CROSSROADS IMPACT CORP.
AND SUBSIDIARIES

Consolidated Financial Statements
As of and for the Years Ended October 31, 2023, and October 31, 2022

Independent Auditor's Report

Audit Committee
Crossroads Impact Corp. and Subsidiaries

Opinion

We have audited the consolidated financial statements of Crossroads Impact Corp. and Subsidiaries (the "Company"), which comprise the consolidated balance sheets as of October 31, 2023 and 2022, and the related consolidated statements of income, changes in shareholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of October 31, 2023 and 2022, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the consolidated financial statements are issued (or when applicable, one year after the date that the consolidated financial statements are available to be issued).

Auditor's Responsibilities for the Audits of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

Weaver and Tidwell, L.L.P.
2821 West 7th Street, Suite 700 | Fort Worth, Texas 76107
Main: 817.332.7905

The Audit Committee
Crossroads Impact Corp. and Subsidiaries

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary consolidating balance sheet and statement of income as of October 31, 2023 and 2022 and for the years then ended are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Fort Worth, Texas
January 31, 2024

Crossroads Impact Corp.
Consolidated Balance Sheets

At October 31	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 2,836,476	$ 58,638,210
Restricted cash	51,422,377	86,057,906
Interest receivable	11,823,080	14,821,272
Current portion of mortgage notes receivable	2,258,111	2,395,602
Current portion of commercial/other notes receivable	76,698,978	66,125,838
Inventory	5,581,752	9,922,826
Prepaid expenses and other current assets	1,256,200	930,120
Income tax receivable	4,652,235	122,510
Total current assets	156,529,209	239,014,284
MORTGAGE NOTES RECEIVABLE, net of current maturities and allowance of $0 and $0 at October 31, 2023 and 2022, respectively	125,799,379	129,531,130
COMMERCIAL/OTHER NOTES RECEIVABLE, net of current maturities and allowance of $2,906,124 and $1,068,974 at October 2023 and 2022, respectively	256,643,908	125,611,073
PPP LOANS RECEIVABLE, net of discounts and allowance of $2,307,177 and $3,080,000 at October 2023 and 2022, respectively	770,631,729	1,079,430,518
INVESTMENT - DEBT SECURITIES (Held-to-Maturity), net of deferred fees	65,221,583	37,139,048
INVESTMENTS (Held-to-Maturity)	1,800,080	-
INVESTMENT IN SOLAR TAX CREDIT FUND	(2,194,408)	(538,259)
RIGHT OF USE ASSET	121,778	-
GOODWILL	18,566,966	18,566,966
DEFERRED TAX ASSET	3,456,254	2,262,991
TOTAL ASSETS	$ 1,396,576,478	$ 1,631,017,751
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 4,052,421	$ 321,304
Accrued liabilities	134,571,512	206,730,085
Escrow liabilities	3,616,874	3,963,631
Current portion of credit facilities	123,309,101	67,073,390
Current portion of other note payable	232,411	217,823
Current portion of acquisition notes payable	2,763,590	2,797,613
Current portion of CDFI Bond Guarantee Program	252,156	-
Total current liabilities	268,798,065	281,103,846
CREDIT FACILITIES, net of current maturities	31,220,259	31,335,611
OTHER NOTE PAYABLE, net of current maturities	489,850	722,261
CDFI Bond Guarantee Program	13,501,249	-
ACQUISITION NOTES PAYABLE, net of current maturities	277,871	3,007,438
FEDERAL PPP LIQUIDITY FACILITY ("PPPLF")	771,186,328	1,108,965,758
OTHER LONG-TERM LIABILITIES	51,188,058	516,291
TOTAL LIABILITIES	1,136,661,680	1,425,651,205
Common stock subject to possible redemption, $0.001 par value, 10,687,727 shares issued and outstanding, at October 31, 2023, at a redemption value of $11.98 per share, and 6,840,146 issued and outstanding at October 31, 2022 at a redemption value of $10.76 per share	128,038,969	73,599,971
EQUITY		
Common stock, $0.001 par value: 175,000,000 shares authorized; 22,195,478 shares issued and outstanding (excluding 10,687,727 shares subject to possible redemption) in 2023 and 18,853,032 shares issued and outstanding (excluding 6,840,146 shares subject to possible redemption) in 2022	11,508	12,013
Additional paid in capital	73,241,541	72,917,396
Accumulated earnings	40,451,673	40,785,386
Crossroads Systems, Inc. stockholders' equity	113,704,722	113,714,795
Non-controlling interests	18,171,107	18,051,780
TOTAL EQUITY	131,875,829	131,766,575
TOTAL LIABILITIES, COMMON STOCK SUBJECT TO REDEMPTION AND EQUITY	$ 1,396,576,478	$ 1,631,017,751

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

Crossroads Impact Corp.
Consolidated Statements of Income

Year Ended October 31		2023		2022
REVENUES				
Interest income	$	51,938,992	$	37,367,003
Property sales		11,846,850		18,407,000
PPP administrative fees		10,032,357		50,774,445
Other revenue		5,881,679		1,446,276
Total revenues		79,699,878		107,994,724
COSTS AND EXPENSES				
Interest expense		19,283,582		10,466,970
Cost of properties sold		11,115,260		16,355,114
Provision for loan loss		1,064,295		4,061,513
General and administrative		16,072,089		7,132,385
PPP processing fees		4,027,849		(8,597,435)
Salaries and wages		4,877,048		10,297,921
Management bonus		2,000,000		-
Total costs and expenses		58,440,123		39,716,468
Income from operations		21,259,755		68,278,256
OTHER INCOME (EXPENSES)				
Interest expense		(435,877)		(424,356)
Realized Loss on Investment		65,790		-
Total other income (expense)		(370,087)		(424,356)
Income before income tax provision		20,889,668		67,853,900
INCOME TAX PROVISION		(1,614,070)		(11,148,877)
NET INCOME		19,275,598		56,705,023
Less: net income attributable to non-controlling interests		(1,251,718)		(630,000)
NET INCOME ATTRIBUTABLE TO CONTROLLING INTERESTS	$	18,023,880	$	56,075,023

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

Crossroads Impact Corp
Consolidated Statements of Changes in Shareholder's Equity

	Common Stock subject to redemption		Common Stock		Additional Paid-In Capital	Retained Earnings (Deficit)	Non-Controlling Interests	Total Equity
	Shares	Amount	Shares	Amount				
Balance, November 1, 2021	-	$ -	5,971,994	$ 5,972	$ 3,889,086	$ (15,289,637)	$ 18,051,780	$ 6,657,201
Stock-based compensation:								
Stock options					5,444,124			5,444,124
Preferred dividend distributions							(630,000)	(630,000)
Stock Issuance			6,040,892	6,041	63,584,186			63,590,227
Common stock subject to redemption	6,840,146	73,599,971						-
Net income						56,075,023	630,000	56,705,023
Balance October 31, 2022	6,840,146	$ 73,599,971	12,012,886	$ 12,013	$ 72,917,396	$ 40,785,386	$ 18,051,780	$ 131,766,575
Stock-based compensation:								
Stock options					324,145			324,145
Common Stock Purchase & Retirement			(505,135)	(505)		(5,318,567)		(5,319,072)
Preferred dividend distributions							(1,132,391)	(1,132,391)
Common stock subject to redemption	3,847,581	54,438,998				(13,039,026)		(13,039,026)
Net income						18,023,880	1,251,718	19,275,598
Balance, October 31, 2023	10,687,727	$ 128,038,969	11,507,751	$ 11,508	73,241,541	$ 40,451,673	$ 18,171,107	$ 131,875,829

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

Crossroads Impact Corp.
Consolidated Statements of Cash Flows

Year Ended October 31	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 19,275,598	$ 56,705,023
Adjustments to reconcile net income to net cash used in operating activities:		
Stock based compensation	324,145	5,444,124
Amortization of deferred financing fees	612,806	31,188
Provision for income taxes	1,614,070	11,148,877
Change in right-of-use asset	(121,778)	-
Change in investment in tax credit fund (equity method)	1,544,122	14,281,357
Change in lease liability	130,968	-
Changes in operating assets and liabilities:		
Interest receivable	2,998,192	433,055
Notes receivable (Mortgage and commercial/other)	(137,736,733)	(175,240,660)
Inventory	4,341,074	289,944
Prepaids and other assets	(326,080)	180,044
Accounts payable	3,731,117	5,760
Accrued liabilities	(26,139,283)	(91,608,611)
Escrow liabilities	(346,757)	850,423
Income tax payable	(2,807,333)	(13,595,981)
Net cash provided/(used) in operating activities	(132,905,872)	(191,075,457)
CASH FLOWS FROM INVESTING ACTIVITIES		
PPP loans receivable	308,798,789	1,680,236,922
Cash paid for Investments - Debt Securities	(28,082,535)	(37,139,048)
Cash paid for investments	(1,800,080)	-
Cash paid for investment in tax credit fund (equity method)	-	(4,362,154)
Cash received from investment in tax credit fund (equity method)	112,027	-
Net cash used in investing activities	279,028,201	1,638,735,720
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of lease liabilities	(8,216)	-
Preferred equity dividend distributions	(1,132,391)	(630,000)
Common equity contributions/distributions	41,399,972	137,190,198
Common stock purchases	(5,319,072)	-
Paycheck Protection Program loan	-	(376,800)
Borrowings - CDFI Bond Guarantee Program	14,000,000	-
Principal payments on CDFI Bond Guarantee Program	(246,595)	-
Borrowings on credit facilities (mortgage line)	191,602	-
Principal payments on credit facilities (mortgage line)	(4,439,406)	(1,462,248)
Borrowings on credit facilities (inventory line)	3,257,028	2,752,674
Principal payments on credit facilities (inventory line)	(6,793,455)	(3,003,392)
Borrowings on credit facilities (revolving credit facility)	63,740,001	-
Principal payments on other notes payable	(217,823)	(204,150)
Principal payments on acquisition note payable	(3,211,807)	(2,640,721)
Payments to the PPPLF	(337,779,430)	(2,023,600,574)
Net cash provided/(used) by financing activities	(236,559,592)	(1,891,975,013)
Net change in cash and cash equivalents and restricted cash	(90,437,263)	(444,314,750)
Cash and cash equivalents and restricted cash at beginning of period	144,696,116	589,010,866
Cash and cash equivalents and restricted cash at end of period	$ 54,258,853	$ 144,696,116
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest	$ 18,249,014	$ 9,410,151
Cash paid for income taxes	$ 5,117,146	$ 28,300,000
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	$ 61,200	$ 123,024
Operating cash flows from finance leases	$ 1,408	$ -
Financing cash flows from financing leases	$ 8,216	$ -
Right-of-use-assets obtained in exchange for operating lease obligations	$ 156,448	$ -
Right-of use-assets obtained in exchange for finance lease obligations	$ 43,452	$ -

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

1. Organization and Significant Accounting Policies

Description of Business – Crossroads Impact Corp. ("CRSS" or "Parent"), formerly Crossroads Systems, Inc., (OTCQX: CRSS, delisted in April 2023) was an intellectual property licensing company headquartered in Austin, Texas. Founded in 1996 as a product solutions company, CRSS created some of the storage industry's most fundamental patents and licensed patents to more than 50 companies prior to filing for re-organization under Chapter 11 of the Federal Bankruptcy Code on August 13, 2017. In June 2022, Crossroads Systems, Inc. changed its name to Crossroads Impact Corp.

On December 18, 2017, the Parent closed on the acquisition of 100% of the common equity of Capital Plus Financial, LLC ("CPF"), a Texas based community development financial institution ("CDFI"). CPF's mission is to make homeownership available to the Hispanic market throughout Texas. CPF is also a certified B Corporation which is a group of for-profit companies certified to meet rigorous standards of social and environmental performance, accountability and transparency. In Texas, CPF acquires, renovates, and sells single family homes providing seller financing through notes receivable. During the fiscal year ended October 31, 2021, CPF participated in the second round of the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") implementation of the Paycheck Protection Program ("PPP") through the United States Department of the Treasury and Small Business Administration ("SBA"). CPF purchased and participates in impact loans infusing capital into emerging communities.

CRSS entered into an advisory agreement with Enhanced Capital Group ("ECG") on September 14, 2021, an investment firm committed to socially responsible investment initiatives and impact manager of P10 Holdings, Inc ("P10"), a leading, specialized multi-asset class private markets solutions provider. The advisory agreement allows for the participation in loans infusing capital into emerging communities through small businesses and projects that spur job creation, promote environmental sustainability, support women, minority and veteran-owned businesses and stimulate underserved communities across the country.

Principles of Consolidation - The accompanying consolidated financial statements include the accounts of Crossroads Impact Corp. and its subsidiaries, Capital Plus Financial, LLC, ("CPF"), and Rise Line Business Credit, LLC ("RLBC"). On May 19, 2022, CRSS formed three Special Purpose Vehicles ("SPVs") for the sole purpose of holding impact loans: CRSS Impact Real Estate LLC, CRSS Climate Finance, LLC and CRSS Small Business Lending LLC. All three entities are 100% owned subsidiaries of CRSS. EC Decennial Lender, LLC, EC Oswego Preferred, LLC and EC Kindred Preferred, LLC are wholly owned by CRSS Impact Real Estate, LLC. Capital Mortgage Servicing, LLC ("CMS"), EC Butler Preferred, LLC, EC Rune Preferred, LLC, EC Prime Carolina Coast Preferred, LLC and CPF BGP 2022, LLC are wholly owned by CPF. RLBC SPV 1, LLC is wholly owned by RLBC. All of the above wholly owned subsidiaries of CRSS are collectively referred to as the "Company", "we", "us", or "our".

Basis of Presentation - The consolidated financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP"). All significant intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates - The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates that could change in the near term and have a significant impact on the consolidated financial statements includes the adequacy of the allowance for loan losses, amortization of PPP administration fees, and impairment of long-lived assets.

Cash and Cash Equivalents - Cash and cash equivalents include cash on hand and deposits held with major financial institutions that are readily convertible to known amounts of cash. At times, cash and cash equivalents may exceed federally insured limits. The Company considers all currency on hand, money market accounts, and highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Restricted Cash - Cash that is restricted as to withdrawal or use under the terms of certain contractual agreements is recorded as restricted cash on the accompanying consolidated balance sheets.

Cash and cash equivalents of $54.2 million and $144.7 million as of October 31, 2023 and 2022, respectively, are comprised of unrestricted cash and restricted cash of $2.8 million and $51.4 million, respectively, as of October 31, 2023 and $58.6 and $86.1 million, respectively, as of October 31, 2022.

***Prepaid Expenses* -** Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses. These amounts are recognized as expenses in the period in which the Company receives those benefits.

Mortgage Notes Receivable - The Company originates predominantly 30-year mortgage notes receivable through sales of rehabilitated homes or purchases notes receivable that are secured by an assignment of a deed of trust. The Company intends to hold the notes until maturity as it can fund the notes receivable through borrowings from lenders that are secured by the mortgage notes receivable and properties. Mortgage notes receivable are stated at their unpaid principal balances less an allowance for loan losses. The average contractual interest rate per note was approximately 10.33% and 10.33% as of October 31, 2023, and 2022, respectively. Interest income is recognized monthly on the accrual basis using the effective interest method. Mortgage notes receivable have maturities that range from several months to 30 years.

The Company may also receive escrow payments for property taxes and insurance included in its mortgage note receivable collections. The liabilities associated with these escrow collections totaled $3.6 million and $4.0 million as of October 31, 2023, and 2022, respectively and are included in escrow liabilities on the consolidated balance sheet.

Allowance for Loan Losses on Mortgage Notes Receivable - The allowance for loan losses reflects management's estimate of probable and inherent losses in the mortgage notes receivable balances that may be uncollectible based upon review and evaluation of the loan portfolio as of the consolidated balance sheet date. The review is completed quarterly and requires certain management estimates and judgements.

An allowance for loan losses is determined after considering, among other things, the loan characteristics, including the financial condition of borrowers, collateral value, the value and liquidity of collateral, delinquency, and historical loss experience. Additionally, the Company considers such factors as changes in the nature and volume of the portfolio, overall portfolio quality, and current economic conditions in the application of various strategies to mitigate risks associated with the portfolio. The Company's policy is to commence foreclosure proceedings on the mortgage loan for the collateral once the borrower is 120 days past due. The loan is charged off upon completion of the foreclosure proceedings by the court. The Company determined that an allowance for probable and inherent loan losses was not required as of October 31, 2023, and 2022.

Mortgage note receivables are placed on non-accrual status at 90 days past due with accrual recommencing when the receivable is brought current. The unpaid principal balance of mortgage notes receivable on nonaccrual status was $1.9 million and $1.0 million as of October 31, 2023, and 2022, respectively. The total principal balance of mortgage notes receivable for which the Company has begun formal foreclosure proceedings totaling $1 million and $0.4 million as of October 31, 2023 and 2022, respectively.

Commercial/Other Notes Receivable - The Company originates notes receivable for residential or commercial real estate. Commercial/other notes receivable are stated at amounts due from customers, net of allowance for loan losses and loan origination fees. As of October 31, 2023, and 2022, the Company had an outstanding balance of $1 million and $1.3 million in such financing on residential property, respectively. The interest rate on the financing for the residential property is 9.99%. The residential property requires monthly principal and interest payments based on 30-year amortization schedule maturing in 2049.

The Company purchases impact loans to infuse capital into emerging communities, small businesses. and climate initiatives. The Company's outstanding impact loan receivable was $337 million and $186 million as of October 31, 2023, and 2022, respectively. The average contractual interest rate per impact loan was approximately 10.68% and 9.85% as of October 31, 2023, and 2022, respectively.

The Company acquired two asset-based loans in the RLBC acquisition with one paying off in 2023. As of October 31, 2023 and 2022, asset-based loans totaled $4.7 million and $7.5 million, respectively. The asset-based loans were recorded at their estimated fair values at acquisition. The weighted average contractual asset-based loan interest rate was 12.1% and 9.36% as of October 31, 2023 and 2022, respectively.

Allowance for Loan Losses on Commercial/Other Notes Receivable - Due to their individually significant balances, the Company continually monitors commercial/other notes receivable for potential losses and the need for an allowance for loan losses. The Company determines the allowance by considering several factors, including the aging of the past due balance, the customer's payment history and the Company's previous loss history. The Company establishes an allowance reserve composed of specific and general reserve amounts. The allowance for loan losses is increased through provisions charged to earnings and reduced by net charge-offs. As of October 31, 2023, the allowance for commercial loan losses was $2.9 million consisting of $2.6 million specific reserves for the asset-based loan in default and a general reserve of $0.3 million compared to specific reserves of $1.0 million and a general reserve of $0.1 million as of October 31, 2022. Commercial loans are charged to the allowance when management believes collection is unlikely and the Company will not be able to recover the amount of the loan.

Paycheck Protection Loans Receivable - The Company is actively participating in the second round of the CARES Act implementation of the PPP through the United States Department of the Treasury and SBA. PPP loans have an interest rate of 1.0%; principal and interest payments are deferred for nine months from the date of disbursement; a five-year loan term to maturity for loans made on or after June 5, 2020 (loans made prior to June 5, 2020 have a two-year term, however borrowers and lenders may mutually agree to extend the maturity for such loans to five years); and they are unsecured and guaranteed by the SBA.

PPP administrative fees for all loans paid in full or forgiven are recognized as earned at the time paid in full. Management estimated life for all loans equal to or less than $150,000 to be 12-months while the administrative fees for all loans greater than $150,000 are amortized over their stated terms, an average of 60 months. As of October 31, 2023 and 2022, approximately $10.6 million and $20.6 million in PPP administrative fees were deferred, respectively.

Allowance for Loan Losses on Paycheck Protection Loans Receivable – PPP loans are 100% guaranteed by the SBA, however, the Company has some denials. The Company resubmits all denied loans to the SBA for reprocessing and believes all loans will be honored by the SBA.

Due to the quantity of PPP loans outstanding, an allowance for loan losses is calculated by taking the ratio of the dollar value of the loans declined by the SBA to the dollar value of the loans submitted to the SBA for processing and multiplying the calculated ratio by the current value of loans outstanding.

Inventory - Inventory consists of properties that are currently undergoing remodeling or are being held for sale. Inventory is stated at the lower of its cost or net realizable value using the specific identification method. Repair costs, commissions, closing costs, interest and other costs associated with individual properties are included in the cost of the property and are expensed as part of the cost of sales when the property is sold.

The Company regularly evaluates inventories for obsolescence based on their age and expected realization. The Company determined that no reserves or impairments of inventory were necessary as of October 31, 2023, and 2022.

Investments - The Company accounts for its investment in preferred redeemable securities and its equity investment in a partnership that creates projects eligible to receive federal energy tax credits in order to promote climate change in accordance with FASB Accounting Standards Codification ("ASC") 320, *Investments – Debt Securities* ("ASC 320") and ASC 321, *Investments in Equity Securities ("ASC 321")*. ASC 320 requires debt securities to be classified into three categories:

> Held-to-Maturity-Debt securities that the entity has the positive intent and ability to hold to maturity are reported at amortized cost.
>
> Trading Securities-Debt securities that are bought and held primarily for the purpose of selling in the near term are reported at fair value, with unrealized gains and losses included in earnings.
>
> Available-for-Sale-Debt securities not classified as either securities held-to-maturity or trading securities are reported at fair value with unrealized gains or losses excluded from earnings and reported as a separate component of shareholders' equity.

The Company classifies its investments in preferred redeemable securities based on the facts and circumstances present at the time of purchase of the securities. During the years ended October 31, 2023 and 2022, all of the Company's $66.3 million and $38.0 million in debt securities, excluding deferred fees of $1.1 million and $0.9 million, were classified as held-to-maturity, respectively.

Held-to-maturity investments, $1.8 million, are measured and recorded at amortized cost on the Company's Consolidated Balance Sheet. Discounts and premiums to par value of the debt securities are amortized to interest income/expense over the term of the security. No gains or losses on investment securities are realized until they are sold or a decline in fair value is determined to be other-than-temporary. The Company determined no debt securities were in an unrealized loss position at October 31, 2023 and 2022.

Equity Method Investments – The Company determines the appropriate classification of its equity investment at the time of acquisition and re-evaluates such classification at each balance sheet date. Equity investments that do not have readily determinable fair values are stated at cost less impairments and are evaluated for changes in fair value if there is an observable price change in an orderly transaction for an identical or similar investment. The Company monitors its equity investment for impairment whenever events or changes in circumstances indicate that the investment's carrying value may not be recoverable. An impairment charge would be recognized when the carrying amount exceeds its fair value.

Investee companies that are not consolidated, but over which the Company exercises significant influence, are accounted for under the equity method of accounting. Whether or not the Company exercises significant influence with respect to an investee depends on an evaluation of several factors including, among others, representation on the investee company's board of directors and ownership level, which is generally a 20% to 50% interest in the voting securities of the investee company. Under the equity method of accounting, an investee company's accounts are not reflected within the Company's consolidated balance sheets and statements of income; however, the Company's share of the earnings of the investee company is reflected in the caption Other Income (Expenses) in the consolidated statements of income. The Company's carrying value in an equity method investee company is reflected in the caption Investment in Solar Tax Funds in the Company's consolidated balance sheets.

CDFI Bond Guarantee Program - Through the CDFI Bond Guarantee Program, the Secretary of the Treasury makes debt available to CDFIs from the Federal Financing Bank. The loans provide long-term capital not previously available to CDFIs and inject new and substantial investment into our nation's most distressed communities. The CDFI Bond Guarantee Program has guaranteed nearly $2.5 billion in bonds to date.

CPF was awarded a $125 million bond in October of 2022 which it can utilize over a five-year period. The bond allows CPF to borrow or refinance its current debt with 29.5-year funds at fixed market rates. The bond is collateralized by CPF's single family first lien mortgages. As of October 31, 2023, the Company had drawn on $14 million of the available $125 million bond.

Leases – In February 2016, the FASB issued Accounting Standards Update ("ASU") 2016-02, "*Leases*,", with amendments in 2018, 2019, and 2020 (collectively, "ASC 842") which amends the accounting for lease assets and lease liabilities. ASC 842 requires lessees to recognize both finance and operating lease assets and liabilities generated by lease arrangements longer than a year on their balance sheet. The lease liability will be equal to the present value of the lease payments. The right-of-use asset ("ROU asset") will be based on the liability, subject to an adjustment, such as for initial direct costs. There continues to be a differentiation between finance leases and operating leases.

The Company adopted the standard effective November 1, 2022 and recognized and measured leases existing at, or entered into after, November 1, 2022 through a cumulative effect adjustment, with certain practical expedients available. The Company elected the package of practical expedients available to use hindsight in determining the lease term and in assessing impairment of the Company's right-of-use assets.

As a result of the adoption of the new lease accounting guidance, the Company recognized on November 1, 2022, operating lease liabilities of $37,486, which represents the present value of the remaining lease payments, discounted using the Company's policy election to use the risk-free rate, and right-of-use assets of $36,934.

The standard had an immaterial impact on our balance sheet.

Goodwill - Goodwill is accounted for in accordance with ASC 350, *Intangibles – Goodwill and Other*. Goodwill represents the excess of the consideration transferred over the fair value of the identifiable assets acquired and liabilities assumed in business combinations.

The Company performs a qualitative goodwill impairment analysis annually or more frequently if triggering events occur or other impairment indicators arise which might impair recoverability. If we determine based on the qualitative analysis that it is more likely than not that the reporting unit has a fair value below its carrying value, we perform a quantitative analysis by comparing the fair value of the reporting unit to the carrying value. If the fair value is below the carrying value, the excess carrying value is recognized as an impairment loss. Based on our qualitative analyses performed, there were no goodwill impairment losses recorded during the years ended October 31, 2023 and 2022.

Revenue Recognition – The Company primarily generates revenue through interest income and other administrative fees associated with its notes receivables. The Company recognizes interest income and other fee income in accordance with ASC 310, *Receivables* ("ASC 310"). Interest income on mortgage notes receivable, commercial/other notes receivable and PPP loans receivable is recognized on the accrual basis when earned using the effective interest method.

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606) ("Topic 606"), which requires entities to recognize revenue when control of promised goods or services are transferred to customers at an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods and services. Effective November 1, 2021, the Company adopted the requirements of Topic 606 using the full retrospective transition approach. The new revenue standard did not have a material impact to the Company's financial statements.

In accordance with Topic 606, the Company recognizes revenue through the application of the following steps: (i) identification of the contract with a customer, (ii) identification of the performance obligations in the contract, (iii) determination of the transaction price, including the constraint on any variable consideration, (iv) allocation of the transaction price to the performance obligations, and (v) recognition of revenue when, or as, the Company satisfies each performance obligation.

At contract inception, the Company assesses the goods and services promised within its contracts with customers to identify performance obligation(s) that are distinct. A performance obligation is distinct when the customer can benefit from it on its own or together with other resources that are readily available and when it is separately identifiable from other promises in the contract. To identify its performance obligation(s), the Company considers all explicit and implicit promises in contracts with customers.

In addition to interest income and other fees generated on notes receivables, the Company generates revenue from sales of its residential home inventory to third-parties, or customers. The Company acts as principal in all of its contracts with customers.

The transaction price is the total amount of consideration the Company expects to be entitled in exchange for the goods or services. The Company's contracts typically contain fixed consideration. The Company only includes estimated amounts of variable consideration in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved. These estimates require the Company to make judgments and make estimates about the effect of matters inherently uncertain. To estimate variable consideration, the Company applies the expected value or the most likely amount method, based on whichever method most appropriately predicts the amount of consideration that the Company expects to receive.

Revenue from residential home sales, subject to ASC 606, is recognized at a point in time upon title transferring from the Company to the purchaser was $11.8 million and $18.4 million for the periods ending October 31, 2023 and 2022, respectively.

Fair Value Measurements **-** The Company follows the guidance in ASC 820, *Fair Value Measurement*, ("ASC 820") for its financial assets and liabilities that are re-measured and reported at fair value at each reporting period, and non-financial assets and liabilities that are re-measured and reported at fair value at least annually.

The fair value of the Company's financial assets and liabilities reflects management's estimate of amounts that the Company would have received in connection with the sale of the assets or paid in connection with the transfer of the liabilities in an orderly transaction between market participants at the measurement date. In connection with measuring the fair value of its assets and liabilities, the Company seeks to maximize the use of observable inputs (market data obtained from independent sources) and to minimize the use of unobservable inputs (internal assumptions about how market participants would price assets and liabilities).

The standard also prioritizes, within the measurement of fair value, the use of market-based information over entity specific information and establishes a three-level hierarchy for fair value measurements based on the nature of inputs used in the valuation of an asset or liability as of the measurement date.

The three-level hierarchy for fair value measurements is defined as follows:

- Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets;
- Level 2 – inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability other than quoted prices, either directly or indirectly, including inputs in markets that are not considered to be active; and
- Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The Company did not make any transfers between the levels of the fair value hierarchy during the years ended October 31, 2023 or 2022.

The Company's non-financial assets, such as goodwill, are adjusted to fair value when an impairment charge is recognized. Such fair value measurements are based predominantly on Level 3 measurements.

The following presents quantitative information about recurring and non-recurring Level 3 fair value measurements at October 31:

	Fair Value		Valuation Technique	Unobservable Inputs	Range of Discounts
2023					
Non-recurring:					
Impaired loan	$	2,009,886	Third party appraisal	Decrease in future revenues	50-70%
				Discount rate	13%
2022					
Non-recurring:					
Impaired loan	$	2,976,493	Third party appraisal	Decrease in future revenues	35-70%
				Discount rate	13%

Deferred Financing Fees - The Company incurred costs for deferred financing fees when obtaining the acquisition note payable to Veritex Community Bank discussed in Note 9. The debt issuance costs are presented as a deduction against the corresponding debt on the consolidated balance sheet. The deferred financing fees are amortized over the term of the respective debt using the effective interest method with amortization expense included in other interest expense in the accompanying consolidated statement of operations. Amortization expense was $34,023 and $36,858 for the years ended October 31, 2023and 2022. Net deferred financing fees were $39,694 as of October 31, 2023.

On September 30, 2022, the Company entered into a syndicated credit facility with Texas Capital Bank for $50 million which was subsequently increased to $65 million on October 6, 2022. Amortization expense was $595,204 and $35,768 for the years ended October 31, 2023 and 2022, respectively. Net deferred financing fees were $1,087,282 as of October 31, 2023.

On October 28, 2022, RLBC entered into a revolving credit facility with Texas Capital Bank for $30 million. Amortization expense was $150,565 and $0 for the years ended October 31, 2023 and 2022, respectively. Net deferred financing fees were $301,569 as of October 31, 2023.

Business Combinations - The Company accounts for business combinations under the acquisition method of accounting in accordance with ASC 805, *Business Combinations* ("ASC 805"), where the total purchase price is allocated to the identified assets acquired and liabilities assumed based on their estimated fair values. The purchase price is allocated using the information currently available, and may be adjusted, up to one year from the acquisition date, after obtaining more information regarding, among other things, asset valuations, liabilities assumed and revisions to preliminary estimates. The difference between the purchase price, including any contingent consideration, and the fair value of net assets acquired is recorded as goodwill.

Acquisition-related costs are recognized separately from the acquisition and are expensed as incurred. The results of operations of the acquired business are included in the Company's financial statements from the acquisition date.

Income Taxes - The Company accounts for income taxes using the liability method of accounting. Under the liability method, deferred taxes are determined based on the differences between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect in the years in which the differences are expected to reverse. A valuation allowance is recorded to reduce the carrying amounts of deferred tax if it is more likely than not such assets will not be realized. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

The Company recognizes the financial statement benefit of a tax position that does not meet the more-likely-than-not threshold only after expiration of the statute of limitations of the relevant tax authority sustains our position following an audit. For tax positions meeting the more likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon the ultimate settlement with the relevant tax authority. We recognize interest and penalties related to uncertain tax positions in income tax expense. There were no identified tax benefits or liabilities that were considered uncertain positions at October 31, 2023.

Tax credits from our investments in partnerships investing in projects eligible to receive federal energy tax credits, when realized, are recognized as a reduction of tax liabilities under the deferral method, at which time the corresponding equity investment is written down to reflect the remaining value of the future benefits to be realized.

Stock-Based Compensation - Stock-based compensation expense related to stock options and restricted stock units is measured at the fair value of the awards granted and recognized as an expense on a straight-line basis over the requisite service period for the stock options and restricted stock units. The fair value of each stock option and restricted stock unit is estimated on the grant date using the Black-Scholes option pricing model. The Black-Scholes option pricing model requires the input of highly subjective assumptions, including the fair value of the underlying common stock, the expected term of the award, the expected volatility of the price of the Company's common stock, risk-free interest rates, and the expected dividend yield of ordinary shares. The assumptions used to determine the fair value of the share awards represent management's best estimates. These estimates involve inherent uncertainties and the application of management's judgment. Forfeitures are accounted for as they occur. See Note 16, *Stock-Based Compensation*.

Common Stock Subject to Possible Redemption - The Company accounts for its common stock subject to possible redemption in accordance with the guidance in ASC Topic 480 "Distinguishing Liabilities from Equity" ("ASC 480"). Shares of common stock subject to mandatory redemption are classified as a liability instrument and are measured at redemption value. Conditionally redeemable common stock (including common stock that features redemption rights that are either within the control of the holder or subject to redemption upon the occurrence of uncertain events not solely within the Company's control) is classified as temporary equity. At all other times, common stock is classified as stockholders' equity. The Company's common stock features certain redemption rights that are considered to be outside of the Company's control and subject to occurrence of uncertain future events. Accordingly, common stock subject to possible redemption is presented as temporary equity, outside of the stockholders' equity section of the Company's consolidated balance sheets. The Company determined the common stock subject to possible redemption to be equal to the redemption value of approximately $10.76 per share of common stock subject to possible redemption.

The Company recognizes changes in redemption value immediately as they occur and adjusts the carrying value of redeemable common stock to equal the redemption value at the end of each reporting period. The common stock subject to possible redemption reflected in the consolidated balance sheets is reconciled in the following table as of October 31:

Gross Proceeeds	$ 73,599,971
Common Stock subject to possible redemption, October 31,2022	73,599,971
Gross Proceeeds	41,399,972
Add: Accretion of carrying value to redemption value	13,039,026
Common stock subject to possible redemption, October 31, 2023	$ 128,038,969

Warrant Liabilities - The Company does not use derivative instruments to hedge exposures to cash flow, market, or foreign currency risks. The Company evaluates all of its financial instruments, including issued stock purchase warrants or rights to purchase common stock on certain dates in the future, to determine if such instruments are liabilities or contain features that qualify as embedded derivatives, pursuant to ASC 480 and ASC Topic 815, "Derivatives and Hedging" ("ASC 815").

The Company evaluated the warrants and rights to purchase common stock on certain dates in the future for appropriate equity or liability classification to our consolidated financial statements. For warrants and rights to purchase common stock on certain dates in the future, we determined those financial instruments that are for the purchase of redeemable common stock to constitute a liability under ASC 480. For warrants and rights to purchase common stock on certain dates in the future that are for the purchase of permanent equity-classified common stock, we determined that (i) the warrants do not constitute a liability under ASC 480; (ii) the warrants do not meet the definition of a derivative under ASC 815, and (iii) meet the requirements to be classified in stockholders' equity.

Liability-classified financial instruments are measured on the consolidated balance sheets at fair value at inception and at each reporting date in accordance with ASC Topic 820, "Fair Value Measurement," with changes in fair value recognized in the condensed statement of operations in the period of change. Equity-classified financial instruments are measured based on their relative fair value on the consolidated balance sheets within stockholders' equity. Based on the terms of the warrants, the fair value was determined to be nominal.

Concentrations - Financial instruments that potentially subject the Company to concentrations of credit risk are cash and cash equivalents, mortgage notes receivable and other notes receivable. The mortgage notes receivable is secured either by the residential homes that were financed through the loan or by the borrower's assets. All of the Company's mortgage notes receivable and underlying collateral are located in Texas. The Company has not experienced losses related to its deposits.

Risks and Uncertainties - The Company's business is affected, directly and indirectly, by domestic and international economic and political conditions and by governmental monetary and fiscal policies. Conditions such as inflation, recession, real estate values, volatile interest rates, governmental monetary policy and other factors beyond the Company's control may adversely affect the Company's results of operations. Adverse economic conditions could result in an increase in notes receivable delinquencies, foreclosures and non-performing assets and a decrease in the value of property or other collateral which secures the Company's loans.

The Company relies on various forms of revolving and long-term borrowings to finance its working capital requirements and has historically demonstrated the ability to obtain additional financing or refinance maturing obligations as needed to support the Company's ongoing financing needs. See Note 9 - *Debt*.

Recent Accounting Pronouncements Not Yet Adopted - During June 2016, the FASB issued ASU No. 2016-13, *Measurement of Credit Losses on Financial Instruments*. ASU No. 2016-13 requires financial assets measured at amortized cost to be presented at the net amount expected to be collected, through an allowance for credit losses that is deducted from the amortized cost basis. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. During November 2018, April 2019, May 2019, November 2019 and March 2020, the FASB also issued ASU No. 2018-19, ASU No. 2019-04, ASU No. 2019-05, ASU No. 2019-11 and ASU No. 2020-03. ASU No. 2018-19 clarifies the effective date for nonpublic entities and that receivables arising from operating leases are not within the scope of Subtopic 326-20, ASU Nos. 2019-04 and 2019-05 amend the transition guidance provided in ASU No. 2016-13, and ASU Nos. 2019-11 and 2020-03 amend ASU No. 2016-13 to clarify, correct errors in, or improve the guidance. ASU No. 2016-13 (as amended) is effective for annual periods and interim periods within those annual periods beginning after December 15, 2022, with early adoption permissible for the current period. The Company is currently assessing the effect that ASU No. 2016-13 (as amended) will have on its consolidated results of operations, financial position and cash flows.

2. BUSINESS COMBINATIONS

EC Butler, LLC Acquisition

On February 28, 2022, the Company acquired 100% of the equity interests in EC Butler, LLC ("Butler") for cash consideration totaling $10.0 million, funded through cash on hand. The acquisition was accounted for as a business combination using the acquisition method of accounting where the results of operations for Butler are included beginning February 28, 2022. Net assets acquired in the acquisition included a $10.0 million investment in the redeemable preferred securities of OSP Enhanced, LLC ("OSP"). The fair value of the net assets acquired in the acquisition equated the purchase price, thus; no goodwill was recorded, and management identified no intangibles for recognition.

EC Rune, LLC Acquisition

On May 24, 2022, the Company acquired 100% of the equity interests in EC Rune, LLC ("Rune") for cash consideration totaling $6.0 million, funded through cash on hand. The acquisition was accounted for as a business combination using the acquisition method of accounting where the results of operations for Rune are included beginning May 24, 2022. Net assets acquired in the acquisition included a $6.0 million investment in the redeemable preferred securities of The Rune JV, LLC. The fair value of the net assets acquired in the acquisition equated the purchase price, thus; no goodwill was recorded, and management identified no intangibles for recognition.

EC Decennial Lender, LLC Acquisition

On July 19, 2022, the Company acquired 100% of the equity interests in EC Decennial Lender, LLC ("Decennial") for cash consideration totaling $13.0 million, funded through cash on hand. The acquisition was accounted for as a business combination using the acquisition method of accounting where the results of operations for Decennial are included beginning July 19, 2022. Net assets acquired in the acquisition included a $13.0 million mezzanine loan. The fair value of the net assets acquired in the acquisition equated the purchase price, thus; no goodwill was recorded, and management identified no intangibles for recognition.

EC Kindred Preferred, LLC Acquisition

On August 12, 2022, the Company acquired 100% of the equity interests in EC Kindred Preferred, LLC ("Kindred") for cash consideration totaling $22.0 million, funded through cash on hand. The acquisition was accounted for as a business combination using the acquisition method of accounting where the results of operations for Kindred are included beginning August 12, 2022. Net assets acquired in the acquisition included a $22.0 million investment in mandatory redeemable preferred securities of Keystone Mezzanine, LLC ("Keystone"). The fair value of the net assets acquired in the acquisition equated the purchase price, thus; no goodwill was recorded, and management identified no intangibles for recognition. As of October 31, 2023, the Company had unfunded commitments of $8.0 million.

EC Prime Carolina Coast Preferred, LLC

On January 4, 2023, the Company acquired 100% of the equity interests in EC Prime Carolina Coast Preferred, LLC ("Prime Carolina") for cash consideration totaling $8.6 million, funded through cash on hand. The acquisition was accounted for as a business combination using the acquisition method of accounting where the results of operations for Prime Carolina are included beginning January 4, 2023. Net assets acquired in the acquisition included a $8.6 million investment in the redeemable preferred securities of Prime Carolina Coast Mezzanine, LLC. The fair value of the net assets acquired in the acquisition equated the purchase price, thus; no goodwill was recorded, and management identified no intangibles for recognition.

EC Oswego Preferred, LLC

On March 14, 2023, the Company acquired 100% of the equity interests in EC Oswego Preferred, LLC ("Oswego") for cash consideration totaling $14.5 million, funded through cash on hand. The acquisition was accounted for as a business combination using the acquisition method of accounting where the results of operations for Oswego are included beginning March 14, 2023. Net assets acquired in the acquisition included a $14.5 million investment in the redeemable preferred securities of Oswego Mezzanine, LLC. The fair value of the net assets acquired in the acquisition equated the purchase price, thus; no goodwill was recorded, and management identified no intangibles for recognition.

The Company's accompanying consolidated statement of operations included revenue of $559 thousand and net income of $398 thousand for the period March 14, 2023 through October 31, 2023.

3. MORTGAGE NOTES RECEIVABLE

The principal balance outstanding and the expected principal collections on the mortgage notes receivable for the next five years and thereafter are as follows for the years ending October 31:

	2023	2022
Mortgage notes receivable	$ 128,081,117	$ 131,953,496
Unearned discount	(23,627)	(26,764)
	$ 128,057,490	$ 131,926,732

	2023	2022
Mortgage Notes Receivable Current	$ 2,258,111	$ 2,395,602
Mortgage Notes Receivable, net of current	125,799,379	129,531,130
	$ 128,057,490	$ 131,926,732

	2023
2024	$ 2,258,111
2025	2,523,018
2026	2,739,991
2027	2,985,941
2028	3,208,873
Thereafter	114,341,556
	$ 128,057,490

A detailed aging of mortgage notes receivable that are past due as of October 31, 2023 and 2022, are as follows:

	2023		2022	
		%		%
Total notes receivable	$ 128,057,490	100.0	$ 131,926,732	100.0
Past due notes receivable:				
31-60 days past due	$ 3,099,770	2.4	$ 4,362,640	3.3
61-90 days past due	1,259,760	1.0	1,468,770	1.1
91-120 days past due	882,028	0.7	449,501	0.3
Greater than 120 days past due	1,001,464	0.8	574,682	0.4
Total past due notes receivable	$ 6,243,022	4.9	$ 6,855,593	5.1

There were no mortgage note receivables greater than 90 days past due still accruing interest at October 31, 2023 and 2022, respectively.

At October 31, 2023 and 2022, the following table shows the Company's investment in loans disaggregated based on the method of evaluating impairment:

	Recorded Investment		Allowance for Loan Losses	
	Individually Evaluated	Collectively Evaluated	Individually Evaluated	Collectively Evaluated
2023				
Mortgage Loans	$ -	$ 128,081,117	$ -	$ -
2022				
Mortgage Loans	$ -	$ 131,953,496	$ -	$ -

4. COMMERCIAL/OTHER NOTES RECEIVABLE

Loans are summarized by category at October 31:

	2023	2022
Impact loans	$ 336,799,720	$ 185,491,626
Asset-based loans	4,744,699	8,604,391
Other loans	1,309,259	1,314,726
	$ 342,853,678	$ 195,410,743
Deferred loan costs	(6,604,668)	(2,604,858)
Allowance for loan losses	(2,906,124)	(1,068,974)
Loans, net	$ 333,342,886	$ 191,736,911

The principal balance outstanding and the expected principal collections on the commercial and other notes receivable, net of $2,6 million asset-based loan loss reserve and $258 thousand impact loan loss reserve, for the next five years and thereafter, excluding offsets for the $50 million loan participations, are as follows for the year ending October 31, 2023:

	Impact Loans	Asset-based Loans	Other Loans	Total
2024	$ 74,601,592	$ 2,097,386	$ 9,378	$ 76,708,356
2025	65,166,123		60359	$ 65,226,482
2026	64,592,797		11443	$ 64,604,240
2027	58,991,584		216140	$ 59,207,724
2028	46,708,307		13962	$ 46,722,269
Thereafter	26,480,506		997977	$ 27,478,483
	$ 336,540,909	$ 2,097,386	$ 1,309,259	$ 339,947,554

As of October 31, 2023, the Company has unfunded commitment of $186 million. All commercial and other notes receivable were current and in good standing as of October 31, 2023 except for $3.6 million in asset-based loans.

The following table details the activity in the allowance for loan losses during 2023 and 2022. Allocation of a portion of the allowance to one category of loans does not preclude its availability to absorb losses in other categories.

	Beginning Balance	Provision for Loan Losses	Charge-offs	Recoveries	Ending Balance
2023					
Impact Loans	$ -	$ 258,811	$ -	$ -	$ 258,811
Asset-based Loans	1,068,974	1,578,339			2,647,313
Other Loans	-	-	-	-	-
Total	$ 1,068,974	$ 1,837,150	$ -	$ -	$ 2,906,124
2022					
Impact Loans	$ -	$ -	$ -	$ -	$ -
Asset-based Loans	87,460	981,514	-	-	1,068,974
Other Loans	-	-	-	-	-
Total	$ 87,460	$ 981,514	$ -	$ -	$ 1,068,974

The following table shows the Company's investment in loans disaggregated based on the method of evaluating impairment:

	Recorded Investment		Allowance for Loan Losses	
	Individually Evaluated	Collectively Evaluated	Individually Evaluated	Collectively Evaluated
2023				
Impact Loans	$ -	$ 336,799,720	$ -	$ 258,811
Asset-based Loans	4,744,699	-	2,647,313	-
Other Loans	-	1,309,259	-	-
Total	$ 4,744,699	$ 338,108,979	$ 2,647,313	$ 258,811
2022				
Impact Loans	$ -	$ 185,491,626	$ -	$ -
Asset-based Loans	8,604,391	-	1,068,974	-
Other Loans	-	1,314,726	-	-
Total	$ 8,604,391	$ 186,806,352	$ 1,068,974	$ -

Impaired loan information at October 31:

	Unpaid Contractual Principal Balance	Recorded Investment With No Allowance	Total Recorded Investment	Related Allowance	Average Recorded Investment
2023					
Asset-based Loans	$ 4,744,699	$ -	$ 4,744,699	$ 2,647,313	$ 4,744,699
2022					
Asset-based Loans	$ 4,227,098	$ 4,377,293	$ 8,604,391	$ 1,068,974	$ 4,302,196

The asset-based impaired loan was specifically evaluated for impairment. There are no additional funds committed on the impaired loan.

The table below provides an age analysis on accruing past due commercial loans and non-accrual loans at October 31, 2023:

	30-89 Days Past Due	90 Days or More Past Due	Nonaccrual
2023			
Impact Loans	$ 2,263,622	$ -	$ -
Asset-based Loans	-	-	4,744,699
Other Loans	-	-	-
Total	$ 2,263,622	$ -	$ 4,744,699
2022			
Impact Loans	$ -	$ -	$ -
Asset-based Loans	-	-	4,227,098
Other Loans	-	-	-
Total	$ -	$ -	$ 4,227,098

The Company grades its impact loans on a 5-point grading scale. These grades fit into one of the following categories: (i) pass, (ii) special mention, (iii) substandard, (iv) doubtful, or (v) loss. Impact loans categorized as loss are charged-off immediately. The grading of impact loans reflects the judgment of the Company about the risks of default associated with the loan. The Company reviews the grades on impact loans as part of our on-going monitoring of the credit quality of our loan portfolio.

Pass loans have financial factors or nature of collateral that are considered reasonable credit risks in the normal course of lending and encompass a couple of grades that are assigned based on the portfolio company or project outperforming or performing at or within a reasonable margin of budget or expectations with credit metrics remaining stable.

Special mention loans have potential weaknesses that require management's close attention as the portfolio company or project is underperforming against its budget and is experiencing declining credit metrics.

Substandard loans represent a portfolio company or project that is underperforming expectations and is at risk of payment default or is in payment default. Impact loans with a substandard rating require an active workout or exit strategy.

Doubtful loans represent a portfolio company or project that is significantly underperforming. Impact loans with a doubtful rating require an active work-out strategy and are at risk of impairment or have been impaired.

The following table summarizes the internal classifications of loans at October 31, 2023:

	Pass	Special Mention	Substandard	Doubtful	Total
2023					
Impact Loans	$ 287,301,150	$ 47,234,948	$ 2,263,622	$ -	$ 336,799,720
2022					
Impact Loans	$ 185,491,626	$ -	$ -	$ -	$ 185,491,626

5. PAYCHECK PROTECTION PROGRAM LOANS RECEIVABLE

On March 27, 2020, the U.S. Congress approved, and former President Trump signed into law, the CARES Act. The CARES Act provides approximately $2 trillion in financial assistance to individuals and businesses resulting from the outbreak of COVID-19. The CARES Act, among other things, provides certain measures to support individuals and businesses in maintaining solvency through monetary relief in the form of financing and loan forgiveness and/or forbearance. The primary catalyst of small business stimulus in the CARES Act is referred to as the PPP, an SBA loan that temporarily supports businesses in order to retain their workforce during the COVID-19 pandemic. Through the CARES Act, the initiative calls for select lenders to extend loans to small businesses to cover payroll, occupancy and operating expenses through the PPP. Furthermore, the PPP includes a 100% guarantee from the federal government for loans up to $10 million and principal forgiveness for borrowers if the funds are used primarily for retaining employees. The Company, as a CDFI, began participating as a lender for the second round of the PPP.

In the aggregate, the Company has facilitated the fundings of approximately $6.3 billion of loans through this program as of October 31, 2023.

The Company entered into a Lender Service Provider ("LSP") agreement with a third-party. Under this agreement, the Company paid a portion of the administration fees to the LSP for originating, underwriting, and processing PPP loans, processing forgiveness with the SBA, and servicing the outstanding portfolio of PPP loan receivable.

The Company also partnered with a handful of banks that referred loans to the Company. These loans were processed through a third-party platform. The Company paid an administration fee to the platform provider and the SBA authorized referral fees to the banks. In total, approximately 500 loans were processed on the third-party platform.

The Company purchased approximately $133 million of PPP loans receivable from a third-party bank at 98.5% of their unpaid principal balance at acquisition. The unearned discount as of October 31, 2023, was $72,883, with $1,211,532 of the original discount being amortized and recognized as a component of interest income on the consolidated statement of operations.

During the fiscal years ended October 31, 2023 and 2022, the Company recognized approximately $10 million and $51 million in net PPP income, respectively.

The Company had gross PPP loan receivables of $784 million and $1.1 billion as of October 31, 2023 and 2022, respectively.

	2023	2022
PPP Loan Receivables		
PPP Gross Receivables	$ 783,614,618	$ 1,103,307,512
Less: PPP Unearned Discounts	(72,883)	(187,776)
Less: PPP Deferred Income	(10,602,829)	(20,609,218)
Less: Allowance for loan loss reserve	(2,307,177)	(3,080,000)
Ending PPP Loan Balance	$ 770,631,729	$ 1,079,430,518

The following table details the activity in the allowance for loan losses during 2023 and 2022. Allocation of a portion of the allowance to one category of loans does not preclude its availability to absorb losses in other categories.

	Beginning Balance	Provision for Loan Losses	Charge-offs	Recoveries	Ending Balance
2023					
PPP Loans	$ 3,080,000	$ (772,823)	$ -	$ -	$ 2,307,177
2022					
PPP Loans	$ -	$ 3,080,000	$ -	$ -	$ 3,080,000

The following table shows the Company's investment in loans disaggregated based on the method of evaluating impairment:

	Recorded Investment		Allowance for Loan Losses	
	Individually Evaluated	Collectively Evaluated	Individually Evaluated	Collectively Evaluated
2023				
PPP Loans	$ -	$ 783,614,618	$ -	$ 2,307,177
2022				
PPP Loans	$ -	$ 1,103,307,512	$ -	$ 3,080,000

6. INVESTMENTS

During the fiscal years ended October 31, 2023 and 2022, there were no unrealized gains or losses on the difference between the amortized cost basis and fair value.

The amortized cost and fair value of securities at October 31, 2023 and 2022 are presented below by contractual maturity. Expected maturities may differ from contractual maturities because issuers may have the right to call or prepay obligations. Other securities are shown separately since they are not due at a single maturity date.

	2023		2022	
	Held-to-Maturity		Held-to-Maturity	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Within 1 year	$ -	$ -	$ -	$ -
After 1 year through 5 years	65,221,583	65,221,583	27,320,000	27,320,000
After 5 years through 10 years	-	-	9,819,048	9,819,048
After 10 years	-	-	-	-
Other	1,800,080	1,800,080	-	-
	$ 67,021,663	$ 67,021,663	$ 37,139,048	$ 37,139,048

At October 31, 2023 and 2022, no securities were pledged to debt agreements.

7. EQUITY METHOD INVESTMENT IN SOLAR TAX CREDIT FUND

The Company committed to invest $15 million into a fund investing in solar projects eligible to receive federal energy tax credits to promote climate change. The Company had liabilities of $2.1 million and $.05 million, as of October 31, 2023 and 2022, respectively.

8. ACCRUED LIABILITIES

Accrued liabilities consisted of the following as of October 31:

	2023	2022
Accrued Liabilities		
Management Bonus	$ 5,000,000	$ 3,000,000
PPP Accruals	127,401,240	202,491,793
Other	2,170,272	1,238,292
Total Accruals	$ 134,571,512	$ 206,730,085

9. DEBT

Credit Facilities

The Company uses various types of credit facilities to finance notes receivable and inventories. The loans are secured by notes receivable or inventories.

In connection with the credit facilities, the Company has agreed to comply with certain financial and non-financial covenants provided for in the agreements. The Company is currently in violation of our debt covenants and is currently in the process of obtaining a waiver.

The Company had the following credit facilities as of October 31:

Lender	Interest Rate	Maturity Date	2023	2022
Texas Capital Bank	8.61% (b)	9/30/2026	$ 65,000,000	$ 1,260,000
Prosperity USA (formerly Legacy Bank Texas)	8.56% (b)	9/1/2023 (a,c,d)	24,857,020	24,857,019
Veritex (Green Bank)	8.57% (b)	11/2/2024 (a,c)	20,081,632	19,926,792
FNBB - First National Bank Ballinger	7.25%	2/1/2024	9,038,318	9,284,200
b1Bank (formerly Texans Citizens)	5.00%	9/30/2035 (a)	2,885,317	3,059,112
Oakwood Bank	8.00%	1/16/2025	8,241,507	9,358,231
Oakwood/Spirit Term	8.00%	1/16/2025	8,334,748	9,453,659
Happy State Bank Term 4	8.00%	9/18/2041	13,373,861	14,872,005
Happy State Bank Term 5	9.00%	10/1/2043	1,674,370	1,923,561
Happy State Bank Interim Rental Line 2	6.50%	5/11/2023	-	266,720
Texas Regional Bank	9.75%	1/19/2024	904,968	4,589,125
Texas Regional Bank Lot Line	9.00%	12/5/2023	23,950	202,497
Texas Regional Bank Lot Line	8.50%	7/14/2024	59,091	259,389
Texas Regional Bank (New Build) Master	8.75%	3/5/2024	128,752	348,563
American National Bank of Texas	9.50%	12/20/2023	1,013,108	-
			155,616,642	99,660,873
Less deferred loan costs			(1,087,282)	(1,251,872)
Credit facilities net deferrals			154,529,360	98,409,001
Less current maturities net deferrals			123,309,101	67,073,390
Credit facilities, net of current maturities			$ 31,220,259	$ 31,335,611

(a) These facilities are due on demand and presented as current.

(b) These facilities require only monthly interest payments through maturity.

(c) This facility allows for incremental borrowings, each due within a 12 month period.

(d) This facility matured and was not renewed. The Company has an arrangement with the lender to payoff the note within 90 days.

Future minimum principal payments for the credit facilities, including our revolving credit facilities, are as follow for the year ending October 31, 2023:

2024	$ 124,396,383
2025	16,339,432
2026	94,197
2027	102,262
2028	111,011
Thereafter	14,573,357
	$ 155,616,642

CDFI Bond Guarantee Program

The Company uses the Bond Guarantee Program to finance mortgage notes receivable. The bonds are secured by mortgage notes.

In connection with the Bond Guarantee Program, the Company has agreed to comply with certain financial and non-financial covenants provided for in the agreements. The Company is currently in violation of our debt covenants and has obtained waivers.

The Company did not participate in the Bond Guarantee Program in 2022 and had the following bonds as of October 31, 2023:

Draws	Interest Rate	Maturity Date	Balance
February 28, 2023	4.39%	3/15/2052	$ 7,826,627
April 13, 2023	4.02%	3/15/2052	5,926,778
			$ 13,753,405

Future minimum principal payments for the bonds are as follows for the year ending October 31, 2023:

2024	$	252,156
2025		267,744
2026		277,701
2027		289,654
2028		300,604
Thereafter		12,365,546
	$	13,753,405

Acquisition Notes Payable

To fund consideration in the December 18, 2017, acquisition of CPF, the Company entered into a $22 million note payable with Veritex Community Bank (the “Veritex Note”). The Veritex Note bears interest at the annual LIBOR rate plus an applicable margin of 4.50%, which was 9.92% at October 31, 2023. The Veritex Note requires monthly principal payment of $233,134, plus interest, through maturity on December 18, 2024. The Veritex Note is collateralized by certain operating assets of the Company not already collateralized by the credit facilities. The balance on the Veritex Note, net of deferred financing fees of $39,694, was $3,081,155 and, net of deferred financing fees of $73,717, was $5,878,768 at October 31, 2023 and 2022, respectively. The Veritex Note accrues interest at 9.9%.

The Company is required to comply with certain financial and non-financial covenants under the Veritex Note. The Company was not in compliance with the audited annual report covenant as of October 31, 2023.

Future minimum principal payments for the acquisition notes payable are as follows for the year ending October 31, 2023:

2024	$	2,763,590
2025		277,871
	$	3,041,461

10. OTHER NOTE PAYABLE

The Company has a note payable associated with the acquisition of CPF (the “Other Note”). The Other Note is subordinate to the other debt obligations, accrues interest at 6.50% per annum, calls for monthly payments of principal and interest of $22,710, and matures on December 31, 2026. The balance on the Other Note was $722,261 and $940,084 as of October 31, 2023 and 2022 respectively.

Future minimum principal payments for the Other Note are as follows for the year ending October 31, 2023:

2024	$	232,411
2025		247,976
2026		241,874
	$	722,261

11. PAYMENT PROTECTION PROGRAM LIQUIDITY FACILITY

The Company was authorized to incur indebtedness from the U.S. Federal Reserve Bank under the PPPLF to facilitate PPP lending under the CARES Act. Such borrowings are secured by pledges of loans to small businesses under the PPP loan program, whether originated or purchased by the Company. Interest will accrue at a rate of 0.35% of the outstanding balance. Repayments of principal and accrued interest are due in proportion to the amounts received, upon receipt of any PPP loan forgiveness payments received from the SBA, receipt of any proceeds from the sale of any loans to the SBA, or receipt of payment from the borrower. Borrowings under the PPPLF will mature with the maturity date of the associated PPP loans pledged as collateral, which are scheduled to mature on various dates between January 23, 2026 and July 29, 2026. The outstanding advances on the PPPLF at October 31, 2023 and 2022 was $771,186,328 and $1,108,965,758.

12. LEASES

The Company is obligated, as lessee, under non-cancelable operating lease agreements for office space located in Bedford, Texas. The lease agreement requires monthly payments of $6,800. The lease expires in February 2025.

The Company is obligated, as lessee, under non-cancelable finance lease agreements for equipment located in the Bedford, Texas office. The lease agreement requires monthly payments of $802. The lease expires in March 2027.

	Year Ended October 31, 2023	
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from finance leases	$	1,408
Operating cash flows from operating leases		61,200
Financing cash flows from finance leases		8,216
Noncash investing and financing activities		
Right-of-use assets obtained in exchange for new finance lease liabilities	$	43,452
Right-of-use assets obtained in exchange for new operating lease liabilities		156,448

Supplemental balance sheet information related to leases was as follows:

		October 31, 2023
Assets		
Operating lease assets, net	$	92,810
Finance lease assets, net		28,968
Total lease right-of-use assets	$	121,778
Liabilities		
Current		
Operating lease liabilities	$	79,279
Finance lease liabilities		8,559
Noncurrent		
Operating lease liabilities		13,531
Finance lease liabilities		21,383
Total lease liabilities	$	122,752

		Year Ended October 31, 2023
Amortization of right-of-use assets	$	14,484
Interest on lease liabilities		2,530
Operating lease cost		61,200
Net lease cost	$	78,214

	Year Ended October 31, 2023
Lease term and discount rate information is summarized as follows:	
Weighted average remaining lease term (years)	
Operating leases	1.2 years
Finance leases	3.3 years
Weighted average discount rate	
Operating leases	4.09%
Finance leases	4.09%

As of October 31, 2023, maturities of lease liabilities were as follows:

	Operating Leases		Finance Leases	
2024	$	79,279	$	8,559
2025		13,531		8,915
2026		-		9,287
2027		-		3,181
2028		-		-
Thereafter		-		-
Total future minimum lease payments		92,810		29,942
Less imputed interest		-		2,138
Total	$	92,810	$	27,804

13. OTHER LONG-TERM LIABILITIES

Other long-term liabilities primarily consist of impact loan participations (see Note 4 for Impact Loan receivable amounts). Since the impact loan participations include recourse, they are accounted for as secured borrowings.

The Company has the following other long-term liabilities as of October 31:

	2023	2022
Impact Loan Participations	$ 50,650,567	$ -
Mortgage Loan Participations	502,577	516,291
Other	34,914	-
Total Other Long-term Liabilities	$ 51,188,058	$ 516,291

As of October 31, maturities of loan participations were as follows:

	2023	2022
2024	$ 9,500,000	$ -
2025	11,650,567	-
2026	12,000,000	-
2027	5,000,000	-
2028	5,000,000	-
Thereafter	8,002,577	516,291
	$ 51,153,144	$ 516,291

The weighted average interest rate on the loan participations were 10.4% and 10% for 2023 and 2022, respectively. For the impact loan participations, the sole remedy for claims the participant may have, or for any loss the participant may incur, is limited to 20% of the outstanding balance of the loan at the time of default.

14. PAYCHECK PROTECTION PROGRAM LOAN PAYABLE

On July 31, 2020, the Company qualified for and received a loan pursuant to the PPP, a program implemented by the SBA under the CARES Act, from a qualified lender (the "PPP Lender"), for an aggregate principal amount of $376,800. The PPP Loan bears interest at a rate of 1.0% per annum, with the first nine months interest deferred, has a term of two years, and is unsecured and guaranteed by the SBA. The loan was repaid in full during the year ended October 31, 2022.

15. STOCKHOLDERS' EQUITY

The Company is authorized to issue up to 175 million shares of $0.001 par value common stock and 25 million shares of $0.001 par value preferred stock. As of October 31, 2023, 22,195,478 shares of common stock were issued and outstanding and no shares of preferred stock were issued and outstanding.

Common Stock Purchase Agreement – July 6, 2022

On July 6, 2022, the Company entered into a Stock Purchase Agreement ("Common Stock Purchase Agreement") with third-party investors, managed by P-10, a related party, in which the Company issued shares of common stock at $10.76 per share in exchange for cash consideration. The Common Stock Purchase Agreement stipulated a minimum investment commitment of $65 million in shares of the Company's common stock at the fixed price per share. The Company issued 4,646,840 shares of common stock at the date of the Common Stock Purchase Agreement for cash consideration of $50,000,000 and issued an additional 1,394,052 shares of common stock on August 1, 2022 for cash consideration of $15,000,000 in accordance with the Common Stock Purchase Agreement. The Company accounted for the issuance of common stock within stockholders' equity. As of October 31, 2022, the Company issued 6,040,892 shares under the Common Stock Purchase Agreement and the minimum investment commitment had been met. All proceeds are restricted for impact loan investments.

Additionally, the Company issued warrants under the Common Stock Purchase Agreement, providing the investors with rights to purchase an additional fixed amount of shares of the Company's common stock at a fixed price per share of $10.76. These warrants can be exercised on October 24, 2022, and, if exercised, allow for additional exercises after five subsequent thirty-day periods. The warrants provided the ability to purchase up to an additional 11,617,100 shares of the Company's common stock and are exercisable at the option of the holder The warrants issued under the Common Stock Purchase Agreement were recorded within stockholders' equity within the accompanying consolidated balance sheet. As of October 31, 2022, all of the warrants under the Common Stock Purchase Agreement were expired as the third-party investors, managed by P-10, a related party, elected not to exercise the warrants.

Redeemable Common Stock Purchase Agreement – July 11, 2022

On July 11, 2022, the Company entered into a Stock Purchase Agreement ("Redeemable Common Stock Purchase Agreement") with third-party investors in which the Company issued shares of redeemable common stock at $10.76 per share in exchange for cash consideration. The Company issued 4,275,092 shares of redeemable common stock for cash consideration of $45,999,990 on August 1, 2022, and additionally issued 1,282,527 shares of redeemable common stock for cash consideration of $13,799,991 on both September 1, 2022 and October 1, 2022. The Company is obligated to issue an additional 1,282,527 shares of redeemable common stock for cash consideration of $13,799,991 on November 1, 2022, December 1, 2022, and January 1, 2023 as stipulated within the Redeemable Common Stock Purchase Agreement. The Company accounted for the rights to purchase additional redeemable common stock at fair value in accordance with ASC 480 within the accompanying consolidated balance sheet, however the fair value was determined to be nominal.

During 2023, the Company issued 1,282,527 shares of redeemable common stock for cash consideration of $13,799,991 on November 1, 2022, December 1, 2022, and January 3, 2023.

Additionally, the Company issued warrants under the Redeemable Common Stock Purchase Agreement, providing the investors with rights to purchase an additional fixed amount of shares of the Company's common stock at a fixed price per share of $10.76. These warrants can be exercised on December 1, 2022, and, if exercised, allow for additional exercises after five subsequent thirty-day periods. The warrants provide the third-party investors the ability to purchase up to an additional 11,617,100 shares of the Company's common stock and are exercisable at the option of the holder. The warrants, with a December 31, 2022 exercise date, expired without being exercised.

The shares of common stock in connection with the Redeemable Common Stock Purchase Agreement are subject to a redemption feature providing the holder with the contingent option to redeem any or all shares of common stock held after the third anniversary of the Redeemable Common Stock Purchase Agreement in exchange for cash consideration from the Company based on tangible book value at the time of redemption. The redemption feature is contingent upon the Company's inability to successfully complete either, a) a Qualified Public Offering, or b) up-listing of the Company's shares of common stock to the New York Stock Exchange ("NYSE") or the Nasdaq Global Select Market ("Nasdaq"), within three years after the Stock Purchase Agreement. A Qualified Public Offering is a public offering which yields gross proceeds not less than $100.0 million, with a price per share upon issuance that is not less than tangible book value, and the shares issued are listed for trading on the NYSE or Nasdaq.

Stock Repurchase

On July 12, 2023, the Company completed a reverse-forward stock split with an established ratio of 25,000:1. The Company paid $5,319,072 to repurchase 503,135 shares pre-split of $0.001 par value common stock. Immediately after the share repurchases, the Company split its stock with a ratio of 25,000 to 1.

16. STOCK BASED COMPENSATION

In June of 2018, the Company established the 2018 Stock Incentive Plan ("Stock Plan") in which shares of common stock are made available for grant to qualified officers, employees, directors, and other key personnel of the Company. The plan is authorized to issue up to 800,000 shares of the Company's common stock.

The vesting of the options is determined by the Company with current options granted vesting over three years. The Company recognizes compensation expense for the options granted using the straight-line method over the vesting period. As of October 31, 2023, unrecognized stock-based compensation expense was $0.5 million and is expected to be recognized over a weighted average period of 1.68 years.

The fair value for these options was estimated at the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions for the January 2022, June 2022 and November 2022 grants.

Award	Share Price	Volatility	Weighted Average Risk Free Interest Rate	Average Estimated Expected Term	Weighted Average Grant Date Fair Value
January 2022	$ 13.75	196.0%	71.00%	6.50	$ 13.58
June 2022	$ 12.26	96.2%	3.24%	6.50	$ 9.84
November 2022	$ 8.95	51.9%	3.55%	6.50	$ 4.92

The Company estimated the expected term of the options using comparable market data since no historical data was available for stock option grants. On July 5, 2022, the Board of Directors approved the accelerated vesting of the June 18, 2020 and January 6, 2022 stock-based compensation awards resulting in the immediate vesting of 478,600 shares of common stock for $4.2 million of compensation expense. Stock-based compensation expense for the year ended October 31, 2023 and 2022 was $324 thousand and $5.4 million, respectively.

The Black-Scholes option-pricing model requires the input of highly subjective assumptions. The Company continues to assess the assumptions and methodologies used to calculate the established fair value of share-based compensation. Circumstances may change and additional data may become available over time, which could result in changes to these assumptions and methodologies, which could materially impact the fair value determinations.

The exercise price of each option equals the market value of the Company's stock on the date of grant, and the option's maximum term is 10 years. Options can be granted at any time prior to the termination of the plan and vest at 3-years from the grant date.

A summary of the status of the Company's stock option plan is as follows:

	Shares	Weighted-Average Exercise Price
Outstanding at October 31, 2021	198,567	$ 7.47
Granted	388,600	13.47
Outstanding at October 31, 2022	587,167	11.44
Granted	7,500	8.95
Forfeited	(11,211)	7.47
Outstanding at October 31, 2022	583,456	$ 11.49

At October 31, 2023 and 2022, total compensation related to unvested stock options not yet recognized was approximately $504,300 and $791,822, and will be recognized over 1.7 and 2.5 years, respectively.
The exercisable options as of Oct 31, 2023 and 2022, were 485,956 and 478,600 shares, respectively.

17. NON-CONTROLLING INTERESTS – CPF PREFERRED EQUITY

CPF has 36 preferred units at $500,000 per unit outstanding as of October 31, 2023.

The rights and privileges of preferred units are as follows:

- Duration and Voting: preferred units have no maturity date and have no voting rights.
- Dividends: Holders of preferred units are entitled to receive cumulative dividends at an annual rate of 3.50% for the first five years of their investment. Upon the five-year anniversary of their investment, the rate will reset to the prime rate on a quarterly basis for the remainder of the investment period.
- Conversion and Redemption: preferred units are not convertible into common units or any other equity of CPF or the Company and are redeemable at the Company's option after the fifth anniversary of the date of issuance.
- Liquidation preference: holders of preferred units are entitled to a liquidation preference equal to all dividends in arrears plus the initial capital contribution.

During the years ended October 31, 2023 and 2022, CPF paid preferred dividends totaling $1,132,391 and $630,000 in each year, respectively, and had an accrued balance of $119,328 and $53,075 as of October 31, 2023 and 2022, respectively. Accrued dividends are included as a component of total ending equity for non-controlling interests as of October 31, 2023 and 2022.

18. RELATED PARTY ACTIVITIES

On September 14, 2021, CRSS entered into an advisory agreement with Enhanced Capital Group ("ECG"), an investment firm committed to socially responsible investment initiatives and impact manager of P10, Inc., a leading, specialized multi-asset class private markets solutions provider. Mr. Alpert and Mr. Webb, who are members of the Company's board of directors, are Co-Chief Executive Officers and directors of P10, Inc. Mr. Alpert is chairman of the board of P10, Inc. ECG receives a 1.5% monthly management fee on performing loans and an incentive fee of 15% over a 7% hurdle rate. Processing fees accrued to ECG were $10.4 million and $3.0 million for the years ended October 31, 2023 and 2022, respectively.

In addition, on July 6, 2022, the CRSS closed on an issuance of 4,646,840 shares of common stock for proceeds of $50 million with P10 Commenda Impact Fund Onshore, LLC and P10 Commenda Impact Fund Offshore, LLC ("Commenda"). An additional issuance of 1,394,052 shares of common stock to Commenda for proceeds of $15 million was closed on August 1, 2022. The funds are managed by P10, Inc.

During 2023, the Company executed two participation agreements with the Donnelly Revocable Living Trust Dated July 14, 2013 (the "Trust"). Mr. Donnelly, who is a member of the Company's Board of Directors and CEO, has control over the Trust. On July 14, 2023, the Trust paid $5 million for a participation in an $30.6 million impact loan. The Trust received an origination fee equal to an amount of 3.5% of the unpaid principal balance of the loan plus a per annum interest rate of 11.5%. The Trust paid the Company a serving fee of 0.5%. The Company paid off the participation in July 2023. On August 31, 2023, the Trust paid $7 million for a participation in an $16.4 million impact loan. The Trust received a one-time draw fee of 2%, an origination fee equal to an amount of 3.5% of the unpaid principal balance of the loan, and a per annum interest rate of 13%. The Trust paid the Company a serving fee of 0.5%. The $7.0 million participation remained outstanding at October 31, 2023 and subsequently paid off the participation in December 2023.

CPF leases office space on a month-to-month basis from 210 Capital whose principals, Mr. Alpert and Mr. Webb, are members of the Company's board of directors. Monthly payments under the lease were $1,700 and total rental payments for the years ended October 31, 3023 and 2022, were $18,700 and $22,100, respectively, with no rent owed at October 31, 2023 and $5,100 owed on October 31, 2022.

19. COMMITMENTS & CONTINGENCIES

The Company is party to certain legal proceedings in the ordinary course of business. Common legal proceedings include, among other things, breach of contract and unlawful eviction. Although litigation is inherently uncertain, based on past experience and the information currently available, management does not believe that such claims will have a material adverse effect on the Company's financial position, liquidity, or results of operations.

On December 1, 2022, the House Select Subcommittee on the Coronavirus Crisis released a report discussing fraud within the Paycheck Protection Program which alleged that Capital Plus Financial ("Capital Plus") and other PPP lenders did not conduct sufficient oversight of their fintech partners in connection with the PPP (the "Report"). Subsequently, on December 8, 2022, the SBA publicly announced that it was conducting a "full investigation" of all of the lenders named in the Report. Capital Plus received a request to enter into a "voluntary agreement" with the SBA that would provide for enhanced supervision by and reporting to SBA associated with Capital Plus's PPP loan portfolio and origination procedures (the "Voluntary Agreement"). Capital Plus signed the Voluntary Agreement with SBA on January 6, 2023. As part of the Voluntary Agreement, Capital Plus received numerous requests for information from the SBA regarding Capital Plus's PPP loans and its BSA, AML, and KYC policies and practices. Capital Plus provided voluminous information and documentation to the SBA in full cooperation with those requests. During the period of the investigation and review, the SBA paused its processing of all guaranty purchase requests for PPP loans submitted by Capital Plus. Thereafter, on August 28, 2023, the SBA notified Capital Plus that it had concluded its investigation and review of Capital Plus with no material adverse findings and resumed processing guaranty purchase applications from Capital Plus. As of the date of this disclosure, the SBA has processed and approved over 47,000 of these guaranty purchase requests.

In March 2023, BlueAcorn filed a demand for arbitration alleging breach of the parties' Loan Service Provider Agreement relating to Paycheck Protection Program ("PPP") loans claiming fees owed. Capital Plus filed counterclaims in May 2023, and the case is set for a hearing in February 2024. Discovery is underway, and on August 24, 2023, the Arbitrator granted Capital Plus's motion for interim relief entitling Capital Plus to interim access to a wide range of loan-related documentation. Capital Plus posted a $5 million bond as security for the interim injunctive relief. Prior to the arbitration, the Company had accrued $80 million in fees due to BlueAcorn. While the Company disputes that these amounts are owed, the Company has maintained this accrual pending the outcome of the arbitration.

20. INCOME TAXES

Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to reverse. A reconciliation of the provision for income taxes is as follows for the year ended October 31:

	2023	2022
Current	$ 2,807,333	$ 13,595,981
Deferred	(1,193,263)	(2,447,104)
	$ 1,614,070	$ 11,148,877

Income tax expense is computed by applying the Federal corporate rate of 20.9% for the year ended October 31, 2023, and is reconciled to the provision for income taxes as follows:

	2023	2022
Federal income taxes	$ 1,794,824	$ 10,582,899
State income taxes	427,013	565,978
Other	(607,767)	-
	$ 1,614,070	$ 11,148,877

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.
Significant components of our deferred taxes as of October 31, 2023, were as follows:

		2023		2022
Deferred tax assets:				
Tax credits	$	586,313	$	667,645
Tax credit investment		205,025		46,477
Accrued management bonus		1,050,000		630,000
Loan loss reserve		1,076,427		850,681
Stock based compensation		1,297,437		1,229,367
Net Operating loss carryforward		667,414		
Other		75,339		86,713
Total deferred tax assets	$	4,957,955	$	3,510,883
Deferred tax liabilities:				
Intangibles	$	(931,386)		(677,577)
Goodwill		(570,315)		(570,315)
Total deferred tax liabilities	$	(1,501,701)	$	(1,247,892)

The Company brought forward $443 thousand in energy and historic investment tax credits from 2022 and generated $906 thousand in the year ended October 31, 2023. As of October 31, 2023, the Company will fully utilize the prior year carryover and the credit generated in the current year.

21. SUBSEQUENT EVENTS

The Company evaluated all material events or transactions that occurred from October 31, 2023 through January 31, 2024, the date the consolidated financial statements were available to be issued, noting the following events or transactions for disclosure as subsequent events.

On November 2, 2023, the Company amended and restated its $25 million promissory note with Veritex Community Bank extending the maturity date to November 2, 2024, with a rate of 3.5% plus the greater of (i) 2%, or (ii) the CME term SOFR 1 month.

On December 1, 2023, the Company paid off the Prosperity USA revolver which had a balance of $24.9 million at October 31, 2023.

On December 19, 2023, the Company amended and restated its $10.8 million loan with The First National Bank of Ballinger extending the maturity date to February 1, 2024, with a rate of 7.25%.

On December 21, 2023, the Company entered a two-year credit facility with HPS for $75 million. The facility is collateralized by the Company's impact loan portfolio with an advance rate of 55%. The cost of the facility is SOFR +6.75% and an origination fee of 2% paid at closing. There were no deferred charges for the period ended October 31, 2023.

As part of the Company's participation as a lender in the PPP, a total of 14,134 loans or approximately $240 million in outstanding loan balance remains outstanding as of January 26, 2023, and approximately $7 million in PPP deferred fees.

Crossroads Impact Corp.
Consolidating Balance Sheet
At October 31, 2023

	Crossroads Impact Corp.	Crossroads Impact SPV's	Capital Plus Financial, LLC	Rise Line Business Credit, LLC	Eliminations	Total
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	$ 39,742	$ -	$ 2,775,445	$ 21,289	$ -	$ 2,836,476
Restricted cash	71,935	2,067,873	49,282,569	-	-	51,422,377
Interest receivable	-	2,811,420	9,011,660	-	-	11,823,080
Current portion of mortgage notes receivable	-	-	2,258,111	-	-	2,258,111
Current portion of commercial/other notes receivable	-	45,400,693	29,200,899	2,097,386	-	76,698,978
Intercompany receivables	-	-	64,493,762	8,249,273	(72,743,035)	-
Inventory	-	-	5,581,752	-	-	5,581,752
Prepaid expenses and other current assets	773,598	129,630	351,018	1,954	-	1,256,200
Income taxes payable	4,652,235	-	-	-	-	4,652,235
Total current assets	5,537,510	50,409,616	162,955,216	10,369,902	(72,743,035)	156,529,209
MORTGAGE NOTES RECEIVABLE, net of current maturities and allowance of $0 and $0 at October 31, 2023 and 2022, respectively	-	-	125,799,379	-	-	125,799,379
COMMERCIAL/OTHER NOTES RECEIVABLE, net of current maturities and allowance of $2,906,124 and $1,068,974 at October 2023 and 2022, respectively	-	205,294,766	51,349,142	-	-	256,643,908
PPP LOANS RECEIVABLE, net of discounts and allowance of $2,307,177 and $3,080,000 at October31, 2023 and 2022, respectively	-	-	770,631,729	-	-	770,631,729
INVESTMENT - DEBT SECURITIES (Held-to-Maturity), net of deferred fees	-	40,960,933	24,260,650	-	-	65,221,583
INVESTMENTS (Held-to-Maturity)	-	-	1,800,080	-	-	1,800,080
INVESTMENT IN SOLAR TAX CREDIT FUND (Equity Method)	(2,194,408)	-	-	-	-	(2,194,408)
RIGHT TO USE ASSET	-	-	121,778	-	-	121,778
GOODWILL	18,566,966	-	-	-	-	18,566,966
DEFERRED TAX ASSET	3,456,254	-	-	-	-	3,456,254
INVESTMENT IN SUBSIDIARY	39,956,591	-	-	-	(39,956,591)	-
TOTAL ASSETS	$ 65,322,913	$ 296,665,315	$ 1,136,917,974	$ 10,369,902	$ (112,699,626)	$ 1,396,576,478
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Accounts payable	$ -	$ -	$ 4,351,428	$ (299,007)	$ -	$ 4,052,421
Accrued liabilities	5,381,870	751,606	128,438,036	-	-	134,571,512
Escrow liabilities	-	-	3,616,874	-	-	3,616,874
Intercompany payables	(183,606,752)	256,039,376	-	310,411	(72,743,035)	-
Current portion of credit facilities	63,912,718	-	59,396,383	-	-	123,309,101
Current portion of other note payable	-	-	232,411	-	-	232,411
Current portion of acquisition notes payable	2,763,590	-	-	-	-	2,763,590
Current portion of CDFI Bond Guarantee Program	-	-	252,156	-	-	252,156
Total current liabilities	(111,548,574)	256,790,982	196,287,288	11,404	(72,743,035)	268,798,065
CREDIT FACILITIES, net of current maturities	-	-	31,220,259	-	-	31,220,259
OTHER NOTE PAYABLE, net of current maturities	-	-	489,850	-	-	489,850
BOND GUARANTEE PROGRAM	-	-	13,501,249	-	-	13,501,249
ACQUISITION NOTES PAYABLE, net of current maturities	277,871	-	-	-	-	277,871
FEDERAL PPP LIQUIDITY FACILITY ("PPPLF")	-	-	771,186,328	-	-	771,186,328
OTHER LONG-TERM LIABILITIES	-	22,000,000	29,188,058	-	-	51,188,058
TOTAL LIABILITIES	(111,270,703)	278,790,982	1,041,873,032	11,404	(72,743,035)	1,136,661,680
Common stock subject to possible redemption, $0.001 par value, 10,687,727 shares issued and outstanding, at October 31, 2023, at a redemption value of $11.98 per share, and 6,840,146 issued and outstanding at October 31, 2022 at a redemption value of $10.76 per share	128,038,969	-	-	-	-	128,038,969
EQUITY						
Common stock, $0.001 par value: 175,000,000 shares authorized, 22,195,478 shares issued and outstanding (excluding 10,687,727 shares subject to possible redemption)	11,508	-	-	3,000,000	(3,000,000)	11,508
Additional paid in capital	377,494,357	-	(304,252,816)	10,079,046	(10,079,046)	73,241,541
Accumulated earnings (deficit)	(328,951,218)	17,874,333	381,126,651	(2,720,548)	(26,877,545)	40,451,673
Crossroads Systems, Inc. stockholders' equity/deficit	48,554,647	17,874,333	76,873,835	10,358,498	(39,956,591)	113,704,722
Non-controlling interests	-	-	18,171,107	-	-	18,171,107
TOTAL EQUITY	48,554,647	17,874,333	95,044,942	10,358,498	(39,956,591)	131,875,829
TOTAL LIABILITIES, COMMON STOCK SUBJECT TO REDEMPTION AND EQUITY	$ 65,322,913	$ 296,665,315	$ 1,136,917,974	$ 10,369,902	$ (112,699,626)	$ 1,396,576,478

Crossroads Impact Corp.

Consolidating Statement of Income Year Ended October 31, 2023	**Crossroads Impact Corp.**	**Crossroads Impact SPV's**	**Capital Plus Financial, LLC**	**Rise Line Business Credit, LLC**	**Eliminations**	**Total**
REVENUES						
Interest income	$ -	$ 25,757,544	$ 25,298,474	$ 882,974	$ -	$ 51,938,992
Property sales	-	-	11,846,850	-	-	11,846,850
PPP administrative fees	-	-	10,032,357	-	-	10,032,357
Other revenue	-	3,945,759	1,910,312	25,608	-	5,881,679
Total revenues	-	29,703,303	49,087,993	908,582	-	79,699,878
COSTS AND EXPENSES						
Interest expense	-	5,854,233	13,305,332	124,017	-	19,283,582
Provision for Loan Losses	-	258,811	(772,823)	1,578,307	-	1,064,295
Cost of properties sold	-	-	11,115,260	-	-	11,115,260
General and administrative	3,619,456	7,992,754	4,249,148	210,731	-	16,072,089
PPP processing fees	-	-	4,027,849	-	-	4,027,849
Salaries and wages	1,927,664	-	2,205,731	743,653	-	4,877,048
Management bonus	2,000,000	-	-	-	-	2,000,000
Total costs and expenses	7,547,120	14,105,798	34,130,497	2,656,708	-	58,440,123
Income (loss) from operations	(7,547,120)	15,597,505	14,957,496	(1,748,126)	-	21,259,755
OTHER INCOME (EXPENSES)						
Other Income	-	-	-	-	-	-
Interest expense	(435,877)	-	-	-	-	(435,877)
Other Income/Expense	65,790	-	-	-	-	65,790
Realized Loss on Investment	(3,178,160)	-	-	-	3,178,160	-
Total other income (expenses)	(3,548,247)	-	-	-	3,178,160	(370,087)
Income (loss) before income tax provision	(11,095,367)	15,597,505	14,957,496	(1,748,126)	3,178,160	20,889,668
INCOME TAX PROVISION	(1,614,070)	-	-	-	-	(1,614,070)
NET INCOME (LOSS)	(12,709,437)	15,597,505	14,957,496	(1,748,126)	3,178,160	19,275,598
Less: net income attributable to non-controlling interests	-	-	(1,251,718)	-	-	(1,251,718)
NET INCOME (LOSS) ATTRIBUTABLE TO CONTROLLING INTERESTS	$ (12,709,437)	$ 15,597,505	$ 13,705,778	$ (1,748,126)	$ 3,178,160	$ 18,023,880

Crossroads Impact Corp.
Consolidating Balance Sheet
At October 31, 2022

	Crossroads Impact Corp.	Crossroads Impact SPV's	Capital Plus Financial, LLC	Rise Line Business Credit, LLC	Eliminations	Total
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	$ 1,109,321	$ -	$ 55,660,503	$ 1,868,386	$ -	$ 58,638,210
Restricted cash	11,454,297	3,649,603	70,954,006	-	-	86,057,906
Interest receivable	-	1,287,650	13,533,623	-	-	14,821,273
Current portion of mortgage notes receivable	-	-	2,395,602	-	-	2,395,602
Current portion of commercial/other notes receivable	-	36,800,291	21,790,130	7,535,417	-	66,125,838
Intercompany receivables	-	-	337,411,379	2,719,273	(340,130,652)	-
Inventory	-	-	9,922,826	-	-	9,922,826
Prepaid expenses and other current assets	109,445	-	818,720	1,954	-	930,119
Income taxes payable (receivable)	122,510	-	-	-	-	122,510
Total current assets	12,795,573	41,737,544	512,486,789	12,125,030	(340,130,652)	239,014,284
MORTGAGE NOTES RECEIVABLE, net of current maturities and allowance of $0 at October 31, 2022	-	-	129,531,130	-	-	129,531,130
COMMERCIAL/OTHER NOTES RECEIVABLE, net of current maturities and allowance of $1,068,974 at October 2022	-	60,737,812	64,873,261	-	-	125,611,073
PPP LOANS RECEIVABLE, net of discounts and allowance of $3,080,000 at October 31, 2022	-	-	1,079,430,518	-	-	1,079,430,518
INVESTMENT - DEBT SECURITIES (Held-to-Maturity), net of deferred fees	-	21,430,000	15,709,048	-	-	37,139,048
INVESTMENT IN SOLAR TAX CREDIT FUND (Equity Method)	(538,259)	-	-	-	-	(538,259)
GOODWILL	18,566,966	-	-	-	-	18,566,966
DEFERRED TAX ASSET	2,262,991	-	-	-	-	2,262,991
INVESTMENT IN SUBSIDIARY	43,134,750	-	-	-	(43,134,750)	-
TOTAL ASSETS	$ 76,222,021	$ 123,905,356	$ 1,802,030,746	$ 12,125,030	$ (383,265,402)	$ 1,631,017,751
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Accounts payable	$ -	$ -	$ 482,257	$ (160,953)	$ -	$ 321,304
Accrued liabilities	3,155,936	284,948	203,289,201	-	-	206,730,085
Escrow liabilities	-	-	3,963,631	-	-	3,963,631
Intercompany payables	218,607,713	121,343,580	-	179,359	(340,130,652)	-
Current portion of credit facilities	-	-	67,073,390	-	-	67,073,390
Current portion of other note payable	-	-	217,823	-	-	217,823
Current portion of acquisition notes payable	2,797,613	-	-	-	-	2,797,613
Total current liabilities	224,561,262	121,628,528	275,026,302	18,406	(340,130,652)	281,103,846
CREDIT FACILITIES, net of current maturities	8,129	-	31,327,482	-	-	31,335,611
OTHER NOTE PAYABLE, net of current maturities	-	-	722,261	-	-	722,261
ACQUISITION NOTES PAYABLE, net of current maturities	3,007,438	-	-	-	-	3,007,438
FEDERAL PPP LIQUIDITY FACILITY ("PPPLF")	-	-	1,108,965,758	-	-	1,108,965,758
OTHER LONG-TERM LIABILITIES	-	-	516,291	-	-	516,291
TOTAL LIABILITIES	227,576,829	121,628,528	1,416,558,094	18,406	(340,130,652)	1,425,651,205
Common stock subject to possible redemption, $0.001 par value, 6,840,146 shares issued and outstanding, at October 31, 2022, at a redemption value of $10.76 per share	73,599,971	-	-	-	-	73,599,971
EQUITY						
Common stock subject to possible redemption, $0.001 par value, 175,000,000 shares authorized, 18,853,032 shares issued and outstanding (excluding6,840,146 shares subject to possible redemption)	12,013	-	-	3,000,000	(3,000,000)	12,013
Additional paid in capital	72,917,396	-	-	10,079,046	(10,079,046)	72,917,396
Accumulated earnings (deficit)	(297,884,188)	2,276,828	367,420,872	(972,422)	(30,055,704)	40,785,386
Crossroads Systems, Inc. stockholders' equity/(deficit)	(224,954,779)	2,276,828	367,420,872	12,106,624	(43,134,750)	113,714,795
Non-controlling interests	-	-	18,051,780	-	-	18,051,780
TOTAL EQUITY	(224,954,779)	2,276,828	385,472,652	12,106,624	(43,134,750)	131,766,575
TOTAL LIABILITIES, COMMON STOCK SUBJECT TO REDEMPTION AND EQUITY	$ 76,222,021	$ 123,905,356	$ 1,802,030,746	$ 12,125,030	$ (383,265,402)	$ 1,631,017,751

Crossroads Impact Corp.

Consolidating Statement of Income Year Ended October 31, 2022	**Crossroads Impact Corp.**	**Crossroads Impact SPV's**	**Capital Plus Financial, LLC**	**Rise Line Business Credit, LLC**	**Eliminations**	**Total**
REVENUES						
Interest income	$ 371,250	$ 2,395,861	$ 33,743,880	$ 856,012	$ -	$ 37,367,003
Property sales	-	-	18,407,000	-	-	18,407,000
PPP administrative fees	-	-	50,774,445	-	-	50,774,445
Other revenue	-	188,265	1,215,913	42,098	-	1,446,276
Total revenues	371,250	2,584,126	104,141,238	898,110	-	107,994,724
COSTS AND EXPENSES						
Interest expense	-	-	10,466,970	-	-	10,466,970
Cost of properties sold	-	-	16,355,114	-	-	16,355,114
Provision for Loan Losses	-	-	3,080,000	981,513	-	4,061,513
General and administrative	1,223,208	678,549	5,094,767	135,861	-	7,132,385
PPP processing fees	-	-	(8,597,435)	-	-	(8,597,435)
Salaries and wages	5,444,124	-	4,088,677	765,120	-	10,297,921
Total costs and expenses	6,667,332	678,549	30,488,093	1,882,494	-	39,716,468
Income (loss) from operations	(6,296,082)	1,905,577	73,653,145	(984,384)	-	68,278,256
OTHER INCOME (EXPENSES)						
Interest expense	(424,356)	-	-	-	-	(424,356)
Total other income (expenses)	(424,356)	-	-	-	-	(424,356)
Income (loss) before income tax provision	(6,720,438)	1,905,577	73,653,145	(984,384)	-	67,853,900
INCOME TAX PROVISION	(11,148,877)	-	-	-	-	(11,148,877)
						-
NET INCOME (LOSS)	(17,869,315)	1,905,577	73,653,145	(984,384)	-	56,705,023
Less: net income attributable to non-controlling interests	-	-	(630,000)	-	-	(630,000)
NET INCOME ATTRIBUTABLE TO CONTROLLING INTERESTS	$ (17,869,315)	$ 1,905,577	$ 73,023,145	$ (984,384)	$ -	$ 56,075,023