition, \$73,081 was advanced which is noninterest-bearing, payable from residual receipts. In December 2023, the loan and advance were assigned to Kingdom Development Inc. ("Kingdom") (Note 1).	\$ -	\$ 556,250
The note receivable, which originated on October 12, 2017, from Solutions Escondido Boulevard 33, L.P., in the original amount of \$80,000. The note is noninterest-bearing. Principal and interest are payable from residual receipts, as defined in the agreement, calculated annually. Principal is due October 11, 2072. Secured by a deed of trust. In December 2023, the loan was assigned to Kingdom (Note 1).	-	88,000

(Continued)

SOLUTIONS FOR CHANGE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

Note 4 - Related Party Receivables: (Continued)

	<u>2023</u>	<u>2022</u>
Developer fee receivable from Solutions Escondido Boulevard 33, L.P. in the original amount of \$1,289,802. The developer fee will be paid from limited partner capital installments, with any unpaid amounts payable from available cash flow.	\$ 1,182,034	\$ 1,182,034
Developer fee receivable from SFC Weitzel, L.P. in the original amount of \$755,000 (net of amount due to consultant of \$755,000). The developer fee is paid from Limited Partner capital installments, with any unpaid amounts payable from available cash flow.	- \$ 1,182,034	1,575 \$ 1,827,859

In addition, current related party receivables totaling \$-0- and \$384,775 at December 31, 2023 and 2022, respectively, are included in grants and other receivables.

Note 5 - Restricted Reserves:

According to the partnership, loan and other regulatory agreements, the Partnership and Organization are required to maintain the following reserves:

Operating Reserve

The Partnership is required to fund an operating reserve up to the amount of \$89,200. There is no annual funding requirement for this reserve. The operating reserve balance totaled \$8,656 and \$47,312 at December 31, 2023 and 2022, respectively.

Replacement Reserves

The Partnership is required to fund a replacement reserve in the initial amount of \$20,000 in accordance with the regulatory agreement with the City of Vista. In accordance with the operating budget approved by the Department of Housing and Community Development, the Partnership was required to fund a replacement reserve of \$16,386 annually from March 24, 2005, through April 8, 2014. Beginning April 8, 2014, the Partnership is required to fund a replacement reserve of \$19,800 annually. The replacement reserve balance totaled \$18,150 and \$198,632 at December 31, 2023 and 2022, respectively.

The Organization is required to maintain replacement reserve accounts for each property obtained through Neighborhood Stabilization Program and HOME Investment Partnership Program funding. These amounts vary by property and must be funded annually beginning two months subsequent to the completion of rehabilitation. The replacement reserve balance totaled \$55,426 and \$221,855 at December 31, 2023 and 2022, respectively.

SOLUTIONS FOR CHANGE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

Note 6 - Investment in Partnerships:

Solutions for Change was the sole member of four limited liability companies. During 2023, Solutions for Change transferred its member interest in Solutions Escondido Boulevard 33, LP, SFC Vista Terrace, L.P. and SFC Weitzel, L.P. to Kingdom Development, Inc. The limited liability companies own general partner interests in partnerships that they account for on the equity method, which are their entire assets and liabilities. The following are the balances in the limited liability companies' partnership capital accounts of the partnerships at December 31:

	<u>2023</u>	<u>2022</u>
<u>Investment in Partnerships</u>		
Parkview San Marcos II, L.P. (.001%)	\$ 51	\$ 57
Total Investment in Partnerships	<u>\$ 51</u>	<u>\$ 57</u>
<u>Share of Deficiency in Partnerships</u>		
Solutions Escondido Boulevard 33, L.P. (.0095%)	\$ -	\$ (154)
SFC Vista Terrace, L.P. (.005%)	- -	(191)
SFC Weitzel, L.P. (.01%)	- -	(1,853)
Total Share of Deficiency in Partnerships	<u>\$ -</u>	<u>\$ (2,198)</u>

Solutions for Change provided development and management/admin fees (included in rental income) to the partnerships for which it earned the following amounts for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Parkview San Marcos II, L.P.	\$ 5,057	\$ 4,661
Solutions Escondido Boulevard 33, L.P.	- -	16,236
SFC Weitzel, L.P.	- -	14,069
Total Management/Admin Fees	<u>\$ 5,057</u>	<u>\$ 34,966</u>

Note 7 - Property and Equipment:

Property and equipment consist of the following at December 31:

	<u>2023</u>	<u>2022</u>
Land	\$ 4,564,774	\$ 4,685,895
Land improvements	356,395	356,395
Buildings and improvements	12,330,685	13,409,684
Construction-in-progress	503,180	187,000
Machinery and equipment	144,971	282,870
Furniture and fixtures	185,426	185,426
Vehicles	120,879	157,194
Subtotal	18,206,310	19,244,464
Less: Accumulated depreciation	(6,135,472)	(6,348,521)
Property and Equipment, Net	<u>\$ 12,070,838</u>	<u>\$ 12,895,943</u>

SOLUTIONS FOR CHANGE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

Note 8 - Notes Payable:

Notes payable consist of the following at December 31:

	<u>2023</u>	<u>2022</u>
<u>Solutions for Change, Inc.</u>		
The loan payable, which originated September 24, 2009, is held by the County of San Diego Department of Housing and Community Development in the original amount of \$357,762. The loan is non-interest bearing. In the event that all terms and obligations of the regulatory agreement have been met, the loan will be forgiven at the maturity date of September 24, 2024. Secured by a deed of trust.	\$ 394,965	\$ 394,965
The loan payable, which originated November 16, 2009, is held by the County of San Diego Department of Housing and Community Development in the original amount of \$79,156. The loan is non-interest bearing. In the event that all terms and obligations of the regulatory agreement have been met, the loan will be forgiven at the maturity date of November 16, 2024. Secured by a deed of trust.	78,914	78,914
The loan payable, which originated September 3, 2009, is held by the County of San Diego Department of Housing and Community Development in the original amount of \$301,084. The loan is non-interest bearing. In the event that all terms and obligations of the regulatory agreement have been met, the loan will be forgiven at the maturity date of September 3, 2024. Secured by a deed of trust.	290,825	290,825
The loan payable, which originated February 3, 2010, is held by the County of San Diego Department of Housing and Community Development in the original amount of \$461,369. The loan is non-interest bearing. In the event that all terms and obligations of the regulatory agreement have been met, the loan will be forgiven at the maturity date of February 3, 2025. Secured by a deed of trust.	456,518	456,518
The loan payable, which originated February 26, 2010, is held by the County of San Diego Department of Housing and Community Development in the original amount of \$132,704. The loan is non-interest bearing. In the event that all terms and obligations of the regulatory agreement have been met, the loan will be forgiven at the maturity date of February 26, 2025. Secured by a deed of trust.	128,643	128,643
The loan payable, which originated January 7, 2010, is held by the County of San Diego Department of Housing and Community Development in the original amount of \$286,010. The loan is non-interest bearing. In the event that all terms and obligations of the regulatory agreement have been met, the loan will be forgiven at the maturity date of January 7, 2025. Secured by a deed of trust.	277,018	277,018

(Continued)

SOLUTIONS FOR CHANGE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

Note 8 - Notes Payable: (Continued)

	<u>2023</u>	<u>2022</u>
<u>Solutions for Change, Inc. (Continued)</u>		
The loan payable, which originated August 4, 2010, is held by the County of San Diego Department of Housing and Community Development in the original amount of \$332,847. The loan is non-interest bearing. In the event that all terms and obligations of the regulatory agreement have been met, the loan will be forgiven at the maturity date of August 4, 2025. Secured by a deed of trust.	\$ 323,095	\$ 323,095
The loan payable, which originated July 22, 2010, is held by the County of San Diego Department of Housing and Community Development in the original amount of \$392,272. The loan is non-interest bearing. In the event that all terms and obligations of the regulatory agreement have been met, the loan will be forgiven at the maturity date of July 22, 2025. Secured by a deed of trust.	373,712	373,712
The loan payable, which originated April 13, 2011, is held by the County of San Diego Department of Housing and Community Development in the original amount of \$3,421,452. The loan bears interest at 3% per annum. Principal and accrued interest are payable from residual receipts (50%) from the Primrose property, with the remaining residual receipts (50%) to be held in a segregated operating reserve account. Principal and accrued interest are due April 1, 2066. Secured by a deed of trust. Accrued interest totaled \$1,251,602 and \$1,149,349 at December 31, 2023 and 2022, respectively.	3,408,052	3,408,032
The loan payable, which originated April 1, 2011, is held by the Clearinghouse Community Development Financial Institution in the original amount of \$1,100,000. Principal and accrued interest are payable in monthly installments of \$6,419 including interest at 5.75% beginning March 1, 2012. Principal and accrued interest are due May 1, 2023. Secured by a deed of trust. Accrued interest totaled \$3,233 and \$2,520 at December 31, 2023 and 2022, respectively.	774,983	799,697
The loan payable, which was assumed January 30, 2017, originated March 23, 2010, is held by the City of Oceanside in the original amount of \$154,000. Interest is accrued at 3.0% per annum, payments deferred for 15 years and then amortized over 35 years. In the event that all terms and obligations of the regulatory agreement have been met, the loan and interest will be forgiven at January 30, 2032. Secured by a deed of trust. Accrued interest totaled \$31,468 and \$26,898 at December 31, 2023 and 2022, respectively.	152,324	152,324

(Continued)

SOLUTIONS FOR CHANGE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

Note 8 - Notes Payable: (Continued)

	<u>2023</u>	<u>2022</u>
<u>Solutions for Change, Inc. (Continued)</u>		
The loan payable, which was assumed January 30, 2017, originated May 11, 2010, is held by the City of Oceanside in the original amount of \$70,708. Interest is accrued at 3.0% per annum, payments deferred for 15 years. Thereafter, payment of principal and interest is due and payable in full on June 1, 2050. In the event that all terms and obligations of the regulatory agreement have been met, the loan and interest will be forgiven. Secured by a deed of trust. Accrued interest totaled \$14,225 and \$12,159 at December 31, 2023 and 2022, respectively.	\$ 68,855	\$ 68,855
The loan payable, which was assumed January 30, 2017, originated March 23, 2010, is held by the City of Oceanside in the original amount of \$309,000. Interest is accrued at 3.0% per annum, payments deferred for 15 years and then amortized over 35 years. In the event that all terms and obligations of the regulatory agreement have been met, the loan and interest will be forgiven at January 30, 2032. Secured by a deed of trust. Accrued interest totaled \$63,139 and \$53,970 at December 31, 2023 and 2022, respectively.	305,637	305,637
The loan payable, which was assumed January 30, 2017, originated May 11, 2010, is held by the City of Oceanside in the original amount of \$50,684. Interest is accrued at 3.0% per annum, payments deferred for 15 years. Thereafter, payment of principal and interest is due and payable in full on June 1, 2050. In the event that all terms and obligations of the regulatory agreement have been met, the loan and interest will be forgiven. Secured by a deed of trust. Accrued interest totaled \$10,196 and \$8,715 at December 31, 2023 and 2022, respectively.	49,356	49,356
The loan payable, which was assumed January 30, 2017, originated October 21, 2009, is held by the City of Oceanside in the original amount of \$203,571. Interest is accrued at 3.0% per annum, payments deferred for 15 years and then amortized over 35 years. In the event that all terms and obligations of the regulatory agreement have been met, the loan and interest will be forgiven at January 30, 2032. Secured by a deed of trust. Accrued interest totaled \$40,379 and \$34,515 at December 31, 2023 and 2022, respectively.	195,459	195,459

(Continued)

SOLUTIONS FOR CHANGE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

Note 8 - Notes Payable: (Continued)

	<u>2023</u>	<u>2022</u>
<u>Solutions for Change, Inc. (Continued)</u>		
The loan payable, which was assumed January 30, 2017, originated January 14, 2010, is held by the City of Oceanside in the original amount of \$58,650. Interest is accrued at 3.0% per annum, payments deferred for 15 years. Thereafter, payment of principal and interest is due and payable in full on February 1, 2050. In the event that all terms and obligations of the regulatory agreement have been met, the loan and interest will be forgiven. Secured by a deed of trust. Accrued interest totaled \$11,364 and \$9,756 at December 31, 2023 and 2022, respectively.	\$ 56,947	\$ 56,947
The note payable which originated April 26, 2018 is held by Solutions Escondido Boulevard 33, L.P. in the original amount of \$91,783. Interest is accrued at 1%, compounded annually. Secured by a deed of trust. In 2023, the note payable was assigned to Kingdom Development, Inc. as part of the member interest acquisition (Note 1). Accrued interest totaled \$-0- and \$4,363 at December 31, 2023 and 2022, respectively.	- -	91,783
The loan payable, which originated April 18, 2019, is held by Pacific Coast Realty in the original amount of \$120,000. The loan bears interest at 7% per annum. Principal and accrued interest are payable in monthly installments of \$1,393 beginning June 1, 2019. The loan and accrued interest are due upon May 1, 2022. Secured by a deed of trust. Accrued interest totaled \$466 and \$569 at December 31, 2023 and 2022, respectively.	62,140	80,345
The loan payable, which originated December 31, 2019, is held by DSD Capital, LLC in the original amount of \$250,000. The loan bears interest at 5.5% per annum. Interest payments of \$4,168 are payable monthly beginning January 30, 2020, for 12 months. Effective January 1, 2021, monthly interest payments are \$3,438. Principal due November 30, 2025. Accrued interest totaled \$3,438 for each of the years ended December 31, 2023 and 2022. Unsecured.	250,000	250,000
The loan payable, which originated November 1, 2021, is held by Monty James in the original amount of \$250,000. The loan bears interest at 10% per annum. Principal and accrued interest are payable in monthly installments of \$2,083 beginning December 1, 2021. The loan and accrued interest are due December 1, 2025. Secured by a deed of trust. Accrued interest totaled \$2,083 for each of the years ended December 31, 2023 and 2022.	250,000	250,000

(Continued)

SOLUTIONS FOR CHANGE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

Note 8 - Notes Payable: (Continued)

	<u>2023</u>	<u>2022</u>
<u>Solutions for Change, Inc. (Continued)</u>		
The note payable, which originated April 2023, is held by PEAC Solutions in the original amount of \$7,739. The loan bears interest at 12% per annum. Principal and accrued interest are payable in monthly installments of \$364. The loan is due May 2025. Secured by equipment.	\$ 5,722	\$ -
The note payable, which originated June 2023, is held by PEAC Solutions in the original amount of \$13,672. The loan bears interest at 14% per annum. Principal and accrued interest are payable in monthly installments of \$313. The loan is due June 2028. Secured by equipment.	<u>12,716</u>	<u>-</u>
Total Solutions for Change, Inc.	<u>7,870,850</u>	<u>7,987,114</u>
<u>Solutions Family Center, L.P.</u>		
The mortgage note, which was originated on July 30, 2003, is held by the San Diego County Department of Housing and Community Development in the original amount of \$957,000. The note bears interest at 3% per annum. Principal and accrued interest are payable from residual receipts, as defined in the agreement, calculated annually. Principal and accrued interest are due July 2058. Secured by a deed of trust. Accrued interest totaled \$575,761 and \$547,051 at December 31, 2023 and 2022, respectively.	957,000	957,000
The mortgage note, which was originated on March 8, 2005, is held by the California Department of Housing and Community Development in the original amount of \$2,044,512. The note bears interest at 3% per annum. Payments in the amount of forty-two hundredths of one percent (.42%) per annum on the unpaid principal balance of the loan are payable beginning December 31, 2005, and continuing annually thereafter up to the twenty-ninth anniversary of the interest payment date. Commencing on the thirtieth (30th) anniversary of the interest payment date and continuing annually thereafter, payments shall equal the lesser of (1) the full amount of interest accruing on the unpaid principal balance during the year, or (2) the amount determined by the lender as to be necessary to cover the costs of continued monitoring of the compliance requirements under the loan. In addition, the note may require additional payments from net cash flow under the terms of the regulatory agreement. The note is due March 2060. Secured by a deed of trust. Accrued interest totaled \$999,234 and \$946,486 at December 31, 2023 and 2022, respectively, and the required interest payments totaled \$8,587 for each of the years ended December 31, 2023 and 2022.	2,044,512	2,044,512

(Continued)

SOLUTIONS FOR CHANGE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

Note 8 - Notes Payable: (Continued)

	<u>2023</u>	<u>2022</u>
<u>Solutions Family Center, L.P. (Continued)</u>		
The mortgage note, which was originated on July 28, 2003, is held by the City of Vista in the original amount of \$550,000. The note bears interest at 3% per annum. Principal and accrued interest are payable from residual receipts, as defined in the agreement, calculated annually. Principal and accrued interest are due July 2058. Secured by a deed of trust. Accrued interest totaled \$330,077 and \$313,577 at December 31, 2023 and 2022, respectively.	\$ 550,000	\$ 550,000
The mortgage note, which was originated on July 31, 2003, is held by the City of Escondido in the original amount of \$375,100. The note is non-interest-bearing. Principal is due July 2058. Secured by a deed of trust.	375,000	375,100
The mortgage note, which was originated on July 24, 2003, is held by the Bank of America for the Affordable Housing Program (AHP) in the original amount of \$176,700. The note is non-interest-bearing, provided that all compliance requirements of the loan are met. Principal is due July 2021. Secured by a deed of trust.	176,000	176,000
Total Solutions Family Center, L.P.	4,103,312	4,103,312
<u>Solutions Farms, LLC</u>		
The loan payable, which was originated on August 1, 2018, is held by Alliance Healthcare Foundation in the original amount of \$755,572. The loan is noninterest-bearing until April 1, 2020 after which interest accrues at 4.0% per annum and is payable monthly. Monthly principal payments of \$3,668 are due beginning September 1, 2020. The loan is due August 1, 2050. Secured by a deed of trust. In November 2023, the loan was paid in full.	-	734,605
The loan payable, which was originated on May 25, 2020, is held by the U.S. Small Business Administration in the original amount of \$82,800. Interest is accrued at 2.75% per annum. Monthly principal and interest payments of \$404 are due beginning May 21, 2021. The loan is due May 21, 2050. Secured by property and equipment. Accrued interest totaled \$2,710 and \$5,281 at December 31, 2023 and 2022, respectively.	82,800	82,800
Total Solutions Farms, LLC	82,800	817,405

(Continued)

SOLUTIONS FOR CHANGE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

Note 8 - Notes Payable: (Continued)

	<u>2023</u>	<u>2022</u>
Solutions Chestnut, LLC		
The loan payable, which originated December 24, 2014, is held by the City of Carlsbad in the original amount of \$2,646,000. The loan is noninterest-bearing for the first five years, after which interest will accrue at 3.0% per annum. Beginning on January 1, 2020 and annually thereafter, payments equal to 70% of residual receipts. Principal and accrued interest are due on December 24, 2074. Secured by a deed of trust. Accrued interest totaled \$252,149 and \$172,605 at December 31, 2023 and 2022, respectively. In May 2024, the property was conveyed to the City of Carlsbad in exchange for full payment on the loan (Note 12).	\$ 2,646,000	\$ 2,646,000
Total Solutions Chestnut, LLC	<u>2,646,000</u>	<u>2,646,000</u>
Total Notes Payable	14,702,962	15,553,831
Less: Current Portion	(939,268)	(546,160)
Notes Payable, Long-Term, Net	<u>\$ 13,763,694</u>	<u>\$ 15,007,671</u>

The future principal payments on the notes payable are as follows:

Years Ended December 31	Solutions for Change, Inc.	Solutions Family Center, L.P.	Solutions Farms, LLC	Solutions Chestnut, LLC	Total
2024	\$ 762,568	\$ 176,700	\$ -	\$ -	\$ 939,268
2025	2,135,510	-	2,296	-	2,134,806
2026	27,291	-	2,668	-	29,959
2027	29,545	-	2,742	-	32,287
2028	2,412	-	2,818	-	5,230
Thereafter	<u>4,916,524</u>	<u>3,926,612</u>	<u>72,276</u>	<u>2,646,000</u>	<u>11,561,412</u>
Total	<u>\$ 7,850,850</u>	<u>\$ 4,103,312</u>	<u>\$ 82,800</u>	<u>\$ 2,646,000</u>	<u>\$ 14,702,962</u>

Note 9 - Net Assets With Donor Restrictions:

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

	<u>2023</u>	<u>2022</u>
Subject to Expenditure for Specified Purpose:		
Solutions for Change – Main campus expansion	\$ -	\$ 530,855
Total Net Assets with Donor Restrictions	<u>\$ -</u>	<u>\$ 530,855</u>

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of the passage of time or other events specified by the donors are as follows for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Purpose Restrictions Accomplished:		
Main campus expansion	\$ 595,155	\$ 581,645
Total Net Assets Released From Restrictions	<u>\$ 595,155</u>	<u>\$ 581,645</u>

SOLUTIONS FOR CHANGE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

Note 10 - Contingencies:

Loan Agreements

The Partnership entered into loan agreements with several agencies for the purpose of building and maintaining the tenant housing facilities. These agreements specify requirements for the building maintenance. The loans will be forgiven at the end of the loan term if all requirements have been met. In the event that the Partnership does not comply with the agreement, sells the property, or desists using the facility for its original intended purposes, these notes may be called.

Grant Agreement

Chestnut received a grant totaling \$454,000 from the City of Carlsbad on December 24, 2014. Funds were used for the acquisition the property located at 945 Chestnut Avenue. The grant requires that seven (7) low-income restricted units for affordable housing purposes for homeless families be maintained for no less than fifty-five (55) years from the date of acquisition. The grant funds shall be reimbursed to the City of Carlsbad in full upon (1) the date the property is first sold or transferred without prior written approval of the City Council, or (2) upon failure of Chestnut to operate affordable housing for low-income households on the property as stated above.

Note 11 - Commitments:

403(b) Pension Plan

The Organization sponsors a 403(b) pension plan covering, substantially, all of its employees. Each employee's total contribution may not exceed the maximum allowable under current regulations. The Organization matches the first 2% of eligible compensation contributed by the employee. The Organization also pays all administrative costs of this plan. All beneficiaries of the 403(b) plan are responsible for their own plan investment decisions. Matching contributions under this plan totaled \$7,917 and \$10,352 for the years ended December 31, 2023 and 2022, respectively, and is included in employee benefits on the consolidated statement of financial expenses.

Leases

Office Space

In 2004, the Organization began occupying approximately 7,200 square feet of donated office space at the Center's facility located at 702 West California Avenue, Vista, California. Estimated fair market value of the donated facilities for the years ended 2023 and 2022, respectively, was \$129,600. Due to the elimination of intercompany transactions during the consolidation process, the rent accrual and expense are not reflected in the consolidated financial statements.

Vehicles

The Organization entered into a lease for a vehicle under a forty-two-month lease agreement beginning December 5, 2020, with a monthly payment of \$693. Rent expense totaled \$8,315 and \$9,008 for the years ended December 31, 2023 and 2022, respectively.

Property Lease

The Organization entered into a four-year lease to rent property in Vista in December 2021, with a monthly base rent of \$19,000. Rent expense totaled \$228,000 for each of the years ended December 31, 2023 and 2022.

SOLUTIONS FOR CHANGE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

Note 11 - Commitments:

Property Lease (Continued)

In addition, the Organization has an option to purchase the property on June 1, 2023 for \$5,130,000. The option can be extended to December 1, 2023 for a purchase price of \$5,260,000, December 1, 2024 for a purchase price of \$5,525,000, or December 1, 2025 for a purchase price of \$5,804,250.

The following summarizes the line items on the statement of financial position for the finance lease at December 31:

	<u>2023</u>	<u>2022</u>
Right-of-use assets - finance leases, net	<u>\$ 396,961</u>	<u>\$ 604,071</u>
Finance lease liability - current portion	212,844	202,535
Finance lease liability - noncurrent portion	<u>204,712</u>	<u>417,556</u>
Total operating lease liabilities	<u>\$ 417,556</u>	<u>\$ 620,091</u>

The following summarizes the weighted average remaining lease term and discount rate at December 31, 2023:

Weighted average remaining lease term - finance	23 months
Weighted average incremental borrowing rate - finance	5.0%

The following summarizes the line items in the statement of activities which include the components of lease expense for the year ended December 31:

	<u>2023</u>	<u>2022</u>
Finance lease expense		
Amortization of right of use asset	\$ 207,110	\$ 207,110
Interest on the lease liability	<u>25,465</u>	<u>36,910</u>
Total Finance Lease Cost	<u>\$ 232,575</u>	<u>\$ 244,020</u>

The following summarizes cash flow information related to leases for the year ended December 31, 2023:

	<u>2023</u>	<u>2022</u>
Financing cash outflows from finance leases	\$ 228,000	\$ 228,000
Total cash outflow	<u>\$ 228,000</u>	<u>\$ 228,000</u>

The following is a schedule of future minimum payments related to the leases:

Years Ended December 31	Vehicle	Property	Total
2024	\$ 3,465	\$ 228,000	\$ 231,465
2025	-	<u>209,000</u>	<u>209,000</u>
Total	<u>\$ 3,465</u>	<u>\$ 437,000</u>	<u>\$ 440,465</u>

SOLUTIONS FOR CHANGE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

Note 11 - Commitments:

Property Lease (Continued)

Contracts

The Organization has an employment contract with the President of Solutions for Change, Inc., which provides a base salary, plus an annual bonus based on performance and not to exceed 20% of the current salary. The contract is renewable annually.

Note 12 - Subsequent Events:

Subsequent to year end in February 2024, Solutions for Change received a loan in the amount of \$105,875 from Monty E James with interest at 10%, interest only payments until December 1, 2025, when full payment is due. In addition, in April 2024, Solutions for Change received a loan in the amount of \$100,000 from Kingdom Development. Full payment is due December 31, 2025.

In May 2024, Solutions Chestnut LLC entered into a purchase and sale agreement with the City of Carlsbad whereby the City of Carlsbad agreed to purchase the 16-unit apartment building in Carlsbad in exchange for payment in full on the existing debt (Note 8). Solutions for Change is managing the property until June 30, 2025.

In July 2024, Solutions for Change entered into a lease agreement beginning April 1, 2025 and terminating December 31, 2034 for 115 acres at Green Oak Ranch, Vista, with monthly payments of \$45,000, increasing annually by 2%. In August 2024, Solutions for Change paid a security deposit of \$90,000 on the property.

SOLUTIONS FOR CHANGE, INC.
SUPPLEMENTARY CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
DECEMBER 31, 2023

ASSETS

	Solutions Change, Inc.	Solutions Family Center, L.P.	Solutions Farms, LLC	Solutions East Vista Way, LP	Solutions Chestnut, LLC	Eliminations	Consolidated
Current Assets:							
Cash and cash equivalents	\$ 165,567	\$ 6,007	\$ 198	\$ -	\$ 15,551	\$ -	\$ 187,323
Grants and other receivables, net	27,543	2,956	-	-	4,922	-	35,421
Intercompany receivables	-	219,138	-	-	690,409	(909,547)	-
Prepaid expenses and other assets	53,688	1,196	-	-	-	-	54,884
Tenant trust funds	77,985	-	-	-	-	-	77,985
Tenant security deposits	39,865	19,235	-	-	18,700	-	77,800
Deposits	-	3,161	-	-	-	-	3,161
Total Current Assets	<u>364,648</u>	<u>251,693</u>	<u>198</u>	<u>-</u>	<u>729,582</u>	<u>(909,547)</u>	<u>436,574</u>
Noncurrent Assets:							
Investment in subsidiary	(2,419,896)	-	-	-	-	2,419,896	-
Related party receivables	1,182,034	-	-	-	-	-	1,182,034
Restricted reserves	55,426	26,806	-	-	-	-	82,232
Investment in partnerships	51	-	-	-	-	-	51
Right of use asset - finance lease	396,961	-	-	-	-	-	396,961
Property and equipment, net	<u>5,975,446</u>	<u>3,333,749</u>	<u>-</u>	<u>-</u>	<u>2,761,643</u>	<u>-</u>	<u>12,070,838</u>
Total Noncurrent Assets	<u>5,190,022</u>	<u>3,360,555</u>	<u>-</u>	<u>-</u>	<u>2,761,643</u>	<u>2,419,896</u>	<u>13,732,116</u>
TOTAL ASSETS	\$ 5,554,670	\$ 3,612,248	\$ 198	\$ -	\$ 3,491,225	\$ 1,510,349	\$ 14,168,690

SOLUTIONS FOR CHANGE, INC.
SUPPLEMENTARY CONSOLIDATING SCHEDULE OF FINANCIAL POSITION (CONTINUED)
DECEMBER 31, 2023

LIABILITIES AND NET ASSETS

	Solutions Change, Inc.	Solutions Family Center, L.P.	Solutions Farms, LLC	Solutions East Vista Way, LP	Solutions Chestnut, LLC	Eliminations	Consolidated
Current Liabilities:							
Accounts payable	\$ 242,260	\$ 26,566	\$ -	\$ 16,066	\$ -	\$ 284,892	
Accrued expenses	236,774	-	-	-	-	-	236,774
Interest payable	9,219	-	2,710	-	-	-	11,929
Intercompany payables	909,547	-	-	-	-	(909,547)	-
Tenant trust funds	77,985	-	-	-	-	-	77,985
Tenant security deposits	39,865	19,235	-	-	18,700	-	77,800
Current portion of finance lease liability	212,844	-	-	-	-	-	212,844
Current portion of notes payable	762,568	176,700	-	-	-	-	939,268
Total Current Liabilities	<u>2,491,062</u>	<u>222,501</u>	<u>2,710</u>	<u>-</u>	<u>34,766</u>	<u>(909,547)</u>	<u>1,841,492</u>
Noncurrent Liabilities:							
Finance lease liability, net	204,712	-	-	-	-	-	204,712
Notes payable, net	7,108,282	3,926,612	82,800	-	2,646,000	-	13,763,694
Interest payable	1,422,374	1,905,073	-	-	252,149	-	3,579,596
Total Noncurrent Liabilities	<u>8,735,368</u>	<u>5,831,685</u>	<u>82,800</u>	<u>-</u>	<u>2,898,149</u>	<u>-</u>	<u>17,548,002</u>
Total Liabilities	<u>11,226,430</u>	<u>6,054,186</u>	<u>85,510</u>	<u>-</u>	<u>2,932,915</u>	<u>(909,547)</u>	<u>19,389,494</u>
Minority Interest in Subsidiary							
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(20,388)</u>	<u>(20,388)</u>
Net Assets (Deficit):							
Without donor restrictions	<u>(5,671,760)</u>	<u>(2,441,938)</u>	<u>(85,312)</u>	<u>-</u>	<u>558,310</u>	<u>2,440,284</u>	<u>(5,200,416)</u>
Total Net Assets (Deficit)	<u>(5,671,760)</u>	<u>(2,441,938)</u>	<u>(85,312)</u>	<u>-</u>	<u>558,310</u>	<u>2,440,284</u>	<u>(5,200,416)</u>
TOTAL LIABILITIES AND NET ASSETS	\$ 5,554,670	\$ 3,612,248	\$ 198	\$ -	\$ 3,491,225	\$ 1,510,349	\$ 14,168,690

SOLUTIONS FOR CHANGE, INC.
SUPPLEMENTARY CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
DECEMBER 31, 2022

ASSETS

	Solutions Change, Inc.	Solutions Family Center, L.P.	Solutions Farms, LLC	Solutions East Vista Way, LP	Solutions Chestnut, LLC	Eliminations	Consolidated
Current Assets:							
Cash and cash equivalents	\$ 377,499	\$ 2,419	\$ 2,211	\$ 36	\$ 6,398	\$ -	\$ 388,563
Grants and other receivables, net	462,956	1,261	-	-	2,842	-	467,059
Intercompany receivables	1,899,541	-	942	-	618,488	(2,518,971)	-
Related party receivable	42,317	-	-	-	-	(42,317)	-
Prepaid expenses and other assets	77,002	-	922	-	-	-	77,924
Tenant trust funds	38,639	-	-	-	-	-	38,639
Tenant security deposits	39,640	12,914	-	-	18,700	-	71,254
Deposits	2,000	3,161	3,500	-	-	-	8,661
Total Current Assets	<u>2,939,594</u>	<u>19,755</u>	<u>7,575</u>	<u>36</u>	<u>646,428</u>	<u>(2,561,288)</u>	<u>1,052,100</u>
Noncurrent Assets:							
Investment in subsidiary	(2,251,006)	-	-	-	-	2,251,006	-
Related party receivables	1,827,859	-	-	-	-	-	1,827,859
Restricted reserves	221,855	245,944	-	-	-	-	467,799
Investment in partnerships	57	-	-	-	-	-	57
Right of use asset - finance lease	604,071	-	-	-	-	-	604,071
Property and equipment, net	<u>5,839,595</u>	<u>3,491,145</u>	<u>760,528</u>	<u>-</u>	<u>2,804,675</u>	<u>-</u>	<u>12,895,943</u>
Total Noncurrent Assets	<u>6,242,431</u>	<u>3,737,089</u>	<u>760,528</u>	<u>-</u>	<u>2,804,675</u>	<u>2,251,006</u>	<u>15,795,729</u>
TOTAL ASSETS	\$ 9,182,025	\$ 3,756,844	\$ 768,103	\$ 36	\$ 3,451,103	\$ (310,282)	\$ 16,847,829

SOLUTIONS FOR CHANGE, INC.
SUPPLEMENTARY CONSOLIDATING SCHEDULE OF FINANCIAL POSITION (CONTINUED)
DECEMBER 31, 2022

LIABILITIES AND NET ASSETS

	Solutions Change, Inc.	Solutions Family Center, L.P.	Solutions Farms, LLC	Solutions East Vista Way, LP	Solutions Chestnut, LLC	Eliminations	Consolidated
Current Liabilities:							
Accounts payable	\$ 100,151	\$ 70,607	\$ 6,911	\$ 4,050	\$ 4,413	\$ -	\$ 186,132
Accrued expenses	215,489	-	-	-	-	-	215,489
Interest payable	8,610	-	5,281	-	-	-	13,891
Intercompany payables	678,230	34,239	1,201,552	604,950	-	(2,518,971)	-
Related party payables	-	-	-	42,317	-	(42,317)	-
Tenant trust funds	38,639	-	-	-	-	-	38,639
Tenant security deposits	39,640	12,914	-	-	18,700	-	71,254
Current portion of finance lease liability	202,535	-	-	-	-	-	202,535
Current portion of notes payable	354,560	176,700	14,900	-	-	-	546,160
Total Current Liabilities	<u>1,637,854</u>	<u>294,460</u>	<u>1,228,644</u>	<u>651,317</u>	<u>23,113</u>	<u>(2,561,288)</u>	<u>1,274,100</u>
Noncurrent Liabilities:							
Share of deficiency in partnerships	2,198	-	-	-	-	-	2,198
Finance lease liability, net	417,556	-	-	-	-	-	417,556
Notes payable, net	7,632,554	3,926,612	802,505	-	2,646,000	-	15,007,671
Interest payable	1,299,725	1,807,114	-	-	172,769	-	3,279,608
Total Noncurrent Liabilities	<u>9,352,033</u>	<u>5,733,726</u>	<u>802,505</u>	<u>-</u>	<u>2,818,769</u>	<u>-</u>	<u>18,707,033</u>
Total Liabilities	<u>10,989,887</u>	<u>6,028,186</u>	<u>2,031,149</u>	<u>651,317</u>	<u>2,841,882</u>	<u>(2,561,288)</u>	<u>19,981,133</u>
Minority Interest in Subsidiary							
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(18,682)</u>	<u>(18,682)</u>
Net Assets (Deficit):							
Without donor restrictions	(2,338,717)	(2,271,342)	(1,263,046)	(651,281)	609,221	2,269,688	(3,645,477)
With donor restrictions	530,855	-	-	-	-	-	530,855
Total Net Assets (Deficit)	<u>(1,807,862)</u>	<u>(2,271,342)</u>	<u>(1,263,046)</u>	<u>(651,281)</u>	<u>609,221</u>	<u>2,269,688</u>	<u>(3,114,622)</u>
TOTAL LIABILITIES AND NET ASSETS	\$ 9,182,025	\$ 3,756,844	\$ 768,103	\$ 36	\$ 3,451,103	\$ (310,282)	\$ 16,847,829

SOLUTIONS FOR CHANGE, INC.
SUPPLEMENTARY CONSOLIDATING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

	Solutions For Change, Inc.	Solutions Family Center, L.P.	Solutions Farms, LLC	Solutions East Vista Way, LP	Solutions Chestnut, LLC	Eliminations	Consolidated
Net Assets Without Donor Restrictions							
Support and Revenue:							
Contributions	\$ 2,456,470	\$ 511,657	\$ -	\$ -	\$ 219,824	\$ (545,217)	\$ 2,456,470
Rental income	810,636						996,900
Special event revenue (net of direct donor benefit costs of \$85,504)	372,789	-	-	-	-	-	372,789
Grants	102,965	-	-	-	-	-	102,965
Interest and miscellaneous	73,570	-	3,500	-	-	-	77,070
Gain on sale of property and equipment	-	-	73,888	-	-	-	73,888
In-kind contributions	34,236	-	-	-	-	-	34,236
Supporting services	-	-	35,792	-	-	(35,792)	-
Other income	-	-	1,190,546	651,317	-	(1,841,863)	-
Net assets released from restriction	595,155						595,155
Total Support and Revenue	<u>4,445,821</u>	<u>511,657</u>	<u>1,303,726</u>	<u>651,317</u>	<u>219,824</u>	<u>(2,422,872)</u>	<u>4,709,473</u>
Operating Expenses:							
Program services	5,684,475	402,307	47,783	-	135,131	(2,422,872)	3,846,824
Management and general	961,058	16,004	8,965	36	13,192	-	999,255
Fundraising	430,821	-	-	-	-	-	430,821
Total Operating Expenses	<u>7,076,354</u>	<u>418,311</u>	<u>56,748</u>	<u>36</u>	<u>148,323</u>	<u>(2,422,872)</u>	<u>5,276,900</u>
Change in Net Assets Without Donor Restrictions Before Nonoperating Revenue and (Expenses)	<u>(2,630,533)</u>	<u>93,346</u>	<u>1,246,978</u>	<u>651,281</u>	<u>71,501</u>	<u>-</u>	<u>(567,427)</u>
Nonoperating Revenue and (Expenses):							
Depreciation and amortization	(431,361)	(157,396)	(69,244)	-	(43,032)	-	(701,033)
Excess (deficit) of support and revenue over expenses of subsidiary	(168,890)	-	-	-	-	170,596	1,706
Interest - residual receipts debt	(102,253)	(106,546)	-	-	(79,380)	-	(288,179)
Partnership loss	(6)	-	-	-	-	-	(6)
Total Nonoperating Revenue and (Expenses)	<u>(702,510)</u>	<u>(263,942)</u>	<u>(69,244)</u>	<u>-</u>	<u>(122,412)</u>	<u>170,596</u>	<u>(987,512)</u>
Change in Net Assets Without Donor Restrictions	<u>(3,333,043)</u>	<u>(170,596)</u>	<u>1,177,734</u>	<u>651,281</u>	<u>(50,911)</u>	<u>170,596</u>	<u>(1,554,939)</u>
Net Assets With Donor Restrictions							
Contributions	64,300	-	-	-	-	-	64,300
Net assets released from restrictions	(595,155)	-	-	-	-	-	(595,155)
Change in Net Assets With Donor Restrictions	<u>(530,855)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(530,855)</u>
Total Change in Net Assets	<u>(3,863,898)</u>	<u>(170,596)</u>	<u>1,177,734</u>	<u>651,281</u>	<u>(50,911)</u>	<u>170,596</u>	<u>(2,085,794)</u>
Net Assets (Deficit) at Beginning of Year	<u>(1,807,862)</u>	<u>(2,271,342)</u>	<u>(1,263,046)</u>	<u>(651,281)</u>	<u>609,221</u>	<u>2,269,688</u>	<u>(3,114,622)</u>
NET ASSETS (DEFICIT) AT END OF YEAR	\$ (5,671,760)	\$ (2,441,938)	\$ (85,312)	\$ -	\$ 558,310	\$ 2,440,284	\$ (5,200,416)

SOLUTIONS FOR CHANGE, INC.
SUPPLEMENTARY CONSOLIDATING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Solutions For Change, Inc.	Family Center, L.P.	Solutions Farms, LLC	East Vista Way, LP	Solutions Chestnut, LLC	Eliminations	Consolidated
Net Assets Without Donor Restrictions							
Support and Revenue:							
Contributions	\$ 2,761,606	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,761,606
Rental income	868,599	449,494	-	-	210,928	(506,976)	1,022,045
Special event revenue (net of direct donor benefit costs of \$6,700)	179,203	-	-	-	-	-	179,203
Grants	135,042	-	-	-	-	-	135,042
Supporting services	110,300	-	209,067	-	-	(209,067)	110,300
Interest and miscellaneous	31,653	1,764	100	15,628	4,000	-	53,145
Social enterprise	-	-	14,646	-	-	-	14,646
In-kind contributions	4,100	-	-	-	-	-	4,100
Net assets released from restriction	581,645	-	-	-	-	-	581,645
Total Support and Revenue	<u>4,672,148</u>	<u>451,258</u>	<u>223,813</u>	<u>15,628</u>	<u>214,928</u>	<u>(716,043)</u>	<u>4,861,732</u>
Operating Expenses:							
Program services	3,787,124	395,686	142,918	-	153,340	(716,043)	3,763,025
Management and general	341,242	16,316	36,605	4,146	21,661	-	419,970
Fundraising	153,277	-	-	-	-	-	153,277
Total Operating Expenses	<u>4,281,643</u>	<u>412,002</u>	<u>179,523</u>	<u>4,146</u>	<u>175,001</u>	<u>(716,043)</u>	<u>4,336,272</u>
Change in Net Assets Without Donor Restrictions Before Nonoperating Revenue and (Expenses)	<u>390,505</u>	<u>39,256</u>	<u>44,290</u>	<u>11,482</u>	<u>39,927</u>	<u>-</u>	<u>525,460</u>
Nonoperating Revenue and (Expenses):							
Depreciation and amortization	(425,187)	(157,083)	(82,727)	-	(43,027)	-	(708,024)
Excess (deficit) of support and revenue over expenses of subsidiary	(222,129)	-	-	-	-	224,373	2,244
Interest - residual receipts debt	(102,253)	(106,546)	-	-	(79,380)	-	(288,179)
Partnership loss	(119)	-	-	-	-	-	(119)
Total Nonoperating Revenue and (Expenses)	<u>(749,688)</u>	<u>(263,629)</u>	<u>(82,727)</u>	<u>-</u>	<u>(122,407)</u>	<u>224,373</u>	<u>(994,078)</u>
Change in Net Assets Without Donor Restrictions	<u>(359,183)</u>	<u>(224,373)</u>	<u>(38,437)</u>	<u>11,482</u>	<u>(82,480)</u>	<u>224,373</u>	<u>(468,618)</u>
Net Assets With Donor Restrictions							
Contributions	1,072,500	-	-	-	-	-	1,072,500
Net assets released from restrictions	(581,645)	-	-	-	-	-	(581,645)
Change in Net Assets With Donor Restrictions	<u>490,855</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>490,855</u>
Total Change in Net Assets	<u>131,672</u>	<u>(224,373)</u>	<u>(38,437)</u>	<u>11,482</u>	<u>(82,480)</u>	<u>224,373</u>	<u>22,237</u>
Net Assets (Deficit) at Beginning of Year	<u>(1,939,534)</u>	<u>(2,046,969)</u>	<u>(1,224,609)</u>	<u>(662,763)</u>	<u>691,701</u>	<u>2,045,315</u>	<u>(3,136,859)</u>
NET ASSETS (DEFICIT) AT END OF YEAR	\$ (1,807,862)	\$ (2,271,342)	\$ (1,263,046)	\$ (651,281)	\$ 609,221	\$ 2,269,688	\$ (3,114,622)