CHATTANOOGA NEIGHBORHOOD ENTERPRISE, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL REPORT

JUNE 30, 2022

C O N T E N T S

MAULDIN & JENKINS
CPAs & ADVISORS

Independent Auditor's Report

To the Board of Directors
Chattanooga Neighborhood
Enterprise, Inc.
Chattanooga, Tennessee

Opinion

We have audited the accompanying consolidated financial statements of Chattanooga Neighborhood Enterprise, Inc. (a nonprofit organization) and subsidiaries, which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Chattanooga Neighborhood Enterprise, Inc. and subsidiaries as of June 30, 2022, and the change in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter - Correction of Error

As discussed in Note 15 to the consolidated financial statements, net assets as of June 30, 2021, as stated in previously issued consolidated financial statements, have been restated for the correction of a material misstatement. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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MEMBERS OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

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 Chattanooga Neighborhood Enterprise, Inc. and subsidiaries' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 Chattanooga Neighborhood Enterprise, Inc. and subsidiaries' internal control. Accordingly, no such opinion is expressed.

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

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

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

Mauldin & Jenkins, LLC

Chattanooga, Tennessee
December 7, 2022

CHATTANOOGA NEIGHBORHOOD ENTERPRISE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2022

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	$ 4,432,909
Restricted cash	2,491,249
Accounts receivable	68,851
Grants receivable	347,003
Interest receivable	6,442
Prepaid expenses	91,469
Total current assets	7,437,923
NONCURRENT ASSETS	
Loans receivable, net of allowances for loan losses of $441,924	2,282,383
Construction in progress	4,241,174
Property and equipment at cost:	
Land	1,254,331
Rental property held and used	13,641,430
Furniture and fixtures	84,872
Less accumulated depreciation	(2,218,003)
Property and equipment, net	12,762,630
Total noncurent assets	19,286,187
Total assets	$ 26,724,110
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts payable and accrued expenses	$ 199,661
Prepaid rent	47,354
Loan servicing payables	358,807
Escrow and contractual obligations	186,585
Refundable advances	261,942
Construction loan	157,500
Current portion of long-term debt	792,254
Total current liabilities	2,004,103
NONCURRENT LIABILITIES	
Refundable advances	520,000
Long-term debt, net of unamortized debt issuance costs	10,679,735
Total noncurrent liabilities	11,199,735
Total liabilities	13,203,838
NET ASSETS	
Without donor restriction	10,826,184
With donor restriction	2,694,088
Total net assets	13,520,272
Total liabilities and net assets	$ 26,724,110

The Notes to Consolidated Financial Statements are an integral part of this statement.

CHATTANOOGA NEIGHBORHOOD ENTERPRISE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF ACTIVITIES
Year Ended June 30, 2022

	Without Donor Restriction	With Donor Restriction	Total
REVENUES			
Program support:			
Homeownership preservation	$ 576,855	$ -	$ 576,855
Homeownership promotion	37,132	-	37,132
Lending and loan origination	276,591	-	276,591
Loan servicing	236,429	-	236,429
Neighborhood engagement	43,081	-	43,081
Property management	-	-	-
Real estate development	43,667	600,000	643,667
Small dollar loan	3,865	12,500	16,365
Total program support	1,217,620	612,500	1,830,120
General support:			
General revenue	2,537,100	-	2,537,100
Fundraising	16,975	-	16,975
Total general support	2,554,075	-	2,554,075
Net assets released from restrictions	1,555,798	(1,555,798)	-
Total revenues	5,327,493	(943,298)	4,384,195
EXPENSES			
Direct program services:			
Homeownership preservation	524,380	-	524,380
Homeownership promotion	8,000	-	8,000
Neighborhood engagement	11,129	-	11,129
Total direct program services	543,509	-	543,509
Indirect program services:			
Homeownership preservation	149,458	-	149,458
Homeownership promotion	137,244	-	137,244
Lending and loan origination	416,584	-	416,584
Loan servicing	5,422	-	5,422
Neighborhood engagement	300,550	-	300,550
Property management	781,737	-	781,737
Real estate development	287,071	-	287,071
Small dollar loan	101,521	-	101,521
Total indirect program services	2,179,587	-	2,179,587
Total program services	2,723,096	-	2,723,096
Support services:			
General and administrative	955,340	-	955,340
Fundraising	47,411	-	47,411
Total support services	1,002,751	-	1,002,751
Total expenses	3,725,847	-	3,725,847
Change in net assets from operations	1,601,646	(943,298)	658,348
OTHER CHANGES			
Nonoperating income:			
Loss on sale of assets	-	-	-
Change in net assets	1,601,646	(943,298)	658,348
NET ASSETS, beginning of year, as restated	9,224,538	3,637,386	12,861,924
NET ASSETS, end of year	$ 10,826,184	$ 2,694,088	$ 13,520,272

The Notes to Consolidated Financial Statements are an integral part of this statement.

CHATTANOOGA NEIGHBORHOOD ENTERPRISE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2022

		Support Services		
	Program Services	General and Administrative	Fundraising	Total
Administrative	$ -	$ 139	$ -	$ 139
Bad debt (recoveries)	(195,735)	24,044	-	(171,691)
Bank related	16,022	877	149	17,048
Communication	15,671	1,392	197	17,260
Contract services	-	87,033	-	87,033
Depreciation	339,095	212,060	132	551,287
Direct program expenses	543,509	-	-	543,509
Document storage	904	89	13	1,006
Dues and subscriptions	13,374	519	74	13,967
Equipment leasing	18,055	194	27	18,276
Healthy neighborhoods	652	-	-	652
Insurance	56,068	74,233	467	130,768
Interest	24,121	1,875	-	25,996
Land holding costs	44,133	-	-	44,133
Office supplies	12,342	1,021	145	13,508
Other	4,151	2,986	11	7,148
Postage	5,265	518	73	5,856
Professional services	168,408	16,066	1,411	185,885
Promotion and marketing	32,352	7,596	149	40,097
Rent and utilities	80,017	76,682	1,130	157,829
Repairs and maintenance	-	151,932	-	151,932
Salaries, benefits and bonuses	1,461,696	44,751	43,081	1,549,528
Software	56,143	1,467	207	57,817
Taxes	422	248,881	5	249,308
Training	16,303	838	119	17,260
Travel	10,128	147	21	10,296
Total	$ 2,723,096	$ 955,340	$ 47,411	$3,725,847

The Notes to Consolidated Financial Statements are an integral part of this statement.

CHATTANOOGA NEIGHBORHOOD ENTERPRISE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
Year Ended June 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	$ 658,348
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	575,238
Provision for loan losses	(195,735)
Change in operating assets and liabilities:	
Accounts receivable	143,665
Grants receivable	(74,019)
Interest receivable	1,340
Prepaid expenses	(14,324)
Accounts payable and accrued expenses	(7,632)
Prepaid rent	3,485
Loans servicing payables	(42,048)
Escrows and contractual obligations	(10,560)
Refundable advances	(127,542)
Net cash provided by operating activities	910,216
CASH FLOWS FROM INVESTING ACTIVITIES	
Loan originations and principal collections, net	336,453
Payments on construction in progress	(3,814,629)
Proceeds from sale of property and equipment	398,792
Purchases of property and equipment	(388,416)
Net cash used in investing activities	(3,467,800)
CASH FLOWS FROM FINANCING ACTIVITIES	
Payments on long-term debt	(393,503)
Payments for debt issuance costs	(25,791)
Proceeds from long-term debt	3,095,345
Net cash provided by financing activities	2,676,051
NET INCREASE IN CASH AND CASH EQUIVALENTS	118,467
CASH AND CASH EQUIVALENTS, beginning of year	6,805,691
CASH AND CASH EQUIVALENTS, end of year	$ 6,924,158
Cash and cash equivalents	$ 4,432,909
Restricted cash	2,491,249
Total cash and cash equivalents and restricted cash	$ 6,924,158
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
Cash paid for interest	$ 2,045

The Notes to Consolidated Financial Statements are an integral part of this statement.

Note 1. Significant Accounting Policies

The accounting and reporting policies of Chattanooga Neighborhood Enterprise, Inc. (CNE) and subsidiaries (the Organization) conforms with United States generally accepted accounting principles (GAAP) and practices within the not-for-profit industry. The Financial Accounting Standards Board (FASB) has adopted the FASB Accounting Standards Codification (ASC) as the single source of authoritative nongovernmental GAAP.

The policies that materially affect financial position and results of operations of the Organization are summarized as follows:

Nature of operations:

CNE was incorporated in Tennessee in 1986 as a non-profit corporation. CNE was established to preserve, rehabilitate, and prevent deterioration of rental units and single-family dwellings; to encourage home ownership and rehabilitation through below-market loans; to develop a training program for in-home maintenance and repair; to promote neighborhood beautification and self-improvement projects; to promote neighborhood revitalization; and to promote the enforcement of uniform building codes and eliminate all substandard housing in the City of Chattanooga and Hamilton County, Tennessee.

The Organization operates the following programs:

Homeownership preservation – The Organization's Homeownership Center offers counseling services to assist local families to avoid foreclosure and sustain their homeownership.

Homeownership promotion – The Organization offers homebuyer education and counseling to persons interested in achieving homeownership.

Lending and loan origination – CNE is a Certified Community Development Institution (CDFI). The Organization originates down payment loans to low and moderate-income households to assist with down payment and closing costs. These are second mortgages behind a mortgage that CNE brokers to various mortgage companies to finance the purchase of single-family residences in Chattanooga and Hamilton County.

Loan servicing – The Organization serves as a loan underwriting agent for down payment and home repair loans. The Organization services these loans and loans funded by other entities.

Neighborhood engagement – The Organization helps residents and other community stakeholders to develop leadership to build a stronger community. Activities offered include development of neighborhood groups, leadership skill development training courses, youth activity and training groups, community fairs, and other opportunities to encourage a renewed energy, expertise, and focus in the community.

Note 1. Significant Accounting Policies (continued)

The Organization operates the following programs: (continued)

Property management – The Organization provides property management services for its rental housing portfolio.

Real estate development – The Organization is involved in developing single-family and multi-family housing in the City of Chattanooga. Single-family developments are sold for homeownership. Rental developments become part of the Organization's rental portfolio.

Small dollar loans – The Organization provides a small dollar loan program as an alternative to payday loans. The Organization offers affordable short-term loans through area employers as a benefit to their employees.

Principles of consolidation:

The consolidated financial statements include the accounts of Chattanooga Neighborhood Enterprise, Inc., its rental division, CNE Rentals, and its wholly-owned entities: Chattanooga Affordable Rental Enterprise V, Inc. (CARE); CNE Affordable Housing Limited Partnership V (CAHLP V); Highland Park, LLC (Highland Park); and Mai Bell Apartments, LLC (Mai Bell). All material intercompany accounts and transactions have been eliminated in consolidation.

CARE, a Tennessee corporation, was formed on January 15, 1997, to serve as a general partner in CAHLP V and to help organize and syndicate low-income housing tax credits on CAHLP V. As of and for the year ended June 30, 2022, there was no activity for CARE.

CAHLP V, a Tennessee limited partnership, was formed on November 21, 1996, to construct, own, and operate CNE Affordable Housing located in Chattanooga, Tennessee. The property consists of 20 multi-family housing units. CNE serves as the limited partner and CARE serves as the general partner.

Highland Park, a Tennessee limited liability company, was formed on July 7, 2014, to acquire vacant and blighted property in the Highland Park and Ridgedale neighborhoods of Chattanooga for the purpose of neighborhood development. CNE acquired 34 parcels of vacant and blighted property with the intention of developing a mix of single-family and urban multi-family structures to provide high quality residential opportunities. As of June 30, 2022, CNE has developed 29 of them into single family or rental housing. Of the remaining lots, 3 are currently under development, and 2 lots are held for future development. CNE serves as the single member of Highland Park.

Note 1. Significant Accounting Policies (continued)

Principles of consolidation: (continued)

Mai Bell, a Tennessee limited liability company, was formed on August 17, 2016, to construct, own, and operate Mai Bell Apartments located in the Highland Park neighborhood. The property consists of multi-family housing units. CNE serves as the single member of Mai Bell.

Use of estimates:

The preparation of consolidated financial statements in accordance with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Basis of presentation:

To ensure observances of limitations and restrictions placed on the use of resources available to the Organization, resources are classified for accounting and financial reporting purposes into categories established according to their nature and purpose in the two categories as follows:

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor restrictions. The only limits on net assets without donor restrictions are those resulting from the nature of the Organization and its purposes.

Net assets with donor restrictions – Net assets subject to donor-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 passed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue recognition:

The Organization recognizes revenue in accordance with ASC 606, *Revenue from Contracts with Customers*, which affects contracts with customers to transfer goods or services and contracts for the transfer of non-financial assets (unless those contracts are within the scope of other standards). The core principle of this ASU is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services.

Note 1. Significant Accounting Policies (continued)

Revenue recognition: (continued)

Revenues from grants and contributions, rental income, loan interest and fees, and loan servicing fees are outside the scope of ASC 606. The Organization's services that fall within the scope of ASC 606 include rental activity fees, education and counseling revenue, management fees, and other income. See Note 12 for further discussion on the revenue sources within the scope of ASC 606.

Revenue is reported as increases in net assets without donor restriction unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gain and losses on assets and liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor-imposed restrictions in net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Contributions are recorded as revenue in the period received or upon the receipt of an unconditional promise to give. Conditional contributions are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of appreciated assets are recorded at the estimated fair value at the date of receipt by the Organization.

Functional expenses:

Expenses that can be identified with a specific program or supporting service are charged directly to the program or supporting service. Expenses which apply to more than one functional category have been allocated based on estimates made by management.

Cash:

For purposes of the consolidated cash flows, the Organization considers all cash and highly-liquid investments with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents is allocated between operating and designated for investments. The amount designated for investment was determined by the Organization's Board of Directors, and is to be used in accordance with the Organization's mission. Restricted cash is held for specific purposes. The restricted cash balance consists of funds held in trust from the Organization's loan servicing activity, including escrow deposits for payment of borrower property taxes and insurance, refundable advances, tenant security deposits, and proceeds for real estate repairs, improvements, and development.

Note 1. Significant Accounting Policies (continued)

Concentrations of credit and market risk:

Financial instruments that potentially subject the Organization to concentrations of credit and market risk consist principally of cash and cash equivalents and loans receivable. The Organization places its cash and cash equivalents with financial institutions and limits the amount of credit exposure to any one financial institution. At times, deposits may exceed federally insured limits. The Organization has not experienced any losses on its cash and cash equivalents. The Organization's loans are generally secured by specific items of collateral, including real property. Lending activity is concentrated within the geographic boundaries of Hamilton County, Tennessee. Although the Organization has a diversified loan portfolio, a substantial portion of its debtors' ability to honor their contracts is dependent on economic conditions in debtors’ markets.

Accounts and other receivables:

Accounts and other receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to bad debt expense and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. There was no balance in the valuation allowance as of June 30, 2022, since management is of the opinion that all accounts and other receivables at year end are fully collectible.

Loans:

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or pay-off are reported at their outstanding principal balances less the allowance for loan losses. Interest income is accrued on the outstanding principal balance. Loan origination fees and origination costs are recognized at the time the loan is placed on the books.

The accrual of interest on loans is discontinued when, in management's opinion, the borrower may be unable to meet payments as they become due. Past due status is based on contractual terms of the loan. Loans are charged-off if collection of principal and interest is considered impaired. All interest accrued but not collected for loans that are charged-off is reversed against interest income unless management believes that the accrual of interest is recoverable through the liquidation of collateral.

Allowance for loan losses:

The allowance for loan losses is established as losses are estimated to have occurred through a provision for loan losses charged to expense. Loan losses are charged against the allowance when management believes the uncollectibility of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance.

Note 1. Significant Accounting Policies (continued)

Allowance for loan losses: (continued)

The allowance is an amount that management believes will be adequate to absorb credit losses inherent in the balance of the loan portfolio. The allowance for loan losses is evaluated on a regular basis by management and is based upon management's periodic review of the collectability of loans in light of historical experience, the nature and volume of the loan portfolio, overall portfolio quality, estimated value of any underlying collateral, and prevailing economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available. This evaluation does not include the effects of expected losses on loans that are related to future events or expected changes in economic conditions. While management uses the best information available to make its evaluation, future adjustments to the allowance may be necessary if there are significant changes in economic conditions.

The allowance consists of specific, general, and unallocated components. When required, the specific component relates to loans that are classified as impaired. The general component covers non-impaired loans and is based on historical loss experience and other qualitative factors. Other adjustments may be made to the allowance for pools of loans after an assessment of internal or external influences on credit quality that are not fully reflected in the historical loss. An unallocated component may be maintained to cover uncertainties that could affect management's estimate of probable losses. The unallocated component of the allowance reflects the margin of imprecision inherent in the underlying assumptions used in the methodologies for estimating specific and general losses in the portfolio.

A loan is impaired when, based on current information and events, it is probable that the Organization will be unable to collect all amounts due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status and the probability of collecting scheduled principal and interest when due. Loans that experience insignificant payment delays and payment shortfalls are not classified as impaired. Loans are charged-off if collection of principal and interest is considered impaired. Therefore, the Organization does not separately identify individual loans for impairment disclosures. The loan portfolio represents a large group of smaller balance homogeneous loans collectively evaluated for impairment.

The Organization's loan portfolio consists of one homogeneous loan pool. The general allocation is based on the historical loss rates adjusted for both internal and external qualitative risk factors. The qualitative factors considered by management primarily includes, among other factors, changes in local and national economic conditions and changes in asset quality. The total allowance established represents the product of the historical loss ratio, adjusted for qualitative factors, and the total dollar amount of the loans in the pool.

Note 1. Significant Accounting Policies (continued)

Property and equipment:

Rental property and furniture and equipment are recorded at cost. Depreciation is provided over the estimated useful lives of the respective classes of assets using the straight-line method. Maintenance and repairs are expensed as incurred while major additions and improvements are capitalized.

The Organization has entered into various contracts for the construction of rental properties. At June 30, 2022, the remaining amount on these contracts for future payment on construction of rental properties totaled $5,962,495.

Debt issuance costs:

Debt issuance costs are considered a reduction of the related debt and amortized over the term of the debt through a charge to interest expense using the straight-line method. Amortization of debt issuance costs was $23,951 for the year ended June 30, 2022.

Income tax status:

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income.

The Organization accounts for income taxes in accordance with income tax accounting guidance in ASC Topic 740. The Organization recognizes deferred tax assets if it is more likely than not, based on the technical merits, that the tax position will be realized or sustained upon examination. The Organization follows the statutory requirements for its income tax accounting and generally avoids risks associated with potentially problematic tax positions that may be challenged upon examination. Management believes any liability resulting from taxing authorities imposing additional income taxes from activities deemed to be unrelated to the Organization's non-taxable status would not have a material effect on the Organization's consolidated financial statements. With few exceptions, the Organization is no longer subject to tax examinations by tax authorities for years before 2018.

Subsequent events:

Management performed an evaluation of subsequent events through December 7, 2022, the date these consolidated financial statements were available to be issued.

Note 2. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at June 30, 2022:

Cash and cash equivalents	$4,432,909
Accounts receivable	68,851
Grants receivable	347,003
Interest receivable	6,442
	$4,855,205

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Generally, the Organization maintains financial assets to meet ninety days of operating expenses.

Note 3. Restricted Cash

As of June 30, 2022, restricted cash consisted of amounts to or held on behalf of the following organizations, entities, municipalities, or programs:

Center Centre	$ 292,118
Chattanooga Opportunity Fund	2,612
City of Chattanooga	287,389
Lyndhurst Foundation and Benwood Foundation	1,299,682
Loan collections	127,732
Security deposits	82,744
Real estate development funds	282,858
Taxes and escrow	116,114
Total	$2,491,249

Note 4. Loans Receivable and Allowance for Loan Losses

Portfolio segmentation:

At June 30, 2022, the Organization's loans consist of the following:

Real estate mortgage loans:	
Amortizing loans	$2,421,433
Title transfer loans	275,775
Small dollar loans	27,099
Total loans	2,724,307
Less - Allowance for loan losses	(441,924)
Net loans	$2,282,383

For purposes of the disclosures required pursuant to the adoption of ASC 310, the loan portfolio has one segment that has been further disaggregated into classes. A portfolio segment is defined as the level at which an entity develops and documents a systematic method for determining its allowance for credit losses.

The following describes risk characteristics relevant to the portfolio classes:

Real Estate Mortgage Loans: Provides individuals in low to moderate-income households with first mortgage loans and loans to assist with down payment and closing costs on the finance of their primary residence. These loans are repaid through the borrower's income or sale of the property. Loans in this portfolio are sensitive to unemployment and other key consumer economic measures.

Small Dollar Loans: Provides signature loans to employees of participating employers. These loans are repaid through payroll deductions. Loans in this portfolio are sensitive to unemployment and other key consumer economic measures.

Credit risk management:

Risk management focuses on underwriting new loans, monitoring the credit, and managing customers who become delinquent in their payments. All loans are individually underwritten, approved, and monitored. Credit quality and trends in the loan portfolio are measured and monitored regularly. Past due reports are reviewed by management and the Board of Directors. To ensure problem credits are identified on a timely basis, specific loans are assessed based upon payment status.

Note 4. Loans Receivable and Allowance for Loan Losses (continued)

The following table details activity in the allowance for loan losses for year ended June 30, 2022:

Balance, beginning of year	$ 646,685
Provision for loan losses	(195,735)
Recoveries of loans charged-off	17,314
Loans charged-off	(26,340)
Total	$ 441,924

Past due loans:

A loan is considered past due if any required principal and interest payments have not been received as of the date such payments were required to be made under the terms of the loan agreement. The following table presents the aging of the recorded investment in loans as of June 30, 2022:

Past due 30 to 59 days	$ 115,839
Past due 60 to 89 days	73,329
Past due 90 days or more	24,668
Total past due loans	213,836
Current loans	2,510,471
Total loans	$2,724,307

Note 5. Loan Underwriting and Servicing Activities

The Organization serves as a loan underwriting agent for other entities who support the Organization's operating mission and provides loan servicing activities for such loans. Management has determined that the servicing rights associated with these loans were immaterial and has not been recorded as of June 30, 2022. These loans are not included in the Organization's consolidated statements of financial position. As of June 30, 2022, the loans the Organization was servicing are as follows:

Center Centre	$ 358,535
Chattanooga Opportunity Fund	24,994
City of Chattanooga	6,792,424
Total	$7,175,953

Note 6. Refundable Advances

Grant Advances:

A portion of the Organization's revenue is derived from grants that are conditional upon certain performance requirements and/or the incurrence of allowable qualifying expenditures. Amounts received are recognized as revenue when performance requirements are met and/or expenditures have been incurred in compliance with specific grant provisions. Amounts received prior to such conditions being met are reported as refundable advances on the consolidated statements of financial position.

During 2020, the Organization was awarded a $320,000 grant from the City of Chattanooga as part of the HOME Investment Partnership funds granted by the U.S. Department of Housing and Urban Development (HUD) under Title II of the Cranston-Gonzalez National Affordable Housing Act of 1990. The grant is conditional upon the Organization providing 8 affordable rental units at one of its multi-family rental properties for 20 years. The grant will be recognized at the end of the 20 year compliance period. Amounts received prior to the end of the compliance period are reported as refundable advances on the consolidated statements of financial position. As of June 30, 2022, the refundable advance balance for this grant was $320,000.

During 2021, the Organization was awarded a $200,000 grant from the City of Chattanooga as part of the HOME Investment Partnership funds granted by HUD under Title II of the Cranston-Gonzalez National Affordable Housing Act of 1990. The grant is conditional upon the Organization providing 5 affordable rental units at one of its multi-family rental properties for 20 years. The grant will be recognized at the end of the 20 year compliance period. Amounts received prior to the end of the compliance period are reported as refundable advances on the consolidated statements of financial position. As of June 30, 2022, the refundable advance balance for this grant was $200,000.

Tennessee Housing Development Agency Blight Elimination Program Loans:

During 2020, the Organization received loans from the Tennessee Housing Development Agency (THDA) as part of the Blight Elimination Program (BEP). The program requires the purchased properties to be maintained as a green space for a period of 3 years or to be redeveloped for the benefit of the community. The loans are for a maximum amount of $25,000. The loans bear interest at 0% interest. One third of the balance will be forgiven each year the Organization meets the program requirements. There is no assurance that the Organization's obligation under the THDA BEP loans will be forgiven and if not forgiven, the Organization will need to repay the loans. Amounts received and not forgiven are included in refundable advances on the consolidated statements of financial position. As of June 30, 2022, the balance of these loans was $41,667.

Note 7. Long-Term Debt

At June 30, 2022, debt consists of the following:

Note payable to First Horizon Bank; variable interest rate at prime minus 4%; fixed monthly principal payments of $522 plus accrued interest through maturity date of February 5, 2032, when remaining principal and accrued interest are due in full; collateralized by property	$ 164,971
Note payable to SmartBank; variable interest rate at prime minus 4%, not to exceed 2.5%; variable monthly payments of principal and interest though maturity date of September 5, 2022, when remaining principal and interest are due in full; collateralized by third party loans	435,720
Note payable to SmartBank; variable interest rate at prime minus 4%; variable monthly payments of principal and interest through maturity date of March 7, 2034, when remaining principal and interest are due in full; collateralized by property	2,446,617
Note payable to SmartBank; variable interest rate at prime minus 4%; variable monthly payments of principal and interest through maturity date of November 22, 2034, when remaining principal and interest are due in full; collateralized by property	1,748,025
Note payable to FirstBank; variable interest rate at prime minus 4%; variable monthly payments of principal and interest through maturity date of May 8, 2035, when remaining principal and accrued interest are due in full; collateralized by property	446,663
Note payable to Brightbridge Inc.; variable interest rate at prime minus 3%; monthly interest only payments through March 1, 2023; fixed monthly payments of outstanding principal plus accrued interest beginning April 1, 2023 through maturity date of April 23, 2033, when remaining principal and accrued interest are due in full; collateralized by property and all other assets of CNE	1,925,190

Note 7. Long-Term Debt (continued)

Note payable to SmartBank; variable interest rate at prime minus 4%; monthly interest only payments through July 25, 2022; variable monthly payments of principal and interest beginning August 25, 2022 through maturity date of July 25, 2035, when remaining principal and accrued interest are due in full; collateralized by property and assignment of rent	595,788
Note payable to SmartBank; variable interest rate at prime minus 4%; monthly interest only payments through February 19, 2023; variable monthly payments of principal and interest beginning March 19, 2023 through maturity date of November 19, 2036, when remaining principal and accrued interest are due in full; collateralized by property and assignment of rent	256,859
Note payable to SmartBank; variable interest rate at prime minus 4%; monthly interest only payments through February 19, 2023; variable monthly payments of principal and interest beginning March 19, 2023 through maturity date of November 19, 2036, when remaining principal and accrued interest are due in full; collateralized by property and assignment of rent	255,521
Note payable to SmartBank; variable interest rate at prime minus 4%; monthly interest only payments through February 19, 2023; variable monthly payments of principal and interest beginning March 19, 2023 through maturity date of November 19, 2036, when remaining principal and accrued interest are due in full; collateralized by property and assignment of rent	246,156
Note payable to Pinnacle Bank; variable interest rate at prime minus 4%; variable monthly payments of principal and interest through maturity date of April, 18, 2032, when remaining principal and accrued interest are due in full; collateralized by property	448,869
Notes payable to Southeast Tennessee Development District; fixed interest rate at 1%; monthly interest only payments with principal and accrued interest due upon sale of collateralized land	18,462

Note 7. Long-Term Debt (continued)

Note payable to First Horizon Bank; variable interest rate at prime minus 4%; fixed monthly principal payments of $7,924 plus accrued interest through maturity date of August 5, 2031, when remaining principal and accrued interest are due in full; collateralized by property	2,609,622
Total debt	11,598,463
Unamortized debt issuance costs	(126,474)
	11,471,989
Less: current portion of long-term debt	(792,254)
Long-term debt	$10,679,735

Aggregate maturities or payments required on principal under the debt agreements for the following five years ended and thereafter are as follows:

2023	$ 792,254
2024	429,688
2025	431,236
2026	432,797
2027	434,367
Thereafter	9,078,121
	$11,598,463

Note 8. Construction Loan

The Organization has a construction loan with SmartBank for a maximum amount of $157,500. The loan, which is secured by property, bears a variable interest rate at prime minus 4%, and requires monthly interest only payments until the maturity date on August 15, 2022, at which outstanding principal and accrued interest are due in full. As of June 30, 2022, the principal balance outstanding on this construction loan was $157,500.

Note 9. Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following purposes at June 30, 2022:

Subject to expenditure for a specified purpose or after a stipulated period of time:	
Real estate development and preservation	$2,647,944
Oak Grove community engagement	24,294
Small dollar loan program personnel	21,850
Total net assets with donor restrictions	$2,694,088

Net assets with donor restrictions consist of the following at June 30, 2022:

Restricted cash	$1,299,682
Construction in progress	1,394,406
Total net assets with donor restrictions	$2,694,088

During the year ended June 30, 2022, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors as follows:

Donor release from restrictions	$1,213,371
Purpose restriction accomplished	342,427
Total net assets released from restriction	$1,555,798

Note 10. Lease Commitments

The Organization leases office space pursuant to an operating lease agreement expiring on August 31, 2024. Additionally, the Organization leases office equipment under an operating lease. Rent expense totaled $53,376 for the year ended June 30, 2022. Future minimum rental payments required are as follows:

Year ended June 30,	
2023	$53,376
2024	53,376
2025	9,652

Note 11. Employee Benefit Plan

The Organization has a voluntary salary reduction plan under the provisions of Section 403(b) of the Internal Revenue Code covering all eligible employees. Employees who normally work 20 hours per week or more are eligible to participate in the plan upon hire with an entry date corresponding with the first day of the month coinciding with or following the date of hire. Employer contributions are discretionary and totaled $14,984 for the year ending June 30, 2022.

Note 12. Revenue from Contracts with Customers

The following table presents the Organization's sources of revenues for the year ended June 30, 2022:

Grants and contributions (a)	$2,278,963
Rental income (a)	1,440,049
Rental activity fees	65,337
Loan interest and fees (a)	349,982
Loan servicing fees (a)	150,000
Education and counseling revenue	22,457
Fund management fees	45,117
Other income	32,290
Total revenues	$4,384,195

(a) Not within scope of ASC 606

Rental Activity Fees: Fees relating to rental activity consists primarily of application fees, late fees, non-sufficient funds fees, and other fees. Rental activity fees are recognized at a point in time concurrent with the activity. Payment for rental activity fees is received when the activity occurs or in the following month through a direct charge to the customer's account.

Education and Counseling Revenue: Revenue from education and counseling is recognized at a point in time as services are provided. Payment for education and counseling revenue is primarily received when the service is performed.

Management Fees: Revenue from management fees is recognized either over time as monthly management services are provided, or at a point in time concurrent with the service. Payment for management fees is received periodically.

Other Income: Other income is generally recognized at a point in time as the event occurs.

Note 13. Coronavirus Pandemic

In December 2019, a novel strain of coronavirus (COVID-19) surfaced, which has and is continuing to spread throughout the world. In March of 2020, the World Health Organization declared the outbreak a pandemic. The extent of the impact of COVID-19 on the Organization's operational and functional performance will depend on certain developments, including the duration and spread of the outbreak, and impact on the Organization's donors, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the Organization's financial condition or results of operations is uncertain.

Note 14. Contingencies

From time to time, the Organization is involved in certain claims arising from normal business activities. Management believes that the resolution of these matters will not have a material effect on the Organization's financial position, change in net assets, or cash flows.

Note 15. Restatement of Beginning of Year Net Assets

During the year ended June 30, 2022, the Organization determined that no barriers existed over certain grant funds received in prior years and classified as conditional grants. Accordingly, beginning net assets of the Organization has been restated to reflect these changes. The impact of the restatement on net assets as previously reported is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Total net assets at June 30, 2021, as previously reported	$9,484,794	$1,213,371	$10,698,165
Cumulative effect of the error on net assets	(260,256)	2,424,015	2,163,759
Total net assets at June 30, 2021, as restated	$9,224,538	$3,637,386	$12,861,924

MAULDIN & JENKINS
CPAs & ADVISORS

Independent Auditor's Report

on Supplementary Information

To the Board of Directors
Chattanooga Neighborhood
Enterprises, Inc.
Chattanooga, Tennessee

We have audited the consolidated financial statements of Chattanooga Neighborhood Enterprise, Inc. and subsidiaries as of and for the year ended June 30, 2022, and our report thereon dated December 7, 2022, which expresses an unmodified opinion on those consolidated financial statements, appears on pages 1 and 2. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statement of financial position, consolidating statements of activities, and statement of activities – rental entities on pages 25 through 28 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Mauldin & Jenkins, LLC

Chattanooga, Tennessee
December 7, 2022

200 W. MARTIN LUTHER KING BLVD., SUITE 1100 ● CHATTANOOGA, TENNESSEE 37402 ● 423-756-6133 ● FAX 756-2727 ● www.mjcpa.com
MEMBERS OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

CHATTANOOGA NEIGHBORHOOD ENTERPRISE, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION
June 30, 2022

	CNE	CNE Rentals	CAHLP V	Highland Park	Mai Bell	Eliminations	Consolidated
ASSETS							
CURRENT ASSETS							
Cash and cash equivalents	$ 3,627,263	$ 485,425	$ 32,801	$ 49,376	$ 238,044	$ -	$ 4,432,909
Restricted cash	2,329,560	47,146	89,003	-	25,540	-	2,491,249
Accounts receivable	38,626	14,802	1,310	-	14,113	-	68,851
Grants receivable	347,003	-	-	-	-	-	347,003
Interest receivable	6,442	-	-	-	-	-	6,442
Due from affiliates	320,542	-	-	108,320	-	428,862	-
Prepaid expenses	20,136	43,240	7,135	-	20,958	-	91,469
Total current assets	6,689,572	590,613	130,249	157,696	298,655	428,862	7,437,923
NONCURRENT ASSETS							
Due from affiliates	734,500	-	-	-	-	734,500	-
Loans receivable, net of allowance for loan loss	2,282,383	-	-	-	-	-	2,282,383
Construction in progress	4,236,374	-	4,800	-	-	-	4,241,174
Property and equipment at cost:							
Land	1,045,150	-	15,341	36,007	157,833	-	1,254,331
Rental property held and used	7,881,623	-	1,214,315	-	4,545,492	-	13,641,430
Furniture and fixtures	67,874	-	-	-	16,998	-	84,872
Less accumulated depreciation	(985,966)	-	(441,730)	-	(790,307)	-	(2,218,003)
Property and equipment, net	8,008,681	-	787,926	36,007	3,930,016	-	12,762,630
Total noncurrent assets	15,261,938	-	792,726	36,007	3,930,016	734,500	19,286,187
Total assets	$ 21,951,510	$ 590,613	$ 922,975	$ 193,703	$ 4,228,671	$ 1,163,362	$ 26,724,110
LIABILITIES AND NET ASSETS							
CURRENT LIABILITIES							
Accounts payable and accrued expenses	$ 78,075	$ 70,329	$ 11,815	$ -	$ 39,442	$ -	$ 199,661
Prepaid rent	-	28,521	4,173	-	14,660	-	47,354
Due to affiliates	108,320	37,552	77,528	-	205,462	428,862	-
Loan servicing payables	358,807	-	-	-	-	-	358,807
Escrow and contractual obligations	104,105	46,685	9,954	-	25,841	-	186,585
Refundable advances	261,942	-	-	-	-	-	261,942
Construction loan	157,500	-	-	-	-	-	157,500
Current portion of long-term debt	633,037	-	45,667	18,462	95,088	-	792,254
Total current liabilities	1,701,786	183,087	149,137	18,462	380,493	428,862	2,004,103
NONCURRENT LIABILITIES							
Refundable advances	520,000	-	-	-	-	-	520,000
Long-term debt, net of unamortized debt issuance costs	7,761,999	-	403,202	-	2,514,534	-	10,679,735
Long-term debt, affiliates	-	-	-	-	734,500	734,500	-
Total noncurrent liabilities	8,281,999	-	403,202	-	3,249,034	734,500	11,199,735
Total liabilities	9,983,785	183,087	552,339	18,462	3,629,527	1,163,362	13,203,838
NET ASSETS							
Without donor restrictions	9,352,686	407,526	291,587	175,241	599,144	-	10,826,184
With donor restrictions	2,615,039	-	79,049	-	-	-	2,694,088
Total net assets	11,967,725	407,526	370,636	175,241	599,144	-	13,520,272
Total liabilities and net assets	$ 21,951,510	$ 590,613	$ 922,975	$ 193,703	$ 4,228,671	$ 1,163,362	$ 26,724,110

CHATTANOOGA NEIGHBORHOOD ENTERPRISE, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF ACTIVITIES - WITHOUT RESTRICTIONS
Year Ended June 30, 2022

	CNE	CNE Rentals	CAHLP V	Highland Park	Mai Bell	Eliminations	Consolidated
REVENUES							
Program support:							
Homeownership preservation	$ 576,855	$ -	$ -	$ -	$ -	$ -	$ 576,855
Homeownership promotion	37,132	-	-	-	-	-	37,132
Lending and loan origination	276,591	-	-	-	-	-	276,591
Loan servicing	236,429	-	-	-	-	-	236,429
Neighborhood engagement	43,081	-	-	-	-	-	43,081
Property management	196,070	-	-	-	-	196,070	-
Real estate development	43,667	-	-	-	-	-	43,667
Small dollar loan	3,865	-	-	-	-	-	3,865
Total program support	1,413,690	-	-	-	-	196,070	1,217,620
General support:							
General revenue	1,031,714	829,116	169,828	-	506,442	-	2,537,100
Fundraising	16,975	-	-	-	-	-	16,975
Total general support	1,048,689	829,116	169,828	-	506,442	-	2,554,075
Net assets released from restrictions	1,509,847	-	45,951	-	-	-	1,555,798
Total revenue	3,972,226	829,116	215,779	-	506,442	196,070	5,327,493
EXPENSES							
Direct program services:							
Homeownership preservation	524,380	-	-	-	-	-	524,380
Homeownership promotion	8,000	-	-	-	-	-	8,000
Neighborhood engagement	11,129	-	-	-	-	-	11,129
Total direct program services	543,509	-	-	-	-	-	543,509
Indirect program services:							
Homeownership preservation	149,458	-	-	-	-	-	149,458
Homeownership promotion	137,244	-	-	-	-	-	137,244
Lending and loan origination	416,584	-	-	-	-	-	416,584
Loan servicing	5,422	-	-	-	-	-	5,422
Neighborhood engagement	300,550	-	-	-	-	-	300,550
Property management	781,737	-	-	-	-	-	781,737
Real estate development	287,071	-	-	-	-	-	287,071
Small dollar loan	101,521	-	-	-	-	-	101,521
Total indirect program services	2,179,587	-	-	-	-	-	2,179,587
Total program services	2,723,096	-	-	-	-	-	2,723,096
Support services:							
General and administrative	72,022	462,752	146,776	5,621	464,239	196,070	955,340
Fundraising	47,411	-	-	-	-	-	47,411
Total support services	119,433	462,752	146,776	5,621	464,239	196,070	1,002,751
Total expenses	2,842,529	462,752	146,776	5,621	464,239	196,070	3,725,847
Change in net assets from operations	1,129,697	366,364	69,003	(5,621)	42,203	-	1,601,646
NONOPERATING ACTIVITIES							
Transfers	210,943	(210,943)	-	-	-	-	-
Loss on sale of assets	-	-	-	-	-	-	-
Total nonoperating activities	210,943	(210,943)	-	-	-	-	-
Change in net assets	1,340,640	155,421	69,003	(5,621)	42,203	-	1,601,646
NET ASSETS, beginning of year, as restated	8,012,046	252,105	222,584	180,862	556,941	-	9,224,538
NET ASSETS, end of year	$ 9,352,686	$ 407,526	$ 291,587	$ 175,241	$ 599,144	$ -	$ 10,826,184

CHATTANOOGA NEIGHBORHOOD ENTERPRISE, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF ACTIVITIES - WITH RESTRICTIONS
Year Ended June 30, 2022

	CNE	CNE Rentals	CAHLP V	Highland Park	Mai Bell	Eliminations	Consolidated
REVENUES							
Program support:							
Homeownership preservation	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Homeownership promotion	-	-	-	-	-	-	-
Lending and loan origination	-	-	-	-	-	-	-
Loan servicing	-	-	-	-	-	-	-
Neighborhood engagement	-	-	-	-	-	-	-
Property management	-	-	-	-	-	-	-
Real estate development	475,000	-	125,000	-	-	-	600,000
Small dollar loan	12,500	-	-	-	-	-	12,500
Total program support	487,500	-	125,000	-	-	-	612,500
General support:							
General revenue	-	-	-	-	-	-	-
Fundraising	-	-	-	-	-	-	-
Total general support	-	-	-	-	-	-	-
Net assets released from restrictions	(1,509,847)	-	(45,951)	-	-	-	(1,555,798)
Total revenue	(1,022,347)	-	79,049	-	-	-	(943,298)
EXPENSES							
Direct program services:							
Homeownership preservation	-	-	-	-	-	-	-
Homeownership promotion	-	-	-	-	-	-	-
Neighborhood engagement	-	-	-	-	-	-	-
Total direct program services	-	-	-	-	-	-	-
Indirect program services:							
Homeownership preservation	-	-	-	-	-	-	-
Homeownership promotion	-	-	-	-	-	-	-
Lending and loan origination	-	-	-	-	-	-	-
Loan servicing	-	-	-	-	-	-	-
Neighborhood engagement	-	-	-	-	-	-	-
Property management	-	-	-	-	-	-	-
Real estate development	-	-	-	-	-	-	-
Small dollar loan	-	-	-	-	-	-	-
Total indirect program services	-	-	-	-	-	-	-
Total program services	-	-	-	-	-	-	-
Support services:							
General and administrative	-	-	-	-	-	-	-
Fundraising	-	-	-	-	-	-	-
Total support services	-	-	-	-	-	-	-
Total expenses	-	-	-	-	-	-	-
Change in net assets from operations	(1,022,347)	-	79,049	-	-	-	(943,298)
NONOPERATING ACTIVITIES							
Transfers	-	-	-	-	-	-	-
Loss on sale of assets	-	-	-	-	-	-	-
Total nonoperating activities	-	-	-	-	-	-	-
Change in net assets	(1,022,347)	-	79,049	-	-	-	(943,298)
NET ASSETS, beginning of year, as restated	3,637,386	-	-	-	-	-	3,637,386
NET ASSETS, end of year	$ 2,615,039	$ -	$ 79,049	$ -	$ -	$ -	$ 2,694,088

CHATTANOOGA NEIGHBORHOOD ENTERPRISE, INC. AND SUBSIDIARIES

STATEMENT OF ACTIVITIES - RENTAL ENTITIES
Year Ended June 30, 2022

	CNE Rentals	CAHLP V	Highland Park	Mai Bell	Total
REVENUES					
Rental income	$ 800,046	$ 164,556	$ -	$ 475,447	$1,440,049
Grants	-	125,000	-	-	125,000
Other income	29,070	5,272	-	30,995	65,337
Total revenue	829,116	294,828	-	506,442	1,630,386
EXPENSES					
Bad debt (recoveries)	5,954	-	-	18,090	24,044
Contract and professional services	47,424	15,718	-	32,949	96,091
Depreciation	*	42,435	-	168,690	211,125
Insurance and taxes	184,712	32,824	1,877	100,369	319,782
Interest	1,644	-	231	-	1,875
Management fees	110,388	20,277	-	65,403	196,068
Other	449	-	307	2,487	3,243
Promotion and marketing	3,260	-	-	3,279	6,539
Utilities	23,540	10,616	-	34,533	68,689
Repairs and maintenance	85,381	24,906	3,206	38,439	151,932
Total expenses	462,752	146,776	5,621	464,239	1,079,388
Change in net assets from operations	$ 366,364	$ 148,052	$ (5,621)	$ 42,203	$ 550,998

* Depreciation expense in the amount of $329,765 for rental properties held and used is presented within CNE's statement of activities.