NOVOGRADAC & COMPANY LLP®

Clearinghouse Community Development Financial Institution Companies

Consolidated Financial Statements
with Report of Independent Auditors
December 31, 2021 and 2020

Report of Independent Auditors

To the Board of Directors of
Clearinghouse Community Development Financial Institution Companies:

Opinion

We have audited the accompanying consolidated financial statements of Clearinghouse Community Development Financial Institution Companies, a California corporation, which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the related consolidated statements of income, stockholders' equity 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 Clearinghouse Community Development Financial Institution Companies as of December 31, 2021 and 2020, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

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

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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 Clearinghouse Community Development Financial Institution Companies' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' 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 auditors' 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, 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 Clearinghouse Community Development Financial Institution Companies' 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 Clearinghouse Community Development Financial Institution Companies' ability to continue as a going concern for a reasonable period of time.

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

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information in the Supplementary Information is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and results of the individual companies, and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audits 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 consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Novogradac & Company LLP

Long Beach, California
March 28, 2022

CLEARINGHOUSE COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION COMPANIES
CONSOLIDATED BALANCE SHEETS
December 31, 2021 and 2020

	2021	2020
ASSETS		
Cash and cash equivalents	$ 72,580,000	$ 49,586,000
Restricted cash	65,884,000	38,422,000
Loans receivable, net	459,988,000	487,365,000
Accrued interest receivable	4,128,000	5,516,000
Other receivables and prepaid expenses	3,631,000	1,683,000
Due from related parties	123,000	31,000
Fixed assets, net	1,458,000	1,550,000
Operating investments	13,196,000	3,893,000
Investment in other companies	2,668,000	2,543,000
Other real estate owned	-	1,782,000
Deferred taxes	8,934,000	10,371,000
TOTAL ASSETS	$ 632,590,000	$ 602,742,000
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Accounts payable and accrued expenses	$ 6,598,000	$ 4,108,000
Unamortized award funds	6,327,000	4,734,000
Accrued interest payable	1,480,000	1,363,000
Due to related parties	-	212,000
Lines of credit	37,333,000	32,333,000
Non interest-bearing deposits	1,250,000	4,400,000
Notes payable, Class A stockholders	18,000,000	18,000,000
Notes payable, Federal Home Loan Bank of San Francisco	53,096,000	40,800,000
Notes payable, Bond Guarantee Program - net of unamortized debt issuance costs	248,257,000	260,841,000
Other notes payable - net of unamortized debt issuance costs	154,993,000	143,587,000
TOTAL LIABILITIES	527,334,000	510,378,000
STOCKHOLDERS' EQUITY		
Common stock, no par value		
Class A	46,916,000	44,312,000
Class C	3,580,000	3,580,000
Retained earnings	54,760,000	44,472,000
TOTAL STOCKHOLDERS' EQUITY	105,256,000	92,364,000
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 632,590,000	$ 602,742,000

see accompanying notes

CLEARINGHOUSE COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION COMPANIES

CONSOLIDATED STATEMENTS OF INCOME

For the years ended December 31, 2021 and 2020

	2021	2020
INTEREST INCOME		
Interest on loans receivable	$ 33,087,000	$ 33,634,000
Interest-bearing deposits	92,000	192,000
Total interest income	33,179,000	33,826,000
INTEREST EXPENSE	(15,472,000)	(14,957,000)
Net interest income	17,707,000	18,869,000
REDUCTION OF (PROVISION FOR) LOAN LOSSES	3,153,000	(9,074,000)
Net interest income after reduction of (provision for) loan losses	20,860,000	9,795,000
NON INTEREST INCOME		
Loan fees	2,551,000	933,000
Grant income	1,674,000	3,967,000
NMTC management fees	1,037,000	909,000
NMTC sponsor fees	1,009,000	1,989,000
Other income	197,000	192,000
Flow-through income from investment in other companies	7,000	85,000
Net (loss) income from operating investments	(246,000)	75,000
Total non interest income	6,229,000	8,150,000
NON INTEREST EXPENSES		
Compensation and related benefits	8,614,000	7,177,000
General and administrative	1,231,000	1,068,000
Professional fees	744,000	1,072,000
Insurance	666,000	556,000
Rent	278,000	259,000
Marketing	259,000	167,000
Charitable contributions	225,000	301,000
Historic tax credit investment amortization	215,000	-
Depreciation	131,000	162,000
Impairment of OREO	-	276,000
Total non interest expenses	12,363,000	11,038,000
Income before provision for income taxes	14,726,000	6,907,000
Provision for income taxes	(4,025,000)	(1,842,000)
Net income	$ 10,701,000	$ 5,065,000

see accompanying notes

CLEARINGHOUSE COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION COMPANIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
For the years ended December 31, 2021 and 2020

	Common Stock		Retained	Total Stockholders'
	Class A	Class C	Earnings	Equity
BALANCE, JANUARY 1, 2020	$ 38,779,000	$ 3,580,000	$ 39,795,000	$ 82,154,000
Issuance of Class A common stock	5,382,000	-	-	5,382,000
Net income	-	-	5,065,000	5,065,000
Cash dividend	-	-	(237,000)	(237,000)
Stock dividend	151,000	-	(151,000)	-
BALANCE, DECEMBER 31, 2020	44,312,000	3,580,000	44,472,000	92,364,000
Issuance of Class A common stock	2,400,000	-	-	2,400,000
Net income	-	-	10,701,000	10,701,000
Cash dividend	-	-	(209,000)	(209,000)
Stock dividend	204,000	-	(204,000)	-
BALANCE, DECEMBER 31, 2021	$ 46,916,000	$ 3,580,000	$ 54,760,000	$ 105,256,000

CLEARINGHOUSE COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2021 and 2020

	2021	2020
CASH FLOW FROM OPERATING ACTIVITIES		
Net income	$ 10,701,000	$ 5,065,000
Adjustments to reconcile net income to net cash provided by operating activities:		
(Reduction of) provision for loan losses	(3,153,000)	9,074,000
Impairment of OREO	-	276,000
Amortization of award funds	(1,674,000)	(3,967,000)
Flow-through income from investment in other companies	(7,000)	(85,000)
Depreciation	131,000	162,000
Depreciation - operating investment	194,000	14,000
Interest expense - debt issuance costs	218,000	186,000
Change in:		
Accrued interest receivable	1,388,000	(3,187,000)
Other receivables and prepaid expenses	(1,948,000)	1,614,000
Other receivables and prepaid expenses - operating investment (CREC)	-	(11,000)
Due from related parties	(92,000)	(32,000)
Deferred taxes	1,437,000	(2,210,000)
Accounts payable and accrued expenses	2,490,000	(309,000)
Unamortized award funds	3,267,000	5,477,000
Accrued interest payable	117,000	1,000
Due to related parties	(212,000)	211,000
Net cash provided by operating activities	12,857,000	12,279,000
CASH FLOW FROM INVESTING ACTIVITIES		
Originations and disbursements of loans receivable	(105,254,000)	(112,296,000)
Payoffs and amortization of loans receivable	133,723,000	67,125,000
Originations of PPP loans receivable	(15,079,000)	(7,500,000)
Payoffs of PPP loans receivable	17,140,000	1,207,000
Purchases of fixed assets	(39,000)	(198,000)
Purchases of investments in other companies, net	(118,000)	-
Purchases and escrow deposits of investments in operating investments, net	(7,716,000)	(600,000)
Net cash provided by (used in) investing activities	22,657,000	(52,262,000)
CASH FLOW FROM FINANCING ACTIVITIES		
Payments of debt issuance costs	(286,000)	(521,000)
Proceeds from lines of credit	15,000,000	-
Payments of lines of credit	(10,000,000)	(3,000,000)
Payments of interest-bearing deposits	-	(250,000)
Payments of non-interest-bearing deposits	(3,150,000)	(450,000)
Proceeds from other notes payable	19,044,000	47,642,000
Payments of other notes payable	(7,520,000)	(2,870,000)
Federal Home Loan Bank of San Francisco advances	31,000,000	77,800,000
Federal Home Loan Bank of San Francisco repayments	(18,704,000)	(79,000,000)
Bond Guarantee Program advances	-	16,000,000
Bond Guarantee Program repayments	(12,633,000)	(9,204,000)
Issuance of Class A common stock	2,400,000	5,382,000
Class A cash dividend	(209,000)	(237,000)
Net cash provided by financing activities	14,942,000	51,292,000
Net change in cash, cash equivalents and restricted cash	50,456,000	11,309,000
Cash, cash equivalents and restricted cash at beginning of year	88,008,000	76,699,000
Cash, cash equivalents and restricted cash at end of year	$ 138,464,000	$ 88,008,000
Cash and cash equivalents	$ 72,580,000	$ 49,586,000
Restricted cash	65,884,000	38,422,000
Total cash, cash equivalents and restricted cash	$ 138,464,000	$ 88,008,000

see accompanying notes

CLEARINGHOUSE COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION COMPANIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2021 and 2020

(continued)

	2021	2020
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid for interest	$ 15,240,000	$ 14,770,000
Cash paid for income taxes	$ 3,094,000	$ 3,444,000
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Class A stock dividend	$ 204,000	$ 151,000

see accompanying notes

1. Organization and purpose

Clearinghouse Community Development Financial Institution ("CDFI") and its wholly-owned subsidiaries, as listed below (collectively, the "Company"), are headquartered in Lake Forest, California. CDFI is a direct lender for affordable housing, community development and other nontraditional credit needs in California, Arizona, Nevada, New Mexico, and Native American communities in the Western United States. CDFI's mission is to provide economic opportunities and improve the quality of life for lower-income individuals and communities through innovative and affordable financing that is unavailable in the conventional market. The majority of CDFI's loans are to nonprofit and other organizations that (1) provide affordable housing to low-income individuals, (2) create jobs in economically disadvantaged areas, or (3) are otherwise engaged in community development activities. The U.S. Department of the Treasury ("Treasury") has certified CDFI as a Community Development Financial Institution.

CDFI's bylaws provide for fifteen directors. Affordable Housing Clearinghouse ("AHC"), the holder of CDFI's Class B stock (see Note 11), nominates and elects eight directors, four of whom are community representatives and four of whom are lender representatives. CDFI's Class A stockholders elect seven directors. This structure is intended to provide accountability to the low and moderate income populations which CDFI serves.

CDFI's wholly-owned subsidiaries are as follows:

CDFI Service Corporation
Clearinghouse NMTC, LLC ("CDFI NMTC LLC")
Clearinghouse CREC (Sub 4), LLC ("CREC Sub 4")
Alamo QOF, LLC
Alamo QOZB, LLC
34 E. Jackson QOF, LLC
34 E. Jackson QOZB, LLC
Celia Saxon, LLC

CDFI has several primary lines of business including core lending and new markets tax credits ("NMTC") deployment. Core lending is primarily real estate-based lending that benefits lower-income individuals and communities unable to obtain credit from banks or other traditional lenders.

CDFI Service Corporation's primary purpose is to liquidate assets acquired by CDFI. As of December 31, 2021 and 2020, CDFI Service Corporation had an OREO balance of $0 and $1,782,000, respectively. This amount is included in other real estate owned on the consolidated balance sheets. For the years ended December 31, 2021 and 2020, there were impairment losses recognized of $0 and $276,000, respectively.

CDFI NMTC LLC's sole purpose is to make equity investments in and manage NMTC community development entities ("NMTC CDEs"). CDFI has incorporated the NMTC CDEs for the purpose of facilitating transactions resulting from federal and state of Nevada NMTC allocations awarded to CDFI. CDFI has been awarded $603,000,000 and $19,765,000 of federal and state of Nevada allocations, and deployed $603,000,000 and $19,765,000, respectively, to qualified active low-income community businesses since its inception.

1. Organization and purpose (continued)

The CREC Subs were created for the primary purpose of purchasing and investing in income producing real estate properties. As of December 31, 2021 and 2020, the CREC Subs had primarily purchased and invested in multi-family housing and commercial properties, as further discussed in Note 5.

The Company creates and manages entities to make equity investments in properties primarily located in Opportunity Zones, as further discussed in Note 5. The purpose of these entities is to attract tax deferred capital gains and other investor capital into distressed areas.

2. Summary of significant accounting policies and nature of operations

Basis of accounting
The Company prepares its consolidated financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Principles of consolidation
The consolidated financial statements include the accounts of CDFI and its wholly-owned subsidiaries, CDFI Service Corporation, CDFI NMTC LLC, Alamo QOF, LLC, Alamo QOZB, LLC, 34 E. Jackson QOF, LLC, 34 E. Jackson QOZB, LLC, Celia Saxon, LLC, and the CREC Subs. All significant intercompany accounts and transactions have been eliminated in consolidation. Unconsolidated investments are accounted for by the equity and cost methods of accounting.

Cash and cash equivalents
Cash and cash equivalents include all cash balances on deposit with financial institutions and highly liquid investments with a maturity of three months or less. The majority of cash is deposited with shareholder banks. The carrying amount of cash and cash equivalents approximates its fair value.

Restricted cash is not considered cash and cash equivalents, and includes cash pledged to BGP, as defined in Note 10C, or otherwise contractually restricted.

Concentrations of risk, including economic, geographic and credit risk
The Company maintains cash in bank deposit accounts that, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company monitors the financial statements and regulatory filings of those institutions for which the amount on deposit exceeds the federal insured limit. The Company believes it is not exposed to any significant credit risk on these bank deposits.

2. Summary of significant accounting policies and nature of operations (continued)

Concentrations of risk, including economic, geographic and credit risk (continued)
Generally, the Company originates loans secured by various types of real estate, including single family residential, multi family residential, commercial, and construction real estate (Note 3). The Company periodically reviews its concentration among individual loan segments and individual loans. Although the Company establishes an allowance for loan losses believed to be appropriate for risk concentrations, future operations could be affected by adverse changes in credit risk from loans receivable (Note 4).

The Company primarily lends in the California, Arizona, Nevada, New Mexico and Native American markets. Future operations could be affected by changes in economic or other conditions in those markets.

The Company's concentration in its largest borrowers has increased as a result of a greater average loan size. As of December 31, 2021 and 2020, the largest ten borrowers, on average, have outstanding balances of $14,517,000 and $15,504,000, respectively. In total, these comprise 30.0% and 30.1%, respectively, of the Company's loan portfolio.

Fixed assets and depreciation
The Company records all fixed assets at cost, less accumulated depreciation. Depreciation for leasehold improvements is computed on a straight-line basis over the lives of the underlying leases, which range from 3 to 5 years. Depreciation for property and equipment is computed on a straight-line basis over the estimated useful lives of the property and equipment, which range from 3 to 5 years. Depreciation for sitework is computed on a straight-line basis over an estimated useful life of 15 years. Depreciation for buildings and building improvements is computed on a straight-line basis over the estimated useful lives of the buildings and building improvements, which range from 39 to 40 years. Depreciation expense for the years ended December 31, 2021 and 2020 was $131,000 and $162,000, respectively.

Income taxes
The Company files a consolidated income tax return for the federal government and various states, including California, Arizona, and New Mexico. The consolidated financial statements provide for the tax effects of transactions reported, and consist both of taxes currently due and deferred taxes.

Deferred tax assets and liabilities are determined based on temporary differences between financial statement asset and liability amounts and their respective tax bases. Temporary differences are differences between the tax bases of assets and liabilities and their reported amounts in the consolidated financial statements that will result in taxable or deductible amounts in future years. Deferred taxes represent the future tax return consequences of those differences, which will either be deductible or taxable when the assets and liabilities are recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized during such period as an adjustment to provision for income taxes. Deferred taxes are estimated using enacted laws and rates. The Company's temporary differences result from provision for loan loss deductions, accrued bonuses and payroll, impairment losses, and other miscellaneous income and expenses, which result in a net deferred income tax asset.

2. Summary of significant accounting policies and nature of operations (continued)

Income taxes (continued)
A valuation allowance is established if, based on the weight of the available evidence, it is more likely than not that some portion or all of the deferred income tax assets will not be realized. The valuation allowance reduces deferred tax assets to the amount the Company expects to realize. As of December 31, 2021 and 2020, there was no valuation allowance.

Due to the inherent complexities arising from the nature of the Company's business, the amount recognized is subject to significant management judgments and estimates with respect to the likely outcome of uncertain tax positions. The Company evaluates its uncertain tax positions. The Company recognizes the consolidated financial statement effect of a tax position when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. A loss contingency is recognized when it is probable that a liability has been incurred as of the date of the consolidated financial statements and the amount of the loss can be reasonably estimated. The amount recognized is an estimate subject to management judgment with respect to the likely outcome of the uncertain tax position. The amount that is ultimately sustained for an individual uncertain tax position or for all uncertain tax positions in the aggregate could differ from the amount recognized.

Federal and state tax authorities generally have the right to examine and audit the previous three years of tax returns filed. Any interest or penalties assessed to the Company are recorded in operating expenses. For the years ended December 31, 2021 and 2020, no interest or penalties from federal or state tax authorities are reflected in the accompanying consolidated financial statements.

Revenue recognition
The Company recognizes interest income on loans receivable and cash deposits as it is earned. Interest income on loans generally accrues on the net principal balance, based on the interest convention specified in terms of the loan agreements. The accrual of interest is discontinued when a loan becomes 90 days delinquent or, in management's opinion, the borrower may be unable to make payments as they become due. When the accrual of interest is discontinued, all unpaid accrued interest is reversed. Interest income is subsequently recognized only to the extent cash payments are received and the principal balance is believed to be collectible.

Unearned income, loan origination fees and unamortized premiums or discounts on purchased loans are deferred and the net amount amortized as an adjustment of the respective loan's yield. The Company amortizes these amounts over the contractual life of the respective loan using the effective interest method.

Loan fees include loan recoveries, late fees, servicing fees, prepayment fees, and the unamortized portion of loan origination fees, commitment fees, and discounts upon prepayment. The Company recognizes loan fees in the period they are earned, in accordance with the terms of the loan agreements.

The Company earns management fees for the management of related entities. Management fees are recognized in the period they are earned, in accordance with the terms of the respective management agreements.

2. Summary of significant accounting policies and nature of operations (continued)

Revenue recognition (continued)
Investment income is based on the performance of the companies in which the Company has made investments. Investment income is recognized in accordance with the method of accounting used for each investment, as discussed below.

Revenue from certain grants or awards with performance obligations is recognized as the underlying performance obligations are satisfied. These performance obligations are identified in the underlying agreements, can be varied in nature, and are generally satisfied ratably through performance until completion. As of December 31, 2021 and 2020, unrecognized revenue from these sources totaled \$6,327,000 and \$4,734,000, respectively. For the years ended December 31, 2021 and 2020, the Company recognized \$1,674,000 and \$3,967,000, respectively, from the performance of obligations related to these grants or awards.

Investments in other companies
The Company owns interests in other companies, as further discussed in Note 7. The Company has determined that the other companies are variable interest entities and the Company is not the primary beneficiary. As a result, the Company is not required to consolidate its investment in the other companies. This conclusion was based on the determination that the Company does not have the power to direct the activities that most significantly impact the other companies' economic performance. The Company's maximum exposure to loss as a result of its involvement with the investment is limited to the current investment balance.

The Company investment in Federal Home Loan Bank of San Francisco is recorded at cost pursuant to the measurement alternative provided by FASB ASC 321. The fair value of the investment is not estimated if there are no identified changes in circumstances that may have a significant adverse effect on the fair value of the investment.

The Company periodically invests in the rehabilitation of historic buildings, for which it qualifies for historic tax credits ("HTCs") under Internal Revenue Code ("IRC") Section 47. The HTCs are earned ratably over a five-year period or entirely on the placed in service date ("PIS") of the rehabilitated building, if qualified under the transition rule, and result in a dollar for dollar reduction of federal income taxes payable. The HTCs are subject to recapture if the Company disinvests within five years of the PIS.

The Company accounts for all other investments in other companies using the equity method of accounting, which requires that the investments are recorded at cost and adjusted for the Company's allocable share of income or loss, additional investments, and cash distributions from the other companies. Because the Company has no obligation to fund liabilities of the other companies beyond its investment, including loans and advances, investments in the other companies may not be reduced below zero. To the extent that equity losses are incurred when the Company's carrying value of its investment has reached a zero balance, any losses will be suspended to be used against future income.

The Company has implemented policies and practices for assessing impairment for its investments. Periodically, the carrying values are evaluated to determine if any impairment in value exists. If impairment exists, the carrying value is reduced to its estimated fair value, based on the net present value of estimated future cash flows and tax benefits expected to be received. For the years ended December 31, 2021 and 2020, there were no impairment losses.

2. Summary of significant accounting policies and nature of operations (continued)

Loans receivable and allowance for loan losses
Loans receivable are reported at the principal amount outstanding, net of unearned income, deferred loan origination fees, holdbacks, unamortized premiums or discounts on purchased loans, and an allowance for loan losses.

The allowance for loan losses is adjusted by a provision for loan losses, which is charged to expense. Charge-offs, net of recoveries, reduce the provision for loan losses when recognized. Management's periodic evaluation of the adequacy of the allowance is based on the risks inherent in the portfolio, specific impaired loans, and adverse situations. Although management uses information currently available to estimate losses on loans, because of uncertainties associated with local economic conditions, collateral values, and future cash flows on impaired loans, it is reasonably possible that new or updated information could result in a material change in the allowance for loan loss.

The Company considers a loan impaired when, based on current information or factors, it is probable that the Company will not collect all principal and interest due according to the loan agreement. Management considers many factors in determining whether a loan is impaired, such as payment history, borrower financial condition, and value of collateral. Loans that are contractually delinquent less than 90 days are generally not considered impaired, unless the borrower has filed bankruptcy or the Company is aware of specific information indicating loan impairment. The Company reviews delinquent loans to determine impaired accounts. When a loan is determined to be specifically impaired, the Company measures impairment by either using the fair value of collateral if the loan is collateral dependent, or the present value of expected cash flows discounted at the loan's effective interest rate, or, if available, at the loan's observable market price. As of December 31, 2021 and 2020, the allowance for specifically impaired loans was $2,246,000 and $1,909,000, respectively.

For the years ended December 31, 2021 and 2020, the amounts determined to be uncollectible and written off were $1,271,000 and $20,000, respectively.

In response to the COVID-19 pandemic in 2020, the Company granted various loan modifications, to help relieve borrowers from the economic impacts of the COVID-19 pandemic. These modifications generally deferred three to six months of interest which is payable at loan maturity. In accordance with the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the Company elected not to apply troubled debt restructuring classification to loan modifications after March 31, 2020, for loans that were otherwise current before the pandemic. The Company accrued interest for these affected loans throughout the deferral period. As of December 31, 2021, loans modified were paid as agreed.

Other receivables and prepaid expenses
Other receivables are stated at the net realizable value. Management closely monitors outstanding balances and provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that remain outstanding after management has used reasonable collection efforts are generally written off through a charge to the valuation allowance and a credit to the receivable. As of December 31, 2021 and 2020, there was no allowance for doubtful accounts.

2. Summary of significant accounting policies and nature of operations (continued)

Fair value measurement
The Company reports balances that are required or permitted to be measured at fair market value in accordance with existing accounting pronouncements. Fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based upon the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, a fair value hierarchy is used that distinguishes between market participant assumptions based on market date obtained from sources independent of the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three levels of the fair value hierarchy: (1) the fair value is based on quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date; (2) the fair value is based on significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data; and (3) the fair value is based on significant unobservable inputs that reflect the Company's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

Management has determined that fair value classification and disclosure is appropriate only for specifically impaired loans and OREO assets. All other assets, such as loans receivable, operating investments, and investment in other companies, are recorded at historical cost or, for some investments, under the equity method of accounting. The fair value of the specifically impaired loans and OREO assets are based on significant unobservable inputs. As of December 31, 2021 and 2020, the carrying value of specifically impaired loans, net of impairment, were $5,869,000 and $3,537,000, respectively.

Use of estimates
The preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change in the near term are the allowance for loan losses and estimates of future tax rates.

Reclassifications
Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation.

Subsequent events
Subsequent events have been evaluated through March 28, 2022, which is the date the consolidated financial statements were available to be issued.

3. Loans receivable

The Company's loan portfolio is composed of loans that are primarily secured by commercial real estate. This collateral is concentrated primarily in California, Arizona, and Nevada, and includes collateral located in various counties throughout the aforementioned states. As of December 31, 2021 and 2020, substantially all loans were secured by real estate first trust deeds with initial loan-to-value ratios not greater than 80% and debt service coverage ratios of not less than 1.10.

The Company's loan portfolio consisted of the following at December 31, 2021 and 2020:

	2021	2020
Loan receivable	$ 497,488,000	$ 560,807,000
Paycheck Protection Program loans	4,232,000	6,293,000
Total loans receivable	501,720,000	567,100,000
Construction holdbacks	(11,065,000)	(39,587,000)
Interest holdbacks	(1,724,000)	(4,896,000)
Gross loans receivable, net of unfunded holdbacks	488,931,000	522,617,000
Funded holdbacks	(3,734,000)	(3,842,000)
Gross loans receivable, net of funded holdbacks	485,197,000	518,775,000
Unearned net loan fees	(3,643,000)	(5,214,000)
Total loans receivable, net, before allowance for loan losses	481,554,000	513,561,000
Allowance for loan losses	(21,566,000)	(26,196,000)
Total loans receivable, net	$ 459,988,000	$ 487,365,000

Unearned net loan fees include fees that were charged to borrowers at origination, which the Company amortizes over the life of the respective loans. Discounts and premiums on any purchased loans are included as the difference between the note amount and the purchase amount at the time of purchase, adjusted for refinancing after purchase, if any. The Company amortizes purchase discounts and premiums over the life of the respective loans.

Holdbacks are amounts that are contractually available to borrowers, but that have not been disbursed. These amounts have been committed to borrowers, who generally have the right to draw upon them under the terms of the loan agreement. Holdbacks also include amounts reserved to pay interest on the outstanding portion of loans, which are included in the net loans receivable balance under the terms of the respective loan agreements.

As a result of the COVID-19 pandemic, the Company and its borrowers experienced significant financial disruption in 2020. The Company responded by actively engaging with borrowers to review their financial conditions and permit payment deferrals of three months to borrowers seeking relief from the negative consequences of the pandemic. In some cases, subsequent payment deferrals were granted for additional three month periods. These payments were deferred until the respective maturity of the affected loans. As of December 31, 2021 and 2020, loans with active payment deferrals comprised approximately $0, or 0% and $25,000,000, or 5%, respectively, of the total loan portfolio.

For the years ended December 31, 2021 and 2020, the Company's loan portfolio had a weighted-average coupon of 6.21% and 6.44%, respectively.

4. Allowance for loan losses

The Company's allowance for loan losses ("ALL") was as follows for the years ended December 31:

	2021	2020
Balance, beginning	$ 26,196,000	$ 17,415,000
Provision for (recovery of) loan losses	(3,153,000)	9,074,000
Realized foreclosure impairment	(207,000)	-
ALL transferred to investments	-	(273,000)
Loans charged off	(1,270,000)	(20,000)
Balance, ending	$ 21,566,000	$ 26,196,000

During 2021 and 2020, the Company had average outstanding balances of loans past due over 90 days of approximately $7,584,000 and $4,711,000, respectively. For the years ended December 31, 2021 and 2020, the Company recognized interest income from these loans of approximately $0 and $335,000, respectively.

Throughout 2021 and 2020, the Company reviewed and recalculated its allowance for loan losses in light of all available information about the COVID-19 pandemic, its effects on the Company's borrowers, and the performance of the loan portfolio during the pandemic. This included the number amount of requested COVID-19 payment deferrals, the performance of borrowers' activity based on financial information to date, the resumption of payments after the COVID-19 deferral period, and the identification of risks in specific subsets of the loan portfolio. Management increased the allowance for loan losses for the year ended December 31, 2020, and subsequently decreased the allowance for loan losses for the year ended December 31, 2021, based on the policy described in Note 2, and including both estimates of general economic conditions and actual loan portfolio performance.

5. Operating investments

On May 19, 2015, the Board of Directors approved a plan to create the Clearinghouse Real Estate Company ("CREC"), consisting of various individual CREC Subs, to purchase real estate with the intent to stabilize, revitalize and improve communities. The Company expects to hold these properties for the production of income, with future evaluation for sale at a later date.

The Company primarily invests in residential and commercial rental real estate development projects through lower tier entities which themselves qualify as qualified opportunity zone businesses, located in "qualified opportunity zones" ("Opportunity Zones"), as designated by the Tax Cuts and Jobs Act. The Company also invests in land in Opportunity Zones with the intention of it being used in a qualified opportunity zone business. The Company intends to maintain Qualified Opportunity Fund ("QOF") status which will allow it to provide certain tax benefits available to investors through the Internal Revenue Code of 1986, as amended, particularly the rules relating to Opportunity Zones set forth in Sections 1400Z-1 and 1400Z-2 and any other Treasury regulations or other U.S. Internal Revenue Service guidance promulgated thereunder. During 2021 and 2020, the Company made two additional Opportunity Zone investments in the amount of $7,479,000 and $600,000, respectively.

5. Operating investments (continued)

A combined summary of the financial position of the operating investments and the results of their operations as of and for the years ended December 31, 2021 and 2020 included in these consolidated financial statements was as follows:

	2021	2020
Fixed assets, net	$ 11,841,000	$ 912,000
Other assets	1,355,000	2,981,000
Operating investments	13,196,000	3,893,000
Cash, restricted cash, and other assets	1,742,000	1,653,000
Total assets	$ 14,938,000	$ 5,546,000
Other liabilities	$ 9,393,000	$ 133,000
Members' capital	5,545,000	5,413,000
Total liabilities and members' capital	$ 14,938,000	$ 5,546,000
Revenue	$ 140,000	$ 136,000
Expenses	(386,000)	(61,000)
Net (loss) income from operating investments	$ (246,000)	$ 75,000

6. Fixed assets

Fixed assets, net, generally comprises land, buildings, and equipment used the normal course of business. This includes office property occupied by the Company, other leasehold improvements, and equipment used for the production of income. As of December 31, 2021 and 2020, fixed assets consisted of the following:

	2021	2020
Land	$ 950,000	$ 950,000
Buildings	461,000	461,000
Leasehold improvements	708,000	708,000
Property and equipment	933,000	894,000
Total fixed assets	3,052,000	3,013,000
Less: accumulated depreciation	(1,594,000)	(1,463,000)
Fixed assets, net	$ 1,458,000	$ 1,550,000

For the years ended December 31, 2021 and 2020, depreciation expense for fixed assets, net was $131,000 and $162,000, respectively.

7. Investment in other companies

The Company has investments in other companies. These investments are accounted for as discussed in Note 2. The other companies are:

Federal Home Loan Bank of San Francisco
As a condition of membership, the Company is required to purchase stock in Federal Home Loan Bank of San Francisco ("FHLB-SF"). The amount of stock required is generally increased as the amount of borrowings or advances increases and decreased by any redemptions by the FHLB-SF. As of December 31, 2021 and 2020, the Company had stock investments of $2,332,000 and $2,081,000, respectively. For the years ended December 31, 2021 and 2020, the Company earned dividends of $126,000 and $112,000, respectively.

NMTC CDEs
CDFI NMTC LLC and CDFI are the managing members of the NMTC CDEs with ownership interests of generally 0.01%. The NMTC CDEs have been organized to encourage and assist qualified individuals, corporations and financial institutions to invest in qualified active low income community businesses located primarily in California, Nevada, Arizona, New Mexico and Native American lands in the Western United States, which investments constitute qualified low-income community investments under the NMTC provisions of IRC Section 45D. As of December 31, 2021 and 2020, CDFI's aggregate investment balance, net of distributions, was $(16,000). This amount is included in investment in other companies on the consolidated balance sheets.

A combined summary of the financial position of the NMTC CDEs and the results of their operations as of and for the years ended December 31, 2021 and 2020 is as follows:

	2021	2020
Total assets	$ 138,632,000	$ 142,755,000
Liabilities	$ 83,000	$ 102,000
Members' equity	138,549,000	142,653,000
Total liabilities and members' equity	$ 138,632,000	$ 142,755,000

	2021	2020
Revenues	$ 2,741,000	$ 1,797,000
Expenses	(959,000)	(696,000)
Net income	$ 1,782,000	$ 1,101,000
Company's share of income, included in flow through income from investment in other companies	$ -	$ -

7. Investment in other companies (continued)

Investments in HTC Companies and Other Companies
The Company from time to time makes additional investments in order to support its strategic goals. These investments include contributions to entities eligible to receive Historic Tax Credits, which provide a reduction in the Company's income tax liability, contributions to loan funds which sponsor community development services, and investments in other companies. As of December 31, 2021 and 2020, the total investment balance was $352,000 and $478,000, respectively. For the years ended December 31, 2021 and 2020, income from investments in HTC and other companies was $7,000 and $85,000, respectively.

A summary of the Company's investment in other companies for the years ended December 31, 2021 and 2020 was as follows:

	2021	2020
FHLB-SF	$ 2,332,000	$ 2,081,000
NMTC CDEs	(16,000)	(16,000)
HTC Companies and Other Companies	352,000	478,000
Total Investment in Other Companies	$ 2,668,000	$ 2,543,000

FVLCRUM Commitment
On December 10, 2021, the Company entered into a subscription agreement with FVLCRUM Fund, LP ("FVLCRUM") for a commitment up to $3,000,000. FVLCRUM will make equity investments in minority owned business principally involved in government contracting, healthcare and franchising sectors to generate positive community development impacts benefitting low-income persons and communities. The Company makes contributions as FVLCRUM closes new investments or accrues partnership expenses. As of December 31, 2021, the Company had not yet contributed to its investment in FVLCRUM.

8. Lines of credit

First Foundation Bank
On July 19, 2016, the Company entered into a business loan agreement with First Foundation Bank for a $10,000,000 revolving line of credit. On August 16, 2021, the revolving line of credit was renewed to a maximum amount of $12,000,000. Interest accrued at the greater of the WSJ Prime Rate plus 0.50%, or a floor rate of 4.25%. As of December 31, 2021 and 2020, the interest rate was 4.25%. The line of credit matures on August 1, 2022. As of December 31, 2021 and 2020, the outstanding balance on the line of credit was $0.

8. Lines of credit (continued)

State Bank of India (California)
On January 5, 2018, the Company entered into a loan and security agreement with State Bank of India (California) ("SBOI") for a line of credit. On March 5, 2021, the line of credit was renewed to a maximum amount of $7,500,000 and an extended maturity date of March 5, 2022. On July 28, 2021, the Company entered into a second business loan agreement with SBOI for a line of credit in the maximum amount of $2,500,000 with a maturity date of July 28, 2022. Interest for both lines of credit accrues at the WSJ Prime Rate plus 0.50%. As of December 31, 2021 and 2020, the interest rate was 3.25% for both years. As of December 31, 2021 and 2020, the outstanding balance on the lines of credit was $10,000,000 and $5,000,000, respectively.

Charles Schwab Bank
On December 31, 2014, the Company entered into a loan and security agreement with Charles Schwab Bank for a revolving credit facility. On December 21, 2021, the revolving credit facility was renewed to a maximum amount of $35,000,000 and an extended maturity date of December 21, 2026. The proceeds are to be used to fund construction loans in certain western states. Interest accrues at the greater of a floor rate of 3.00%, or the Federal Funds Target Range plus 1.75%. As of December 31, 2021 and 2020, the interest rate was 3.00% for both years. The revolving credit facility potentially amortizes through December 31, 2026 subject to the Company's election and the satisfaction of certain conditions. As of December 31, 2021 and 2020, the outstanding balance on the line of credit was $27,333,000 for both years.

Wells Fargo Bank, N.A.
On October 29, 2021, the Company entered into a loan and security agreement with Wells Fargo Bank, N.A. for a line of credit. The line of credit has a maximum amount of $25,000,000 and matures on October 29, 2024. Interest shall accrue at the rate equal to the Benchmark (initially the Secured Overnight Financing Rate (SOFR)) plus 2.0%; however, if Wells Fargo Bank, N.A. makes a Benchmark Unavailable Determination, as defined in the loan agreement, the interest rate shall equal to the Federal Funds Rate plus 2.0%. As of December 31, 2021 and 2020, no balance on the line of credit was drawn.

Zions Bancorporation, NA., dba California Bank and Trust
On June 9, 2021, the Company entered into a loan agreement with Zions Bancorporation, N.A. dba California Bank and Trust for a line of credit. The line of credit has a maximum amount of $25,000,000, is secured by eligible construction loans and matures on June 9, 2024. Interest shall accrue at a floating rate equal to the One-Month Treasury Index plus 2.9%; with a floor rate of 3.90%. As of December 31, 2021 and 2020, no balance on the line of credit was drawn.

For all lines of credit in total, minimum future principal payments are as follows:

Years ending December 31,		
2022	$	10,000,000
2023		6,833,000
2024		6,833,000
2025		6,833,000
2026		6,834,000
Total	$	37,333,000

9. Non-interest-bearing deposits

CDFI accepted non interest-bearing deposits from several of its stockholders and other investors, in order for them to receive a California state tax credit through COIN (California Organized Investment Network), an initiative of the California Department of Insurance. These deposits mature in three to five years from the date of the deposit. As of December 31, 2021 and 2020, non interest-bearing deposits totaled $1,250,000 and $4,400,000, respectively. The entire balance of $1,250,000 will mature during 2022.

10. Notes payable

A. Notes payable, Class A stockholders
Notes payable, Class A stockholders reflect payable commitments resulting from the remaining balance of a private placement memorandum, (“Third PPM”), and from its respective Credit Agreement, the terms of which are described below.

The Third PPM was approved in 2003 and enabled investors to select the ratio of lending commitment to new equity based upon certain criteria specified in that PPM.

Under the Third PPM, there was a credit agreement (“Third Credit Agreement”) which provides for variable interest rates. The rate adjusts annually based upon the weekly 10 year CMT plus 10 basis points, generally, with a maximum periodic cap of 100 basis points, a lifetime cap of 500 basis points and no floor. The Third Credit Agreement was partially prepaid in 2008 and 2009 and the Board of Directors established a plan for repayment of all principal no later than December 2024. As of December 31, 2021 and 2020, the Third Credit Agreement had a weighted average interest rate of 1.59% and 0.89%, respectively.

As of December 31, 2021 and 2020, balances outstanding under these notes payable totaled $18,000,000.

In connection with these agreements, CDFI has agreed to, among other things, maintain certain financial ratios, limit expenses and restrict the use of proceeds from the borrowings.

10. Notes payable (continued)

B. Other notes payable

Loan	Year-end interest rate	Payment terms	2021	2020
Opportunity Finance Network Under the terms of all agreements, CDFI is required to use the proceeds of the loans for community development projects in economically distressed areas.				
In May 2006, CDFI entered into an unsecured loan agreement with Opportunity Finance Corporation ("OFN"). The principal is due and payable on December 31, 2023.	4.60%	Interest only, quarterly in arrears	$ 4,000,000	$ 4,000,000
On March 26, 2010, CDFI entered into an unsecured loan agreement with OFN. In May 2017, this agreement was amended to lower the rate to 4.00% and extend the maturity. The principal is due and payable on June 30, 2022.	4.00%	Interest only, quarterly in arrears	$ 1,450,000	$ 1,450,000
On March 26, 2010, CDFI entered into an unsecured loan agreement with OFN. During 2019, this agreement was amended to extend the maturity. The principal is due and payable on June 30, 2029.	5.00%	Interest only, quarterly in arrears	$ 1,050,000	$ 1,050,000
On October 11, 2012, the CDFI entered into an unsecured loan agreement with OFN. The principal is due and payable in three equal annual installments with the first payment due October 31, 2021 and the last payment due October 31, 2023.	3.00%	Interest only, quarterly in arrears	$ 909,000	$ 1,363,000
On May 14, 2021, the CDFI entered into an unsecured loan agreement with OFN. The principal is due and payable in three equal annual installments beginning May 14, 2029 through May 14, 2031.	3.00%	Interest only, quarterly in arrears	$ 5,000,000	$ -
Opportunity Finance Network subtotal			$ 12,409,000	$ 7,863,000

10. Notes payable (continued)

B. Other notes payable (continued)

Loan	Year-end interest rate	Payment terms	2021	2020
Poppy Bank On October 25, 2019, CDFI entered into an unsecured loan agreement with Poppy Bank. The proceeds are to be used to fund loans for community development projects in economically distressed areas. The loan matures on October 1, 2022.	5.50%	Interest only, monthly	$ -	$ 4,000,000
Bank of America, N.A. On March 30, 2012, CDFI entered into a loan and security agreement with Bank of America, N.A. for a revolving credit facility. The proceeds are to be used to fund loans for community development projects in economically distressed areas. The facility was amended on December 29, 2016 to include total borrowing capacity of up to $30,000,000, and accrues interest at the Bank of America Cost of Funds Rate plus 1.5% per annum, which is then fixed at the time of an advance. Borrowings under the facility amortize to the earlier of the facility maturity date of June 29, 2028, or the maturity of the underlying security. All unpaid principal and interest is due at maturity. On December 18, 2019, CDFI executed an additional loan agreement with Bank of America for a revolving credit facility totaling $25,000,000. The proceeds of the loan are to be used to fund loans for community development projects in economically distressed areas. Borrowings under the facility amortize to the earlier of the facility maturity date of June 18, 2031, or the maturity of the underlying security. All unpaid principal and interest is due at maturity. Interest will accrue at a Base Rate plus 1.50%. The Base Rate will be based on the term of the underlying security.	3.06%	Interest, monthly in arrears Principal, quarterly per amortization schedule	$ 48,687,000	$ 41,123,000

10. Notes payable (continued)

B. Other notes payable (continued)

Loan	Year-end interest rate	Payment terms	2021	2020
Community Development Financial Institution Fund In May 2003, CDFI received an award from the U.S. Department of Treasury, Community Development Financial Institution Fund ("CDFI Fund"). As a part of this award, CDFI executed a note payable to the CDFI Fund. The note matures in May 2023.	2.05%	Interest only, quarterly	$ 800,000	$ 800,000
Partners Bank of California On November 26, 2018, the Company entered into a loan agreement with Partners Bank of California. The note matures on May 1, 2022. All unpaid principal and interest are due when the loan matures.	4.75%	Interest only, monthly	$ 2,800,000	$ 2,800,000
State Bank of India (California) On August 12, 2013, CDFI entered in a second loan agreement with SB India. The proceeds are to be used to help fund CRA eligible loans. The loan bears interest at the WSJ Prime plus 0.75%, with a floor of 4% and a cap of 7%. The note matures on September 5, 2023. All unpaid principal and interest are due when the loan matures.	4.00%	Interest, monthly Principal, $60,000 quarterly	$ 5,020,000	$ 5,260,000
On August 23, 2016, CDFI entered into a business loan agreement with SB India. The proceeds are to be used to help fund CRA eligible loans. The loan bears interest at WSJ Prime plus 0.75%. The note matured on August 23, 2021. All unpaid principal and interest are due when the loan matures.	4.00%	Interest, monthly Principal, $40,000 quarterly	$ -	$ 4,280,000
On July 28, 2021, CDFI entered into a business loan agreement with SB India. The proceeds are to be used to help fund CRA eligible loans. The loan bears interest at WSJ Prime plus 0.75%. The note matures on July 28, 2026. All unpaid principal and interest are due when the loan matures.	4.00%	Interest, monthly Principal, $50,000 quarterly	$ 4,950,000	$ -

10. Notes payable (continued)

B. Other notes payable (continued)

Loan	Year-end interest rate	Payment terms		2021		2020
State Bank of Arizona, now Foothills Bank On August 15, 2018, CDFI entered into an unsecured loan agreement with State Bank of Arizona. The note matures on August 15, 2023. All unpaid principal and interest are due when the loan matures.	4.50%	Interest only, semi-annually in arrears	$	2,000,000	$	2,000,000
Calvert Impact Capital, Inc. On November 2, 2010, CDFI entered into an unsecured loan agreement with Communities at Work, L.P., now known as Calvert Impact Capital, Inc. The proceeds are to be used to fund loans for community development projects in economically distressed areas. The loan matured on February 9, 2019, which was renewed and extended to February 28, 2024.	5.75%	Interest only, monthly	$	8,000,000	$	8,000,000
Pacific Mercantile Bank On October 5, 2015, CDFI entered into an unsecured loan agreement with Pacific Mercantile Bank, as later amended. The proceeds are to be used to provide loans to entities that provide affordable housing to low-income individuals, create jobs in economically disadvantaged areas, or otherwise engage in community development activities. The note bears interest at WSJ Prime minus 0.25%, and matures on December 5, 2023. All unpaid principal and interest are due when the loan matures.	3.00%	Interest only, quarterly	$	4,500,000	$	4,500,000
Pacific Western Bank On May 11, 2016, CDFI entered into an unsecured loan agreement with Pacific Western Bank. The proceeds are to be used to fund CRA eligible loans. The note matures on May 11, 2023. All unpaid principal and interest are due when the loan matures.	4.50%	Interest only, monthly	$	4,800,000	$	4,800,000

10. Notes payable (continued)

B. Other notes payable (continued)

Loan	Year-end interest rate	Payment terms	2021	2020
Paycheck Protection Program Liquidity Facility In 2020, CCDFI was approved as a lender under the Paycheck Protection Program and approved to borrow under the Federal Reserve Bank's Paycheck Protection Program Liquidity Facility ("PPPLF"). PPPLF advances must be secured by pledges of loans to small businesses under the U.S. Small Business Administration's ("SBA") 7(a) loan program titled the Paycheck Protection Program ("PPP"), which was added to the SBA's 7(a) loan program by section 1102 of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). When such PPP loans are pledged, the Company draws PPPLF advances from the Federal Reserve Bank of Cincinnati through its correspondent bank Wells Fargo Bank, N.A., and must repay these advances when pledged PPP loans are repaid. The PPPLF advances ultimately mature August 2025.	0.35%	Interest only, monthly	$ 5,182,000	$ 6,528,000
Impact Community Capital, LLC On January 5, 2017, CDFI entered into an unsecured loan agreement with Impact Community Capital, LLC. The note matures on January 5, 2022. All unpaid principal and interest are due when the loan matures.	0.875%	Interest only; quarterly in arrears	$ 10,000,000	$ 10,000,000
Citizens Business Bank On July 8, 2019, CDFI entered into a loan agreement with Citizens Business Bank. The note matures on July 8, 2024. All unpaid principal and interest are due when the loan matures.	5.00%	Interest, quarterly Principal, $500,000 annually	$ 4,000,000	$ 4,500,000
CalPrivate Bank On December 27, 2019 entered into a loan agreement CalPrivate Bank. The note matures on January 1, 2025. All unpaid principal and interest are due when the loan matures.	5.00%	Principal and interest, monthly per amortization schedule	$ 3,232,000	$ 4,177,000

10. Notes payable (continued)

B. Other notes payable (continued)

Loan	Year-end interest rate	Payment terms	2021	2020
Toyota Financial Savings Bank On June 30, 2019, CDFI entered into a loan agreement with Toyota Financial Savings Bank. The note matures on June 1, 2024. All unpaid principal and interest are due when the loan matures.	4.00%	Interest only, quarterly	$ 3,500,000	$ 3,500,000
On October 1, 2020, CDFI entered into a loan agreement with Toyota Financial Savings Bank. The note matures on September 1, 2025. All unpaid principal and interest are due when the loan matures.	3.50%	Interest only, quarterly	$ 4,000,000	$ 4,000,000
Manufacturers Bank On August 23, 2016, CDFI entered into an unsecured loan agreement with Manufacturers Bank. The proceeds are to be used to fund loans for community development projects in economically distressed areas. The loan matured on September 1, 2019, which was extended to September 1, 2022.	3.63%	Interest only, quarterly in arrears	$ 5,000,000	$ 5,000,000
HSBC Bank On March 31, 2020, CDFI entered into a revolving credit agreement with HSBC Bank USA for a line of credit in the maximum amount of $20,000,000. The line of credit matures on March 31, 2022, and potentially converts into a term loan with a maturity date of March 31, 2030 subject to the Company's election and the satisfaction of certain conditions.	3.50%	Interest only, quarterly	$ 20,000,000	$ 20,000,000
Eric and Hannah Sachs Foundation On September 14, 2020, CDFI entered into an unsecured loan agreement with the Eric and Hannah Sachs Foundation. The note matures on September 14, 2023. All unpaid principal and interest are due when the loan matures.	3.50%	Interest only, quarterly in arrears	$ 750,000	$ 750,000

10. Notes payable (continued)

B. Other notes payable (continued)

Loan	Year-end interest rate	Payment terms	2021	2020
Phoenix Merchandise Mart 1946, LLC On April 30, 2021, 34 E Jackson QOZB LLC entered into a loan agreement with Phoenix Merchandise Mart 1946, LLC. The note is secured by the deed of trust on the property. The note matures on April 30, 2024. All unpaid principal and interest are due when the loan matures.	3.00%	Interest only, monthly in arrears	$ 5,000,000	$ -
Paycheck Protection Program During 2020, the Company received a loan from the Paycheck Protection Program in the amount of $775,000. The note matures on April 30, 2022. All unpaid principal and interest are due when the loan matures.	1.00%	Interest only, monthly in arrears	$ 775,000	$ -
Other notes payable total			$ 155,405,000	$ 143,881,000
Less: unamortized debt issuance costs, net			(412,000)	(294,000)
Other notes payable, net of unamortized debt issuance costs			$ 154,993,000	$ 143,587,000

Debt issuance costs are being amortized to interest expense over the terms of the loans. During 2021 and 2020, amortization expense for debt issuance costs was $169,000 and $138,000, respectively.

10. Notes payable (continued)

C. CDFI Fund Bond Guarantee Program

During 2014, the Company became eligible to participate in the CDFI Fund's Bond Guarantee Program ("BGP"). The BGP allows the Company to draw separate borrowings ("Advances") up to a specified amount as the Company originates qualifying Secondary Loans, as defined under the terms of respective BGP agreements ("BGP Facilities"). The Advances are in turn secured by the assignment of those Secondary Loans plus a cash reserve of 3% of the Advance amount. For each BGP Facility, 50% of the Advances must be drawn or committed to such collateralized loans by the first anniversary of the BGP Facility, and 100% by the second anniversary. If either minimum is not achieved, the shortfall is deducted from the total Advances available to the Company.

During 2020, the Company received a new, fourth BGP Facility allowing an additional $100,000,000 of Advances. This new BGP Facility carries substantially similar terms to prior BGP Facilities. As of December 31, 2021 and 2020, the Company had total undrawn BGP Facilities of $163,000,000 for both years.

Each Advance is priced at the time of the Advance based on the then current Federal Financing Bank rate, plus additional risk premia and servicing fees. Each Advance has a term, as selected by the Company, of between ten and thirty years from the date of the respective BGP Facility, is generally interest only for the first two years, and thereafter commences amortization based on its respective maturity date. Payments under the BGP facilities are semi-annual in arrears.

For the year ended December 31, 2021, Advances under the BGP Facilities totaled $249,559,000. These Advances had a weighted average yield of 3.14%, and a weighted average maturity date of January 2041. For the year ended December 31, 2020, Advances under the BGP Facilities totaled $262,192,000. These Advances had a weighted average yield of 3.13%, and a weighted average maturity date of November 2040.

Advances consist of the following as of December 31,

	2021	2020
Principal balance	$ 249,559,000	$ 262,192,000
Less: unamortized debt issuance costs	(1,302,000)	(1,351,000)
Note payable, net of unamortized debt issuance costs	$ 248,257,000	$ 260,841,000

Debt issuance costs are being amortized to interest expense over the terms of the Advances. During 2021 and 2020, amortization expense for debt issuance costs was $49,000 and $48,000, respectively.

D. Federal Home Loan Bank of San Francisco

In February 2011, the Company was admitted as a member of the FHLB-SF. This membership allowed the Company a financing availability at December 31, 2021 and 2020 of $81,000,000. The Company was required to make a stock investment and to pledge certain specific loans as collateral sufficient to support the Company's borrowing capacity. The Company may borrow against this borrowing capacity, at its discretion, in maturities ranging from overnight to five years. As of December 31, 2021 and 2020, the Company had made stock investments in FHLB-SF as described in Note 7.

10. Notes payable (continued)

D. Federal Home Loan Bank of San Francisco (continued)
The Company entered into various fixed rate advances with FHLB-SF. These advances carry maturities between March 2021 and October 2028, and interest rates up to 3.46%. The average maturity is October 2024, and the average interest rate is 2.51%. As of December 31, 2021 and 2020, the Company had outstanding fixed rate advances of $15,096,000 and $22,096,000, respectively.

As of December 31, 2021 and 2020, the Company had entered into overnight advances from the FHLB-SF, with interest rates of 0.18% and 0.17%, respectively. The rate is reset daily and interest is payable on the last calendar day of each month. These advances renew automatically each day. The Company may repay these advances or extend their maturity at management's discretion with twenty four hours advance notice. As of December 31, 2021 and 2020, the Company has outstanding overnight advances of $38,000,000 and $18,704,000, respectively.

E. Future minimum principal payments
Future minimum principal payment requirements for all notes payable over the next five years are as follows:

Year ending December 31,

	Note 11A Notes payable, stockholders	Note 11B Other notes payable	Note 11C BGP	Note 11D FHLB-SF*	Total
2022	$ -	$ 20,980,000	$ 12,944,000	$ 42,000,000	$ 75,924,000
2023	-	22,825,000	13,263,000	2,000,000	38,088,000
2024	18,000,000	14,500,000	13,555,000	-	46,055,000
2025	-	12,414,000	13,942,000	-	26,356,000
2026	-	4,950,000	14,272,000	-	19,222,000
Thereafter	-	79,736,000	181,583,000	9,096,000	270,415,000
Total	$ 18,000,000	$ 155,405,000	$ 249,559,000	$ 53,096,000	$ 476,060,000

*$38,000,000 of the FHLB-SF advances are overnight deposits which renew automatically each day, as further discussed above in Note 11D.

11. Common stock

CDFI is authorized to issue three classes of common stock, Classes A, B and C, which have the following authorized, issued and outstanding shares at December 31:

	Class A	Class B	Class C
Authorized, 2021 and 2020	10,000,000	1,000,000	1,000,000
Issued and outstanding, 2021	425,425	1,000	35,800
Issued and outstanding, 2020	399,389	1,000	35,800

There are no ownership restrictions on the Class A stock. Only AHC may own Class B shares. There are no ownership restrictions on the Class C stock.

11. Common stock (continued)

Shares of Class A and Class B common stock have equal rights except for the right to vote for the election of certain directors. Class A stockholders are entitled to elect seven Class A directors and the Class B stockholder is entitled to appoint eight Class B directors. Class C stockholders have rights equal to Class A and Class B except for the right to vote for directors or upon any other matters.

For the years ended December 31, 2021 and 2020, CDFI issued 24,000 and 53,812 Class A shares at $100 per share for proceeds of $2,400,000 and $5,382,000, respectively.

For the years ended December 31, 2021 and 2020, CDFI declared dividends of $1 per share on 413,389 and 387,880 shares, respectively. Dividends are payable in cash or Class A common stock at the option of the stockholder. Stock dividends are issued for each $100 of dividends, rounded down. For the years ended December 31, 2021 and 2020, stock and cash dividends were made as follows:

	2021		2020	
	Shares	Amount	Shares	Amount
Stock dividends (conversion of paid dividends at $1 per share into stock issued at $100 per share)	2,036	$ 204,000	1,509	$ 151,000
Cash dividends ($1 per share)		209,000		237,000
Total		$ 413,000		$ 388,000

12. Income taxes

The provision for income taxes for the years ended December 31, 2021 and 2020 was as follows:

	2021	2020
Current income tax expense	$ (2,588,000)	$ (4,052,000)
Deferred income tax (expense) benefit	(1,437,000)	2,210,000
Total provision for income taxes	$ (4,025,000)	$ (1,842,000)

12. Income taxes (continued)

The tax effects of temporary differences that give rise to significant portions of deferred taxes at December 31, 2021 and 2020, are as follows:

Deferred tax assets (liabilities)	2021	2020
Accrued interest receivable	$ 250,000	$ 291,000
Allowance for loan losses	5,670,000	7,764,000
Investment in other companies	123,000	281,000
Accumulated depreciation	5,000	5,000
Accrued bonuses and payroll	1,033,000	937,000
Unamortized grant income	1,643,000	1,401,000
Deferred gain from Opportunity Zones	(411,000)	(411,000)
Deferred state taxes	497,000	175,000
Other deferred tax assets (liabilities)	124,000	(72,000)
Net deferred tax asset	$ 8,934,000	$ 10,371,000

The total provision for income taxes differs from the amount of income tax determined by applying the U.S. federal income tax rate of 21% to pretax income for the years ended December 31, 2021 and 2020, as follows:

	2021	2020
Provision for federal income taxes	$ (3,163,000)	$ (1,451,000)
Permanent differences	107,000	80,000
Estimated state taxes, net of federal benefit	(969,000)	(471,000)
Total provision for income taxes	$ (4,025,000)	$ (1,842,000)

Management believes that the Company has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities.

13. Related-party transactions

The Company has transactions with many of its stockholders in the normal course of business because most of the Company's stockholders are banks with offices in or around the Company's principal market area. The Company had the following balances and transactions with certain of its stockholders:

	2021	2020
Balance at December 31		
Cash and cash equivalents on deposit	$ 62,052,000	$ 39,472,000
Lines of credit	37,333,000	32,333,000
Notes payable	49,802,000	50,817,000
Non interest-bearing deposits	1,250,000	1,900,000
Restricted cash on deposit	55,526,000	28,118,000
Transactions for the years ended December 31		
Interest earned on cash balances and certificates of deposit	$ 71,000	$ 149,000
Interest paid on notes payable	2,928,000	2,962,000
Rent paid	238,000	231,000
Reimbursed expenses from related parties	26,000	18,000

CDFI and subsidiaries share costs with AHC (sole holder of CDFI's Class B common stock), a nonprofit entity that participated in the formation of CDFI and has one common board member with CDFI. The shared costs include phone, rent, utilities, and supplies.

Due to NMTC CDEs
Pursuant to the operating agreement, NMTC CDEs may make advances to the Company. The advances do not bear interest and are payable upon the availability of sufficient cash flows from the Company. As of December 31, 2021 and 2020, the NMTC CDEs were owed $0 and $212,000, respectively.

Management fees
Pursuant to various management agreements, the Company earns annual management fees for services performed in connection with managing the NMTC CDEs, exit fees upon the successful dissolution of prior NMTC CDEs after the NMTC compliance period, and may make advances to the NMTC CDEs. These advances do not bear interest and are payable upon the availability of sufficient cash flows from the NMTC CDEs. As of December 31, 2021 and 2020, the outstanding balance of such advances was $0. For the years ended December 31, 2021 and 2020, the management fees earned were $1,037,000 and $909,000, respectively.

14. Commitments

Leases

The Company leases its office space in several cities in which it is operating, under various lease agreements. Minimum future rental payments are as follows:

Years ending December 31,		
2022	$	128,000
Total	$	128,000

The Company subleases part of the facilities to its affiliate, AHC, and receives sublease rental income of $11,000 per year. This amount is included as an offset in rent expense in the accompanying consolidated statements of income.

For the years ended December 31, 2021 and 2020, lease costs relating to these leases were $278,000 and $259,000, respectively, which are included in rent expense in the accompanying consolidated statements of income.

15. Grant income

CDFI Financial Assistance award

During 2020 and 2019, the Company received grants from CDFI Fund Financial Assistance awards to assist the Company in providing loans to businesses operating in underserved communities and businesses that benefit individuals with disabilities. For the years ended December 31, 2021 and 2020, the Company recognized grant income of $959,000 and $603,000, respectively. As of December 31, 2021 and 2020, unrecognized grant revenue was $454,000 and $1,413,000, respectively.

CDFI Capital Magnet Fund award

During 2021 and 2020, the Company received a Capital Magnets Fund ("CMF") award of $2,000,000 and $3,000,000, respectively, to assist the Company in providing capital to fund low-income housing construction. Grant income from the CMF award is recognized as performance obligations are satisfied. For the years ended December 31, 2021 and 2020, the Company recognized CMF grant income of $801,000 and $2,579,000, respectively. As of December 31, 2021 and 2020, unrecognized CMF award revenue was $4,520,000 and $3,321,000, respectively.

Rapid Response Program

During 2021, the Company received a grant from the CDFI Rapid Response program of $1,826,000 to assist the Company in providing resources necessary to respond to the economic impacts of the COVID-19 pandemic in distressed and undeserved communities and people. For the year ended December 31, 2021, the Company recognized grant income of $673,000. As of December 31, 2021, unrecognized grant revenue was $1,153,000.

15. Grant income (continued)

Finance Justice Fund Program

During 2021, the Company received a grant from Opportunity Finance Network in implementation of the Finance Justice Fund program of $200,000 to assist the Company in working to support access to capital for communities experiencing disproportionately high rates of poverty and disinvestment through the United States. For the year ended December 31, 2021, the Company did not recognize any grant income. As of December 31, 2021, unrecognized grant revenue was $200,000.

Other grants

During 2021 and 2020, the Company received grants from its investors to help offset expenses related to CRA activities in the amount of $0 and $10,000, respectively.

SUPPLEMENTARY INFORMATION

CLEARINGHOUSE COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION COMPANIES
SUPPLEMENTARY INFORMATION
Consolidating Balance Sheets
December 31, 2021

	Clearinghouse CDFI	CDFI Service Corporation	Clearinghouse NMTC, LLC	Alamo QOF, LLC	Alamo QOZB, LLC	34 E. Jackson QOF, LLC	34 E. Jackson QOZB, LLC	Celia Saxon, LLC	CREC LLCs	Intercompany Elimination	Consolidated Before CREC Reclassification	CREC Reclassification	Consolidated
ASSETS													
Cash and cash equivalents	$ 70,826,000	$ 26,000	$ 2,000	$ -	$ 1,533,000	$ -	$ -	$ -	$ 193,000	$ -	$ 72,580,000	$ -	$ 72,580,000
Restricted cash	65,884,000	-	-	-	-	-	-	-	-	-	65,884,000	-	65,884,000
Loans receivable, net	459,988,000	-	-	-	-	-	-	-	50,000	-	460,038,000	(50,000)	459,988,000
Accrued interest receivable	4,128,000	-	-	-	-	-	-	-	-	-	4,128,000	-	4,128,000
Other receivables and prepaid expenses	3,615,000	-	-	-	-	-	3,000	13,000	15,000	-	3,646,000	(15,000)	3,631,000
Due from related parties	7,039,000	3,000	79,000	-	-	-	-	-	-	(6,998,000)	123,000	-	123,000
Fixed assets, net	1,458,000	-	-	-	-	-	-	-	718,000	-	2,176,000	(718,000)	1,458,000
Operating investments	1,290,000	-	-	-	1,722,000	-	6,881,000	2,520,000	-	-	12,413,000	783,000	13,196,000
Investment in other companies	7,225,000	-	165,000	1,700,000	-	2,000,000	-	-	18,000	(8,440,000)	2,668,000	-	2,668,000
Other real estate owned	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred taxes	8,934,000	-	-	-	-	-	-	-	-	-	8,934,000	-	8,934,000
TOTAL ASSETS	$ 630,387,000	$ 29,000	$ 246,000	$ 1,700,000	$ 3,255,000	$ 2,000,000	$ 6,884,000	$ 2,533,000	$ 994,000	$ (15,438,000)	$ 632,590,000	$ -	$ 632,590,000
LIABILITIES AND STOCKHOLDERS' EQUITY													
LIABILITIES													
Accounts payable and accrued expenses	$ 6,553,000	$ 1,000	$ -	$ -	$ -	$ -	$ -	$ 29,000	$ 22,000	$ (7,000)	$ 6,598,000	$ -	$ 6,598,000
Unamortized award funds	6,327,000	-	-	-	-	-	-	-	-	-	6,327,000	-	6,327,000
Accrued interest payable	1,467,000	-	-	-	-	-	13,000	-	-	-	1,480,000	-	1,480,000
Due to related parties	95,000	2,277,000	512,000	5,000	1,621,000	5,000	134,000	2,500,000	74,000	(7,223,000)	-	-	-
Lines of credit	37,333,000	-	-	-	-	-	-	-	-	-	37,333,000	-	37,333,000
Non interest-bearing deposits	1,250,000	-	-	-	-	-	-	-	-	-	1,250,000	-	1,250,000
Notes payable, Class A stockholders	18,000,000	-	-	-	-	-	-	-	-	-	18,000,000	-	18,000,000
Notes payable, Federal Home Loan Bank of San Francisco	53,096,000	-	-	-	-	-	-	-	-	-	53,096,000	-	53,096,000
Notes payable, Bond Guarantee Program - net of unamortized debt issuance costs	248,257,000	-	-	-	-	-	-	-	-	-	248,257,000	-	248,257,000
Other notes payable - net of unamortized debt issuance costs	149,993,000	-	-	-	-	-	5,000,000	-	-	-	154,993,000	-	154,993,000
TOTAL LIABILITIES	522,371,000	2,278,000	512,000	5,000	1,621,000	5,000	5,147,000	2,529,000	96,000	(7,230,000)	527,334,000	-	527,334,000
STOCKHOLDERS' EQUITY													
Common stock, no par value													
Class A	46,916,000	-	-	-	-	-	-	-	-	-	46,916,000	-	46,916,000
Class C	3,580,000	-	-	-	-	-	-	-	-	-	3,580,000	-	3,580,000
Capital within consolidated group	-	20,000	2,000	1,700,000	1,700,000	2,000,000	2,000,000	-	(1,743,000)	(5,679,000)	-	-	-
Retained earnings	57,520,000	(2,269,000)	(268,000)	(5,000)	(66,000)	(5,000)	(263,000)	4,000	2,641,000	(2,529,000)	54,760,000	-	54,760,000
TOTAL STOCKHOLDERS' EQUITY	108,016,000	(2,249,000)	(266,000)	1,695,000	1,634,000	1,995,000	1,737,000	4,000	898,000	(8,208,000)	105,256,000	-	105,256,000
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 630,387,000	$ 29,000	$ 246,000	$ 1,700,000	$ 3,255,000	$ 2,000,000	$ 6,884,000	$ 2,533,000	$ 994,000	$ (15,438,000)	$ 632,590,000	$ -	$ 632,590,000

CLEARINGHOUSE COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION COMPANIES
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Consolidating Balance Sheets
December 31, 2020

	Clearinghouse CDFI	CDFI Service Corporation	Clearinghouse NMTC, LLC	Alamo QOF, LLC	Alamo QOZB, LLC	CREC LLCs	Intercompany Elimination	Consolidated Before CREC Reclassification	CREC Reclassification	Consolidated
ASSETS										
Cash and cash equivalents	$ 47,918,000	$ 15,000	$ -	$ -	$ 1,562,000	$ 91,000	$ -	$ 49,586,000	$ -	$ 49,586,000
Restricted cash	38,422,000	-	-	-	-	-	-	38,422,000	-	38,422,000
Loans receivable, net	487,365,000	-	-	-	-	50,000	-	487,415,000	(50,000)	487,365,000
Accrued interest receivable	5,516,000	-	-	-	-	-	-	5,516,000	-	5,516,000
Other receivables and prepaid expenses	1,659,000	24,000	-	-	-	16,000	-	1,699,000	(16,000)	1,683,000
Due from related parties	4,302,000	3,000	79,000	-	-	-	(4,353,000)	31,000	-	31,000
Fixed assets, net	1,550,000	-	-	-	-	732,000	-	2,282,000	(732,000)	1,550,000
Operating investments	2,915,000	-	-	-	180,000	-	-	3,095,000	798,000	3,893,000
Investment in other companies	5,018,000	-	165,000	1,700,000	-	18,000	(4,358,000)	2,543,000	-	2,543,000
Other real estate owned	-	1,782,000	-	-	-	-	-	1,782,000	-	1,782,000
Deferred taxes	10,371,000	-	-	-	-	-	-	10,371,000	-	10,371,000
TOTAL ASSETS	$ 605,036,000	$ 1,824,000	$ 244,000	$ 1,700,000	$ 1,742,000	$ 907,000	$ (8,711,000)	$ 602,742,000	$ -	$ 602,742,000
LIABILITIES AND STOCKHOLDERS' EQUITY										
LIABILITIES										
Accounts payable and accrued expenses	$ 4,125,000	$ (36,000)	$ -	$ -	$ -	$ 26,000	$ (7,000)	$ 4,108,000	$ -	$ 4,108,000
Unamortized award funds	4,734,000	-	-	-	-	-	-	4,734,000	-	4,734,000
Accrued interest payable	1,363,000	-	-	-	-	-	-	1,363,000	-	1,363,000
Due to related parties	305,000	3,868,000	510,000	-	42,000	65,000	(4,578,000)	212,000	-	212,000
Lines of credit	32,333,000	-	-	-	-	-	-	32,333,000	-	32,333,000
Non interest-bearing deposits	4,400,000	-	-	-	-	-	-	4,400,000	-	4,400,000
Notes payable, Class A stockholders	18,000,000	-	-	-	-	-	-	18,000,000	-	18,000,000
Notes payable, Federal Home Loan Bank of San Francisco	40,800,000	-	-	-	-	-	-	40,800,000	-	40,800,000
Notes payable, Bond Guarantee Program - net of unamortized debt issuance costs	260,841,000	-	-	-	-	-	-	260,841,000	-	260,841,000
Other notes payable - net of unamortized debt issuance costs	143,587,000	-	-	-	-	-	-	143,587,000	-	143,587,000
TOTAL LIABILITIES	510,488,000	3,832,000	510,000	-	42,000	91,000	(4,585,000)	510,378,000	-	510,378,000
STOCKHOLDERS' EQUITY										
Common stock, no par value										
Class A	44,312,000	-	-	-	-	-	-	44,312,000	-	44,312,000
Class C	3,580,000	-	-	-	-	-	-	3,580,000	-	3,580,000
Capital within consolidated group	-	20,000	2,000	1,700,000	1,700,000	(1,744,000)	(1,678,000)	-	-	-
Retained earnings	46,656,000	(2,028,000)	(268,000)	-	-	2,560,000	(2,448,000)	44,472,000	-	44,472,000
TOTAL STOCKHOLDERS' EQUITY	94,548,000	(2,008,000)	(266,000)	1,700,000	1,700,000	816,000	(4,126,000)	92,364,000	-	92,364,000
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 605,036,000	$ 1,824,000	$ 244,000	$ 1,700,000	$ 1,742,000	$ 907,000	$ (8,711,000)	$ 602,742,000	$ -	$ 602,742,000

CLEARINGHOUSE COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION COMPANIES
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Consolidating Statements of Income
For the year ended December 31, 2021

	Clearinghouse CDFI	CDFI Service Corporation	Clearinghouse NMTC, LLC	CREC LLCs	Alamo OZ Fund, LLC	Alamo QOZB, LLC	34 E. Jackson OZ Fund LLC	34 E. Jackson QOZB LLC	Celia Saxon, LLC	Intercompany Elimination	Consolidated Before CREC Reclassification	CREC Reclassification	OZ Reclassification	Consolidated
INTEREST INCOME														
Interest on loans receivable	$ 33,087,000	$ -	$ -	$ 5,000	$ -	$ -	$ -	$ -	$ -	$ -	$ 33,092,000	$ (5,000)	$ -	$ 33,087,000
Interest-bearing deposits	92,000	-	-	-	-	-	-	-	-	-	92,000	-	-	92,000
Total interest income	33,179,000	-	-	5,000						-	33,184,000	(5,000)	-	33,179,000
INTEREST EXPENSE	(15,472,000)	-	-	-	-	-	-	(103,000)	-	-	(15,575,000)	-	103,000	(15,472,000)
Net interest income (expense)	17,707,000	-	-	5,000	-	-	-	(103,000)	-	-	17,609,000	(5,000)	103,000	17,707,000
REDUCTION OF (PROVISION FOR) LOAN LOSSES	3,153,000	-	-	-	-	-	-	-	-	-	3,153,000	-	-	3,153,000
Net interest income (expense) after reduction of (provision for) loan losses	20,860,000	-	-	5,000	-	-	-	(103,000)	-	-	20,762,000	(5,000)	103,000	20,860,000
NON INTEREST INCOME														
Loan fees	2,551,000	-	-	-	-	-	-	-	-	-	2,551,000	-	-	2,551,000
Grant income	1,674,000	-	-	-	-	-	-	-	-	-	1,674,000	-	-	1,674,000
NMTC management fees	1,037,000	-	-	-	-	-	-	-	-	-	1,037,000	-	-	1,037,000
NMTC sponsor fees	1,009,000	-	-	-	-	-	-	-	-	-	1,009,000	-	-	1,009,000
Other income	262,000	16,000	-	131,000	-	-	-	-	4,000	(81,000)	332,000	(131,000)	(4,000)	197,000
Flow-through income from investment in other companies	7,000	-	-	-	-	-	-	-	-	-	7,000	-	-	7,000
Net (loss) income from operating investments	-	-	-	-	-		-	-	-	-	-	79,000	(325,000)	(246,000)
Total non interest income	6,540,000	16,000	-	131,000	-	-	-	-	4,000	(81,000)	6,610,000	(52,000)	(329,000)	6,229,000
NON INTEREST EXPENSES														
Compensation and related benefits	8,614,000	-	-	-	-	-	-	-	-	-	8,614,000	-	-	8,614,000
General and administrative	1,209,000	22,000	-	-	-	-	-	39,000	-	-	1,270,000	-	(39,000)	1,231,000
Professional fees	500,000	234,000	-	1,000	5,000	3,000	5,000	2,000	-	-	750,000	(1,000)	(5,000)	744,000
Insurance	666,000	-	-	10,000	-	-	-	-	-	-	676,000	(10,000)	-	666,000
Depreciation	131,000	-	-	14,000	-	63,000	-	119,000	-	-	327,000	(14,000)	(182,000)	131,000
Rent	278,000	-	-	-	-	-	-	-	-	-	278,000	-	-	278,000
Marketing	259,000	-	-	-	-	-	-	-	-	-	259,000	-	-	259,000
Charitable contributions	225,000	-	-	-	-	-	-	-	-	-	225,000	-	-	225,000
Historic tax credit investment amortization	215,000	-	-	-	-	-	-	-	-	-	215,000	-	-	215,000
Impairment of OREO	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental real estate operating expenses	-	-	-	32,000	-	-	-	-	-	-	32,000	(32,000)	-	-
Total non interest expenses	12,097,000	256,000	-	57,000	5,000	66,000	5,000	160,000	-	-	12,646,000	(57,000)	(226,000)	12,363,000
Income (loss) before provision for income taxes	15,303,000	(240,000)	-	79,000	(5,000)	(66,000)	(5,000)	(263,000)	4,000	(81,000)	14,726,000	-	-	14,726,000
Provision for income taxes	(4,025,000)	-	-	-	-	-	-	-	-	-	(4,025,000)	-	-	(4,025,000)
Net income (loss)	$ 11,278,000	$ (240,000)	$ -	$ 79,000	$ (5,000)	$ (66,000)	$ (5,000)	$ (263,000)	$ 4,000	$ (81,000)	$ 10,701,000	$ -	$ -	$ 10,701,000

CLEARINGHOUSE COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION COMPANIES
SUPPLEMENTARY INFORMATION
Consolidating Statements of Income
For the year ended December 31, 2020

	Clearinghouse CDFI	CDFI Service Corporation	Clearinghouse NMTC, LLC	CREC LLCs	Intercompany Elimination	Consolidated Before CREC Reclassification	CREC Reclassification	Consolidated
INTEREST INCOME								
Interest on loans receivable	$ 33,634,000	$ -	$ -	$ 5,000	$ -	$ 33,639,000	$ (5,000)	$ 33,634,000
Interest-bearing deposits	192,000	-	-	-	-	192,000	-	192,000
Total interest income	33,826,000	-	-	5,000	-	33,831,000	(5,000)	33,826,000
INTEREST EXPENSE	(14,957,000)	-	-	-	-	(14,957,000)	-	(14,957,000)
Net interest income (expense)	18,869,000	-	-	5,000	-	18,874,000	(5,000)	18,869,000
REDUCTION OF (PROVISION FOR) LOAN LOSSES	(9,074,000)	-	-	-	-	(9,074,000)	-	(9,074,000)
Net interest income (expense) after reduction of (provision for) loan losses	9,795,000	-	-	5,000	-	9,800,000	(5,000)	9,795,000
NON INTEREST INCOME								
Loan fees	933,000	-	-	-	-	933,000	-	933,000
Grant income	3,967,000	-	-	-	-	3,967,000	-	3,967,000
NMTC management fees	909,000	-	-	-	-	909,000	-	909,000
NMTC sponsor fees	1,989,000	-	-	-	-	1,989,000	-	1,989,000
Other income	268,000	6,000	-	131,000	(82,000)	323,000	(131,000)	192,000
Flow-through income from investment in other companies	85,000	-	-	-	-	85,000	-	85,000
Net (loss) income from operating investments	-	-	-	-	-	-	75,000	75,000
Total non interest income	8,151,000	6,000	-	131,000	(82,000)	8,206,000	(56,000)	8,150,000
NON INTEREST EXPENSES								
Compensation and related benefits	7,177,000	-	-	-	-	7,177,000	-	7,177,000
General and administrative	1,066,000	2,000	-	2,000	-	1,070,000	(2,000)	1,068,000
Professional fees	974,000	98,000	-	-	-	1,072,000	-	1,072,000
Insurance	556,000	-	-	11,000	-	567,000	(11,000)	556,000
Depreciation	162,000	-	-	14,000	-	176,000	(14,000)	162,000
Rent	259,000	-	-	-	-	259,000	-	259,000
Marketing	167,000	-	-	-	-	167,000	-	167,000
Charitable contributions	301,000	-	-	-	-	301,000	-	301,000
Historic tax credit investment amortization	-	-	-	-	-	-	-	-
Impairment of OREO	-	276,000	-	-	-	276,000	-	276,000
Rental real estate operating expenses	-	-	-	34,000	-	34,000	(34,000)	-
Total non interest expenses	10,662,000	376,000	-	61,000	-	11,099,000	(61,000)	11,038,000
Income (loss) before provision for income taxes	7,284,000	(370,000)	-	75,000	(82,000)	6,907,000	-	6,907,000
Provision for income taxes	(1,842,000)	-	-	-	-	(1,842,000)	-	(1,842,000)
Net income (loss)	$ 5,442,000	$ (370,000)	$ -	$ 75,000	$ (82,000)	$ 5,065,000	$ -	$ 5,065,000