

SOUTHWEST PARTNERSHIP, INC. AND SUBSIDIARIES

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

SOUTHWEST PARTNERSHIP, INC. AND SUBSIDIARIES

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Board of Directors
Southwest Partnership, Inc. and Subsidiaries
Baltimore, Maryland

Opinion

We have audited the accompanying consolidated financial statements of Southwest Partnership, Inc. (a nonprofit organization) and Subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Southwest Partnership, Inc. and Subsidiaries as of December 31, 2021 and 2020, and the changes in their net assets 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 Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of Southwest Partnership, 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.

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 statement 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 Southwest Partnership, Inc. and Subsidiaries' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Independent Auditors' Report (continued)

Auditors' 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 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, including omissions are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Southwest Partnership, 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 Southwest Partnership, 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.

Emphasis of Matter

Adjustment to Prior Period Financial Statements

As part of our audit of the 2021 financial statements, we audited the adjustment to the 2020 financial statements to retrospectively correct an error as described in Note 20. In our opinion, such adjustments are appropriate and have been properly applied. Our opinion is not modified with respect to that matter.

Weylich, Cronin & Sorsa, LLC

Hunt Valley, Maryland
October 10, 2022

SOUTHWEST PARTNERSHIP, INC. AND SUBSIDIARIES

Consolidated Statement of Financial Position
December 31, 2021 and 2020

	<u>ASSETS</u>	
	2021	Restated 2020
CURRENT ASSETS:		
Cash	\$ 1,091,621	\$ 870,651
Grants and contributions receivable	333,913	209,841
Other receivables (custodial funds)	- 0 -	6,024
Loans receivable, current portion	4,216	4,573
Prepaid expenses	7,874	5,034
	<hr/>	<hr/>
Total Current Assets	1,437,624	1,096,123
	<hr/>	<hr/>
PROPERTY AND EQUIPMENT, NET	2,145,087	1,897,554
	<hr/>	<hr/>
OTHER ASSETS:		
Cash, restricted	16,827	- 0 -
Loans receivable	818,020	822,747
Deposits	- 0 -	1,000
	<hr/>	<hr/>
	834,847	823,747
	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 4,417,558</u>	<u>\$ 3,817,424</u>
	<hr/>	<hr/>
	<u>LIABILITIES AND NET ASSETS</u>	
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 122,661	\$ 125,722
Loans payable, current portion	11,406	400,000
Capital lease obligation, current portion	- 0 -	769
Deferred revenue	26,667	34,667
Custodial funds	16,827	- 0 -
	<hr/>	<hr/>
Total Current Liabilities	177,561	561,158
	<hr/>	<hr/>
LONG-TERM LIABILITIES:		
Grant advance	780,000	780,000
Loans payable, less unamortized debt issuance costs	912,921	487,541
	<hr/>	<hr/>
Total Long-Term Liabilities	1,692,921	1,267,541
	<hr/>	<hr/>
TOTAL LIABILITIES:	1,870,482	1,828,699
	<hr/>	<hr/>
NET ASSETS:		
Without donor restrictions	2,215,089	1,788,230
With donor restrictions	331,987	200,495
	<hr/>	<hr/>
Total Net Assets	2,547,076	1,988,725
	<hr/>	<hr/>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,417,558</u>	<u>\$ 3,817,424</u>

See accompanying notes to consolidated financial statements.

SOUTHWEST PARTNERSHIP, INC. AND SUBSIDIARIESConsolidated Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:			
Grants and contributions	\$ 2,074,867	\$ 300,059	\$ 2,374,926
Tax sale program	165,010	- 0 -	165,010
Receivership and homeownership zone income	127,122	- 0 -	127,122
Other income	15,000	- 0 -	15,000
Net assets released from restriction	168,567	(168,567)	- 0 -
	<u>2,550,566</u>	<u>131,492</u>	<u>2,682,058</u>
EXPENSES:			
Program services	1,865,461	- 0 -	1,865,461
Supporting services:			
Management and general	230,839	- 0 -	230,839
Fundraising	27,407	- 0 -	27,407
	<u>2,123,707</u>	<u>- 0 -</u>	<u>2,123,707</u>
CHANGE IN NET ASSETS	<u>426,859</u>	<u>131,492</u>	<u>558,351</u>
NET ASSETS AT BEGINNING OF YEAR, AS RESTATED	<u>1,788,230</u>	<u>200,495</u>	<u>1,988,725</u>
NET ASSETS AT END OF YEAR	<u>\$ 2,215,089</u>	<u>\$ 331,987</u>	<u>\$ 2,547,076</u>

See accompanying notes to consolidated financial statements.

SOUTHWEST PARTNERSHIP, INC. AND SUBSIDIARIES

Consolidated Statement of Activities and Changes in Net Assets For the Year Ended December 31, 2020

	Restated		Total
	Without Donor Restrictions	With Donor Restrictions	
SUPPORT AND REVENUE:			
Grants and contributions	\$ 1,838,186	\$ 196,621	\$ 2,034,807
Tax sale program	72,216	- 0 -	72,216
Receivership and homeownership zone income	3,656	- 0 -	3,656
Other income	13,297	- 0 -	13,297
Other income - PPP forgiveness	76,200	- 0 -	76,200
Net assets released from restriction	88,517	(88,517)	- 0 -
	<u>2,092,072</u>	<u>108,104</u>	<u>2,200,176</u>
EXPENSES:			
Program services	1,485,109	- 0 -	1,485,109
Supporting services:			
Management and general	220,779	- 0 -	220,779
Fundraising	24,547	- 0 -	24,547
	<u>1,730,435</u>	<u>- 0 -</u>	<u>1,730,435</u>
CHANGE IN NET ASSETS	<u>361,637</u>	<u>108,104</u>	<u>469,741</u>
NET ASSETS AT BEGINNING OF YEAR, AS PREVIOUSLY STATED	1,370,051	92,391	1,462,442
Prior period adjustment (Note 20)	56,542	- 0 -	56,542
NET ASSETS AT BEGINNING OF YEAR	<u>1,426,593</u>	<u>92,391</u>	<u>1,518,984</u>
NET ASSETS AT END OF YEAR, AS RESTATED	<u>\$ 1,788,230</u>	<u>\$ 200,495</u>	<u>\$ 1,988,725</u>

See accompanying notes to consolidated financial statements.

SOUTHWEST PARTNERSHIP, INC. AND SUBSIDIARIES

Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2021

		Supporting Services		
	Program Services	Management and General	Fundraising	Total
Salaries	\$ 537,071	\$ 97,061	\$ 12,941	\$ 647,073
Payroll taxes	42,896	7,752	1,034	51,682
Benefits	26,089	4,715	629	31,433
	<u>606,056</u>	<u>109,528</u>	<u>14,604</u>	<u>730,188</u>
Accounting and audit	- 0 -	52,771	- 0 -	52,771
Community repairs and improvements	469,749	- 0 -	- 0 -	469,749
Computer equipment and software	5,305	3,116	- 0 -	8,421
Consultants	325,614	- 0 -	- 0 -	325,614
Contract services	10,861	497	8,379	19,737
Insurance	6,505	1,176	157	7,838
Interest	- 0 -	20,819	- 0 -	20,819
Marketing and events	- 0 -	10,228	- 0 -	10,228
Meetings	- 0 -	18,850	- 0 -	18,850
Miscellaneous	3,896	5,544	- 0 -	9,440
Postage	89	29	29	147
Printing and copying	1,163	387	387	1,937
Special events	3,500	- 0 -	- 0 -	3,500
Stabilization and rehabilitation	127,091	- 0 -	- 0 -	127,091
Supplies	9,465	3,155	3,155	15,775
Tax sale program	270,132	- 0 -	- 0 -	270,132
Travel	221	74	74	369
Utilities	12,587	2,275	303	15,165
	<u>1,852,234</u>	<u>228,449</u>	<u>27,088</u>	<u>2,107,771</u>
Depreciation	<u>13,227</u>	<u>2,390</u>	<u>319</u>	<u>15,936</u>
Total Expenses	<u>\$ 1,865,461</u>	<u>\$ 230,839</u>	<u>\$ 27,407</u>	<u>\$ 2,123,707</u>

See accompanying notes to consolidated financial statements.

SOUTHWEST PARTNERSHIP, INC. AND SUBSIDIARIES

Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2020

	Restated			Total
	Supporting Services			
	Program Services	Management and General	Fundraising	
Salaries	\$ 507,167	\$ 91,657	\$ 12,221	\$ 611,045
Payroll taxes	42,249	7,635	1,018	50,902
Benefits	29,849	5,394	719	35,962
	<u>579,265</u>	<u>104,686</u>	<u>13,958</u>	<u>697,909</u>
Accounting and audit	- 0 -	45,886	- 0 -	45,886
Community repairs and improvements	563,555	- 0 -	- 0 -	563,555
Computer equipment and software	10,050	5,902	- 0 -	15,952
Consultants	158,830	- 0 -	- 0 -	158,830
Contract services	3,500	160	2,700	6,360
Insurance	3,014	545	73	3,632
Interest	- 0 -	9,117	- 0 -	9,117
Marketing and events	- 0 -	28,528	- 0 -	28,528
Meetings	- 0 -	10,117	- 0 -	10,117
Miscellaneous	1,921	2,733	- 0 -	4,654
Postage	122	41	41	204
Printing and copying	1,996	666	666	3,328
Rent	5,810	1,050	140	7,000
Special events	24,532	- 0 -	- 0 -	24,532
Supplies	16,783	5,594	5,594	27,971
Tax sale program	85,662	- 0 -	- 0 -	85,662
Travel	2,105	701	701	3,507
Utilities	17,470	3,157	421	21,048
	<u>1,474,615</u>	<u>218,883</u>	<u>24,294</u>	<u>1,717,792</u>
Depreciation	10,494	1,896	253	12,643
Total Expenses	<u>\$ 1,485,109</u>	<u>\$ 220,779</u>	<u>\$ 24,547</u>	<u>\$ 1,730,435</u>

See accompanying notes to consolidated financial statements.

SOUTHWEST PARTNERSHIP, INC. AND SUBSIDIARIES

Consolidated Statement of Cash Flows For the Year Ended December 31, 2021 and 2020

	2021	Restated 2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 558,351	\$ 469,741
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	15,936	12,643
Amortization included in interest expense	5,980	9,039
Income from loan forgiveness	- 0 -	(76,200)
Leasehold improvements received in lieu of rent	- 0 -	(36,000)
Disposal of construction in progress associated with joint venture	127,091	- 0 -
(Increase) decrease in operating assets:		
Grants and contributions receivable	(124,072)	(18,781)
Prepaid expenses	(2,840)	(3,736)
Other receivables (custodial funds)	6,024	(6,024)
Deposits	1,000	2,500
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(3,061)	(25,153)
Deferred revenue	(8,000)	34,667
Custodial funds	16,827	(6,769)
Net cash provided by operating activities	593,236	355,927
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to construction in progress	(334,106)	(149,586)
Advances on loans receivable	(10,000)	(404,534)
Repayments on loan receivable	15,084	5,069
Purchase of property and equipment	(56,454)	(12,286)
Net cash used in investing activities	(385,476)	(561,337)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of capital lease obligation	(769)	(973)
Acquisition of loan payable	466,000	- 0 -
Repayment of loan payable	(409,430)	- 0 -
Proceeds of grant advance	- 0 -	500,000
Government funds received	- 0 -	76,200
Payment of debt issuance costs	(25,764)	- 0 -
Net cash provided by financing activities	30,037	575,227
NET CHANGE IN CASH AND RESTRICTED CASH	237,797	369,817
CASH AND RESTRICTED CASH AT BEGINNING OF YEAR	870,651	500,834
CASH AND RESTRICTED CASH AT END OF YEAR	\$ 1,108,448	\$ 870,651

See accompanying notes to consolidated financial statements.

SOUTHWEST PARTNERSHIP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements December 31, 2021 and 2020

1. Organization and Summary of Significant Accounting Policies

Nature of Organization - Southwest Partnership, Inc. and Subsidiaries (the Organization) is a nonprofit organization, incorporated in the State of Maryland, that works to improve and develop the neighborhoods and communities of the southwest area of Baltimore, Maryland. It was formed in 2014 as coalition of seven neighborhood associations and six anchor institutions. The Organization's focus area includes the neighborhoods of Barre Circle, Franklin Square, Hollins Roundhouse, Mount Clare, Pigtown, Poppleton, and Union Square.

300 Block North Gilmor, LLC, is a limited liability company formed in 2020 for the purpose of acquiring a development property. Southwest Partnership holds a 100% membership interest in the LLC as of December 31, 2021. This LLC holds an interest in said development properties, which is included in construction in progress (see Note 5), and had no other assets or liabilities as of December 31, 2021.

300 Block South Gilmor, LLC, is a limited liability company formed in 2020 for the purpose of acquiring a development property. Southwest Partnership holds a 100% membership interest in the LLC as of December 31, 2021. This LLC holds an interest in said development properties, which is included in construction in progress (see Note 5), and had no other assets or liabilities as of December 31, 2021.

317 N Gilmor, LLC, is a limited liability company formed in 2020 for the purpose of acquiring a development property. Southwest Partnership holds a 100% membership interest in the LLC as of December 31, 2021. This LLC holds an interest in said development property, which is included in construction in progress (see Note 5), and had no other assets or liabilities as of December 31, 2021.

1528 W Lexington, LLC, is a limited liability company formed in 2019 for the purpose of acquiring a development property in the future. Southwest Partnership held a 100% membership interest in the LLC as of December 31, 2019. In July 2020, Southwest Partnership transferred its full interest in the LLC to a third party. At the time of the transfer of ownership, the LLC had no assets or liabilities.

SoWeBo Lord Baltimore, Inc., is a non-stock corporation formed in 2019 for the purpose of acquiring a property in the future to rehabilitate. Southwest Partnership holds a 100% membership interest in the corporation as of December 31, 2021. This corporation had no assets or liabilities as of December 31, 2021.

SoWeBo Lord Baltimore, LLC, is a limited liability company formed in 2021 for the purpose of acquiring a property in the future to rehabilitate. Southwest Partnership holds a 100% membership interest in the LLC as of December 31, 2021. This LLC had no assets or liabilities as of December 31, 2021.

SOUTHWEST PARTNERSHIP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements December 31, 2021 and 2020

1. Organization and Summary of Significant Accounting Policies (continued)

1506 W Baltimore LLC, is a limited liability company formed in 2021 for the purpose of acquiring a property to rehabilitate. Southwest Partnership holds a 100% membership interest in the LLC as of December 31, 2021. This LLC holds an interest in said property, which is included in construction in progress in the Malachi Mills properties (see Note 5). This LLC had no assets or liabilities as of December 31, 2021.

Basis of Accounting - The accompanying consolidated financial statements are presented in accordance with the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities. As such, revenue is recognized when earned and expenditures when incurred.

Financial Statement Presentation - The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions represent the portion of net assets that is not subject to donor-imposed restrictions. Such net assets are available for use at the discretion of management and/or the Board of Directors for general operating purposes. The Board of Directors may designate a portion of these net assets for specific purposes, which makes them unavailable for use at management's discretion.

Net assets with donor restrictions represent the portion of net assets that is subject to donor-imposed restrictions. Such restrictions may specify a purpose for which, or time in which, resources can be used. Some net assets with donor restrictions include stipulations that assets provided be maintained permanently (perpetual in nature) while permitting the Organization to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a Board-approved spending policy.

Principles of Consolidation - The accompanying consolidated financial statements include the accounts of the Organization and its wholly owned subsidiaries, collectively referred to as the Organization. All interorganizational transactions have been eliminated in consolidation.

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

Restricted Cash – Restricted cash represents the custodial funds the Organization holds on behalf of other organizations.

SOUTHWEST PARTNERSHIP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements December 31, 2021 and 2020

1. Organization and Summary of Significant Accounting Policies (continued)

Grants and Contributions Receivable - Grants and contributions receivable represent amounts due from government agencies, foundations, and other organizations and are recorded at their net realizable value. No allowance has been deemed necessary. Long-term grants and contracts receivable represent amounts due in more than one year. Grants and contracts made to the Organization are recorded as a receivable and as revenue as of the date the grants are awarded, if the awards are unconditional or if the conditions for recognition have been met. These amounts are recorded at the present value of such future payments.

Property and Equipment - Property and equipment are stated at cost, if purchased, or at fair market value at the date of the gift, if donated. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Expenditures for maintenance and repairs are charged against operations as expended. Renewals and betterments that materially extend the life of the assets are capitalized. The Organization's policy is to capitalize all property expenditures and renewals and betterments greater than \$1,000 with a useful life of a year or more. The cost or fair market value of property and equipment is depreciated over the estimated useful lives of the related assets using the straight-line method. The following represents the estimated useful lives:

<u>Category</u>	<u>Years</u>
Buildings	39
Building improvements	5 - 20
Furniture and equipment	3 - 5

Custodial Funds - The Organization acts as custodian of funds for certain other organizations, which are primarily contributions raised by or on behalf of these organizations. As an agent, the Organization receives, holds, and disburses the custodial funds as directed by the other organizations. The Organization does not exercise discretionary control over the use of these funds. These intermediary transactions are included in the statements of cash flows and are shown as a liability in the consolidated statements of financial position.

Deferred Revenue - The Organization leases office space to a tenant that provided leasehold improvements in lieu of rent. The value of the leasehold improvements exceeded earned rent. The excess value of the leasehold improvements will be applied against future rental payment (see Note 8).

SOUTHWEST PARTNERSHIP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
December 31, 2021 and 2020

1. Organization and Summary of Significant Accounting Policies (continued)

Debt Issuance Costs - The Organization records all costs incurred in the process of acquiring debt as a discount against the debt. These costs are then amortized over the term of the debt. Amortization during the development period is capitalized to buildings held for sale and expensed to interest expense.

Revenue and Support - Grants and contributions received are recorded as revenue with or without donor restrictions depending on the existence and nature of any such restrictions. All donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires (when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities and changes in net assets as net assets released from restrictions. Contributions and support that are restricted by donors are recorded as revenue without donor restrictions if the restriction is satisfied in the same year as the contribution is received. Revenue under grants and contributions is recognized when unconditional promises to give are made by donors or when conditions are substantially met.

When grants are treated as exchange transactions, wherein the Organization has to perform services in order to earn the income, revenue is recognized when the services are performed or other conditions are met. Accordingly, deferred revenue is recorded on these types of grants when funds are received but revenue has not been earned. Such amounts are reflected as grant advances in the consolidated statements of financial position.

The Organization follows Financial Accounting Standards Board Topic 958-605, *Revenue Recognition for Not-for-Profit Entities* in accounting for its Paycheck Protection Program (PPP) loan. The loan is effectively accounted for as a conditional grant (see Note 18).

Contributed Services - Contributed professional services are recognized if the services received (a) create or enhance long-lived assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. No amounts relating to donated services have been recognized in the consolidated statements of activities and changes in net assets as contributions because the criteria for recognition have not been satisfied.

SOUTHWEST PARTNERSHIP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements December 31, 2021 and 2020

1. Organization and Summary of Significant Accounting Policies (continued)

The Organization benefits from several different revenue streams. The disaggregation of revenue for the years ended December 31, 2021 and 2020 is included in the chart below:

Revenue Type	Timing of Revenue Recognition	2021	2020
Grants and contributions	Upon receipt, period earned	\$ 2,374,926	\$ 2,034,807
Tax sale program	Period earned	165,010	72,216
Receivership and homeownership zone income	Period earned	127,122	3,656
Other income	Point in time	15,000	13,297
Other income - PPP forgiveness	After condition is satisfied	- 0 -	76,200
		<u>\$ 2,682,058</u>	<u>\$ 2,200,176</u>

Functional Allocation of Expenses - Expenses are presented by both function and natural classification in the statements of functional expenses. Expenses that are directly identifiable with a particular function are charged to the program or supporting service benefited. Other expenses may benefit more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Expenses that are allocated include salaries and payroll taxes, which are allocated on the basis of estimates of time and effort. Occupancy costs, such as rent and utilities, have also been allocated based on these estimates as the Organization's facilities consist primarily of offices used by Organization personnel.

Income Tax Status - Southwest Partnership, Inc. has received a letter of determination from the Internal Revenue Service advising that it qualifies as a nonprofit organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, is not subject to income tax. Southwest Partnership, Inc. is not a private foundation.

300 Block North Gilmor, LLC, is a for-profit entity. Because Southwest Partnership, Inc. owned the LLC 100%, all transactions were consolidated with the activity of the parent organization and, consequently, were exempt from taxation.

300 Block South Gilmor, LLC, is a for-profit entity. Because Southwest Partnership, Inc. owned the LLC 100%, all transactions were consolidated with the activity of the parent organization and, consequently, were exempt from taxation.

317 N Gilmor, LLC, is a for-profit entity. Because Southwest Partnership, Inc. owned the LLC 100%, all transactions were consolidated with the activity of the parent organization and, consequently, were exempt from taxation.

1528 W Lexington, LLC is a for-profit entity. Because Southwest Partnership, Inc. owned the LLC 100%, all transactions were consolidated with the activity of the parent organization (up through the date of sale of the LLC in May 2020) and, consequently, were exempt from income taxation.

SOUTHWEST PARTNERSHIP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
December 31, 2021 and 2020

1. Organization and Summary of Significant Accounting Policies (continued)

SoWeBo Lord Baltimore, Inc., is a tax-exempt nonstock corporation. All transactions were consolidated with the activity of the parent organization and, consequently, were exempt from income taxation.

SoWeBo Lord Baltimore, LLC, is a for-profit entity. Because Southwest Partnership, Inc. owned the LLC 100%, all transactions were consolidated with the activity of the parent organization and, consequently, were exempt from taxation.

1506 W Baltimore LLC, is a for-profit entity. Because Southwest Partnership, Inc. owned the LLC 100%, all transactions were consolidated with the activity of the parent organization and, consequently, were exempt from taxation.

The Organization is generally no longer subject to examination by the Internal Revenue Service for fiscal years before 2018.

Reclassification - Certain amounts in the prior period financial statements have been reclassified for comparative purposes to conform to the current period presentation.

2. Cash and Restricted Cash

The following table provides a reconciliation of cash and restricted cash reported within the statements of financial position to the total of the same such amounts in the consolidated statements of cash flows.

	<u>2021</u>	<u>2020</u>
Cash	\$ 1,091,621	\$ 870,651
Restricted cash	<u>16,827</u>	<u>- 0 -</u>
	<u>\$ 1,108,448</u>	<u>\$ 870,651</u>

3. Grants and Contributions Receivable

The Organization receives grants and contributions from various organizations, some of which include donor-stipulated restrictions as to the purpose for which the funds can be spent, or which carry time restrictions related to when the funds will be received by the Organization. Grants and contributions receivable as of December 31, 2021 and 2020 totaled \$333,913 and \$209,841, respectively, and are expected to be collected within one year.

SOUTHWEST PARTNERSHIP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
December 31, 2021 and 2020

4. Property and Equipment

Property and equipment consisted of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Buildings and improvements	\$ 492,454	\$ 436,002
Furniture and equipment	18,240	18,240
Construction in Progress	<u>1,675,358</u>	<u>1,468,341</u>
	2,186,052	1,922,583
Less: accumulated depreciation	<u>(40,965)</u>	<u>(25,029)</u>
	<u>\$ 2,145,087</u>	<u>\$ 1,897,554</u>

Depreciation expense for the years ended December 31, 2021 and 2020 was \$15,936 and \$12,643, respectively.

5. Construction in Progress

Construction in progress consisted of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Lord Baltimore Theatre	\$ 1,305,925	\$ 1,288,396
Malachi Mills properties	188,556	71,711
North Gilmore properties	83,831	14,789
South Gilmore properties	97,046	91,354
1401-1403 West Baltimore	<u>- 0 -</u>	<u>2,091</u>
	<u>\$ 1,675,358</u>	<u>\$ 1,468,341</u>

As a result of the Organization's development efforts, the Organization holds title to various vacant buildings within their neighborhood focus area, whether directly or through various LLCs. These buildings represent various stabilization and rehabilitation projects in progress, with the ultimate goal to transfer ownership to community developers and homeowners once the projects are completed. Acquisition and development costs are capitalized until the respective buildings are transferred to their ultimate owners, upon which the Organization will reflect the gain or loss on the transaction on the consolidated statements of activities and changes in net assets.

SOUTHWEST PARTNERSHIP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
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6. Loans Receivable

The Organization has a loan receivable, dated July 8, 2016, in the original amount of \$250,000, due from a real estate developer in connection with the acquisition and development of a property in Baltimore City. The loan carries a stated interest rate of 2% with payments of interest-only due semi-annually. However, all payments made are treated as a reduction of principal due at maturity, which occurs on the earlier of July 7, 2046 or sale of the associated property. As of December 31, 2021 and 2020 the balance of the loan receivable was \$224,736 and \$229,820, respectively.

The Organization has a loan receivable, dated September 16, 2019, in the amount of up to \$240,000, due from a real estate developer in connection with the acquisition and stabilization of properties in Baltimore City. The funds received are awarded by the Maryland Department of Housing and Community Development (DHCD). Under this agreement, payments of principal and interest are deferred for 15 years until 2034 unless the properties are sold, transferred, refinanced, or otherwise disposed of prior to that date (see Note 10). However, the entire sum provided under the agreement may be forgiven if the Organization determines that the project has been completed in accordance with the terms, conditions, and requirements set forth in the agreement. As of December 31, 2021 and 2020 the balance of the loan receivable was \$240,000.

The Organization has a loan receivable, dated April 13, 2020, in the amount of up to \$160,000, due from a real estate developer in connection with the acquisition and stabilization of properties in Baltimore City. The funds received are awarded by the Maryland Department of Housing and Community Development (DHCD). Under this agreement, payments of principal and interest are deferred for 15 years until 2035 unless the properties are sold, transferred, refinanced, or otherwise disposed of prior to that date (see Note 10). However, the entire sum provided under the agreement may be forgiven if the Organization determines that the project has been completed in accordance with the terms, conditions, and requirements set forth in the agreement. As of December 31, 2021 and 2020 the balance of the loan receivable was \$197,500.

The Organization has a loan receivable, dated August 26, 2020, in the amount of up to \$340,000, due from a real estate developer in connection with the acquisition and stabilization of properties in Baltimore City. The funds received are awarded by the Maryland Department of Housing and Community Development (DHCD). Under this agreement, payments of principal and interest are deferred for 15 years until 2035 unless the properties are sold, transferred, refinanced, or otherwise disposed of prior to that date (see Note 10). However, the entire sum provided under the agreement may be forgiven if the Organization determines that the project has been completed in accordance with the terms, conditions, and requirements set forth in the agreement. As of December 31, 2021 and 2020 the balance of the loan receivable was \$160,000. The Organization advanced the real estate developer an additional cumulative amount of \$83,812 as of December 31, 2021 and 2020 under the terms of this agreement for acquisition and stabilization of a property that is owned by the Organization. This amount is included in construction in progress and reflected in property and equipment, net in the consolidated statements of financial position.

SOUTHWEST PARTNERSHIP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
December 31, 2021 and 2020

6. Loans Receivable (continued)

The Organization has a loan receivable, dated October 6, 2021, in the amount of up to \$58,688, due from a real estate developer in connection with the acquisition and stabilization of properties in Baltimore City. The funds received are awarded by the Maryland Department of Housing and Community Development (DHCD). Under this agreement, payments of principal and interest are deferred for 15 years until 2035 unless the properties are sold, transferred, refinanced, or otherwise disposed of prior to that date (see Note 9). However, the entire sum provided under the agreement may be forgiven if the Organization determines that the project has been completed in accordance with the terms, conditions, and requirements set forth in the agreement. The Organization advanced the real estate developer an additional cumulative amount of \$56,688 and \$-0- as of December 31, 2021 and 2020, respectively, under the terms of this agreement for acquisition and stabilization of a property that is owned by the Organization. This amount is included in construction in progress and reflected in property and equipment, net in the consolidated statements of financial position.

Principal payments are due as are follows:

Years Ending December 31:

2022	\$	4,216
2023		4,150
2024		4,306
2025		4,220
2026		4,136
Thereafter		<u>801,208</u>
	\$	<u><u>822,236</u></u>

7. Capital Lease Obligation

The Organizations leases a photocopier under a capital lease arrangement, which began in October 2018 with a 36 month term. The cost of this lease obligation consists of a capital lease, payable in 36 monthly installments of \$88, including interest, collateralized by the related photocopier. The lease agreement expired during the current year.

The following is a schedule of the carrying values of equipment acquired under this capital lease:

	<u>2021</u>	<u>2020</u>
Cost	\$ - 0 -	\$ 2,893
Less: accumulated depreciation	- 0 -	<u>(2,170)</u>
	<u>\$ - 0 -</u>	<u>\$ 723</u>

SOUTHWEST PARTNERSHIP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements December 31, 2021 and 2020

7. Capital Lease Obligation (continued)

These balances are included in the consolidated statements of financial position within property and equipment, net of accumulated depreciation. Annual depreciation expense relating to this equipment totaled \$723 and \$964 during the years ended December 31, 2021 and 2020, respectively.

8. Deferred Revenue

In November 2020, the Organization began to lease office space in its building to a tenant for \$8,000 per year. The tenant had provided \$36,000 of contracting services and materials in lieu of rent payments as of the year ended December 31, 2020. This amount has been recognized as building improvements within property and equipment, net of accumulated depreciation, on the consolidated statements of financial position. As of December 31, 2021 and 2020, deferred revenue was \$26,667 and \$34,667, respectively, is reflected as deferred revenue on the consolidated statements of financial position and will be recognized as income as earned over the remaining lease term. The associated rental income of \$8,000 and \$1,333 for the years ended December 31, 2021 and 2020, respectively, is reflected in other income on the consolidated statements of activities and changes in net assets.

9. Loans Payable

In February 2019, the Organization acquired a property in Baltimore City for a contract sales price of \$400,000. In September 2019, the Organization obtained a \$400,000 loan in connection with this purchase. Principal is due in full at maturity in 2021. The loan bears variable interest equal to prime rate based on the prevailing rate published in the Wall Street Journal ("Prime") plus two percent but no less than six percent. The outstanding principal balance of the loan at December 31, 2020 was \$400,000. The loan was paid off during the year ended December 31, 2021. The Organization incurred debt issuance costs of \$11,712 in connection with this loan. These costs were amortized over the life of the loan. Amortization of debt issuance costs was \$0- and \$5,205 for the years ended December 31, 2021 and 2020, respectively. The debt issuance costs associated with this loan were fully amortized during the year ended December 31, 2020.

In April 2019, the Organization acquired an additional property in Baltimore City for a contract sales price of \$1,000,000 and obtained a \$500,000 mortgage in connection with this purchase. The Organization intends to develop the properties or to sell them to an interested developer. Principal is due in full at maturity in 2024. The loan bears an interest rate of 3% per annum. The outstanding principal balance of the loan at December 31, 2021 and 2020 was \$500,000. The Organization incurred debt issuance costs of \$19,167 in connection with this loan. These costs are being amortized over the life of the loan. Amortization of debt issuance costs was \$3,833 for the years ended December 31, 2021 and 2020.

SOUTHWEST PARTNERSHIP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements December 31, 2021 and 2020

9. Loans Payable (continued)

In March 2021, the Organization acquired an additional loan in the amount of \$465,000 collateralized by real property at 1313-19 West Baltimore Street. The loan bears an interest rate of 4% per annum. Equal monthly payments of principal and interest in the amount of \$2,454 are to be made beginning April 1, 2021 through March 1, 2031. The remaining unpaid principal and accrued interest are to be paid on March 9, 2031. The outstanding principal balance of the loan at December 31, 2021 and 2020 was \$456,570, and \$-0-, respectively. The Organization incurred debt issuance costs of \$25,764 in connection with this loan. These costs are being amortized over the life of the loan. Amortization of debt issuance costs was \$2,147 and \$-0- for the years ended December 31, 2021 and 2020, respectively. The loan is subject to certain restrictions and covenants. Under the covenants, the Organization must maintain certain financial ratios. As of December 31, 2021, the Organization was in compliance with these covenants.

Maturities of loans payable for the years ended December 31 are as follows:

2022	\$	11,406
2023		11,871
2024		512,355
2025		12,858
Thereafter		408,080
		<u>956,570</u>
Less unamortized debt issuance costs		<u>32,243</u>
Loans payable less unamortized debt issuance costs	\$	<u>924,327</u>

10. Grant Advance

In August 2017, the Organization entered into a loan agreement with the Maryland Department of Housing and Community Development (DHCD) in connection with a development project in Baltimore City, Maryland. Under this agreement, the Organization is able to borrow up to \$280,000 as part of a joint project with a real estate developer to acquire and renovate a number of housing units within the city (see Note 6). Payments of principal and interest are deferred for 15 years until 2032 unless the properties are sold, transferred, refinanced, or otherwise disposed of prior to that date. However, the entire sum provided under the agreement may be forgiven if the DHCD determines that the project has been completed in accordance with the terms, conditions, and requirements set forth in the agreement. As December 31, 2021 and 2020, the Organization has received \$280,000, the full amount of the advance under this agreement. These amounts have been reflected as grant advance liability within the statements of financial position. The project completed the construction phase as of December 31, 2020.

SOUTHWEST PARTNERSHIP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
December 31, 2021 and 2020

10. Grant Advance (continued)

In October 2017, the Organization entered into a loan agreement with the Maryland Department of Housing and Community Development (DHCD) in connection with a development project in Baltimore City, Maryland. Under this agreement, the Organization is able to borrow up to \$500,000 as part of a joint project with a real estate developer to acquire and renovate a number of housing units within the city (see Note 6). Payments of principal and interest are deferred for 15 years until 2035 unless the properties are sold, transferred, refinanced, or otherwise disposed of prior to that date. However, the entire sum provided under the agreement may be forgiven if the DHCD determines that the project has been completed in accordance with the terms, conditions, and requirements set forth in the agreement. The Organization received \$-0- and \$500,000 during the years ended December 31, 2021 and 2020, respectively, under this agreement. These amounts have been reflected as grant advance liability within the statements of financial position. The project is still in the construction phase as of December 31, 2021.

11. Net Assets with Donor Restrictions

Net assets with donor restrictions as of December 31, 2021 and 2020 are restricted for the following purposes:

	2021	2020
Purpose restrictions:		
Parks and recreation projects	\$ 229,055	\$ 86,298
Youth internship program	42,077	- 0 -
Lincoln Institute	25,409	- 0 -
Cleaning programs	11,713	3,873
Tech library lending	10,000	- 0 -
Lord Baltimore consulting	8,775	- 0 -
Workforce development programs	3,755	80,324
Community school	1,000	- 0 -
School fund	203	- 0 -
Executive Director transition	- 0 -	30,000
	<u>\$ 331,987</u>	<u>\$ 200,495</u>

SOUTHWEST PARTNERSHIP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements December 31, 2021 and 2020

11. Net Assets with Donor Restrictions

Net assets with donor restrictions were released from restriction during the years ended December 31, 2021 and 2020 by satisfying various restrictions as follows:

	2021	2020
Purpose restrictions:		
Workforce development programs	\$ 80,323	\$ - 0 -
Parks and recreation projects	57,244	- 0 -
Executive Director transition	30,000	- 0 -
Cleaning programs	1,000	2,611
1515-19 W Baltimore Street project	- 0 -	10,000
Steuart Hill Academic Academy community space	- 0 -	20,000
Community planning consultant for Southwest Baltimore Charter School	- 0 -	9,909
School partnership planning support	- 0 -	35,000
Opioid Workforce Innovation Fund	- 0 -	10,997
	\$ 168,567	\$ 88,517

12. Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of December 31, 2021 and 2020, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the consolidated statement of financial position date:

	2021	2020
Financial assets at year end	\$ 2,264,597	\$ 1,913,836
Less those unavailable for general expenditures within one year, due to:		
Portion of loan receivable not expected to be collected within one year	(818,020)	(822,747)
Custodial funds held on behalf of others	(16,827)	- 0 -
Grant advance collected but not yet disbursed in accordance with the project agreement	- 0 -	(58,688)
Restricted by donors with purpose or time restrictions	(331,987)	(200,495)
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,097,763	\$ 831,906

SOUTHWEST PARTNERSHIP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
December 31, 2021 and 2020

12. Liquidity and Availability of Financial Assets (continued)

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

13. Joint Venture

In December 2020, the Organization entered into a joint venture with a local for-profit organization (for-profit) in order to purchase and develop a property within the Organization's focus area in southwest Baltimore City. As part of the joint venture, 1401-1403 W Baltimore St LLC was formed in which the Organization is a minority, silent member with a 49% interest in the LLC. The other for-profit holds the remaining 51% majority interest and is the managing member of the LLC. Upon the completion of the project, the Organization will transfer its 49% interest in the LLC to the local for-profit. During the year ended December 31, 2020, the Organization had contributed \$2,091 in construction and rehabilitation costs related to the property held by the joint venture. These costs were included in construction in progress (see Note 5) at December 31, 2020. During the year ended December 31, 2021 the Organization contributed an additional \$125,000 in construction and rehabilitation costs related to the property held by the joint venture.

During the year ended December 31, 2021, the Organization relinquished the property rights to the other for-profit and exited the joint venture. The Organization recognized expense of \$127,091 in conjunction with exiting the joint venture, which is reflected as stabilization and rehabilitation expense on the consolidated statement of functional expenses for the year ended 2021.

14. Tax Sale Program

The Organization assists prospective property owners with acquiring tax lien certificates and foreclosing to acquire title on those respective properties. The Organization generates revenue in connection with these services, which is reported on the consolidated statements of activities and changes in net assets as tax sale program revenue. Tax sale program revenue was \$165,010 and \$72,216 for the years ended December 31, 2021 and 2020, respectively. Expenses incurred with these services are reported as tax sale program expense in the consolidated statements of functional expenses. Legal services expense incurred in connection with this program was \$8,862 and \$-0- for the years ended December 31, 2021 and 2020, respectively. Expenses incurred relating to lien releases and tax sale certificates were \$261,270 and \$85,662 for the years ended December 31, 2021 and 2020, respectively.

SOUTHWEST PARTNERSHIP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
December 31, 2021 and 2020

15. Concentrations of Revenue

During the years ended December 31, 2021 and 2020, the Organization received a significant portion of its support and revenue from the State of Maryland through the Department of Housing and Community Development. In 2021 and 2020, income recognized under these grant arrangements represented 34% of the Organization's total support and revenue. The Organization's operations and program services may be impacted should there be a significant reduction in funding from this source.

16. Concentrations of Credit Risk

The Organization, at times throughout the year, has funds on deposit with a financial institution in excess of federally insured amounts. The Organization has not experienced any losses on cash accounts and believes it is not exposed to significant credit risk on cash and cash equivalents. The Organization continually reviews credit concentrations as part of its risk assessment process.

17. Contingencies

In March 2020, significant mitigation efforts began taking effect in the United States in an attempt to curtail the spread of the coronavirus (COVID-19) pandemic. Such efforts have included travel restrictions, business closures, and event cancellations. Capital markets have seen significant volatility in the wake of the pandemic and significant economic disruptions are likely to occur. In response, the Organization has altered its operations by reducing personnel on-site and by working remotely where possible. Management cannot reasonably estimate the related financial impact and duration of the situation at this time. However, the Organization believes it has sufficient cash reserves to sustain operations in the event of continued disruption. Management intends to monitor the situation on an ongoing basis and to continue efforts to reduce its impact on the Organization's operations and financial resources.

18. Paycheck Protection Program

In May 2020, as a result of mitigating efforts to reduce the spread of coronavirus (COVID-19), which included the closure of all non-essential businesses, a reduction in cash flow to cover operating expenses was anticipated. As a result, the Organization applied for and received a \$76,200 loan under the Paycheck Protection Program. The loan is for a term of two years and bears interest at a fixed rate of 1% per annum. Payments on this loan are deferred for a period of ten months. This loan qualifies for forgiveness after twenty-four weeks, if all criteria for forgiveness are satisfied.

As of December 31, 2020, the Organization had incurred \$76,200 of eligible expenses and, thus, satisfied the criteria for recognition of income. The \$76,200 of income is reflected as other income - PPP forgiveness in the consolidated statement of activities and changes in net assets for the year ended December 31, 2020.

In May 2021, the Organization applied for and received full forgiveness of their PPP loan.

SOUTHWEST PARTNERSHIP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
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19. Related Party Transactions

The Organization's member entities consists of seven neighborhood associations and six anchor institutions: the Barre Circle Community Association, the Hollins Roundhouse Neighborhood Association, the Franklin Square Neighborhood Association, the Mount Clare Community Council, Citizens of Pigtown, Poppleton NOW!, and the Union Square Association (neighborhood associations); as well as the B&O Railroad Museum, Bon Secours Baltimore Health System, the University of Maryland Baltimore, the University of Maryland BioPark, the University of Maryland Medical Center, and Wexford Science and Technology (anchor institutions). Financial support from the anchor institutions totaled \$175,000 during the years ended December 31, 2021 and 2020, and is included within grants on the consolidated statements of activities and changes in net assets. Receivables from the anchor institutions totaled \$-0- and \$70,000 at December 31, 2021 and 2020, respectively, and are included in grants and contributions receivable on the consolidated statement of financial position.

20. Prior Period Adjustment

In prior periods, costs associated with the Malachi Mills properties were previously expensed from 2018 through 2020, but should have been capitalized as the Organization had purchased the tax sale certificate and was in the process of foreclosing on the properties. Accordingly, the prior period financial statements have been restated to include \$71,711 in construction in progress as of December 31, 2020, reflect the decrease of \$15,169 in community repairs and improvements expense for the year ended December 31, 2020. This resulted in a total understatement of net assets without donor restrictions of \$71,711 and \$56,542 at December 31, 2020 and 2019, respectively.

21. Supplemental Cash Flow Information

Interest paid for the years ended December 31, 2021 and 2020 totaled \$14,839 and \$78, respectively. Interest capitalized for the years ended December 31, 2021 and 2020 totaled \$4,200 and \$4,059, respectively. The Organization had noncash financing activity related to the amortization of debt issuance costs in the amount of \$5,980 and \$9,039 for the years ended June 30, 2021 and 2020, respectively. These amounts are considered interest expense and are included in the statement of functional expense as interest expense.

The Organization had a noncash investing transaction related to the leasehold improvements received in lieu of rental income of \$-0- and \$36,000 for the years ended December 31, 2021 and 2020.

The Organization had a noncash financing transaction related to the forgiveness of the Paycheck Protection Program loan in the amount of \$-0- and \$76,200 for the years ended December 31, 2021 and 2020.

SOUTHWEST PARTNERSHIP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
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22. Subsequent Events

The Organization has evaluated subsequent events through October 10, 2022, the date the financial statements were available to be issued.

In June 2022, the Organization transferred 317 N Gilmor, LLC and its assets to a real estate developer for a sale price of \$10,429.

In June 2022, the Organization transferred 300 Block North Gilmor LLC and its assets to a real estate developer for a sale price of \$56,142.

In September 2022, the Organization transferred 300 Block South Gilmor, LLC and its assets to a real estate developer for a sale price of \$18,807.

In August 2022, the Organization transferred title of the Lord Baltimore Theatre building (see Note 5) to one of the Organization's subsidiaries, SoWeBo Lord Baltimore, LLC.