

## **CitySquare and Subsidiaries**

Consolidated Financial Statements  
and Supplementary Information  
and Single Audit Reports and Schedules

December 31, 2019 and 2018



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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
CitySquare and Subsidiaries  
Dallas, Texas

We have audited the accompanying consolidated financial statements of CitySquare and Subsidiaries (the "Organization"), which comprise the consolidated statements of financial position as of December 31, 2019 and 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of Akard Walk Residential, LLC, Wynnewood Family Housing, LP, and Wynnewood Seniors Housing, LP, all controlled subsidiaries, whose statements reflect total assets constituting 57% and 58% of consolidated total assets at December 31, 2019 and 2018, and total revenues constituting 15% and 13% of consolidated total revenues for the years then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Akard Walk Residential, LLC, Wynnewood Family Housing, LP, and Wynnewood Seniors Housing, LP, is based solely on the report of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and, except for the audit of Akard Walk Commercial, LLC, Akard Walk Condo, LLC, Akard Walk Residential, LLC, City Walk at Akard Master Condominium Association, Inc., Patriot Solar Power, LLC, St. Anne's Hospital, LLC, TEOF, Wynnewood Family Housing, LP, Wynnewood Seniors Housing, LP, and CitySquare Housing, the standards applicable to financial statements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



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## Opinion

In our opinion, based on our audits and the report of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of CitySquare and Subsidiaries as of December 31, 2019 and 2018, 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.

## Emphasis of Matter

As described in Note 17 to the financial statements, on March 11, 2020 the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The ultimate financial impact and duration of these events cannot be reasonably estimated at this time. Our opinion is not modified with respect to that matter.

## Other Matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information on pages 38 - 49 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Additionally, the accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* 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.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 1, 2020, on our consideration of the Organization's, excluding Akard Walk Commercial, LLC, Akard Walk Condo, LLC, Akard Walk Residential, LLC, City Walk at Akard Master Condominium Association, Inc., Patriot Solar Power, LLC, St. Anne's Hospital, LLC, TEOF, Wynnewood Family Housing, LP, Wynnewood Seniors Housing, LP, and CitySquare Housing, internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.



Armanino<sup>LLP</sup>  
Dallas, Texas

September 1, 2020

CitySquare and Subsidiaries  
Consolidated Statements of Financial Position  
December 31, 2019 and 2018

	2019	2018
ASSETS		
Cash and cash equivalents	\$ 3,047,362	\$ 3,610,342
Restricted deposits and reserves	3,090,729	3,034,307
Certificates of deposit	-	17,517
Grants receivable	753,547	908,257
Rents receivable, net	563,351	413,193
Contributions receivable	417,500	370,000
Receivables from related entities	157,405	157,765
Notes receivable	8,356,250	8,356,250
Investments in related entities	1,549,485	1,617,726
Prepaid and other assets	939,549	357,251
Tax credit fees, net	523,107	578,803
Cash restricted for acquisition of long-lived assets	113,399	220,000
Property and equipment, net	83,733,990	85,503,232
Total assets	\$ 103,245,674	\$ 105,144,643
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable to unrelated entities	\$ 1,251,183	\$ 1,317,334
Accounts payable to related entities	2,096,595	1,803,060
Accrued expenses and other liabilities	1,462,720	589,726
Lines of credit	700,000	476,377
Contingent notes payable	261,203	-
Notes payable, net	34,453,808	33,800,817
Total liabilities	40,225,509	37,987,314
Net assets		
Without donor restrictions		
Controlling	27,289,966	29,446,540
Noncontrolling	34,978,608	36,352,242
Total without donor restrictions	62,268,574	65,798,782
With donor restrictions		
Total net assets	63,020,165	67,157,329
Total liabilities and net assets	\$ 103,245,674	\$ 105,144,643

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

CitySquare and Subsidiaries  
Consolidated Statement of Activities  
For the Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and other support			
Contributions and grants			
Individuals	\$ 2,518,002	\$ -	\$ 2,518,002
Religious organizations	531,028	-	531,028
Corporations	330,026	50,000	380,026
Foundations	3,337,644	176,500	3,514,144
Federal and state	9,654,604	-	9,654,604
United Way	424,537	-	424,537
In-kind contributions	6,744,079	-	6,744,079
Total contributions and grants	23,539,920	226,500	23,766,420
Program revenue	1,275,866	-	1,275,866
Sales of merchandise	507,979	-	507,979
Proceeds from fundraising events	983,864	-	983,864
Less: direct benefit to donors	(645,164)	-	(645,164)
Interest income	96,500	-	96,500
Rental income, net of vacancies	5,815,153	-	5,815,153
Tenant expense reimbursements	119,262	-	119,262
Other revenue	54,748	-	54,748
Total revenues and other support	31,748,128	226,500	31,974,628
Net assets released from restriction	833,456	(833,456)	-
Total revenues and other support	32,581,584	(606,956)	31,974,628

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

CitySquare and Subsidiaries  
Consolidated Statement of Activities  
For the Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Functional expenses			
Program services			
Hope	8,331,518	-	8,331,518
Housing	12,732,283	-	12,732,283
Hunger	7,693,431	-	7,693,431
Health	1,986,310	-	1,986,310
Total program services	30,743,542	-	30,743,542
Support services			
Management and general	4,255,505	-	4,255,505
Fundraising	690,443	-	690,443
Total support services	4,945,948	-	4,945,948
Total functional expenses	35,689,490	-	35,689,490
Change in net assets from operations	(3,107,906)	(606,956)	(3,714,862)
Other income/(expense) and gains/(losses)			
Loss on equity in earnings of related entities	(10,841)	-	(10,841)
Other income	26,525	-	26,525
Gain on sale of assets	37,617	-	37,617
Loss on subleasing activity	(369,982)	-	(369,982)
Total other income/(expense) and gains/(losses)	(316,681)	-	(316,681)
Change in net assets	(3,424,587)	(606,956)	(4,031,543)
Noncontrolling interest	(1,268,013)	-	(1,268,013)
Change in net assets attributable to the controlling interest	(2,156,574)	(606,956)	(2,763,530)
Net assets, beginning of year	65,798,782	1,358,547	67,157,329
Distributions	(105,621)	-	(105,621)
Noncontrolling interest	(1,268,013)	-	(1,268,013)
Net assets, end of year	\$ 62,268,574	\$ 751,591	\$ 63,020,165

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

CitySquare and Subsidiaries  
Consolidated Statement of Activities  
For the Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and other support			
Contributions and grants			
Individuals	\$ 1,113,826	\$ 470,000	\$ 1,583,826
Religious organizations	537,346	265,818	803,164
Corporations	504,629	-	504,629
Foundations	3,585,551	417,589	4,003,140
Federal and state	8,412,719	-	8,412,719
United Way	448,583	-	448,583
In-kind contributions	6,198,411	-	6,198,411
Total contributions and grants	20,801,065	1,153,407	21,954,472
Real estate sales	2,200,000	-	2,200,000
Program revenue	763,145	-	763,145
Sales of merchandise	568,310	-	568,310
Proceeds from fundraising events	1,064,530	-	1,064,530
Less: direct benefit to donors	(553,806)	-	(553,806)
Interest income	94,494	308	94,802
Rental income, net of vacancies	5,438,220	-	5,438,220
Tenant expense reimbursements	102,364	-	102,364
TEOF Hotel investment	687,381	-	687,381
Other revenue	53,386	-	53,386
Total revenues and other support	31,219,089	1,153,715	32,372,804
Net assets released from restriction	1,116,304	(1,116,304)	-
Total revenues and other support	32,335,393	37,411	32,372,804

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

CitySquare and Subsidiaries  
Consolidated Statement of Activities  
For the Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Functional expenses			
Program services			
Hope	10,278,717	-	10,278,717
Housing	10,368,668	-	10,368,668
Hunger	6,880,793	-	6,880,793
Health	1,531,432	-	1,531,432
Total program services	29,059,610	-	29,059,610
Support services			
Management and general	4,389,944	-	4,389,944
Fundraising	946,195	-	946,195
Total support services	5,336,139	-	5,336,139
Total functional expenses	34,395,749	-	34,395,749
Change in net assets from operations	(2,060,356)	37,411	(2,022,945)
Other income/(expense) and gains/(losses)			
Loss on equity in earnings of related entities	(10,872)	-	(10,872)
Gain on reversal of payables and reserves	115,906	-	115,906
Other income	6,122	-	6,122
Loss on impairment of investment	(262,381)	-	(262,381)
Total other income/(expense) and gains/(losses)	(151,225)	-	(151,225)
Change in net assets	(2,211,581)	37,411	(2,174,170)
Noncontrolling interest	(1,782,265)	-	(1,782,265)
Change in net assets attributable to the controlling interest	(429,316)	37,411	(391,905)
Net assets, beginning of year	68,010,363	1,321,136	69,331,499
Noncontrolling interest	(1,782,265)	-	(1,782,265)
Net assets, end of year	\$ 65,798,782	\$ 1,358,547	\$ 67,157,329

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

CitySquare and Subsidiaries  
Consolidated Statement of Functional Expenses  
For the Year Ended December 31, 2019

	Hope	Housing	Hunger	Health	Total Program Services	Management and General	Fundraising	Cost of Direct Benefit to Donors	Total
Operating expenses									
Personnel expenses	\$ 5,574,965	\$ 3,538,051	\$ 573,255	\$ 461,820	\$ 10,148,091	\$ 1,915,373	\$ 378,739	\$ -	\$ 12,442,203
Direct assistance to clients	898,460	2,550,633	1,711,814	538	5,161,445	8,504	-	-	5,169,949
Bad debt expense	2,804	89,403	-	-	92,207	375	-	-	92,582
Bank charges	16,003	1,975	545	537	19,060	13,312	19,049	-	51,421
Other in-kind expenses	301,833	128,998	4,916,547	1,386,338	6,733,716	-	-	-	6,733,716
Dues and subscriptions	15,559	3,426	230	36	19,251	26,223	459	-	45,933
Information technology	39,627	29,510	20,170	5,765	95,072	19,401	710	-	115,183
Interest expense	732	862,181	318	-	863,231	243,069	10,540	-	1,116,840
Legal and professional fees	175,995	625,768	15,480	19,891	837,134	518,602	76,783	-	1,432,519
Marketing	14,963	20,814	60	1,225	37,062	342	76,999	-	114,403
Special events	-	-	-	-	-	-	-	645,164	645,164
Office expenses	17,856	14,238	595	674	33,363	6,602	1,097	-	41,062
Occupancy expenses	678,656	1,645,003	343,892	47,943	2,715,494	814,783	44,208	-	3,574,485
Printing and postage	10,457	809	568	330	12,164	8,780	19,105	-	40,049
Property taxes	-	462,925	5,082	-	468,007	130,868	-	-	598,875
Other	268,487	80,656	9,145	429	358,717	54,986	4,066	-	417,769
Supplies and materials	71,675	285,460	16,298	2,297	375,730	27,873	3,143	-	406,746
Telephone	86,631	47,256	10,237	11,544	155,668	14,863	5,225	-	175,756
Travel	122,983	111,395	21,027	21,419	276,824	3,747	63	-	280,634
Depreciation and amortization	33,832	2,233,782	48,168	25,524	2,341,306	447,802	50,257	-	2,839,365
Total expenses	8,331,518	12,732,283	7,693,431	1,986,310	30,743,542	4,255,505	690,443	645,164	36,334,654
Less expenses included with revenues on the statement of activities									
Special events	-	-	-	-	-	-	-	(645,164)	(645,164)
Total expenses included in the expense section on the statement of activities	<u>\$ 8,331,518</u>	<u>\$ 12,732,283</u>	<u>\$ 7,693,431</u>	<u>\$ 1,986,310</u>	<u>\$ 30,743,542</u>	<u>\$ 4,255,505</u>	<u>\$ 690,443</u>	<u>\$ -</u>	<u>\$ 35,689,490</u>

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

CitySquare and Subsidiaries  
Consolidated Statement of Functional Expenses  
For the Year Ended December 31, 2018

	Hope	Housing	Hunger	Health	Total Program Services	Management and General	Fundraising	Cost of Direct Benefit to Donors	Total
Operating expenses									
Personnel expenses	\$ 5,043,259	\$ 1,506,294	\$ 740,829	\$ 1,350,029	\$ 8,640,411	\$ 1,838,583	\$ 493,325	\$ -	\$ 10,972,319
Direct assistance to clients	3,283,850	10,237	1,164,035	10,583	4,468,705	20,195	2,969	-	4,491,869
Bad debt expense	-	128,060	-	-	128,060	8,472	-	-	136,532
Bank charges	14,755	679	738	396	16,568	4,238	15,535	-	36,341
Other in-kind expenses	247,766	1,299,825	4,475,801	-	6,023,392	-	142,683	-	6,166,075
Contract labor	13,740	-	-	-	13,740	-	-	-	13,740
Cost of sales	-	1,108,411	-	-	1,108,411	-	-	-	1,108,411
Dues and subscriptions	14,502	117	458	110	15,187	10,861	439	-	26,487
Information technology	63,350	5,174	16,559	468	85,551	14,590	16,440	-	116,581
Interest expense	-	902,623	-	-	902,623	303,992	-	-	1,206,615
Legal and professional fees	174,811	596,085	8,449	13,772	793,117	849,690	106,206	-	1,749,013
Marketing	5,434	22,396	-	45	27,875	1,066	49,795	-	78,736
Special events	-	-	-	-	-	-	-	553,806	553,806
New program development costs	-	-	-	-	-	86,474	-	-	86,474
Office expenses	80,883	1,367	3,958	1,776	87,984	7,277	1,499	-	96,760
Occupancy expenses	788,280	1,501,920	324,836	57,847	2,672,883	475,084	29,482	-	3,177,449
Printing and postage	11,429	1,257	1,898	-	14,584	8,045	28,214	-	50,843
Property taxes	43	502,027	1,222	-	503,292	106,055	-	-	609,347
Other	73,623	68,142	1,467	21,230	164,462	3,514	3,972	-	171,948
Supplies and materials	110,634	223,826	14,929	16,506	365,895	34,615	2,520	-	403,030
Telephone	93,083	8,628	5,562	6,576	113,849	65,468	2,691	-	182,008
Travel	220,010	19,952	57,079	26,572	323,613	2,727	168	-	326,508
Depreciation and amortization	39,265	2,461,648	62,973	25,522	2,589,408	548,998	50,257	-	3,188,663
Total expenses	10,278,717	10,368,668	6,880,793	1,531,432	29,059,610	4,389,944	946,195	553,806	34,949,555
Less expenses included with revenues on the statement of activities									
Special events	-	-	-	-	-	-	-	(553,806)	(553,806)
Total expenses included in the expense section on the statement of activities	<u>\$ 10,278,717</u>	<u>\$ 10,368,668</u>	<u>\$ 6,880,793</u>	<u>\$ 1,531,432</u>	<u>\$ 29,059,610</u>	<u>\$ 4,389,944</u>	<u>\$ 946,195</u>	<u>\$ -</u>	<u>\$ 34,395,749</u>

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

CitySquare and Subsidiaries  
Consolidated Statements of Cash Flows  
For the Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Change in net assets	\$ (4,031,543)	\$ (2,174,170)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	3,034,564	3,099,039
Amortization of tax credit fees and parking lot option	55,696	65,696
Amortization of debt issuance costs	66,656	78,134
Loss on impairment of investments	-	262,381
Loss on equity in earnings of related entities	10,841	10,872
Gain on sale of property and equipment	(37,617)	-
Loss on subleasing activity	369,982	-
Gain on reversal of payables and reserves	-	(115,906)
Changes in operating assets and liabilities		
Certificate of deposits	17,517	211,964
Grants receivable	154,710	(265,242)
Rents receivable, net	(150,158)	(82,027)
Contributions receivable	(47,500)	(370,000)
Receivables from related entities	360	77,286
Prepaid and other assets	(582,298)	242,843
Accounts payable to unrelated entities	(66,151)	193,611
Accounts payable to related entities	293,535	(168,130)
Accrued expenses and other liabilities	<u>503,012</u>	<u>8,775</u>
Net cash provided by (used in) operating activities	<u>(408,394)</u>	<u>1,075,126</u>
Cash flows from investing activities		
Investments in related entities	57,400	(630,538)
Purchase of property and equipment	(1,559,384)	(1,134,400)
Proceeds from sale of property and equipment	<u>331,679</u>	<u>970,342</u>
Net cash used in investing activities	<u>(1,170,305)</u>	<u>(794,596)</u>
Cash flows from financing activities		
Payment of notes payable	(413,665)	(1,474,027)
Proceeds from notes payable	1,261,203	-
Payment on line of credit	(569,020)	-
Proceeds on line of credit	792,643	476,377
Noncontrolling distributions	<u>(105,621)</u>	<u>-</u>
Net cash provided by (used in) financing activities	<u>965,540</u>	<u>(997,650)</u>
Net decrease in cash, cash equivalents and restricted cash	(613,159)	(717,120)
Cash, cash equivalents and restricted cash, beginning of year	<u>6,864,649</u>	<u>7,581,769</u>
Cash, cash equivalents and restricted cash, end of year	<u>\$ 6,251,490</u>	<u>\$ 6,864,649</u>

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

CitySquare and Subsidiaries  
Consolidated Statements of Cash Flows  
For the Years Ended December 31, 2019 and 2018

	2019	2018
Cash, cash equivalents and restricted cash consisted of the following:		
Cash and cash equivalents	\$ 3,047,362	\$ 3,610,342
Restricted deposits and reserves	3,090,729	3,034,307
Cash restricted for acquisition of long-lived assets	113,399	220,000
	\$ 6,251,490	\$ 6,864,649

Supplemental disclosure of cash flow information

Cash paid during the year for interest	\$ 1,169,915	\$ 1,335,948
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The accompanying notes are an integral part of these consolidated financial statements.

CitySquare and Subsidiaries  
Notes to Consolidated Financial Statements  
December 31, 2019 and 2018

1. NATURE OF OPERATIONS

Nature of operations

CitySquare (the Organization) is a Texas nonprofit corporation organized in 1990 under Section 501(c)(3) of the Internal Revenue Code that provides a number of services to the East and South Dallas communities as well as Abilene and Paris, Texas and Denver, Colorado. Aiming to address all aspects of poverty, CitySquare hosts a long list of programs including;

HOPE - This program is driven by a belief that people are good and want an opportunity to do better. That belief is where hope starts. Hope programs include services such as low-cost legal services, job training and placement services for the unemployed, and programs for youth aging out of foster care.

HOUSING - This program fights the growing problem of homelessness by advocating for homeless neighbors, creating communities that support transitional and permanent housing, and integrating programs for neighbors with increasingly diverse needs.

HUNGER - This program combats hunger to increase the quality and quantity of nutritious food available to neighbors. Hunger services include a full-service hunger relief food pantry in Dallas County, along with after-school and summer food programs.

HEALTH - This program's initiatives aim to improve access to healthcare. The work of this program is based at the CitySquare Community Clinic in South Dallas, where a team of medical professionals provide the local community with a permanent medical home.

These activities are funded primarily through private and public foundations, individual contributions, and federal and state grants.

Principles of consolidation

All significant inter-organizational transactions have been eliminated in the accompanying consolidated financial statements. The consolidated financial statements include the financial statements of CitySquare and the following:

- *Graves Properties, LLC ("Graves Properties")* - Formed in 2013 to acquire two properties which were funded by CitySquare totaling \$94,106. The properties acquired under Graves Properties were sold during the year ending December 31, 2019. Graves Properties had no other transactions, assets, or liabilities for the years ended December 31, 2019 and 2018.
- *CDM Center of Hope, Inc. ("CDM")* - A Texas nonprofit corporation under CitySquare's common control formed in February 2010 under Section 501(c)(3) of the Internal Revenue Code to own, operate and lease to CitySquare the Opportunity Center Facility. CDM was formed to facilitate New Market Tax Credit financing.

CitySquare and Subsidiaries  
Notes to Consolidated Financial Statements  
December 31, 2019 and 2018

1. NATURE OF OPERATIONS (continued)

Principles of consolidation (continued)

- *CitySquare Arts Opportunity Center, LLC ("Opportunity Center")* - A Texas nonprofit corporation created in 2017 with CitySquare operating as the sole member. The Opportunity Center was created to facilitate the purchase of the former Forest Theater area and the development of the Purpose Built Community.
- *CitySquare Housing Denver, LLC ("CitySquare Denver")* - A Texas nonprofit corporation created in 2017 with CitySquare operating as the sole member. CitySquare Denver was created to buy land in Denver, Colorado with the future vision of a CitySquare supported housing program in the Denver area. CitySquare Denver is consolidated within CitySquare in the consolidating schedules.
- *CitySquare Housing ("Housing")* - Housing was founded in 2001 as a Texas nonprofit corporation under Section 501(c)(3) of the Internal Revenue Code to provide affordable housing in Dallas, Texas by anchoring capital locally through the development of residential and commercial property. The following entities are consolidated with Housing in the accompanying consolidated financial statements and are discussed separately in the notes and supplementary information:
  - *CityWalk at Akard Master Condominium Association, Inc. ("MCA")* - CityWalk is a multi-use fifteen story building in downtown Dallas with commercial, residential, and condominium units owned by individuals. MCA was established to pay and charge common building expenses to Akard Walk Commercial, LLC, Akard Walk Residential, LLC and Akard Walk Condo, LLC.
  - *Akard Walk Commercial, LLC ("Commercial")* - Formed to develop, construct, own, maintain, and operate floors one through three and the parking facilities of the CityWalk building for commercial tenants.
  - *Akard Walk Condo, LLC ("AW Condo")* - Formed to develop, construct, own, maintain, and operate the fifteenth floor in the CityWalk building, which consists of six condominiums owned by individuals. AW Condo was closed effective December 31, 2018.
  - *Akard Walk Residential, LLC ("Residential")* - Formed to develop, construct, own, maintain, and operate floors four through fourteen for residential tenants in the CityWalk building.
  - *Patriot Solar Power, LLC ("Patriot Power")* - Formed with the purpose of bringing the benefits of solar power to middle and lower income residents of Dallas. Patriot Power was closed effective December 31, 2018.

CitySquare and Subsidiaries  
Notes to Consolidated Financial Statements  
December 31, 2019 and 2018

1. NATURE OF OPERATIONS (continued)

Principles of consolidation (continued)

- *St. Anne's Hospital, LLC ("St. Anne's")* - Formed to redevelop the former St. Anne Hospital in Abilene, Texas into a multi-unit housing complex for the formerly homeless.
- *TEOF ("TEOF")* - Formed to enhance communities and establish economic opportunities in Dallas, Texas through the creation of opportunities for employment of and housing for low-income workers.
- *Wynnewood Family Housing, LP ("WFH")* - Formed to construct, develop and operate a 161-unit apartment project for low-income families known as High Point Family Apartments in Dallas, Texas.
- *Wynnewood Seniors Housing, LP ("WSH")* - Formed to acquire, construct and develop a 140-unit apartment project for low-income senior citizens known as High Point Senior Living in Dallas, Texas.

The following limited liability companies, in which Housing is the sole member, are consolidated within Housing and are not discussed separately in the financial statements, notes, or supplementary information:

- *Akard Walk Commercial GP, LLC* - The general partner entity of Akard Walk Commercial, LLC.
- *Akard Walk Residential GP, LLC* - The general partner entity of Akard Walk Residential, LLC.
- *Wynnewood Family Housing GP, LLC* - The general partner entity of Wynnewood Family Housing, LLC.
- *Wynnewood Seniors Housing GP, LLC* - The general partner of Wynnewood Seniors Housing, LLC.

CitySquare and subsidiaries are collectively referred to herein as "the Organization".

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting and presentation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

CitySquare and Subsidiaries  
Notes to Consolidated Financial Statements  
December 31, 2019 and 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of accounting and presentation (continued)

Net assets and changes therein are classified as follows:

- *Net assets without donor restrictions* - These are resources that are not subject to donor-imposed restrictions and can be used for the general operations of the Organization. The Organization's governing board may designate net assets without restrictions for specific purposes.
- *Net assets with donor restrictions* - These are resources that are subject to donor-imposed restrictions that may be met, either by actions of the Organization and/or the passage of time. Other donor-imposed restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. There are no net assets restricted in perpetuity as of December 31, 2019 and 2018.

Noncontrolling interests

The noncontrolling interests represent the aggregate balance of Limited Partner and Investor Member equity interests in consolidated entities that are not wholly-owned by Housing.

Cash and cash equivalents

The Organization considers all monies in banks and highly liquid investments with maturities of three months or less from the date of purchase to be cash equivalents. The carrying value of cash and cash equivalents approximates fair value because of the short-term maturities of those financial instruments.

Pursuant to the 2013 issuance of the New Market Tax Credit (NMTC) financing commitment (see Note 3) between the Organization and DDF Delta, LLC, the Organization is required to maintain certain funds for interest payments. Accordingly, the cash reserved for interest payments at December 31, 2019 and 2018 was \$30,806 and \$88,709, respectively, and is included within cash and cash equivalents in the accompanying consolidated statements of financial position at December 31, 2019 and 2018 as there is no legal restriction associated with it.

Cash restricted for acquisition of long-lived assets.

Restricted cash is classified as cash restricted for the acquisition of long-lived assets within the accompanying consolidated statements of financial position.

CitySquare and Subsidiaries  
Notes to Consolidated Financial Statements  
December 31, 2019 and 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted deposits and reserves

Restricted deposits and reserves represent escrow accounts, pledged deposits and reserves required by mortgage loans and operating agreements, and tenant security deposits. Certain lenders and operating agreements require monthly deposits for replacement reserves, insurance, and real estate taxes which are controlled by lenders.

Grants receivable

Grants that operate on a reimbursement basis are recognized on the accrual basis as revenues to the extent of disbursements and commitments that are allowable for reimbursement. Grants receivable represent these pending reimbursements of allowable expenses incurred as of December 31, 2019 and 2018 and expected to be received from funding sources in the subsequent year. Management considers such receivables at December 31, 2019 and 2018 to be fully collectible. Accordingly, no allowance for grants receivable was recorded in the accompanying consolidated financial statements.

Rents receivable

Rents receivable from tenants that are expected to be satisfied within one year after year-end are reported net of an allowance for doubtful accounts of \$1,696 and \$3,794 as of December 31, 2019 and 2018, respectively. Management's estimate of allowance is based on historical collection experience and a review of these receivables. Uncollectible receivables are charged to bad debt expense upon management's assessment that further collection attempts will be unsuccessful.

Receivables from related entities

Receivables from related entities represent amounts owed to Housing from entities that are considered related parties due to either ownership or control. See Note 14 for further disclosure of related party transactions. Management considers such receivables at December 31, 2019 and 2018 to be fully collectible. Accordingly, no allowance was recorded in the accompanying consolidated financial statements.

Notes receivable

As part of the Organization's participation in the receipt of new market tax credits, the Organization acted as the Leveraged Lender, as defined in the Loan and Security Agreement dated June 27, 2013, lending \$8,356,250 to AT&T Investment Fund. The note receivable is carried at the unpaid principal balance of \$8,356,250 at December 31, 2019 and 2018. No payments are required to be made on this receivable until June 27, 2020 from which payments will be made equal to available cash flow after payment of expenses. Subsequent to December 31, 2019, this note receivable was fully forgiven as part of the conclusion of the NMTC transaction, see Note 17 for more information.

CitySquare and Subsidiaries  
Notes to Consolidated Financial Statements  
December 31, 2019 and 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments in related entities

Investments in related entities accounts for the activity of the Organization recorded under the equity and cost method. Investments in consolidated entities have been eliminated in the consolidated financial statements. See Note 7 for further detail.

Equity method accounting

The Organization uses the equity method to account for investments in which it owns a more-than-minor noncontrolling interest with the ability to exert significant influence over the investee. Under the equity method, the investment is originally recorded at cost and is adjusted annually to recognize the Organization's proportionate share of investee earnings or losses which is presented in the equity in earnings (loss) of related entities in the accompanying consolidated statements of activities.

Cost method accounting

The Organization uses the cost method to account for investments in which it owns a minor noncontrolling interest without the ability to exert significant influence over the investee. Under the cost method, the investment is originally recorded at cost, and investment earnings are recognized by the Organization when declared by the investee.

Impairment of investments

The Organization reviews its investments in related entities each reporting period to determine whether there are identified events or circumstances that would indicate there is a decline in the fair value that would be considered other than temporary. If an investment is deemed to have experienced an other-than-temporary decline below its cost basis, the Organization reduces the carrying amount of the investment to its estimated fair value and establishes a new cost basis for the investment. The Organization presents any such impairment in the other income/(expense) and gains/(losses) section of the accompanying consolidated statements of activities. During the year ended December 31, 2018, the Organization identified and recorded \$262,381 of such impairment related to the TEOF investment in TEOF Hotel. There was no impairment identified or recorded for the year ended December 31, 2019.

Tax credit fees

Tax credit fees are amortized using the straight-line method over the fifteen-year tax credit compliance period. At December 31, 2019, cumulative tax credit fees were \$832,263 and accumulated amortization was \$309,156. At December 31, 2018, cumulative tax credit fees were \$832,263 and accumulated amortization was \$253,460. Amortization expense was \$55,696 for the years ended December 31, 2019 and 2018.

CitySquare and Subsidiaries  
Notes to Consolidated Financial Statements  
December 31, 2019 and 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment

Property and equipment are recorded at cost, or if donated, at their estimated fair value at the date of donation. Such donations are recorded as net assets 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 or maintain property and equipment are recorded as restricted contributions. 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. Presently, the Organization does not have any assets which have related donor-imposed restrictions.

The Organization's policy is to capitalize all expenditures for property and equipment in excess of \$5,000 per unit. Property and equipment are depreciated using the straight-line method over their estimated useful lives ranging from 5 to 40 years. Maintenance and repairs are charged to expense when incurred. Significant renovations and replacements, which extend the estimated useful life of an asset, are capitalized.

The estimated useful lives are as follows:

Land improvements	15 - 20 years
Buildings and leasehold improvements	15 - 40 years
Furniture and equipment	3 - 10 years
Software	5 years
Vehicles	5 years

Impairment of long-lived assets

The Organization assesses long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability is assessed by comparing the carrying amount of an asset to undiscounted future net cash flows expected to be generated by the asset and any estimated proceeds from the eventual disposition of the asset. If such assets are impaired, the impairment to be recognized is measured as the amount by which the carrying amount exceeds the fair value as determined from an appraisal, discounted cash flow analysis, or other valuation technique. There was no impairment loss related to long-lived assets recognized for the years ended December 31, 2019 and 2018.

CitySquare and Subsidiaries  
Notes to Consolidated Financial Statements  
December 31, 2019 and 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Pre-development project costs

Housing incurs costs in connection with properties it is considering for development as well as costs associated with properties in the initial stages of development. These costs include such items as market studies, purchase options, environmental studies, and legal and accounting fees. These costs are capitalized within property and equipment on the accompanying statements of financial position and recorded as pre-development project costs until the project is either abandoned or becomes an approved project with independent funding sources. Pre-development project costs are charged to operations at the time a potential project is no longer considered desirable or feasible.

Loan fees

Loan fees in connection with financing agreements are amortized over the life of the related loan utilizing the straight-line method, which approximates the effective interest method. Loan fees are amortized to interest expense over the terms of the respective loans. Loan fees are presented as a reduction of notes payable. At December 31, 2019 and 2018, loan fees net of accumulated amortization were \$1,044,382 and \$1,111,038, respectively.

Contingent note payable

During the year ended December 31, 2019, the Organization received a conditional funding agreement from a foundation to help pay for certain costs related to the building of a program site. The condition of the funding agreement stipulates that based on the Organization's fundraising efforts the funding may be required to be repaid to the foundation. As such, the Organization has recorded a short-term non-interest bearing note payable for all payments received from the foundation. Management has determined the imputed interest of this short-term note is not material to the accompanying consolidated financial statements and therefore no imputed interest has been recorded for the year ended December 31, 2019 in connection to this contingent note payable.

Revenue recognition

Revenues from special events are recognized when the events are held. Interest income is recognized when earned based on the passage of time. Program income and other income are recognized when earned. Rental income, principally from short-term leases on apartment units and long-term leases for commercial space, is recognized as the rentals become due. Advance receipts of revenue are deferred and classified within accrued expenses and other liabilities until earned.

CitySquare and Subsidiaries  
Notes to Consolidated Financial Statements  
December 31, 2019 and 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions and promises to give

The Organization recognizes contributions when they are received or unconditionally pledged and records these amounts as net assets without donor restrictions or net assets with donor restrictions according to donor stipulations that limit the use of these assets due to time or purpose restrictions. If a restriction is fulfilled in the same period in which the contribution is received, the Organization reports the contribution as net assets without donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

Contributions expected to be collected in less than one year are reported at net realizable value. Contributions that are promised in one year but are not expected to be collected until after the end of the year are discounted at an appropriate rate. Amortization of any such discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. Management has evaluated the discount for the year ended December 31, 2019 and 2018 and does not believe the discount to be material. Accordingly, no discount is recorded within the accompanying financial statements. Any allowance for doubtful contributions receivable is provided based on management's judgment including such factors as prior collection history, type of contribution, and current aging of contributions receivable. The Organization considers all contributions receivable to be fully collectible at December 31, 2019 and 2018. Accordingly, no allowance for doubtful contribution receivable is recorded within the accompanying financial statements.

Conditional promises to give are not included in contributions or contributions receivable until such time as the conditions are substantially met. The Organization receives federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with the underlying grant or contract. The Organization has received cost-reimbursable grants of approximately \$5,790,000 and \$5,100,000 that have not been recognized at December 31, 2019 and 2018 because qualifying expenditures have not yet been incurred.

In-kind contributions

The Organization's policy is to recognize in-kind goods when donated as revenue at fair value in the period such contributions are made. Donated food was valued at \$1.62 per pound in 2019 and \$1.68 per pound in 2018, based on a cost study conducted for Feeding America during each fiscal year. Contributed professional services are recognized if the services create or enhance nonfinancial assets or require specialized skills, and are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The Organization also recognizes interest forgiveness on debt within in-kind contributions. The amount of interest forgiven for the year is recorded as part of interest expense and in-kind contributions at the value of the interest that would have otherwise been required for payment.

CitySquare and Subsidiaries  
Notes to Consolidated Financial Statements  
December 31, 2019 and 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Tenant subsidy payments

A portion of rental income received by Housing is in the form of subsidy payments under Section 8 of the National Housing Act. Section 8 is a program under the United States Department of Housing and Urban Development (HUD) whose objective is to provide rental assistance to help very-low and low-income families afford decent, safe, and sanitary rental housing. In doing so, housing assistance payments are provided to subsidize rent payments for qualifying housing units that approved low-income tenants occupy. Housing receives these Section 8 housing assistance payments from the Dallas Housing Authority (the Public Housing Authority awarded the Section 8 funding through HUD).

Construction management and developer fees

Construction management and developer fees are earned during the construction period based on the percentage of completed construction, or other terms of the related agreements. Fees are capitalized to construction and recognized as revenue when earned and paid from investor equity or project debt. Earned fees not paid from investor equity or project debt are eliminated in consolidation.

Functional allocation of expenses

The costs of providing the Organization's various programs and supporting services have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain expenses have been allocated among the various programs and supporting services benefited. Certain administrative expenses are allocated on a pro-rata basis. Salaries and benefits and certain contract services are allocated based on estimates of time and effort. Various occupancy costs are allocated on a square footage basis.

Income taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except to the extent it has unrelated business income. The Organization did not report any taxable unrelated business income for the year ended December 31, 2019 and 2018. The Organization's estimate of the potential outcome of any uncertain tax issues is subject to management's assessment of relevant risks, facts and circumstances existing at the time. The Organization uses a more likely than not threshold for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. To the extent that the Organization's assessment of such tax position changes, the change in estimate is recorded in the period in which the determination is made. The Organization reports tax-related interest and penalties, if applicable, as a component of income tax expense as incurred. As of December 31, 2018, Housing has identified uncertain tax positions in previously filed tax returns but does not anticipate those positions to have a material adverse effect on its operations.

CitySquare and Subsidiaries  
Notes to Consolidated Financial Statements  
December 31, 2019 and 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes (continued)

The limited partnerships and limited liability companies consolidated within the Organization have elected to be treated as pass-through entities for income tax purposes and, as such, are not subject to income taxes. Rather, all items of taxable income, deductions and tax credits are passed through to and are reported by their owners on their respective income tax returns. Accordingly, these consolidated financial statements do not reflect a provision for income taxes. Income tax returns filed by the entities are subject to examination by the IRS for a period of three years.

Patriot Power and AW Condo are considered disregarded entities for tax purposes and are included on Housing's exempt tax return. Graves Properties and Opportunity Center are considered disregarded entities for tax purposes and are included on CitySquare's exempt tax return.

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make certain estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates. Significant estimates, included in the consolidated financial statements relate primarily to the useful lives applied in asset depreciation, estimates of the values of in-kind contributions, as well as the allocation of functional expenses.

Reclassifications

Certain prior year amounts have been reclassified for consistency with the current year presentation. Total net assets and change in net assets are unchanged due to these reclassifications.

CitySquare and Subsidiaries  
Notes to Consolidated Financial Statements  
December 31, 2019 and 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New accounting pronouncements

In November 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-18, *Statement of Cash Flows (Topic 230) Restricted Cash* (ASU 2016-18), which applies to all entities that have restricted cash and are required to present a statement of cash flows under Topic 230. ASU 2016-18 requires a reporting entity to include amounts described as either restricted cash or restricted cash and cash equivalents (collectively referred to as restricted cash herein) when reconciling beginning and ending balances in the statements of cash flows. The update also amends Topic 230 to require disclosures about the nature of restricted cash and provide a reconciliation of cash, cash equivalents and restricted cash between the statements of financial position and the statements of cash flows. The Organization adopted ASU 2016-18 retrospectively during the year ended December 31, 2019. The adoption of the ASU resulted in clarification concerning accounts previously described under the heading restricted deposits and reserves on the statements of financial position in the previous reporting periods. Consequently, ending cash, cash equivalents and restricted cash as of December 31, 2018 and 2017 was increased from \$3,830,342 to \$6,864,649 and \$4,564,433 to \$7,581,769, respectively.

In June 2018, the FASB issued 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, with the stated purpose of providing guidance in evaluating whether transactions should be accounted for as contributions or exchanges. In addition, the update introduces the concept of barriers in providing additional guidance on identifying conditions that would preclude the recognition of a contribution as revenue. ASU 2018-08 is effective for annual reporting periods beginning after December 15, 2018. The Organization has adopted the standard as of January 1, 2019; the adoption of the new standard had no impact on the Organization's financial statements.

3. TAX CREDIT FINANCING

In June 2013, CitySquare entered into a New Market Tax Credit (NMTC) transaction agreement in order to fund the costs of construction of the Opportunity Center facility. The Opportunity Center was fully constructed in 2017, complete with a community food distribution center, café, community health and wellness center, a workforce development center and subleased training space for the Dallas County Local Workforce Board and LIFT (Literacy Instruction for Texas).

The NMTC program was established by the United States Congress to stimulate investment and economic growth in low-income communities by offering a seven-year, 39% federal tax credit for Qualified Equity Investments (QEI) made through investment vehicles known as Community Development Entities (CDE). CDEs use capital derived from tax credits to make loans to or investments in Qualified Low-Income Community Investments (QLICI) businesses and projects in low-income areas. CitySquare, and more specifically the Portion of Business, as described below, is considered the Qualified Active Low-Income Community Business (QALICB) who receives the QLICI. To earn the tax credit, the QEI must remain invested in the CDE for a seven-year period, known as the compliance period.

CitySquare and Subsidiaries  
Notes to Consolidated Financial Statements  
December 31, 2019 and 2018

3. TAX CREDIT FINANCING (continued)

AT&T Corporation created and invested money into becoming the 100% owner of the AT&T Investment Fund. The AT&T Investment Fund (the Investor) invested a QEI with DDF Delta (the CDE) in the amount of \$12,500,000. Subsequently, DDF Delta provided CitySquare the QLICI two loans to help finance the construction of the Opportunity Center. These loans totaled \$12,125,000 (see Note 10 for terms of Note Payable). Additionally, as part of this transaction, CDM was created to act as a leveraged lender to loan \$8,356,250 to AT&T Investment Fund (see Note 2 for terms of the note receivable).

CDM and AT&T Corporation have entered into a put/call option agreement to take place at the end of the seven-year compliance period. Under the agreement, AT&T Corporation can exercise a put option to sell all interest in the AT&T Investment Fund for \$1,000 to CDM. If AT&T Corporation does not exercise the put option within 180 days of the end of the seven-year period, CDM can exercise a call option to purchase the interest of the AT&T Investment Fund at an appraised fair market value. Subsequent to December 31, 2019, the put option was exercised at the purchase price of \$1,000 resulting in a gain to the Organization of \$3,768,750. Additionally, the notes payable and notes receivable associated with this NMTC transaction were fully forgiven, see Note 17 for more information on the conclusion of the NMTC transaction.

The NMTC deal requires separate statements of financial position and statements of activities. To comply with this requirement, a "Portion of Business" section (POB) of CitySquare financial records is maintained and presented as part of the supplementary schedules (see Supplementary Information section). The POB consists of the development, leasing and operation of the Opportunity Center. Accordingly, certain expenses are allocated within POB based on square footage in use at the Opportunity Center. The POB is an integral part of CitySquare and is not a separate corporation. All assets and operations of the POB are separately identified, maintained, and segregated from the assets and operations of CitySquare.

As a community development corporation, Housing receives significant federal, state, and local government sourced subsidies as part of normal operations. These arrangements include Low Income Housing Tax Credits (LIHTCs), State of Texas historic tax credits, low-income housing tax credits, and Section 108 financing. These funding sources and financing arrangements help further Housing's mission to enhance communities and establish economic opportunities in Dallas, Texas through development of affordable, workforce housing and permanent supportive housing for the chronically homeless in the city of Dallas.

CitySquare and Subsidiaries  
Notes to Consolidated Financial Statements  
December 31, 2019 and 2018

4. LIQUIDITY AND FUNDS AVAILABLE

The following is a quantitative disclosure which describes assets that are available or expected to be available within one year of December 31, 2019 to fund general expenditures:

Financial assets:	
Cash and cash equivalents	\$ 3,047,362
Restricted deposits and reserves	3,090,729
Grants receivable	753,547
Rents receivable, net	563,351
Contributions receivable	417,500
Receivables from related entities	157,405
Investments in related entities	1,549,485
Notes receivable	8,356,250
Cash restricted for acquisition of long-lived assets	<u>113,399</u>
	<u>18,049,028</u>
Less amounts unavailable for general expenditure within one year:	
Cash restricted for interest payments (see Note 2)	(30,806)
Cash restricted for acquisition of long-lived assets	(113,399)
Restricted deposits and reserves	(3,090,729)
Long-term contributions receivable	(100,000)
Investments in related entities	(1,549,485)
Notes receivable	(8,356,250)
Donor imposed restrictions	<u>(538,192)</u>
	<u>(13,778,861)</u>
Financial assets available for general expenditure within one year	<u>\$ 4,270,167</u>

The Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

As stated in Note 9 to the financial statements, the Organization has lines of credit, which it could draw upon in the event of a liquidity need.

Cash and cash equivalents held at individual operating entities within Housing are unavailable for use outside the respective entity. In addition to the financial assets available to meet cash needs for general expenditures within one year outlined above, certain Housing consolidating entities have access to certain operating reserves within restricted deposits and reserves in the event of an unanticipated liquidity need. Disbursements from these operating reserves require approval of the lender and the investor partner in most instances.

CitySquare and Subsidiaries  
Notes to Consolidated Financial Statements  
December 31, 2019 and 2018

5. RESTRICTED DEPOSITS AND RESERVES

Restricted deposits and reserves consisted of the following:

	<u>2019</u>	<u>2018</u>
Reserves for operating deficits and replacements	\$ 2,443,349	\$ 2,392,527
Security deposits	137,244	130,214
Insurance and real estate tax escrows	<u>510,136</u>	<u>511,566</u>
	<u>\$ 3,090,729</u>	<u>\$ 3,034,307</u>

6. CONTRIBUTIONS RECEIVABLE

Contributions receivable consisted of the following:

	<u>2019</u>	<u>2018</u>
Receivables due in less than one year	\$ 317,500	\$ 170,000
Receivables due in one to five years	<u>100,000</u>	<u>200,000</u>
	<u>\$ 417,500</u>	<u>\$ 370,000</u>

7. INVESTMENTS IN RELATED ENTITIES

Housing owns a 6.12% membership interest in HAGP and a 10% limited partnership interest in TEOF Hotel at December 31, 2019 and 2018 as described in Note 2 and 14. Due to its general partner investment in HAGP constituting a more-than-minor noncontrolling interest, Housing accounts for its investment using the equity method. The investment in TEOF Hotel represents a minor noncontrolling interest and is accounted for using the cost method in accordance with GAAP.

Investments in related entities consisted of the following:

	<u>2019</u>	<u>2018</u>
Balance, beginning of year	\$ 1,617,726	\$ 1,260,441
TEOF Hotel investment	-	687,381
Loss on impairment of investment	-	(262,381)
Cash flow distributions	(57,400)	(56,843)
Loss on equity in earnings of related entities	<u>(10,841)</u>	<u>(10,872)</u>
Balance, end of year	<u>\$ 1,549,485</u>	<u>\$ 1,617,726</u>

Loss on equity in earnings of related entities on the accompanying consolidated statements of activities consists of the portion of HAGP's net operating loss attributable to Housing.

CitySquare and Subsidiaries  
Notes to Consolidated Financial Statements  
December 31, 2019 and 2018

8. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	<u>2019</u>	<u>2018</u>
Land	\$ 7,701,538	\$ 7,769,547
Land improvements	4,088,378	4,088,378
Buildings	78,686,943	78,684,943
Leasehold improvements	6,549,143	6,491,249
Furniture and equipment	3,684,616	3,684,616
Software	843,279	813,060
Vehicles	484,713	344,796
Real estate under development	<u>1,647,378</u>	<u>563,356</u>
	103,685,988	102,439,945
Accumulated depreciation and amortization	<u>(19,951,998)</u>	<u>(16,936,713)</u>
	<u><u>\$ 83,733,990</u></u>	<u><u>\$ 85,503,232</u></u>

Depreciation and amortization expense for the year ended December 31, 2019 and 2018 was \$3,034,564 and \$3,099,039, respectively.

In August 2018, Housing sold an apartment property for \$2,200,000. The sale reduced net real estate by \$970,342 and sales proceeds were used to pay outstanding notes payable to unrelated entities of \$1,026,021.

9. LINES OF CREDIT

CitySquare has lines of credit with certain financial institutions, of which \$700,000 and \$476,377 are outstanding as of December 31, 2019 and 2018, respectively.

One line of credit is determined monthly based on 95% of the balance held in CitySquare's associated savings account with the same financial institution.. The line of credit is subject to annual renewal and interest is payable at the corresponding liquidity access line index plus 1.75%. The line of credit had no outstanding balance as of December 31, 2019 and an outstanding balance of \$476,377 at December 31, 2018.

The second line of credit was obtained in February 2019. The line of credit has a maximum borrowing of \$850,000, of which \$100,000 is reserved for Corporate credit cards and the remaining \$750,000 is a revolving line of credit. Interest is charged at a variable rate based on a rate index set by BOK Financial Corporation, currently at 7.50%. The line of credit is secured by all inventory, chattel paper, accounts, equipment, and general intangibles of the Organization. Additionally, it is cross-collateralized against all obligations, debts and liabilities of CitySquare. The line of credit is payable in full on the Lender's demand or otherwise at the maturity date of February 19, 2020. The line of credit has an outstanding balance of \$700,000 at December 31, 2019.

CitySquare and Subsidiaries  
Notes to Consolidated Financial Statements  
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10. NOTES PAYABLE

Notes payable are detailed as follows:

	2019	2018
Mortgage loan secured by WFH real estate that bears interest at 5.68% and is payable in monthly payments of principal and interest based on a 30-year amortization schedule. The loan matures in 2035.	\$ 5,521,074	\$ 5,603,143
Permanent loans from governmental entities that bear no interest and mature through 2030. These loans are secured by Residential's real estate.	5,575,210	5,575,939
Mortgage loan secured by Residential's real estate, which bears interest at 7.79% and is payable in monthly installments of principal and interest based on a 30-year amortization schedule. The loan matures in 2029.	3,905,509	3,960,926
Loan secured by Commercial's real estate from a bank requiring monthly payments of principal and interest at 4.25% and maturing in 2040.	3,567,408	3,672,887
Mortgage loan secured by WSH real estate that bears interest at 6.18% and is payable in monthly installments of principal and interest based on a 30-year amortization schedule. The loan matures in 2033.	2,167,942	2,202,576
Loan secured by Housing real estate from a bank which bears interest at 4.25% and is payable in monthly installments of principal and interest based on a 25-year amortization schedule. The loan matures in 2042.	888,313	911,645
Unsecured loan from a bank that bears interest at 7.39% with principal and interest due monthly. The loan matured during 2019.	-	12,005
Unsecured investment bond from bank that bears interest at 2% with interest due monthly. The loan matures in 2024.	1,000,000	-
Construction loan from third-party. All interest is waived and thus recorded as imputed interest revenue in the consolidated statements of activities. The loan matures in 2020.	747,734	847,734

CitySquare and Subsidiaries  
Notes to Consolidated Financial Statements  
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10. NOTES PAYABLE (continued)

	2019	2018
Loan A related to the NMTC to DDF Delta, LLC secured by the Opportunity Center building. Requires annual interest of 1.16%, with interest and principal payments commencing in 2020 through its maturity date in 2043. Subsequent to December 31, 2019, this note was fully forgiven as part of the conclusion of the NMTC transaction. See Note 17 for more information.	8,356,250	8,356,250
Loan B related to the NMTC to DDF Delta, LLC secured by the Opportunity Center building. Requires annual interest of 1.16% with interest and principal payments commencing in 2020 through its maturity date in 2043. Subsequent to December 31, 2019, this note was fully forgiven as part of the conclusion of the NMTC transaction. See Note 17 for more information.	<u>3,768,750</u> 35,498,190	<u>3,768,750</u> 34,911,855
Less unamortized debt issuance costs	<u>(1,044,382)</u>	<u>(1,111,038)</u>
	<u>\$ 34,453,808</u>	<u>\$ 33,800,817</u>

The future maturities of the notes payable are as follows:

Year ending December 31,

2020	\$ 648,242
2021	902,689
2022	927,310
2023	954,068
2024	980,075
Thereafter	31,085,806
	\$ 35,498,190

CitySquare and Subsidiaries  
Notes to Consolidated Financial Statements  
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11. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following:

	<u>2019</u>	<u>2018</u>
Scholarships	\$ 120,910	\$ 139,230
Program grants	99,782	564,398
Capital projects	113,399	267,403
CEO reserve fund	-	17,516
Time restricted	<u>417,500</u>	<u>370,000</u>
	<u>\$ 751,591</u>	<u>\$ 1,358,547</u>

Net assets with donor restrictions were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows:

	<u>2019</u>	<u>2018</u>
Scholarships	\$ 18,320	\$ 18,102
Program grants	564,616	670,179
Capital projects	233,003	428,023
CEO reserve fund	<u>17,517</u>	<u>-</u>
	<u>\$ 833,456</u>	<u>\$ 1,116,304</u>

12. IN-KIND CONTRIBUTIONS

The estimated fair value of donated food, facilities, materials, and supplies are recorded as contributions. The Organization received contributed professional services during the year from medical, legal, and social work professionals in connection with their program services. The Organization also receives interest forgiveness on a note payable and accordingly records the in-kind contribution for the amount relating to imputed interest.

In-kind contributions received during the year were as follows:

	<u>2019</u>	<u>2018</u>
Donated professional services	\$ 916,146	\$ 888,900
Donated food	4,863,841	4,475,801
Donated facilities	478,211	355,850
Donated materials and supplies	441,776	428,255
Imputed interest	<u>44,105</u>	<u>49,605</u>
	<u>\$ 6,744,079</u>	<u>\$ 6,198,411</u>

CitySquare and Subsidiaries  
Notes to Consolidated Financial Statements  
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13. EMPLOYEE BENEFIT PLAN

The Organization has a 401(k) Savings Incentive Match Plan (the "Plan") for its employees. Substantially all employees are eligible to participate in the Plan. The Organization may apply limits per payroll period. As such, its percentage match of the employee compensation is discretionary.

The Organization's matching contribution charged to expense was \$157,299 and \$153,772 for the years ended December 31, 2019 and 2018, respectively.

14. RELATED PARTY TRANSACTIONS

The Organization has numerous transactions with related parties providing development, construction financing, property management and administrative services to assist CitySquare Housing in carrying out its affordable housing mission. In certain situations, Housing advances funds to related parties to pay operating costs. The Organization's related party transactions are as follows:

- An individual who was a CSH Board member through December 11, 2018 is part owner of T&G Leasing, LLC, which leased space from Commercial. T&G paid \$25,046 to Commercial for the years ended December 31, 2019 and 2018. The lease agreement between Commercial and T&G Leasing was renewed on January 17, 2020 for five years with annual rents of \$25,046.
- Alliant, Ltd. and affiliates are administrative and investor members of Residential. Bridge loan financing of \$4,733,247 was provided by Alliant, Ltd. to close the Residential mortgage loan. The bridge loan bore interest at 10% and converted to equity when Residential met certain conversion conditions. Conversion took place as of December 22, 2015, at which time accrued interest totaled \$1,794,690. The interest is due at the end of the fifteen-year tax credit compliance period in July 2023 unless certain conditions are met that could result in forgiveness of the interest. Accrued interest on the bridge loan totaled \$1,638,965 at December 31, 2019 and 2018.
- Alliant, Ltd. earned asset management fees from Residential of \$11,492 in 2019 and \$10,683 in 2018. Asset management fees payable to Alliant, Ltd. were \$11,319 at December 31, 2018, no amounts were payable at December 31, 2019.
- Two of the condominiums operated by AW Condo are owned by the Housing President (who is also a board member). One of the condominiums is owned by a TEOF board member. One of the condominiums is owned by a CitySquare board member through December 11, 2018.

CitySquare and Subsidiaries  
Notes to Consolidated Financial Statements  
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14. RELATED PARTY TRANSACTIONS (continued)

- TEOF Hotel is a subsidiary of TEOF, 10% owned by TEOF and 90% owned by Hamilton 1011 LP (1011LP), which owns a 237-room hotel project known as the Lorenzo Hotel. A Housing board member is the majority owner of 1011LP. TEOF earned developer fees of \$235,978 upon completion of the Hotel in 2017, of which \$137,319 was outstanding at December 31, 2019 and 2018.
- WFH pays partnership management fees to Bank of America Community Development Corporation (BACDC), a limited partner in WFH. Partnership management and asset management fees payable to BACDC by WFH are \$25,000 at December 31, 2019 and \$20,000 at December 31, 2018.
- On June 15, 2011, Housing executed a \$1,600,000 promissory note (the Note) with Atmos LIHTC LLC, an entity in which a Housing board member and their family member have a direct controlling financial interest and a member of Housing management has an indirect non-controlling financial interest. Atmos LIHTC LLC was formed to develop certain affordable housing units located in Dallas County commonly known as the Lone Star Gas Lofts project.

The Note bears interest at 5.5% per year and matures on January 1, 2033 and is secured by a subordinated deed of trust in certain Lone Star Gas Loft property. The Note requires annual principal and interest payments commencing January 1, 2013 payable solely from 25% of the Net Cash Flows (as defined in the Amended and Restated Atmos LIHTC LLC Operating Agreement date June 1, 2011) from the prior fiscal year in excess of \$100,000. In the event of insufficient available Net Cash Flow to fully pay a scheduled payment, the deficiency accrues to the Note balance in accordance with the Note agreement.

As of December 31, 2019, no payments have been made on the Note due to insufficient Net Cash Flows in each annual period commencing January 1, 2013. Prior to December 31, 2018, Housing determined that the likelihood of collecting repayment of the Note is remote and therefore, fully reserved all amounts due under the Note. This remains the assessment of Housing as of December 31, 2019. However, Housing has not released Atmos LIHTC LLC from the Note instrument and would seek to enforce its terms in the event funds sufficient to pay amounts due were available in the future.

- On January 14, 2015, Housing was admitted as a variable interest member in Hamilton Atmos GP LLC (HAGP), an entity in which a Housing board member and their family member have a direct controlling financial interest and a member of Housing management has a direct non-controlling financial interest. HAGP was formed to develop certain affordable housing units located in Dallas County commonly known as the Lone Star Gas Lofts project.

CitySquare and Subsidiaries  
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14. RELATED PARTY TRANSACTIONS (continued)

Housing's membership interest levels in HAGP are dependent upon the completion of certain transactional events as follows: 2.12% upon the completion of Housing contributing to HAGP certain City of Dallas Tax Increment Financing funds (TIF Tranche 1), an additional 4.00% upon the completion of Housing contributing to HAGP proceeds from the sale of certain State of Texas Historic Tax Credits (HTC), and a final 1.82% upon the completion of Housing contributing to HAGP certain City of Dallas Tax Increment Financing funds (TIF Tranche 2).

At December 31, 2019 and 2018, Housing owned 6.12% of HAGP, having completed transactional events related to TIF Tranche 1 and the sale of certain HTC. See Note 7 for additional detail.

15. COMMITMENTS AND CONTINGENCIES

The Organization has a number of multi-year lease commitments on office equipment and buildings, which are used for the Organization's administration and programs. All of the leases are non-cancelable and expire on various dates through 2022. The lease expense under these leases was \$405,804 for the year ended December 31, 2019 and \$498,879 for the year ended December 31, 2018.

During the year ended December 31, 2019, the Organization began subleasing an office space to another tenant. The Organization has recorded a loss on subleasing activity for the net of the projected amounts owed under the life of the lease over the projected income under the life of the sublease. The loss will be reduced annually based on the portion of the amounts owed over the amounts received. The sublease with the tenant expires concurrent with the Organization's operating lease of the building in 2025.

Future minimum rents

Commercial leases office space to tenants under net operating leases. All of the leases are non-cancelable and expire on various dates through 2021.

The future contractual minimum lease payments to be received (excluding operating expense reimbursements) by Housing, under non-cancelable operating leases are as follows:

Year ending December 31,

2020	\$	239,538
2021		106,551
	\$	346,089

CitySquare and Subsidiaries  
Notes to Consolidated Financial Statements  
December 31, 2019 and 2018

15. COMMITMENTS AND CONTINGENCIES (continued)

Guarantees

Housing has guaranteed loan funds to certain limited liability companies and partnerships if they incur operating deficits as defined in the respective partnership or operating agreements. These guarantees expire at various dates through 2026 upon the expiration of the operating or partnership agreements. Loans made pursuant to these guarantees are generally interest-free and unsecured.

Housing has agreed to provide tax indemnification in the event of low-income housing or historical tax credit recapture to certain limited liability companies and partnerships in which Housing or an affiliate is the general partner. The potential liability under these agreements is dependent upon IRS audits and final letters of determination of the qualified basis in the tax credit properties. Housing's management is not aware of any known liability related to tax credit recapture.

Grant and property use restrictions

Many of the properties owned and operated by Housing and its subsidiaries were developed using funds from grants and restricted, low interest rate loans. The terms of these grants and loans restrict the use of the property and generally require that it be rented to low-income qualified tenants for the period of the grant or related loan term. Failure to comply with the terms of the grant or the loans would result in a requirement to repay a portion or all of the funding.

Rental assistance contracts

Some of the properties owned by Housing and its subsidiaries have entered into rental assistance contracts with HUD through the DHA, as described in Note 2. These contracts have various terms and require the projects to operate as low-income housing properties and to obtain HUD approval of all rent increases.

Litigation

Housing and its subsidiaries are periodically involved as defendants in claims and litigation relating to a variety of matters. Some claims may be recovered from insurance reimbursements. Although the ultimate disposition of asserted claims cannot be predicted with certainty, management believes that the outcome of any such claims will not have a material adverse effect on the consolidated financial position of the Organization. Accruals are recorded for any claim that arises whenever it is probable that Housing and subsidiaries are exposed to a loss contingency and the amount of the loss contingency can be reasonably estimated.

CitySquare and Subsidiaries  
Notes to Consolidated Financial Statements  
December 31, 2019 and 2018

16. CONCENTRATION OF CREDIT RISK

The Organization's cash accounts are subject to concentrations of credit risk. The Organization maintains its cash deposits in accounts at various financial institutions, which may exceed the federally insured limits. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per account category per financial institution. Management believes that any credit risk exposure is mitigated by the financial strength of the banking institutions in which the deposits are held. The Organization has not experienced any losses in such accounts and believes it is not exposed to significant credit risk.

Real estate owned by Housing is geographically concentrated in the metro Dallas area. As a result, real estate held by Housing is subject to market volatility from changes in economic conditions or real estate values in the metro Dallas market. However, Housing has not experienced any losses with respect to such volatility, and therefore believes that geographic concentration poses no significant financial risk.

For the year ended December 31, 2019, contributions from two donors represent approximately 11% of total contributions and grants and 72% of outstanding contributions receivable. Additionally, the U.S. Department of Housing and Urban Development contributed approximately 12% of the total contributions and grants for the year ended December 31, 2019.

For the year ended December 31, 2018, contributions from three donors represent approximately 11% of total contributions and 81% of outstanding contributions receivable. Additionally, the U.S. Department of Housing and Urban Development contributed approximately 17% of total contributions and grants.

17. SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 1, 2020, the date which the financial statements were available for issue.

- In February 2020, CitySquare Housing contributed certain City of Dallas Tax Increment Financing funds (TIF Tranche 2) to HAGP thereby increasing its membership interest level in HAGP to 7.94%. After the contribution in February 2020, CitySquare Housing received a distribution of \$605,866 from HAGP.
- In May 2020, the Organization sold the land held by CitySquare Denver with the intention to cease all operations in connection with CitySquare Denver.
- In May 2020, the Organization renewed their line of credit with a maximum borrowing of \$850,000 and a maturity date of November 14, 2020.
- As of June 2020, the NMTC transaction described in Note 3 has come to a conclusion. AT&T Corporation exercised their put option to sell all interest in the AT&T Investment Fund to CDM. The unwinding of this transaction will result in a reduction in notes receivable of \$8,356,250 and reduction in notes payable by \$12,125,000.

CitySquare and Subsidiaries  
Notes to Consolidated Financial Statements  
December 31, 2019 and 2018

17. SUBSEQUENT EVENTS (continued)

- On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses and shelter in place orders. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings and shelter in place orders. It is at least reasonably possible that this matter will negatively impact the Organization. However, the financial impact and duration cannot be reasonably estimated at this time.
- On April 16, 2020, CitySquare received loan proceeds of \$1,533,300 from a promissory note issued by Frost Bank, under the Paycheck Protection Program (“PPP”) which was established under the CARES Act and is administered by the U.S. Small Business Administration. In addition, on April 16, 2020 CitySquare Housing received loan proceeds of \$108,007 from a promissory note issued by Bancorp South under the PPP. The term on the loans are two years and the annual interest rate is 1.00%. Payments of principal and interest are deferred for the first six months of the loan. Under the terms of the CARES Act, PPP loan recipients can apply for and be granted forgiveness for all or a portion of the loans granted under PPP. Such forgiveness will be determined based on the use of the loan proceeds for payroll costs, rent and utility expenses and the maintenance of workforce and compensation levels with certain limitations. The Organization believes that it will likely qualify for full forgiveness on each loan, but there is uncertainty around the standards and operation of the PPP, and no assurance is provided that the Organization will obtain forgiveness in whole or in part.
- After December 31, 2019, CitySquare Housing entered into lease renewals with terms expiring through 2025 for three of its tenants.

The future contractual minimum lease payments to be received (excluding operating expense reimbursements) by CitySquare Housing under non-cancelable operating leases including lease renewals entered into in 2020 are as follows:

Year ending December 31,

2020	\$	281,483
2021		198,077
2022		92,115
2023		92,717
2024		93,333
Thereafter		49,005
	\$	806,730

The Organization determined that no additional disclosures were required.

SUPPLEMENTARY INFORMATION

CitySquare and Subsidiaries  
CitySquare Consolidating Statement of Financial Position - 2019  
December 31, 2019

ASSETS

	CitySquare & POB	CDM Center of Hope	CitySquare Arts Opportunity Center, LLC	CitySquare Housing	Eliminating Entries	Consolidated CitySquare
Cash and cash equivalents	\$ 1,061,190	\$ 601	\$ 164,219	\$ 1,821,352	\$ -	\$ 3,047,362
Restricted deposits and reserves	28,442	-	-	3,062,287	-	3,090,729
Grants receivable	753,547	-	-	-	-	753,547
Rents receivable, net	-	-	-	563,351	-	563,351
Contributions receivable	417,500	-	-	-	-	417,500
Due from related entities	-	-	19,718	-	(19,718)	-
Receivables from related entities	30,044	-	-	314,405	(187,044)	157,405
Notes receivable	4,400,558	8,356,250	-	-	(4,400,558)	8,356,250
Investments in related entities	-	-	-	1,549,485	-	1,549,485
Prepaid and other assets	1,868,575	-	10,000	666,048	(1,605,074)	939,549
Tax credit fees, net	-	-	-	523,107	-	523,107
Cash restricted for acquisition of long-lived assets	113,399	-	-	-	-	113,399
Property and equipment, net	<u>12,234,296</u>	<u>1,188,031</u>	<u>3,040,113</u>	<u>67,055,439</u>	<u>216,111</u>	<u>83,733,990</u>
<b>Total assets</b>	<b><u>\$20,907,551</u></b>	<b><u>\$ 9,544,882</u></b>	<b><u>\$ 3,234,050</u></b>	<b><u>\$75,555,474</u></b>	<b><u>\$(5,996,283)</u></b>	<b><u>\$103,245,674</u></b>

LIABILITIES AND NET ASSETS

<b>Liabilities</b>						
Accounts payable to unrelated entities	\$ 314,598	\$ -	\$ -	\$ 936,585	\$ -	\$ 1,251,183
Accounts payable to related entities	-	-	285,376	1,811,219	-	2,096,595
Accrued expenses and other liabilities	1,713,928	1,085,165	-	165,835	(1,502,208)	1,462,720
Due to related parties	19,718	-	-	-	(19,718)	-
Lines of credit	700,000	-	-	-	-	700,000
Contingent notes payable	-	-	261,203	-	-	261,203
Notes payable, net	<u>11,719,917</u>	<u>747,734</u>	<u>30,044</u>	<u>26,543,715</u>	<u>(4,587,602)</u>	<u>34,453,808</u>
<b>Total liabilities</b>	<b><u>14,468,161</u></b>	<b><u>1,832,899</u></b>	<b><u>576,623</u></b>	<b><u>29,457,354</u></b>	<b><u>(6,109,528)</u></b>	<b><u>40,225,509</u></b>
<b>Net assets</b>						
Without donor restrictions						
Controlling	5,687,799	7,711,983	2,657,427	11,119,512	113,245	27,289,966
Noncontrolling	-	-	-	<u>34,978,608</u>	-	<u>34,978,608</u>
Total without donor restrictions	<u>5,687,799</u>	<u>7,711,983</u>	<u>2,657,427</u>	<u>46,098,120</u>	<u>113,245</u>	<u>62,268,574</u>
With donor restrictions	<u>751,591</u>	-	-	-	-	<u>751,591</u>
<b>Total net assets</b>	<b><u>6,439,390</u></b>	<b><u>7,711,983</u></b>	<b><u>2,657,427</u></b>	<b><u>46,098,120</u></b>	<b><u>113,245</u></b>	<b><u>63,020,165</u></b>
<b>Total liabilities and net assets</b>	<b><u>\$20,907,551</u></b>	<b><u>\$ 9,544,882</u></b>	<b><u>\$ 3,234,050</u></b>	<b><u>\$75,555,474</u></b>	<b><u>\$(5,996,283)</u></b>	<b><u>\$103,245,674</u></b>

CitySquare and Subsidiaries  
CitySquare Consolidating Statement of Activities - 2019  
For The Year Ended December 31, 2019

	CitySquare & POB	CDM Center of Hope	CitySquare Arts Opportunity Center, LLC	CitySquare Housing	Eliminating Entries	Consolidated CitySquare
Revenues and other support						
Contributions and grants						
Individuals	\$ 2,513,002	\$ -	\$ -	\$ 5,000	\$ -	\$ 2,518,002
Intercompany contributions	447,233	82,167	324,817	137,137	(991,354)	-
Religious organizations	478,685	-	52,343	-	-	531,028
Corporations	380,021	5	-	-	-	380,026
Foundations	2,876,797	-	637,347	-	-	3,514,144
Federal and state	9,654,604	-	-	-	-	9,654,604
United Way	424,537	-	-	-	-	424,537
In-kind contributions	6,699,974	44,105	-	-	-	6,744,079
Total contributions and grants	<u>23,474,853</u>	<u>126,277</u>	<u>1,014,507</u>	<u>142,137</u>	<u>(991,354)</u>	<u>23,766,420</u>
Program revenue	1,275,866	-	-	-	-	1,275,866
Sales of merchandise	507,979	-	-	-	-	507,979
Proceeds from fundraising events	983,864	-	-	-	-	983,864
Less: direct benefit to donors	(645,164)	-	-	-	-	(645,164)
Interest income	12,937	83,563	-	-	-	96,500
Rental income, net of vacancies	44,324	242,272	-	5,706,899	(178,342)	5,815,153
Tenant expense reimbursements	-	-	-	119,262	-	119,262
Other revenue	314,178	-	13,825	-	(273,255)	54,748
Total revenues and other support	<u>25,968,837</u>	<u>452,112</u>	<u>1,028,332</u>	<u>5,968,298</u>	<u>(1,442,951)</u>	<u>31,974,628</u>
Functional expenses						
Programs	23,669,974	-	-	7,190,569	(117,001)	30,743,542
Management and general	3,671,276	359,863	647,331	902,985	(1,325,950)	4,255,505
Fundraising	690,443	-	-	-	-	690,443
Total functional expenses	<u>28,031,693</u>	<u>359,863</u>	<u>647,331</u>	<u>8,093,554</u>	<u>(1,442,951)</u>	<u>35,689,490</u>
Changes in net assets	<u>(2,062,856)</u>	<u>92,249</u>	<u>381,001</u>	<u>(2,125,256)</u>	<u>-</u>	<u>(3,714,862)</u>
Other income/(expense)						
Loss on equity in earnings of related entities	-	-	-	(10,841)	-	(10,841)
Other income	-	-	-	26,525	-	26,525
Gain on sale of assets	(307,995)	-	-	-	345,612	37,617
Loss on subleasing activity	(369,982)	-	-	-	-	(369,982)
Total other income/(expense)	<u>(677,977)</u>	<u>-</u>	<u>-</u>	<u>15,684</u>	<u>345,612</u>	<u>(316,681)</u>
Change in net assets	(2,740,833)	92,249	381,001	(2,109,572)	345,612	(4,031,543)
Noncontrolling interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,268,013)</u>	<u>-</u>	<u>(1,268,013)</u>
Change in net assets attributable to the controlling interest	(2,740,833)	92,249	381,001	(841,559)	345,612	(2,763,530)
Net assets, beginning of year	9,180,223	7,619,734	2,276,426	48,313,313	(232,367)	67,157,329
Distributions	-	-	-	(105,621)	-	(105,621)
Noncontrolling interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,268,013)</u>	<u>-</u>	<u>(1,268,013)</u>
Net assets, end of year	<u>\$ 6,439,390</u>	<u>\$ 7,711,983</u>	<u>\$ 2,657,427</u>	<u>\$ 46,098,120</u>	<u>\$ 113,245</u>	<u>\$ 63,020,165</u>

CitySquare and Subsidiaries  
CitySquare Consolidating Statement of Financial Position - 2018  
December 31, 2018

ASSETS

	CitySquare & POB	CDM Center of Hope	CitySquare Arts Opportunity Center, LLC	CitySquare Housing	Eliminating Entries	Consolidated CitySquare
Cash and cash equivalents	\$ 1,495,848	\$ 29,093	\$ 69,678	\$ 2,015,723	\$ -	\$ 3,610,342
Restricted deposits and reserves	24,820	-	-	3,009,487	-	3,034,307
Certificates of deposit	17,517	-	-	-	-	17,517
Grants receivable	908,257	-	-	-	-	908,257
Rents receivable, net	-	-	-	413,193	-	413,193
Contributions receivable	370,000	-	-	-	-	370,000
Due from related entities	974	-	-	-	(974)	-
Receivables from related entities	-	-	-	157,765	-	157,765
Notes receivable	4,586,923	8,356,250	-	-	(4,586,923)	8,356,250
Investments in related entities	-	-	-	1,617,726	-	1,617,726
Prepaid and other assets	1,367,570	-	26,064	355,498	(1,391,881)	357,251
Tax credit fees, net	-	-	-	578,803	-	578,803
Cash restricted for acquisition of long-lived assets	220,000	-	-	-	-	220,000
Property and equipment, net	<u>13,213,138</u>	<u>1,188,031</u>	<u>2,198,326</u>	<u>69,049,078</u>	<u>(145,341)</u>	<u>85,503,232</u>
<b>Total assets</b>	<b><u>\$22,205,047</u></b>	<b><u>\$ 9,573,374</u></b>	<b><u>\$ 2,294,068</u></b>	<b><u>\$77,197,273</u></b>	<b><u>\$(6,125,119)</u></b>	<b><u>\$105,144,643</u></b>

LIABILITIES AND NET ASSETS

<b>Liabilities</b>						
Accounts payable to unrelated entities	\$ 373,349	\$ 4,901	\$ -	\$ 939,084	\$ -	\$ 1,317,334
Accounts payable to related entities	-	-	15,992	1,788,610	(1,542)	1,803,060
Accrued expenses and other liabilities	636,109	1,101,005	1,650	155,249	(1,304,287)	589,726
Lines of credit	476,377	-	-	-	-	476,377
Notes payable, net	<u>11,538,989</u>	<u>847,734</u>	<u>-</u>	<u>26,001,017</u>	<u>(4,586,923)</u>	<u>33,800,817</u>
<b>Total liabilities</b>	<b><u>13,024,824</u></b>	<b><u>1,953,640</u></b>	<b><u>17,642</u></b>	<b><u>28,883,960</u></b>	<b><u>(5,892,752)</u></b>	<b><u>37,987,314</u></b>
<b>Net assets</b>						
<b>Without donor restrictions</b>						
Controlling	7,821,676	7,619,734	2,276,426	11,961,071	(232,367)	29,446,540
Noncontrolling	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,352,242</u>	<u>-</u>	<u>36,352,242</u>
<b>Total without donor restrictions</b>	<b><u>7,821,676</u></b>	<b><u>7,619,734</u></b>	<b><u>2,276,426</u></b>	<b><u>48,313,313</u></b>	<b><u>(232,367)</u></b>	<b><u>65,798,782</u></b>
<b>With donor restrictions</b>	<b><u>1,358,547</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>1,358,547</u></b>
<b>Total net assets</b>	<b><u>9,180,223</u></b>	<b><u>7,619,734</u></b>	<b><u>2,276,426</u></b>	<b><u>48,313,313</u></b>	<b><u>(232,367)</u></b>	<b><u>67,157,329</u></b>
<b>Total liabilities and net assets</b>	<b><u>\$22,205,047</u></b>	<b><u>\$ 9,573,374</u></b>	<b><u>\$ 2,294,068</u></b>	<b><u>\$77,197,273</u></b>	<b><u>\$(6,125,119)</u></b>	<b><u>\$105,144,643</u></b>

CitySquare and Subsidiaries  
CitySquare Consolidating Statement of Activities - 2018  
For The Year Ended December 31, 2018

	CitySquare & POB	CDM Center of Hope	CitySquare Arts Opportunity Center, LLC	CitySquare Housing	Eliminating Entries	Consolidated CitySquare
Revenues and other support						
Contributions and grants						
Individuals	\$ 1,583,696	\$ -	\$ -	\$ 130	\$ -	\$ 1,583,826
Intercompany contributions	171,286	97,000	801,625	-	(1,069,911)	-
Religious organizations	803,164	-	-	-	-	803,164
Corporations	504,624	5	-	-	-	504,629
Foundations	3,678,140	-	325,000	-	-	4,003,140
Federal and state	8,412,719	-	-	-	-	8,412,719
United Way	448,583	-	-	-	-	448,583
In-kind contributions	6,148,806	49,605	-	-	-	6,198,411
Total contributions and grants	<u>21,751,018</u>	<u>146,610</u>	<u>1,126,625</u>	<u>130</u>	<u>(1,069,911)</u>	<u>21,954,472</u>
Real estate sales	-	-	-	2,200,000	-	2,200,000
Program revenue	763,145	-	-	-	-	763,145
Sales of merchandise	568,310	-	-	-	-	568,310
Proceeds from fundraising events	1,064,530	-	-	-	-	1,064,530
Less: direct benefit to donors	(553,806)	-	-	-	-	(553,806)
Interest income	11,239	83,563	-	-	-	94,802
Rental income, net of vacancies	500	265,717	-	5,350,345	(178,342)	5,438,220
Tenant expense reimbursements	-	-	-	102,364	-	102,364
TEOF Hotel investment	-	-	-	687,381	-	687,381
Other revenue	224,892	-	31,997	2,500	(206,003)	53,386
Total revenues and other support	<u>23,829,828</u>	<u>495,890</u>	<u>1,158,622</u>	<u>8,342,720</u>	<u>(1,454,256)</u>	<u>32,372,804</u>
Functional expenses						
Programs	20,689,771	-	-	8,486,840	(117,001)	29,059,610
Management and general	3,782,742	370,171	571,383	1,002,903	(1,337,255)	4,389,944
Fundraising	946,195	-	-	-	-	946,195
Total functional expenses	<u>25,418,708</u>	<u>370,171</u>	<u>571,383</u>	<u>9,489,743</u>	<u>(1,454,256)</u>	<u>34,395,749</u>
Changes in net assets	<u>(1,588,880)</u>	<u>125,719</u>	<u>587,239</u>	<u>(1,147,023)</u>	<u>-</u>	<u>(2,022,945)</u>
Other income/(expense)						
Loss on equity in earnings of related entities	-	-	-	(10,872)	-	(10,872)
Gain on reversal of payables and reserves	-	-	-	115,906	-	115,906
Other income	-	-	-	6,122	-	6,122
Loss on impairment of investment	-	-	-	(262,381)	-	(262,381)
Total other income/(expense)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(151,225)</u>	<u>-</u>	<u>(151,225)</u>
Change in net assets	<u>(1,588,880)</u>	<u>125,719</u>	<u>587,239</u>	<u>(1,298,248)</u>	<u>-</u>	<u>(2,174,170)</u>
Noncontrolling interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,782,265)</u>	<u>-</u>	<u>(1,782,265)</u>
Change in net assets attributable to the controlling interest	<u>(1,588,880)</u>	<u>125,719</u>	<u>587,239</u>	<u>484,017</u>	<u>-</u>	<u>(391,905)</u>
Net assets, beginning of year	10,769,103	7,494,015	1,689,187	49,611,561	(232,367)	69,331,499
Noncontrolling interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,782,265)</u>	<u>-</u>	<u>(1,782,265)</u>
Net assets, end of year	<u>\$ 9,180,223</u>	<u>\$ 7,619,734</u>	<u>\$ 2,276,426</u>	<u>\$ 48,313,313</u>	<u>\$ (232,367)</u>	<u>\$ 67,157,329</u>

CitySquare and Subsidiaries  
CitySquare and Portion of Business Consolidating Statement of Financial Position for Federal Tax  
Reporting - 2019  
December 31, 2019

ASSETS

	CitySquare excluding POB	Portion of Business	Eliminating Entries	CitySquare & POB
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Cash and cash equivalents	\$ 1,024,219	\$ 36,971	\$ -	\$ 1,061,190
Restricted deposits and reserves	28,442	-	-	28,442
Grants receivable	753,547	-	-	753,547
Contributions receivable	417,500	-	-	417,500
Receivables from related entities	150,388	525	(120,869)	30,044
Notes receivable	4,400,558	-	-	4,400,558
Prepaid and other assets	658,687	1,209,888	-	1,868,575
Cash restricted for acquisition of long-lived assets	113,399	-	-	113,399
Property and equipment, net	<u>794,446</u>	<u>11,439,850</u>	<u>-</u>	<u>12,234,296</u>
 Total assets	 <u>\$ 8,341,186</u>	 <u>\$ 12,687,234</u>	 <u>\$ (120,869)</u>	 <u>\$ 20,907,551</u>

LIABILITIES AND NET ASSETS

Liabilities				
Accounts payable to unrelated parties	\$ 276,170	\$ 38,428	\$ -	\$ 314,598
Accrued expenses and other liabilities	1,701,657	12,271	-	1,713,928
Due to related parties	20,243	120,344	(120,869)	19,718
Lines of credit	700,000	-	-	700,000
Notes payable, net	<u>157,000</u>	<u>11,562,917</u>	<u>-</u>	<u>11,719,917</u>
Total liabilities	<u>2,855,070</u>	<u>11,733,960</u>	<u>(120,869)</u>	<u>14,468,161</u>
 Net assets				
Without donor restrictions	4,734,525	953,274	-	5,687,799
With donor restrictions	<u>751,591</u>	<u>-</u>	<u>-</u>	<u>751,591</u>
Total net assets	<u>5,486,116</u>	<u>953,274</u>	<u>-</u>	<u>6,439,390</u>
 Total liabilities and net assets	 <u>\$ 8,341,186</u>	 <u>\$ 12,687,234</u>	 <u>\$ (120,869)</u>	 <u>\$ 20,907,551</u>

CitySquare and Subsidiaries  
CitySquare and Portion of Business Consolidating Statement of Activities for Federal Tax Reporting -  
2019  
For The Year Ended December 31, 2019

	CitySquare excluding POB	Portion of Business	Eliminating Entries	CitySquare & POB
Revenues and other support				
Contributions and grants				
Individuals	\$ 2,513,002	\$ -	\$ -	\$ 2,513,002
Intercompany contributions	487,783	209,450	(250,000)	447,233
Religious organizations	478,685	-	-	478,685
Corporations	380,021	-	-	380,021
Foundations	2,876,797	-	-	2,876,797
Federal and state	9,654,604	-	-	9,654,604
United Way	424,537	-	-	424,537
In-kind contributions	<u>6,699,974</u>	<u>-</u>	<u>-</u>	<u>6,699,974</u>
Total contributions and grants	23,515,403	209,450	(250,000)	23,474,853
Program revenue	1,275,866	-	-	1,275,866
Sales of merchandise	507,979	-	-	507,979
Proceeds from fundraising events	983,864	-	-	983,864
Less: direct benefit to donors	(645,164)	-	-	(645,164)
Interest income	12,937	-	-	12,937
Rental income, net of vacancies	44,324	-	-	44,324
Other revenue	<u>20,042</u>	<u>294,136</u>	<u>-</u>	<u>314,178</u>
Total revenues and other support	<u>25,715,251</u>	<u>503,586</u>	<u>(250,000)</u>	<u>25,968,837</u>
Functional expenses				
Programs	23,130,304	539,670	-	23,669,974
Management and general	3,395,831	525,445	(250,000)	3,671,276
Fundraising	<u>640,186</u>	<u>50,257</u>	<u>-</u>	<u>690,443</u>
Total functional expenses	<u>27,166,321</u>	<u>1,115,372</u>	<u>250,000</u>	<u>28,031,693</u>
Changes in net assets	(1,451,070)	(611,786)	-	(2,062,856)
Other income/(expense) and gains/(losses)				
Gain on sale of assets	(307,995)	-	-	(307,995)
Loss on subleasing activity	<u>(369,982)</u>	<u>-</u>	<u>-</u>	<u>(369,982)</u>
Total other income/(expense) and gains/(losses)	<u>(677,977)</u>	<u>-</u>	<u>-</u>	<u>(677,977)</u>
Change in net assets	(2,129,047)	(611,786)	-	(2,740,833)
Net assets, beginning of year	<u>7,615,163</u>	<u>1,565,060</u>	<u>-</u>	<u>9,180,223</u>
Net assets, end of year	<u>\$ 5,486,116</u>	<u>\$ 953,274</u>	<u>\$ -</u>	<u>\$ 6,439,390</u>

CitySquare and Subsidiaries  
CitySquare and Portion of Business Consolidating Statement of Financial Position for Federal Tax Reporting -  
2018  
December 31, 2018

ASSETS

	CitySquare excluding POB	Portion of Business	Eliminating Entries	CitySquare & POB
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Cash and cash equivalents	\$ 1,407,609	\$ 88,239	\$ -	\$ 1,495,848
Restricted deposits and reserves	24,820	-	-	24,820
Certificates of deposit	17,517	-	-	17,517
Grants receivable	908,257	-	-	908,257
Contributions receivable	370,000	-	-	370,000
Receivables from related entities	974	525	(525)	974
Notes receivable	4,586,923	-	-	4,586,923
Prepaid and other assets	179,539	1,188,031	-	1,367,570
Cash restricted for acquisition of long-lived assets	220,000	-	-	220,000
Property and equipment, net	<u>1,363,842</u>	<u>11,849,296</u>	<u>-</u>	<u>13,213,138</u>
 Total assets	 <u>\$ 9,079,481</u>	 <u>\$ 13,126,091</u>	 <u>\$ (525)</u>	 <u>\$ 22,205,047</u>

LIABILITIES AND NET ASSETS

Liabilities				
Accounts payable to unrelated entities	\$ 363,578	\$ 9,771	\$ -	\$ 373,349
Accrued expenses and other liabilities	623,838	12,271	-	636,109
Due to related parties	525	-	(525)	-
Lines of credit	476,377	-	-	476,377
Notes payable, net	-	<u>11,538,989</u>	-	<u>11,538,989</u>
Total liabilities	<u>1,464,318</u>	<u>11,561,031</u>	<u>(525)</u>	<u>13,024,824</u>
Net assets				
Without donor restrictions	6,256,616	1,565,060	-	7,821,676
With donor restrictions	<u>1,358,547</u>	<u>-</u>	<u>-</u>	<u>1,358,547</u>
Total net assets	<u>7,615,163</u>	<u>1,565,060</u>	<u>-</u>	<u>9,180,223</u>
 Total liabilities and net assets	 <u>\$ 9,079,481</u>	 <u>\$ 13,126,091</u>	 <u>\$ (525)</u>	 <u>\$ 22,205,047</u>

CitySquare and Subsidiaries  
CitySquare and Portion of Business Consolidating Statement of Activities for Federal Tax Reporting - 2018  
For The Year Ended December 31, 2018

	CitySquare excluding POB	Portion of Business	Eliminating Entries	CitySquare & POB
Revenues and other support				
Contributions and grants				
Individuals	\$ 1,583,696	\$ -	\$ -	\$ 1,583,696
Intercompany contributions	118,155	248,398	(195,267)	171,286
Religious organizations	803,164	-	-	803,164
Corporations	504,624	-	-	504,624
Foundations	3,678,140	-	-	3,678,140
Federal and state	8,412,719	-	-	8,412,719
United Way	448,583	-	-	448,583
In-kind contributions	<u>6,148,806</u>	<u>-</u>	<u>-</u>	<u>6,148,806</u>
Total contributions and grants	21,697,887	248,398	(195,267)	21,751,018
Program revenue	763,145	-	-	763,145
Sales of merchandise	568,310	-	-	568,310
Proceeds from fundraising events	1,064,530	-	-	1,064,530
Less: direct benefit to donors	(553,806)	-	-	(553,806)
Interest income	11,239	-	-	11,239
Rental income, net of vacancies	500	-	-	500
Other revenue	<u>18,889</u>	<u>206,003</u>	<u>-</u>	<u>224,892</u>
Total revenues and other support	<u>23,570,694</u>	<u>454,401</u>	<u>(195,267)</u>	<u>23,829,828</u>
Functional expenses				
Programs	20,210,242	479,529	-	20,689,771
Management and general	3,533,434	444,575	(195,267)	3,782,742
Fundraising	<u>895,938</u>	<u>50,257</u>	<u>-</u>	<u>946,195</u>
Total functional expenses	<u>24,639,614</u>	<u>974,361</u>	<u>195,267</u>	<u>25,418,708</u>
Changes in net assets	(1,068,920)	(519,960)	-	(1,588,880)
Net assets, beginning of year	<u>8,684,083</u>	<u>2,085,020</u>	<u>-</u>	<u>10,769,103</u>
Net assets, end of year	<u>\$ 7,615,163</u>	<u>\$ 1,565,060</u>	<u>\$ -</u>	<u>\$ 9,180,223</u>

CitySquare and Subsidiaries  
CitySquare Housing Consolidating Statement of Financial Position - 2019  
December 31, 2019

ASSETS

	CitySquare Housing	Akard Walk Commercial, LLC	Akard Walk Condo, LLC	Akard Walk Residential, LLC	City Walk at Akard Master Condominium Association, Inc.	Patriot Solar Power, LLC	St. Anne's Hospital, LLC	TEOF	Wynnewood Family Housing, LP	Wynnewood Seniors Housing, LP	Eliminating Entries	Consolidated CitySquare Housing
Cash and cash equivalents	\$ 739,426	\$ 109,077	\$ -	\$ 405,702	\$ 25,892	\$ -	\$ -	\$ 157,680	\$ 31,584	\$ 351,991	\$ -	\$ 1,821,352
Restricted deposits and reserves	-	-	-	898,505	-	-	-	-	1,029,998	1,133,784	-	3,062,287
Rents receivable, net	32,160	2,168	-	9,285	-	-	-	-	516,933	2,805	-	563,351
Receivables from related entities	3,564,763	10,993	-	40,837	-	-	-	137,318	-	-	(3,439,506)	314,405
Notes receivable	929,765	-	-	-	-	-	-	1,040,150	-	-	(1,969,915)	-
Investments in related entities	613,480	-	-	-	-	-	-	1,060,000	-	-	(123,995)	1,549,485
Prepaid and other assets	447,056	-	-	127,376	21,492	-	-	-	50,405	19,719	-	666,048
Tax credit fees, net	-	-	-	28,084	-	-	-	-	211,826	283,197	-	523,107
Property and equipment, net	8,754,856	6,265,297	-	19,917,434	-	-	719,728	-	20,725,903	12,657,989	(1,985,768)	67,055,439
<b>Total assets</b>	<b>\$ 15,081,506</b>	<b>\$ 6,387,535</b>	<b>\$ -</b>	<b>\$ 21,427,223</b>	<b>\$ 47,384</b>	<b>\$ -</b>	<b>\$ 719,728</b>	<b>\$ 2,395,148</b>	<b>\$ 22,566,649</b>	<b>\$ 14,449,485</b>	<b>\$ (7,519,184)</b>	<b>\$ 75,555,474</b>

LIABILITIES AND NET ASSETS

<b>Liabilities</b>												
Accounts payable to unrelated entities	\$ 126,091	\$ 105,645	\$ -	\$ 208,065	\$ 25,424	\$ -	\$ 3,325	\$ -	\$ 342,439	\$ 125,596	\$ -	\$ 936,585
Accounts payable to related entities	165,860	1,201,070	-	3,167,865	21,960	-	306,403	-	347,111	80,011	(3,479,061)	1,811,219
Accrued expenses and other liabilities	4,362	24,598	-	36,513	-	-	-	-	59,457	40,905	-	165,835
Notes payable, net	5,530,785	5,424,791	-	11,055,167	-	-	-	-	5,405,817	2,103,219	(2,976,064)	26,543,715
<b>Total liabilities</b>	<b>5,827,098</b>	<b>6,756,104</b>	<b>-</b>	<b>14,467,610</b>	<b>47,384</b>	<b>-</b>	<b>309,728</b>	<b>-</b>	<b>6,154,824</b>	<b>2,349,731</b>	<b>(6,455,125)</b>	<b>29,457,354</b>
<b>Net assets</b>												
Controlling	9,254,408	(368,569)	-	694,804	-	-	410,000	2,395,148	-	(202,220)	(1,064,059)	11,119,512
Noncontrolling	-	-	-	6,264,809	-	-	-	-	16,411,825	12,301,974	-	34,978,608
<b>Total net assets</b>	<b>9,254,408</b>	<b>(368,569)</b>	<b>-</b>	<b>6,959,613</b>	<b>-</b>	<b>-</b>	<b>410,000</b>	<b>2,395,148</b>	<b>16,411,825</b>	<b>12,099,754</b>	<b>(1,064,059)</b>	<b>46,098,120</b>
<b>Total liabilities and net assets</b>	<b>\$ 15,081,506</b>	<b>\$ 6,387,535</b>	<b>\$ -</b>	<b>\$ 21,427,223</b>	<b>\$ 47,384</b>	<b>\$ -</b>	<b>\$ 719,728</b>	<b>\$ 2,395,148</b>	<b>\$ 22,566,649</b>	<b>\$ 14,449,485</b>	<b>\$ (7,519,184)</b>	<b>\$ 75,555,474</b>

**CitySquare and Subsidiaries**  
**CitySquare Housing Consolidating Statement of Activities - 2019**  
**For The Year Ended December 31, 2019**

	CitySquare Housing	Akard Walk Commercial, LLC	Akard Walk Condo, LLC	Akard Walk Residential, LLC	City Walk at Akard Master Condominium Association, Inc.	Patriot Solar Power, LLC	St. Anne's Hospital, LLC	TEOF	Wynnewood Family Housing, LP	Wynnewood Seniors Housing, LP	Eliminating Entries	CitySquare Housing
<b>Revenues and other support</b>												
Contributions and grants												
Individuals	\$ 5,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,000
Corporations	137,137	-	-	-	-	-	-	-	-	-	-	137,137
Total contributions and grants	<u>142,137</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>142,137</u>
Rental income, net of vacancies	475,939	555,985	-	2,025,384	646,932	-	-	-	1,544,676	1,190,196	(732,213)	5,706,899
Tenant expense reimbursements	-	127,905	-	-	-	-	-	-	-	-	(8,643)	119,262
Partnership and asset management fees	82,511	-	-	-	-	-	-	-	-	-	(82,511)	-
Total revenues and other support	<u>700,587</u>	<u>683,890</u>	<u>-</u>	<u>2,025,384</u>	<u>646,932</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,544,676</u>	<u>1,190,196</u>	<u>(823,367)</u>	<u>5,968,298</u>
<b>Functional expenses</b>												
Programs	1,400,436	-	-	2,225,420	646,932	-	-	1,800	2,305,855	1,503,646	(893,520)	7,190,569
Management and general	196,895	706,090	-	-	-	-	-	-	-	-	-	902,985
Total functional expenses	<u>1,597,331</u>	<u>706,090</u>	<u>-</u>	<u>2,225,420</u>	<u>646,932</u>	<u>-</u>	<u>-</u>	<u>1,800</u>	<u>2,305,855</u>	<u>1,503,646</u>	<u>893,520</u>	<u>8,093,554</u>
Changes in net assets	<u>(896,744)</u>	<u>(22,200)</u>	<u>-</u>	<u>(200,036)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,800)</u>	<u>(761,179)</u>	<u>(313,450)</u>	<u>70,153</u>	<u>(2,125,256)</u>
<b>Other income/ (expenses)</b>												
Equity in earnings of consolidating partnerships	(22,240)	-	-	-	-	-	-	-	-	-	22,240	-
Loss on equity in earnings of related entities	(10,841)	-	-	-	-	-	-	-	-	-	-	(10,841)
Other income	58,101	-	-	-	-	-	-	4,392	6,632	-	(42,600)	26,525
Total other income/ (expenses)	<u>25,020</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,392</u>	<u>6,632</u>	<u>-</u>	<u>(20,360)</u>	<u>15,684</u>
Change in net assets	(871,724)	(22,200)	-	(200,036)	-	-	-	2,592	(754,547)	(313,450)	49,793	(2,109,572)
Net assets, beginning of year	10,126,132	(346,369)	-	7,211,994	-	-	410,000	2,392,556	17,166,372	12,556,921	(1,204,293)	48,313,313
Distributions	-	-	-	(52,345)	-	-	-	-	-	(143,717)	90,441	(105,621)
Net assets, end of year	<u>\$ 9,254,408</u>	<u>\$ (368,569)</u>	<u>\$ -</u>	<u>\$ 6,959,613</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 410,000</u>	<u>\$ 2,395,148</u>	<u>\$ 16,411,825</u>	<u>\$ 12,099,754</u>	<u>\$ (1,064,059)</u>	<u>\$ 46,098,120</u>

CitySquare and Subsidiaries  
CitySquare Housing Consolidating Statement of Financial Position - 2018  
December 31, 2018

ASSETS

	CitySquare Housing	Akard Walk Commercial, LLC	Akard Walk Condo, LLC	Akard Walk Residential, LLC	City Walk at Akard Master Condominium Association, Inc.	Patriot Solar Power, LLC	St. Anne's Hospital, LLC	TEOF	Wynnewood Family Housing, LP	Wynnewood Seniors Housing, LP	Eliminating Entries	Consolidated CitySquare Housing
Cash and cash equivalents	\$ 566,354	\$ 92,784	\$ -	\$ 62,025	\$ 618,896	\$ -	\$ -	\$ 115,087	\$ 58,371	\$ 502,206	\$ -	\$ 2,015,723
Restricted deposits and reserves	-	-	-	849,402	-	-	-	-	1,071,179	1,088,906	-	3,009,487
Rents receivable, net	17,130	1,469	-	16,804	-	-	-	-	368,774	9,016	-	413,193
Receivables from related entities	3,889,376	8,161	-	557,956	62,760	-	-	137,319	-	-	(4,497,807)	157,765
Notes receivable	893,177	-	-	-	-	-	-	1,040,150	-	-	(1,933,327)	-
Investments in related entities	754,402	-	-	-	-	-	-	1,100,000	-	-	(236,676)	1,617,726
Prepaid and other assets	215,011	-	-	76,809	-	-	-	-	47,435	16,243	-	355,498
Tax credit fees, net	-	-	-	33,747	-	-	-	-	230,260	314,796	-	578,803
Property and equipment, net	8,788,078	6,550,318	-	20,598,961	-	-	563,356	-	21,517,550	13,080,726	(2,049,911)	69,049,078
<b>Total assets</b>	<b>\$ 15,123,528</b>	<b>\$ 6,652,732</b>	<b>\$ -</b>	<b>\$ 22,195,704</b>	<b>\$ 681,656</b>	<b>\$ -</b>	<b>\$ 563,356</b>	<b>\$ 2,392,556</b>	<b>\$ 23,293,569</b>	<b>\$ 15,011,893</b>	<b>\$ (8,717,721)</b>	<b>\$ 77,197,273</b>

LIABILITIES AND NET ASSETS

<b>Liabilities</b>												
Accounts payable to unrelated entities	\$ 114,221	\$ 108,009	\$ -	\$ 228,852	\$ 79,632	\$ -	\$ 24,091	\$ -	\$ 261,056	\$ 123,223	\$ -	\$ 939,084
Accounts payable to related entities	129,645	1,337,496	-	3,638,965	602,024	-	129,265	-	332,271	156,308	(4,537,364)	1,788,610
Accrued expenses and other liabilities	1,536	24,598	-	33,029	-	-	-	-	53,583	42,503	-	155,249
Notes payable, net	4,751,994	5,528,998	-	11,082,864	-	-	-	-	5,480,287	2,132,938	(2,976,064)	26,001,017
<b>Total liabilities</b>	<b>4,997,396</b>	<b>6,999,101</b>	<b>-</b>	<b>14,983,710</b>	<b>681,656</b>	<b>-</b>	<b>153,356</b>	<b>-</b>	<b>6,127,197</b>	<b>2,454,972</b>	<b>(7,513,428)</b>	<b>28,883,960</b>
<b>Net assets</b>												
Controlling	10,126,132	(346,369)	-	694,824	-	-	410,000	2,392,556	-	(111,779)	(1,204,293)	11,961,071
Noncontrolling	-	-	-	6,517,170	-	-	-	-	17,166,372	12,668,700	-	36,352,242
<b>Total net assets</b>	<b>10,126,132</b>	<b>(346,369)</b>	<b>-</b>	<b>7,211,994</b>	<b>-</b>	<b>-</b>	<b>410,000</b>	<b>2,392,556</b>	<b>17,166,372</b>	<b>12,556,921</b>	<b>(1,204,293)</b>	<b>48,313,313</b>
<b>Total liabilities and net assets</b>	<b>\$ 15,123,528</b>	<b>\$ 6,652,732</b>	<b>\$ -</b>	<b>\$ 22,195,704</b>	<b>\$ 681,656</b>	<b>\$ -</b>	<b>\$ 563,356</b>	<b>\$ 2,392,556</b>	<b>\$ 23,293,569</b>	<b>\$ 15,011,893</b>	<b>\$ (8,717,721)</b>	<b>\$ 77,197,273</b>

CitySquare and Subsidiaries  
CitySquare Housing Consolidating Statement of Activities - 2018  
For The Year Ended December 31, 2018

	CitySquare Housing	Akard Walk Commercial, LLC	Akard Walk Condo, LLC	Akard Walk Residential, LLC	City Walk at Akard Master Condominium Association, Inc.	Patriot Solar Power, LLC	St. Anne's Hospital, LLC	TEOF	Wynnewood Family Housing, LP	Wynnewood Seniors Housing, LP	Eliminating Entries	CitySquare Housing
Revenues and other support												
Contributions and grants												
Individuals	\$ 130	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 130
Total contributions and grants	130	-	-	-	-	-	-	-	-	-	-	130
Real estate sales	2,200,000	-	-	-	-	-	-	-	-	-	-	2,200,000
Rental income, net of vacancies	560,432	529,427	-	1,765,919	731,552	-	-	-	1,462,161	1,115,637	(814,783)	5,350,345
Tenant expense reimbursements	-	110,269	-	-	-	-	-	-	-	-	(7,905)	102,364
Partnership and asset management fees	80,152	-	-	-	-	2,500	-	-	-	-	(80,152)	2,500
TEOF Hotel investment	-	-	-	-	-	-	-	687,381	-	-	-	687,381
Total revenues and other support	<u>2,840,714</u>	<u>639,696</u>	<u>-</u>	<u>1,765,919</u>	<u>731,552</u>	<u>2,500</u>	<u>-</u>	<u>687,381</u>	<u>1,462,161</u>	<u>1,115,637</u>	<u>(902,840)</u>	<u>8,342,720</u>
Functional expenses												
Programs	2,581,022	-	-	2,281,501	731,552	-	-	7,200	2,195,593	1,655,062	(965,090)	8,486,840
Management and general	280,434	730,374	-	-	-	-	-	-	-	-	(7,905)	1,002,903
Total functional expenses	<u>2,861,456</u>	<u>730,374</u>	<u>-</u>	<u>2,281,501</u>	<u>731,552</u>	<u>-</u>	<u>-</u>	<u>7,200</u>	<u>2,195,593</u>	<u>1,655,062</u>	<u>972,995</u>	<u>9,489,743</u>
Changes in net assets	<u>(20,742)</u>	<u>(90,678)</u>	<u>-</u>	<u>(515,582)</u>	<u>-</u>	<u>2,500</u>	<u>-</u>	<u>680,181</u>	<u>(733,432)</u>	<u>(539,425)</u>	<u>70,155</u>	<u>(1,147,023)</u>
Other income/ (expenses)												
Equity in earnings of consolidating partnerships	25,176	-	-	-	-	-	-	-	-	-	(25,176)	-
Loss on equity in earnings of related entities	(20,580)	-	-	-	-	-	-	9,708	-	-	-	(10,872)
Gain on reversal of payables and reserves	-	-	115,906	-	-	-	-	-	-	-	-	115,906
Other income	-	-	-	-	-	-	-	-	6,122	-	-	6,122
Loss on impairment of investment	-	-	-	-	-	-	-	(262,381)	-	-	-	(262,381)
Other income	42,600	-	-	-	-	-	-	-	-	-	(42,600)	-
Total other income/ (expenses)	<u>47,196</u>	<u>-</u>	<u>115,906</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(252,673)</u>	<u>6,122</u>	<u>-</u>	<u>(67,776)</u>	<u>(151,225)</u>
Change in net assets	26,454	(90,678)	115,906	(515,582)	-	2,500	-	427,508	(727,310)	(539,425)	2,379	(1,298,248)
Net assets, beginning of year	9,972,278	(255,691)	(921,466)	7,727,576	-	124,900	410,000	1,965,048	17,893,682	13,096,346	(401,112)	49,611,561
Closure of subsidiaries	127,400	-	805,560	-	-	(127,400)	-	-	-	-	(805,560)	-
Net assets, end of year	<u>\$10,126,132</u>	<u>\$ (346,369)</u>	<u>\$ -</u>	<u>\$ 7,211,994</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 410,000</u>	<u>\$2,392,556</u>	<u>\$17,166,372</u>	<u>\$12,556,921</u>	<u>\$ (1,204,293)</u>	<u>\$48,313,313</u>

SINGLE AUDIT REPORTS AND SCHEDULES

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of  
CitySquare and Subsidiaries  
Dallas, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of CitySquare and Subsidiaries (the "Organization"), which comprise the consolidated statement of financial position as of December 31, 2019, 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, and have issued our report thereon dated September 1, 2020.

Our report includes a reference to other auditors who audited the financial statements of Akard Walk Residential, LLC, Wynnewood Family Housing, LP, and Wynnewood Seniors Housing, LP, as described in our report on CitySquare and Subsidiaries' consolidated financial statements. The financial statements of Akard Walk Residential, LLC, Wynnewood Family Housing, LP, and Wynnewood Seniors Housing, LP, were not audited in accordance with Government Auditing Standards and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with Akard Walk Residential, LLC, Wynnewood Family Housing, LP, and Wynnewood Seniors Housing, LP.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Armanino<sup>LLP</sup>  
Dallas, Texas

September 1, 2020

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY  
THE UNIFORM GUIDANCE

To the Board of Directors of  
CitySquare and Subsidiaries  
Dallas, Texas

### **Report on Compliance for Each Major Federal Program**

We have audited CitySquare and Subsidiaries (the "Organization")'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2019. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

### **Opinion on Each Major Federal Program**

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.

## Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weakness or significant deficiencies.

We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Armanino<sup>LLP</sup>  
Dallas, Texas

September 1, 2020

CitySquare and Subsidiaries  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2019

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
<u>Expenditures of Federal Awards</u>			
U.S. Department of Agriculture			
Passed-Through Texas Department of Agriculture:			
Child Nutrition Cluster			
Summer Food Service Program for Children	10.559	01636	\$ 846,834
Total Child Nutrition Cluster			<u>846,834</u>
Child and Adult Care Food Program	10.558	02098	1,354,062
Total Passed-Through Texas Department of Agriculture			<u>2,200,896</u>
Total U.S. Department of Agriculture			<u>2,200,896</u>
U.S. Department of Housing and Urban Development			
Direct awards			
Continuum of Care - Destination Home	14.267	N/A	856,590
Continuum of Care - Destination Home	14.267	N/A	1,573,563
Continuum of Care - Destination Home	14.267	N/A	370,521
Continuum of Care - Destination Home	14.267	N/A	272,604
Continuum of Care - TRAC RRH Dallas	14.267	N/A	95,289
Continuum of Care - TRAC RRH Dallas	14.267	N/A	86,212
Continuum of Care - TRAC RRH Tarrant	14.267	N/A	67,100
Continuum of Care - TRAC RRH Tarrant	14.267	N/A	39,264
Continuum of Care - Shelter Plus Care Program	14.267	N/A	144,355
Continuum of Care - Shelter Plus Care Program	14.267	N/A	99,350
Continuum of Care - Community Life	14.267	N/A	16,744
Continuum of Care - Irving PSH	14.267	N/A	22,113
Continuum of Care - St. Jude	14.267	N/A	17,687
			<u>3,661,392</u>
Passed-Through City of Irving:			
Community Development Block Grant / Entitlement Grants	14.218	PO212554	19,380
Total Passed-Through City of Irving			<u>19,380</u>
Passed-Through Department of Housing and Community Affairs			
Emergency Solutions Grant Program	14.231	4218000010	131,254
Emergency Solutions Grant Program	14.231	4219600009	33,015
Total Passed-Through Department of Housing and Community Affairs			<u>164,269</u>
Total U.S. Department of Housing and Urban Development			<u>3,845,041</u>

The accompanying notes to the Schedule of Expenditures of Federal Awards  
are an integral part of this schedule.

CitySquare and Subsidiaries  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2019

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
U.S. Department of Health and Human Services			
Passed-Through Texas Department of Family and Protective Services:			
Preparation for Adult Living	93.674	24259551	146,335
Preparation for Adult Living	93.674	24259551	57,496
Preparation for Adult Living and Aftercare Services	93.674	24259511	414,072
Preparation for Adult Living and Aftercare services	93.674	24259511	<u>155,056</u>
Total Passed-Through Texas Department of Family and Protective Services			<u>772,959</u>
Passed-Through Texas Workforce Commission:			
Temporary Assistance for Needy Families	93.558	0619TAN001	110,127
Temporary Assistance for Needy Families	93.558	0619TAN001	1,141
Temporary Assistance for Needy Families	93.558	0620TAN001	32,830
Temporary Assistance for Needy Families	93.558	0519TAN001	105,601
Temporary Assistance for Needy Families	93.558	0519TAN001	1,189
Temporary Assistance for Needy Families	93.558	0520TAN001	<u>37,420</u>
Total Passed-Through Texas Workforce Commission			<u>288,308</u>
Passed-Through National Institute of Environmental Health Sciences:			
		5U45U45ES00785	
Hazardous Waste Worker Health and Safety Training	93.142	0	<u>89,623</u>
Total Passed-Through National Institute of Environmental Health Sciences			<u>89,623</u>
Total U.S. Department of Health and Human Services			<u>1,150,890</u>
Corporation for National and Community Services			
Passed-Through OneStar National Service Commission			
AmeriCorps State Program	94.006	16AFHTX0010017	1,425,962
AmeriCorps State Program	94.006	16AFHTX0010017	<u>347,417</u>
Total Passed-Through OneStar National Service Commission			<u>1,773,379</u>
Total Corporation for National and Community Services			<u>1,773,379</u>
U.S. Department of Homeland Security			
Emergency Food and Shelter National Board Program	97.024	N/A	<u>62,500</u>
Total U.S. Department of Homeland Security			<u>62,500</u>
Total Expenditures of Federal Awards			<u>\$ 9,032,706</u>

The accompanying notes to the Schedule of Expenditures of Federal Awards  
are an integral part of this schedule.

CitySquare and Subsidiaries  
Notes to Schedule of Expenditures of Federal Awards  
December 31, 2019

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of CitySquare and Subsidiaries (the "Organization") under programs of the federal government for the year ended December 31, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are allowable or limited as to reimbursement. Pass-through entity identifying numbers are presented where available and applicable. The Organization has elected to not use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

CitySquare and Subsidiaries  
 Schedule of Findings and Questioned Costs  
 For the Year Ended December 31, 2019

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	No
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
Chafee Foster Care Independence Program - Preparation for Adult Living	93.674
Child and Adult Care Food Program	10.558
Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee?	Yes

CitySquare and Subsidiaries  
Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2019

SECTION II - SUMMARY OF FINANCIAL STATEMENT FINDINGS

There are no financial statement findings to be reported.

SECTION III - SUMMARY OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no federal award findings to be reported.

CitySquare and Subsidiaries  
Summary Schedule of Prior Audit Findings  
For the Year Ended December 31, 2019

There were no prior year findings.