DEVELOPMENT FUND OF THE WESTERN RESERVE, INC. AND SUBSIDIARY

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

DEVELOPMENT FUND OF THE WESTERN RESERVE, INC. AND SUBSIDIARY

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NOVOGRADAC & COMPANY LLP®

Report of Independent Auditors

To the Board of Directors of
Development Fund of the Western Reserve, Inc.:

Opinion

We have audited the accompanying consolidated financial statements of Development Fund of the Western Reserve, Inc. and Subsidiary, which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, and the related consolidated statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Development Fund of the Western Reserve, Inc. as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Development Fund of the Western Reserve, Inc. and Subsidiary's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information in the supplementary schedules on pages 25 through 28 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, changes in net assets and cash flows of the individual entities, and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Novogradac & Company LLP

Cleveland, Ohio
June 22, 2022

DEVELOPMENT FUND OF THE WESTERN RESERVE, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31, 2021 and 2020

	2021	2020
ASSETS		
Current assets		
Cash and cash equivalents	$ 1,053,008	$ 908,399
Restricted cash	75,897	94,437
Due from related parties	-	30,442
Accounts receivable	534	1,158
Interest receivable	29,010	39,282
Prepaid insurance	5,623	5,682
Prepaid other expenses	-	1,425
Total current assets	1,164,072	1,080,825
Long-term assets		
Deferred charges, net of accumulated amortization	29,661	36,875
Investments in subsidiaries	36,119	33,945
Loan receivable	4,694,875	4,694,875
Total long-term assets	4,760,655	4,765,695
Total assets	$ 5,924,727	$ 5,846,520
LIABILITIES AND NET ASSETS		
Current liabilities		
Due to related party	$ -	$ 5,178
Accounts payable	79	131,500
Accrued interest	10,943	21,215
Restricted deposits	25,000	52,500
Total current liabilities	36,022	210,393
Long-term liabilities		
Note payable - related party	1,270,000	1,270,000
Note payable, net of unamortized debt issuance costs	1,491,504	1,490,004
Total long-term liabilities	2,761,504	2,760,004
Total liabilities	2,797,526	2,970,397
Net assets		
Net assets without donor restrictions	3,051,407	2,781,784
Net assets with donor restrictions	75,794	94,339
Total net assets	3,127,201	2,876,123
Total liabilities and net assets	$ 5,924,727	$ 5,846,520

see accompanying notes

DEVELOPMENT FUND OF THE WESTERN RESERVE, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
For the years ended December 31, 2021 and 2020

NET ASSETS WITHOUT DONOR RESTRICTIONS	2021	2020
REVENUE		
Sub-allocation fee income	$ 295,000	$ 390,000
Ohio sub-allocation fee income	90,000	130,000
Success fee	-	260,000
Interest income	108,438	109,330
Asset management fees	345,611	316,025
Servicing fees	1,500	2,064
Audit and tax fee reimbursement	139,500	137,500
Other income	1,051	10,000
Net assets released from restrictions	18,545	110,037
Total revenue	999,645	1,464,956
EXPENSES		
Management services - DFA	426,500	434,000
Grants	-	360,000
Professional fees	149,005	157,490
General and administrative expenses	33,063	119,381
Insurance fees	8,655	6,909
Application fees	1,500	56,500
Advertising fees	4,250	2,070
Interest expense	99,900	99,900
Amortization	7,214	7,297
Total expenses	730,087	1,243,547
Income before equity in net income of investments	269,558	221,409
Equity in net income of investments in subsidiaries	65	112
INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	269,623	221,521
NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	-	55,000
Net assets released from restrictions	(18,545)	(110,037)
DECREASE IN NET ASSETS WITH DONOR RESTRICTIONS	(18,545)	(55,037)
CHANGE IN NET ASSETS	251,078	166,484
NET ASSETS AT BEGINNING OF YEAR	2,876,123	2,709,639
NET ASSETS AT END OF YEAR	$ 3,127,201	$ 2,876,123

see accompanying notes

DEVELOPMENT FUND OF THE WESTERN RESERVE, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	$ 251,078	$ 166,484
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Amortization of servicing fees	7,214	7,297
Interest expense - debt issuance costs	1,500	1,500
Equity in net income of subsidiaries	(65)	(112)
Distributions from subsidiaries	91	90
Changes in operating assets and liabilities:		
Due from related parties	30,442	(27,817)
Accounts receivable	624	148
Interest receivable	10,272	(21,215)
Prepaid insurance	59	(1,751)
Prepaid other expenses	1,425	-
Due to related party	(5,178)	5,178
Accounts payable	(131,421)	118,760
Accrued interest	(10,272)	21,215
Net cash provided by operating activities	155,769	269,777
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment of OH NMTC servicing fee	-	(17,500)
Investments in subsidiaries	(2,200)	(1,300)
Return of capital from investments in subsidiaries	-	1,300
(Decrease) increase in restricted deposits	(27,500)	27,500
Net cash (used in) provided by investing activities	(29,700)	10,000
Net change in cash, cash equivalents and restricted cash	126,069	279,777
Cash, cash equivalents and restricted cash at beginning of year	1,002,836	723,059
Cash, cash equivalents and restricted cash at end of year	$ 1,128,905	$ 1,002,836
Cash and cash equivalents	$ 1,053,008	$ 908,399
Restricted cash	75,897	94,437
Total cash, cash equivalents and restricted cash	$ 1,128,905	$ 1,002,836
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INOFRMATION:		
Cash paid for interest	$ 108,672	$ 77,185

see accompanying notes

1. Organization and purpose

Development Fund of the Western Reserve, Inc., an Ohio non-profit corporation ("DFWR"), was formed on May 26, 2011 to serve or provide investment capital for Low-Income Communities ("LICs"), as defined in Section 45D(e) of the Internal Revenue Code and the Treasury Regulations thereunder, or low-income persons ("Low-Income Persons"). DFWR's original members were the Development Finance Authority of Summit County ("DFA"), the Controlling Member, and ConxusNEO (formerly known as Summit Workforce Solutions). ConxusNEO withdrew from DFWR on October 10, 2017 and pursuant to the amended and restated Code of Regulations adopted on October 26, 2017, DFA is the sole member of DFWR. DFWR was certified as a qualified community development entity ("CDE") under the New Markets Tax Credit ("NMTC") Program. One hundred percent (100%) of DFWR's activities are targeted to Low-Income Persons and LICs. DFWR's service area is comprised of an eighteen county area in Northeast Ohio.

DFWR's primary mission is to serve and provide investment capital for low-income communities and low-income persons, consistent with the NMTC Program, and to serve as managing member for subsidiary CDEs.

Throughout the notes to the consolidated financial statements, italicized words or phrases represent defined terms under the NMTC or Section 45D of the Internal Revenue Code of 1986, as amended.

1. Organization and purpose (continued)

DFWR is an allocatee of NMTCs and has sub-allocated its NMTC allocation to various affiliates for the purpose of making *qualified low-income community investments* ("QLICIs"). As of December 31, 2021 and 2020, the following sub-allocations were made to subsidiary CDEs ("Sub-CDEs"):

	Sub-Allocation	
Sub-CDE	2021	2020
Western Reserve DF Affiliate I, LLC ("Western Reserve I")	$ 7,000,000	$ 7,000,000
Western Reserve DF Affiliate II, LLC ("Western Reserve II")	6,500,000	6,500,000
Western Reserve DF Affiliate III, LLC ("Western Reserve III")	6,500,000	6,500,000
Western Reserve DF Affiliate IV, LLC ("Western Reserve IV")	5,000,000	5,000,000
Western Reserve DF Affiliate V, LLC ("Western Reserve V")	5,500,000	5,500,000
Western Reserve DF Affiliate VI, LLC ("Western Reserve VI")	7,500,000	7,500,000
Western Reserve DF Affiliate VII, LLC ("Western Reserve VII")	5,500,000	5,500,000
Western Reserve DF Affiliate VIII, LLC ("Western Reserve VIII")	5,000,000	5,000,000
Western Reserve DF Affiliate IX, LLC ("Western Reserve IX")	5,250,000	5,250,000
Western Reserve DF Affiliate X, LLC ("Western Reserve X")	4,500,000	4,500,000
Western Reserve DF Affiliate XI, LLC ("Western Reserve XI")	6,750,000	6,750,000
Western Reserve DF Affiliate XII, LLC ("Western Reserve XII")	5,000,000	5,000,000
Western Reserve DF Affiliate XIII, LLC ("Western Reserve XIII")	6,500,000	6,500,000
Western Reserve DF Affiliate XV, LLC ("Western Reserve XV")	6,500,000	6,500,000
Western Reserve DF Affiliate XIV, LLC ("Western Reserve XIV")	5,500,000	-
Western Reserve DF Affiliate XVI, LLC ("Western Reserve XVI")	6,500,000	-
Total	$ 95,000,000	$ 83,000,000

In 2017, DFWR sub-allocated the remaining $6,750,000 of its 2015 NMTC allocation (see Note 8) to Western Reserve XI for purposes of creating a small-QLICI loan fund ("Small-QLICI Fund"). In conjunction with the closing of the Small-QLICI Fund, DFWR made a $1,929,875 investment in Akron Community Revitalization Fund, LLC ("ACRF" and together with DFWR, the "Corporation") for 100% ownership of ACRF and a $27,700 investment in ACRF Lender, LLC ("ACRF Lender" and together with the Sub-CDEs, the "Subsidiaries") for 0.01% ownership of ACRF Lender.

2. Summary of significant accounting policies and nature of operations

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

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

Principles of consolidation
The consolidated financial statements as of and for the years ended December 31, 2021 and 2020 include the accounts of DFWR and ACRF. All material intercompany balances and transactions have been eliminated.

Basis of presentation
The Corporation is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets without Donor Restrictions: Net assets that are not subject to donor-imposed restrictions. Net assets without donor restrictions consist primarily of board designated operating funds, capital assets, and general operating support.

Net Assets with Donor Restrictions: Net assets that are subject to donor-imposed stipulations. Donor imposed stipulations specify a use for a contributed asset that is more specific than broad limits resulting from the nature of the not-for-profit entity, the environment in which it operates, or the purposes specified in its articles of incorporation or bylaws. Net assets with donor restrictions consist primarily of contributions with temporary donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

Use of estimates
The preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and cash equivalents
Cash and cash equivalents include all cash balances on deposit with financial institutions and highly liquid investments with a maturity of three months or less at the date of acquisition.

Restricted cash is not considered cash and cash equivalents, and includes cash held with financial institutions restricted for uses relating to the Small-QLICI Fund (see Note 1), the Invest Health Field Building initiative, and Western Reserve Community Fund, Inc. (see Note 6).

Concentration of credit risk
The Corporation maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Corporation has not experienced any losses in such accounts. The Corporation believes it is not exposed to any significant credit risk on these accounts.

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

Economic concentrations
Substantially all of the Corporation's operations are derived from its long-term investments in, loans to and services provided to the Subsidiaries and other affiliated entities, as well as grant income related to these operations. Future operations could be impacted by changes in economic or other conditions that would affect the business of the Subsidiaries or the NMTC industry.

Vulnerability – impact of COVID-19
The impact of COVID-19 on the Corporation's operations will depend on a number of factors, including, but not limited to, the duration and severity of the pandemic on the business of the Subsidiaries, all of which are uncertain and cannot be predicted. The Corporation's future results could be adversely impacted by delays in payment collections by the Subsidiaries from their borrowers. Management is unable to predict with absolute certainty the impact of COVID-19 on the Corporation's or the Subsidiaries' financial condition and the expected results of their operations and cash flows.

Income taxes
The Corporation is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3).

The preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America requires the Corporation to report information regarding its exposure to various tax positions taken by the Corporation. Management has determined whether any tax positions have met the recognition threshold and has measured the Corporation's exposure to those tax positions. Management believes that the Corporation has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Federal and state taxing authorities generally have the right to examine and audit the previous three years of tax returns filed. Any interest or penalties assessed to the Corporation are recorded in expenses. No interest or penalties from federal or state taxing authorities were recorded in the accompanying consolidated financial statements.

Accounts receivable
Accounts receivable is stated at the amount management expects to collect from outstanding balances. Management closely monitors outstanding balances and provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that remain outstanding after management has used reasonable collection efforts are generally written off through a charge to the valuation allowance and a credit to trade accounts receivable. As of both December 31, 2021 and 2020, there was no allowance for doubtful accounts.

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

Prepaid loan servicing fee
Prepaid loan servicing fees are paid in annual installments in advance to Finance Fund Management, LLC ("FFM") and amortized ratably over the service period related to the underlying loan servicing agreement.

Loans receivable and allowance for loan losses
Loans receivable are stated at unpaid principal balances, less allowance for loan losses and net of deferred loan origination fees and unearned discounts, as applicable.

Loan origination and commitment fees, as well as certain direct origination costs, are deferred and recognized into income ratably over the term of the loan. Amortization of deferred loan fees is discontinued when a loan is placed on nonaccrual status.

The allowance is increased by a provision for loan losses, which is charged to expense, and reduced by charge-offs, net of recoveries. Management's periodic evaluation of the adequacy of the allowance is based on the Corporation's past loan loss experience, known and other risks inherent in the portfolio, specific impaired loans, and adverse situations. Although management uses available information to recognize losses on loans because of uncertainties associated with local economic conditions, collateral values, and future cash flows of on the impaired loans, it is reasonably possible that a material change could occur in the allowance for loan losses in the near term. However, the amount of the change that is reasonably possible cannot be estimated.

The Corporation considers a loan impaired when based on current information or factors, it is probable that the Corporation will not collect the principal and interest payments according to the loan agreement. Management considers many factors in determining whether a loan is impaired, such as payment history and value of collateral. Loans that are contractually delinquent less than 90 days are generally not considered impaired, unless the borrower has claimed bankruptcy or the Corporation has received specific information concerning the loan impairment. The Corporation reviews delinquent loans to determine impaired accounts. The Corporation measures impairment on a loan-by-loan basis by either using the fair value of collateral or the present value of expected cash flows.

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

Loans receivable and allowance for loan losses (continued)
The Corporation's key credit quality indicator is a loan's performance status, defined as accruing or non-accruing. Performing loans are considered to have a lower risk of loss, while nonaccrual loans are those which the Corporation believes have a higher risk of loss. Loans that are 90 days or more past due, based on the contractual terms of the loan, are classified on nonaccrual status. Loans may also be placed on nonaccrual status when management believes, after considering economic conditions, business conditions, and collections efforts, that the loans are impaired or collection of interest is doubtful. Uncollectible interest previously accrued is charged off, or an allowance is established by a charge to interest income. Interest income on nonaccrual loans is recognized only to the extent cash payments are received and the principal balance is believed to be collectible. There were no loans on nonaccrual status or past due at December 31, 2021 or 2020.

A loan previously classified on nonaccrual status will resume accruing interest based on the contractual terms of the loan when payments on the loan become current. Loans may also resume accruing interest if management no longer believes a loan is impaired or the collection of principal and interest is no longer in doubt. As of December 31, 2021 and 2020, management believes that the Corporation's loan receivable is fully collectible and as such, the allowance for loan loss is zero.

Investments in subsidiaries
The Corporation owns a 0.01% membership interest in each of the Sub-CDEs (See Note 1), whose primary mission is providing investment capital for *LICs* or *Low-Income Persons* throughout the Corporation's service area, and ACRF Lender.

Financial Accounting Standards Board Accounting Standards Codification Topic 810-20, Control of Partnerships and Similar Entities, addresses how a corporation should evaluate whether the managing member or other similar entity is presumed to control a limited liability company or other similar entity and accordingly should consolidate the entity. If the investor member has the substantive ability to dissolve the limited liability company or otherwise remove the managing member without cause or has substantive participating rights, the managing member does not control the limited liability company. Substantive participating rights provide the investor member with the ability to effectively participate in significant decisions in the Subsidiaries' ordinary course of business. The Corporation has concluded that for each of the Subsidiaries, the investor member is presumed to have substantive participating rights and that the Corporation is not required to consolidate the Subsidiaries. The Corporation's maximum exposure to loss as a result of its involvement with the investment remains limited to its capital contribution to the Subsidiaries and exposure pursuant to certain indemnification agreements with investor members and/or their affiliates (see Note 10).

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

Investments in subsidiaries (continued)
The Corporation accounts for its investments in the Subsidiaries under the equity method of accounting because it serves as the managing member for each of the Subsidiaries and derives substantially all of its revenue from services provided to the Subsidiaries. Under the equity method of accounting, the investments are recorded at cost and adjusted for the Corporation's share of income or loss in the Subsidiaries, additional investments in and cash distributions from the Subsidiaries. Since the Corporation has no obligation to fund liabilities of the Subsidiaries beyond its investment, its investment in the Subsidiaries may not be reduced below zero.

To the extent that equity losses are incurred when the Corporation's carrying value of its investment in any of the Subsidiaries has reached a zero balance, any losses will be suspended to be used against future income.

The Corporation has adopted the nature of distributions approach for the classification of distributions received from equity method investees in the consolidated statements of cash flows. In accordance with this approach, distributions received from the Subsidiaries are classified as either operating or investing cash inflows based on the nature of the activities of the Subsidiaries that generated the distributions. Returns on investments are classified as operating activities in the consolidated statements of cash flows, while returns of investment are classified as investing activities.

The Corporation has implemented policies and practices for assessing impairment for its investments. Periodically, the carrying values are evaluated and the Corporation records a write down if it is determined that the impairment in value exists. If impairment exists, the carrying value is reduced to its fair value. Fair value is determined based on future cash flows and estimated tax benefits to be received. There were no impairment losses recognized for the years ended December 31, 2021 or 2020.

Deferred charges and amortization
Deferred charges as of December 31, 2021 and 2020 consist of servicing fees paid to the State of Ohio Development Services Agency in an aggregate amount of $52,500 and $87,500, respectively. During 2020, servicing fees in the amount of $35,000 were fully amortized and subsequently written off, along with the accumulated amortization, in 2021. These fees are recorded at cost and amortized ratably over the applicable NMTC compliance period using the straight-line method. Accumulated amortization as of December 31, 2021 and 2020 was $22,839 and $50,625, respectively.

Contributions
Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

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

Contributions (continued)
Unconditional pledges to give are recorded as contributions when pledged at the net present value of the amounts expected to be collected. Unconditional pledges to give that are expected to be received in future periods are discounted annually using the current interest rate the funds would earn. Amortization of the discount is recorded as contribution revenue.

Revenue recognition
Revenue derived from the sub-allocation and transaction fees related to the closing of transactions by the Corporation's Subsidiaries is recognized when the earnings process is complete, generally at the time of the closing of the underlying transaction. Interest income is recognized when earned in accordance with the contractual terms of the loan agreement and promissory notes. Advance interest payments are deferred and classified as liabilities until earned. Fee income is recognized when earned in accordance with the underlying agreement.

Functional expenses
The consolidated financial statements report certain categories of expenses that are attributable to more than one program or supporting service. Accordingly, certain costs have been allocated among program services, administrative and support, and fundraising services benefited (see Note 12). Such allocations are determined by management on an equitable basis.

The expenses that are allocated include management services – DFA and general and administrative expenses. Management services – DFA is allocated based on estimates of time and effort, and general and administrative expenses are allocated based on an analysis of specific costs incurred.

Subsequent events
Subsequent events have been evaluated through June 22, 2022, which is the date the consolidated financial statements were available to be issued, and there are no subsequent events requiring disclosure.

3. Loan receivable – Twain Investment Fund 240, LLC

On July 27, 2017, ACRF entered into a loan agreement with Twain Investment Fund 240, LLC ("Twain") for the amount of $4,694,875 (the "Leverage Loan"). Pursuant to the loan agreement, interest accrues at a fixed rate of 2.3089% per annum. The Leverage Loan is secured by the 99.99% interest Twain holds in Western Reserve XI.

3. Loan receivable – Twain Investment Fund 240, LLC (continued)

Interest-only payments are due on the 10th day of the last month of each calendar quarter, commencing on September 10, 2017 through June 10, 2027. Commencing on September 10, 2027, quarterly payments of principal and interest are due in an amount sufficient to amortize the outstanding principal balance of the Leverage Loan by the maturity date of July 31, 2047 ("Leverage Loan Maturity Date"). On June 1, 2020, the promissory note was amended to defer the interest payments due from Twain on June 10, 2020 and September 10, 2020, which shall be due and payable as of the Leverage Loan Maturity Date. As of both December 31, 2021 and 2020, the principal balance outstanding was $4,694,875. For each of the years ended December 31, 2021 and 2020, interest earned was $108,400. As of December 31, 2021 and 2020, interest receivable was $29,010 and $39,282, respectively.

4. Note payable

ADF Loan
On July 26, 2017, ACRF entered into a loan agreement with Akron Development Fund I, Ltd. ("ADF") for a loan in the amount of $1,500,000 (the "ADF Loan"). Pursuant to the loan agreement, interest accrues at a fixed rate of 2.75% per annum. The loan is secured by the Leverage Loan and related documents.

Interest-only payments commenced on September 30, 2017 and are due on the last day of the last month of each calendar quarter through and including June 30, 2027. On the maturity date of July 31, 2027 ("ADF Loan Maturity Date"), the entire principal balance and any accrued interest is due. On June 12, 2020, the promissory note was amended to defer the interest payments due to ADF on June 30, 2020, September 30, 2020, and December 30, 2020, which shall be due and payable as of the ADF Loan Maturity Date. As of both December 31, 2021 and 2020, the outstanding principal balance of the ADF Loan was $1,500,000. For each of the years ended December 31, 2021 and 2020, interest incurred on the ADF Loan was $41,250. As of December 31, 2021 and 2020, accrued interest was $0 and $2,542, respectively.

Debt issuance costs of $15,000 are being amortized to interest expense over the term of the ADF Loan. For each of the years ended December 31, 2021 and 2020, the effective interest rate on the ADF Loan, including amortization of debt issuance costs, was 2.85%. For each of the years ended December 31, 2021 and 2020, amortization of debt issuance costs was $1,500 and is recorded as interest expense in the accompanying consolidated statements of activities and changes in net assets.

4. Note payable (continued)

ADF Loan (continued)
Note payable consists of the following as of December 31, 2021 and 2020:

	2021	2020
Principal balance	$ 1,500,000	$ 1,500,000
Less: unamortized debt issuance costs	8,496	9,996
Note payable, net of debt issuance costs	$ 1,491,504	$ 1,490,004

5. Related party transactions

ACRF Lender Loan Payable
On July 27, 2017, ACRF entered into a loan agreement with ACRF Lender for the amount of $1,270,000 (the "ACRF Lender Loan"). Pursuant to the loan agreement, interest accrues at a fixed rate of 4.50% per annum. The loan is secured by the Leverage Loan and related documents.

Interest-only payments commenced on September 30, 2017 and are due on the 20th day of the last month of each calendar quarter. On the maturity date of July 31, 2027 ("ACRF Lender Loan Maturity Date"), the entire principal balance and any accrued interest is due. On June 1, 2020, the promissory note was amended to defer the interest payments due to ACRF Lender on June 20, 2020, September 20, 2020, and December 20, 2020, which shall be due and payable as of the ACRF Lender Loan Maturity Date. As of both December 31, 2021 and 2020, the outstanding principal balance of the ACRF Lender Loan was $1,270,000. For each of the years ended December 31, 2021 and 2020, interest incurred on the ACRF Lender Loan was $57,150. As of December 31, 2021 and 2020, accrued interest was $10,943 and $18,673, respectively.

5. Related party transactions (continued)

Management services - Development Finance Authority of Summit County
Pursuant to the Amended and Restated Management Services Agreement between the Corporation and DFA (the "Amended Management Agreement"), DFA agreed to provide management, financial, operational compliance and administrative services as necessary to assist the Corporation in fulfilling its on-going, day-to-day responsibilities. Pursuant to the Amended Management Agreement, the Corporation pays DFA a fee in exchange for these services in an amount equal to (a) $200,000, payable in quarterly installments, to compensate DFA for the use of its staff and resources; (b) in the event the Corporation closes on future projects, fifty percent (50%) of all (i) closing fees and (ii) any ongoing administrative fees received by the Corporation after January 1, 2018, not to exceed $200,000 per year; and (c) all out-of-pocket expenses incurred by DFA and its service personnel consisting of travel, outside consultants, conference calls, postage, courier costs and other miscellaneous expenses. The annual fee was increased to $234,000 in 2020, pursuant to further amendments to the Amended Management Agreement.

For the years ended December 31, 2021 and 2020, the Corporation incurred and paid management services fees pursuant to the Amended Management Agreement of $426,500 and $434,000, respectively. In addition to the fees described above, in 2020, the Corporation paid DFA a one-time fee of $25,000 for services associated with the preparation and submittal of DFWR's 2020 NMTC application, which is included in application fees on the accompanying consolidated statements of activities and changes in net assets.

Sub-allocation fee income
Pursuant to the operating agreements of the Sub-CDEs, at the respective closing date of each of the underlying transactions, and in consideration for services rendered in connection with the sub-allocation and organization of the Sub-CDEs and the issuance of qualified equity investments, the Corporation is entitled to receive fees equal to 3% of the *qualified equity investments* ("QEIs") issued by the Sub-CDEs.

During the year ended December 31, 2021, the Corporation earned and received sub-allocation fees in the amounts of $165,000 and $130,000 from Western Reserve XIV and Western Reserve XVI, respectively.

During the year ended December 31, 2020, the Corporation earned and received sub-allocation fees in the amount of $195,000 each from Western Reserve XIII and Western Reserve XV.

5. Related party transactions (continued)

Asset management fee income

Pursuant to the operating agreements of the Sub-CDEs, the Corporations entitled to receive annual asset management fees, prorated for partial years, for administering, managing, and directing the business of the Sub-CDEs to comply with all of the NMTC Program requirements as follows:

Sub-CDE		Annual Fee
Western Reserve IV	$	25,000
Western Reserve V		27,500
Western Reserve VI		37,500
Western Reserve VII		27,500
Western Reserve VIII		25,000
Western Reserve IX		26,250
Western Reserve X		22,500
Western Reserve XI		33,750
Western Reserve XII		25,000
Western Reserve XIII		32,500
Western Reserve XV		32,500
Western Reserve XIV		27,500
Western Reserve XVI		32,500
Total	$	375,000

On March 21, 2018, DFWR, as managing member of Western Reserve XI, entered into a fee waiver agreement with the investor member of Western Reserve XI. Pursuant to the fee waiver agreement, DFWR has waived its right to asset management fees in an amount up to $65,000 plus such additional amount that it is entitled to receive under the operating agreement of Western Reserve XI to enable the operating income of Western Reserve XI to equal the annual amounts reflected in the financial projections. As of December 31, 2021 and 2020, the cumulative amount of asset management fees waived by DFWR was $107,187 and $81,875, respectively. As a result of the waiver, only $8,438 of the asset management fee was earned and received from Western Reserve XI for the year ended December 31, 2021. The full amount of the asset management fee was earned and received from Western Reserve XI for the year ended December 31, 2020.

For the years ended December 31, 2021 and 2020, asset management fees earned were $345,611 and $316,025, respectively. As of December 31, 2021 and 2020, $0 and $8,438, respectively, of asset management fees remained outstanding and are included in due from related parties on the accompanying consolidated statements of financial position.

5. Related party transactions (continued)

Servicing fees

Pursuant to the operating agreement of Western Reserve II, the Corporation was entitled to receive annual fees totaling $3,500 through the end of Western Reserve II's State of Ohio NMTC compliance period of March 8, 2020. This amount includes reimbursement of annual fees of $2,500 paid by the Corporation on behalf of Western Reserve II, and $1,000 for compensation for services provided by the Corporation on behalf of Western Reserve II related to administering its State of Ohio NMTC allocation (see Note 9). For the year ended December 31, 2020, the Corporation earned and received servicing fees of $564, prorated for a partial year in 2020, which are included in servicing fees on the accompanying consolidated statements of activities and changes in net assets.

Audit and tax fee reimbursement

For the years ended December 31, 2021 and 2020, the Corporation received audit and tax fee reimbursements from the Sub-CDEs totaling $139,500 and $137,500, respectively. As of December 31, 2021 and 2020, $0 and $22,000, respectively, of audit and tax fee reimbursements remain outstanding and are included in due from related parties on the accompanying consolidated statements of financial position.

Investments in Subsidiaries

Pursuant to the operating agreements of the Subsidiaries, the Corporation made capital contributions totaling $37,200 and $36,000 as of December 31, 2021 and 2020, respectively, in exchange for a 0.01% ownership interest in each of the Subsidiaries. The investment balance in the Subsidiaries at December 31, 2021 and 2020 was $36,119 and $33,945, respectively. The equity in the net income of the Subsidiaries for the years ended December 31, 2021 and 2020 was $65 and $112, respectively. As of December 31, 2021 and 2020, the Corporation had made all required contributions.

Summarized financial information of the Subsidiaries as of December 31, 2021 and 2020 is as follows:

	2021	2020
Assets	$ 75,301,296	$ 63,592,726
Liabilities	$ -	$ 30,438
Members' equity	75,301,296	63,562,288
Total liabilities & members' equity	$ 75,301,296	$ 63,592,726

5. Related party transactions (continued)

Investments in Subsidiaries (continued)
Summarized financial information of the Subsidiaries for the years ended December 31, 2021 and 2020 is as follows:

	2021	2020
Revenue	$ 1,453,044	$ 1,351,985
Expenses	(763,688)	(900,704)
Net income	$ 689,356	$ 451,281

Western Reserve II and Western Reserve III reached the end of the NMTC compliance period during 2020 and the Corporation received a return of capital in the amount of $650 each upon Western Reserve II's and Western Reserve III's redemption of their members' interests.

6. Grants

In 2020, DFWR received grant funds totaling $55,000. Of this amount, $40,000 was to be used for purposes relating to the Invest Health Field Building initiative, a community-based program that helps advance equity-promoting projects and influence community investment systems, and $15,000 was to be used for purposes relating to Western Reserve Community Fund, Inc. ("WRCF").

For the year ended December 31, 2021, there was no grant revenue recognized. However, $18,545 of grant revenue from prior years was released from restrictions in 2021 and is included in net assets without donor restrictions in the accompanying consolidated statements of activities and changes in net assets.

For the year ended December 31, 2020, grant revenue of $55,000 with donor restrictions was recognized, $16,733 of which is included in net assets with donor restrictions and $38,267 of which was released from restrictions and is included in net assets without donor restrictions in the accompanying consolidated statements of activities and changes in net assets. In addition, $71,770 of grant revenue from prior years was released from restrictions in 2020 and is included in net assets without donor restrictions in the accompanying consolidated statements of activities and changes in net assets.

There were no grants receivable as of December 31, 2021 and 2020.

6. Grants (continued)

On March 11, 2020 and December 11, 2020, DFWR agreed to make grants and entered into grant agreements with WRCF to help finance projects organized to support further economic development and job creation. In both March and December 2020, pursuant to the grant agreements, DFWR made grants of $260,000 to WRCF from the success fee paid from the release of the loan loss reserves of $130,000 each from Western Reserve II and Western Reserve III at the end of their respective compliance periods. In addition, on October 30, 2020, DFWR agreed to make a grant to WRCF to serve as its loan loss reserve. In October 2020, pursuant to the grant agreement, DFWR made a grant of $100,000 to WRCF.

7. Net assets

Net assets without donor restrictions
Net assets without donor restrictions consist of the following as of December 31:

	2021	2020
Undesignated	$ 3,051,407	$ 2,781,784
Total net assets without donor restrictions	$ 3,051,407	$ 2,781,784

Net assets with donor restrictions
Net assets with donor restrictions consist of the following as of December 31:

	2021	2020
Grants	$ 75,794	$ 94,339
Total net assets with donor restrictions	$ 75,794	$ 94,339

8. Federal new markets tax credits

Pursuant to the Allocation Agreements among the Corporation, the Sub-CDEs and other subsidiary CDEs of the Corporation, and the Community Development Financial Institutions Fund (“CDFI Fund”), dated April 11, 2012, August 20, 2015, August 16, 2019, and October 26, 2021, the Corporation was allocated the authority to issue $20,000,000, $45,000,000, $30,000,000, and $50,000,000 of QEIs, respectively. Equity investments received by the Sub-CDEs may be designated as QEIs if they meet the requirements of Internal Revenue Code Section 45D and Treasury Regulation Section 1.45D-1. NMTCs are allowed to be claimed by the members of the Sub-CDEs over a seven-year period spanning six years and a day for any equity investment that is designated a QEI by the Sub-CDEs.

8. Federal new market tax credits (continued)

In order to qualify for these credits, the Corporation and the Sub-CDEs must comply with requirements of Internal Revenue Code Section 45D and Treasury Regulation Section 1.45D-1 during the seven-year credit period. Failure to comply with the requirements could result in the recapture of NMTCs that have been previously claimed as well as the loss of any future NMTCs. The three events that can cause recapture are: [1] the Corporation or any of the Sub-CDEs ceases to be a CDE; [2] failing to ensure that for each annual period in the seven-year credit period, at least 85 percent of the qualified equity investments received by the Sub-CDEs are continuously invested in any low-income community investment (which may include 5% of the qualified equity investments received to be held as loan loss reserves); and [3] a QEI is redeemed by the Sub-CDEs. Failure by the Corporation or Sub-CDEs to meet any of the above requirements may also cause the Corporation to be in default of the Allocation Agreements.

The Corporation has established an advisory board ("Advisory Board") in order to maintain accountability to the low-income communities served by the Corporation. At least 20% of the Advisory Board membership must be representative of the low-income communities served.

9. State of Ohio new markets tax credits

Pursuant to the State of Ohio Administrative Code Chapter 122:22 New Markets Tax Credits (the "Ohio Statute"), during 2011, 2013, 2015, 2019, and 2020, the Corporation applied for and received the authority to issue up to $2,564,102, $5,128,205, $2,564,102, $2,564,103, and $2,564,103, respectively, in Ohio qualified equity investments ("Ohio QEIs"). Under the Ohio Statute, the Sub-CDEs' members will be allowed to claim State of Ohio NMTCs over seven periods spanning six years and one day for any equity investment made by such member that is designated as an Ohio QEI within the meaning of the Ohio Statute and has at least 85% of its cash purchase price used by the issuer to make qualified low income community investments.

As of December 31, 2021 and 2020, the Corporation sub-allocated its State of Ohio NMTC allocation to its Subsidiaries as follows:

	Sub-Allocation	
Sub-CDE	2021	2020
Western Reserve II	$ 2,564,103	$ 2,564,103
Western Reserve III	2,564,102	2,564,102
Western Reserve VII	2,564,102	2,564,102
Western Reserve XIII	2,564,103	2,564,103
Western Reserve XV	2,564,103	2,564,103
Western Reserve XIV	2,546,102	-
Western Reserve XVI	2,546,102	-
Total	$ 17,912,717	$ 12,820,513

9. State of Ohio new markets tax credits (continued)

Pursuant to the Agreement Regarding Allocation (the "PNC Agreement") between the Corporation and PNC Community Partners, Inc. ("PNC"), in 2015, the Corporation sub-allocated $2,564,102 (the "Remaining Allocation") of its Ohio QEIs to PNC CDE 60, LP (the "PNC Subsidiary Allocatee"). In exchange for the utilization of the Remaining Allocation, PNC was required to pay the Corporation a one-time sub-allocation fee of $60,000 at the closing of the PNC Subsidiary Allocatee's project and an additional $1,500 annual servicing fee. For each of the years ended December 31, 2021 and 2020, the servicing fee earned and received was $1,500 and is included in servicing fees on the accompanying consolidated statements of activities and changes in net assets.

Pursuant to the operating agreements of Western Reserve XIV and Western Reserve XVI, each of the respective approved qualified active low-income community businesses was required to pay the Corporation a one-time sub-allocation fee of $50,000 and $40,0000, respectively, at closing in connection with the State of Ohio NMTC allocations. For the year ended December 31, 2021, $90,000 of State of Ohio NMTC sub-allocation fees was earned and received.

Pursuant to the operating agreements of Western Reserve XIII and Western Reserve XV, each of the respective approved qualified active low-income community businesses was required to pay the Corporation a one-time sub-allocation fee of $65,000 at closing in connection with the State of Ohio NMTC allocations. For the year ended December 31 2020, $130,000 of State of Ohio NMTC sub-allocation fees was earned and received.

10. Contingency

Pursuant to certain indemnification agreements entered into for the underlying NMTC transactions, the Corporation is obligated to reimburse an affiliate of the Sub-CDEs' respective investor members for any loss, damage, liability or claim incurred by the investor member in connection with certain specified NMTC recapture events, as defined in each indemnification agreement. As of December 31, 2021 and 2020, no claims or payments had been made relative to the indemnities and the Corporation is not aware of the occurrence of any recapture event. The Corporation has evaluated its exposure pursuant to the indemnification agreements and has determined the maximum dollar amount of such exposure as of December 31, 2021 to be equal to the NMTCs totaling $29,250,000 and State of Ohio NMTCs totaling $5,000,000 in addition to any penalties, interest, and applicable IRR true-up amounts on an after tax basis. The Corporation has determined the likelihood of a recapture event to be remote after considering the historical rate of recapture and related factors. Accordingly, no liability has been recorded relative to the indemnification agreements.

11. Liquidity and availability of resources

The Corporation has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The following reflects the Corporation's financial assets as of the statement of financial position date, reduced by the amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date. Amounts not available include cash set aside for restricted grant uses, additional financing costs related to the Small-QLICI Fund, amortizing deferred charges that are nonmarketable, and investments in Subsidiaries.

	2021	2020
Total assets, end of year	$ 5,924,727	$ 5,846,520
Less nonfinancial assets:		
Prepaid expenses	(5,623)	(7,107)
Financial assets, end of year	5,919,104	5,839,413
Less those unavailable for general expenditure within one year due to:		
Cash restricted for Small-QLICI Fund	(75,816)	(77,084)
Grants restricted for other use	(81)	(17,353)
Deferred charges, net of accumulated amortization	(29,661)	(36,875)
Investments in subsidiaries	(36,119)	(33,945)
Loans receivable not expected to be repaid within one year	(4,694,875)	(4,694,875)
Financial assets available to meet cash needs for general expenditures within one year	$ 1,082,552	$ 979,281

12. Functional expense allocation

The allocation of functional expenses for the years ended December 31, 2021 and 2020 is as follows:

2021	Program Services	Administrative and Support	Fundraising	Total
Management services - DFA	$ 327,840	$ 72,416	$ 26,244	$ 426,500
Grants	-	-	-	-
Professional fees	149,005	-	-	149,005
General and administrative expenses	32,365	698	-	33,063
Insurance fees	8,655	-	-	8,655
Application fees	1,500	-	-	1,500
Advertising fees	-	4,250	-	4,250
Interest expense	99,900	-	-	99,900
Amortization	7,214	-	-	7,214
Total expenditures	$ 626,479	$ 77,364	$ 26,244	$ 730,087

2020	Program Services	Administrative and Support	Fundraising	Total
Management services - DFA	$ 314,772	$ 77,717	$ 41,511	$ 434,000
Grants	360,000	-	-	360,000
Professional fees	157,490	-	-	157,490
General and administrative expenses	107,897	11,484	-	119,381
Insurance fees	6,909	-	-	6,909
Application fees	-	-	56,500	56,500
Advertising fees	-	2,070	-	2,070
Interest expense	99,900	-	-	99,900
Amortization	7,297	-	-	7,297
Total expenditures	$ 1,054,265	$ 91,271	$ 98,011	$ 1,243,547

SUPPLEMENTARY INFORMATION

DEVELOPMENT FUND OF THE WESTERN RESERVE, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
December 31, 2021

	DFWR	ACRF	Eliminations	Consolidated Total
ASSETS				
Current assets				
Cash and cash equivalents	$ 1,029,786	$ 23,222	$ -	$ 1,053,008
Restricted cash	75,897	-	-	75,897
Accounts receivable	534	-	-	534
Interest receivable	-	29,010	-	29,010
Prepaid insurance	5,623	-	-	5,623
Total current assets	1,111,840	52,232	-	1,164,072
Long-term assets				
Deferred charges, net of accumulated amortization	29,661	-	-	29,661
Investments in subsidiaries	2,010,779	-	(1,974,660)	36,119
Loan receivable	-	4,694,875	-	4,694,875
Total long-term assets	2,040,440	4,694,875	(1,974,660)	4,760,655
Total assets	$ 3,152,280	$ 4,747,107	$ (1,974,660)	$ 5,924,727
LIABILITIES AND NET ASSETS				
Current liabilities				
Accounts payable	$ 79	$ -	$ -	$ 79
Accrued interest	-	10,943	-	10,943
Restricted deposit	25,000	-	-	25,000
Total current liabilities	25,079	10,943	-	36,022
Long-term liabilities				
Note payable - related party	-	1,270,000	-	1,270,000
Note payable, net of unamortized debt issuance costs	-	1,491,504	-	1,491,504
Total long-term liabilities	-	2,761,504	-	2,761,504
Net assets	3,127,201	1,974,660	(1,974,660)	3,127,201
Total liabilities and net assets	$ 3,152,280	$ 4,747,107	$ (1,974,660)	$ 5,924,727

DEVELOPMENT FUND OF THE WESTERN RESERVE, INC. AND SUBSIDIARY

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

December 31, 2020

	DFWR	ACRF	Eliminations	Consolidated Total
ASSETS				
Current assets				
Cash and cash equivalents	$ 885,106	$ 23,293	$ -	$ 908,399
Restricted cash	94,437	-	-	94,437
Due from related parties	30,442	-	-	30,442
Accounts receivable	1,158	-	-	1,158
Interest receivable	-	39,282	-	39,282
Prepaid insurance	5,682	-	-	5,682
Prepaid other expenses	1,425	-	-	1,425
Total current assets	1,018,250	62,575	-	1,080,825
Long-term assets				
Deferred charges, net of accumulated amortization	36,875	-	-	36,875
Investments in subsidiaries	2,010,176	-	(1,976,231)	33,945
Loan receivable	-	4,694,875	-	4,694,875
Total long-term assets	2,047,051	4,694,875	(1,976,231)	4,765,695
Total assets	$ 3,065,301	$ 4,757,450	$ (1,976,231)	$ 5,846,520
LIABILITIES AND NET ASSETS				
Current liabilities				
Due to related party	$ 5,178	$ -	$ -	$ 5,178
Accounts payable	131,500	-	-	131,500
Accrued interest	-	21,215	-	21,215
Restricted deposit	52,500	-	-	52,500
Total current liabilities	189,178	21,215	-	210,393
Long-term liabilities				
Note payable - related party	-	1,270,000	-	1,270,000
Note payable, net of unamortized debt issuance costs	-	1,490,004	-	1,490,004
Total long-term liabilities	-	2,760,004	-	2,760,004
Net assets	2,876,123	1,976,231	(1,976,231)	2,876,123
Total liabilities and net assets	$ 3,065,301	$ 4,757,450	$ (1,976,231)	$ 5,846,520

DEVELOPMENT FUND OF THE WESTERN RESERVE, INC. AND SUBSIDIARY

CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the year ended December 31, 2021

	DFWR	ACRF	Eliminations	Consolidated Total
NET ASSETS WITHOUT DONOR RESTRICTIONS				
REVENUE				
Sub-allocation fee income	$ 295,000	$ -	$ -	$ 295,000
Ohio sub-allocation fee income	90,000	-	-	90,000
Interest income	38	108,400	-	108,438
Asset management fees	345,611	-	-	345,611
Servicing fees	1,500	-	-	1,500
Audit and tax fee reimbursement	149,500	-	(10,000)	139,500
Other income	1,051	-	-	1,051
Net assets released from restrictions	18,545	-	-	18,545
Total revenue	901,245	108,400	(10,000)	999,645
EXPENSES				
Management services - DFA	426,500	-	-	426,500
Professional fees	149,005	10,000	(10,000)	149,005
General and administrative expenses	32,992	71	-	33,063
Insurance fees	8,655	-	-	8,655
Application fees	1,500	-	-	1,500
Advertising fees	4,250	-	-	4,250
Interest expense	-	99,900	-	99,900
Amortization	7,214	-	-	7,214
Total expenses	630,116	109,971	(10,000)	730,087
Income (loss) before equity in net income of investments	271,129	(1,571)	-	269,558
Equity in net (loss) income of investments in subsidiaries	(1,506)	-	1,571	65
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	269,623	(1,571)	1,571	269,623
NET ASSETS WITH DONOR RESTRICTIONS				
Contributions	-	-	-	-
Net assets released from restrictions	(18,545)	-	-	(18,545)
DECREASE IN NET ASSETS WITH DONOR RESTRICTIONS	(18,545)	-	-	(18,545)
CHANGE IN NET ASSETS	251,078	(1,571)	1,571	251,078
NET ASSETS AT BEGINNING OF YEAR	2,876,123	1,976,231	(1,976,231)	2,876,123
NET ASSETS AT END OF YEAR	$ 3,127,201	$ 1,974,660	$ (1,974,660)	$ 3,127,201

DEVELOPMENT FUND OF THE WESTERN RESERVE, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the year ended December 31, 2020

	DFWR	ACRF	Eliminations	Consolidated Total
NET ASSETS WITHOUT DONOR RESTRICTIONS				
REVENUE				
Sub-allocation fee income	$ 390,000	$ -	$ -	$ 390,000
Ohio sub-allocation fee income	130,000	-	-	130,000
Success fee	260,000	-	-	260,000
Interest income	930	108,400	-	109,330
Asset management fees	316,025	-	-	316,025
Servicing fees	2,064	-	-	2,064
Audit and tax fee reimbursement	147,500	-	(10,000)	137,500
Other income	10,000	-	-	10,000
Net assets released from restrictions	110,037	-	-	110,037
Total revenue	1,366,556	108,400	(10,000)	1,464,956
EXPENSES				
Management services - DFA	434,000	-	-	434,000
Grants	360,000	-	-	360,000
Professional fees	157,490	10,000	(10,000)	157,490
General and administrative expenses	119,317	64	-	119,381
Insurance fees	6,909	-	-	6,909
Application fees	56,500	-	-	56,500
Advertising fees	2,070	-	-	2,070
Interest expense	-	99,900	-	99,900
Amortization	7,297	-	-	7,297
Total expenses	1,143,583	109,964	(10,000)	1,243,547
Income (loss) before equity in net income of investments	222,973	(1,564)	-	221,409
Equity in net (loss) income of investments in subsidiaries	(1,452)	-	1,564	112
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	221,521	(1,564)	1,564	221,521
NET ASSETS WITH DONOR RESTRCTIONS				
Contributions	55,000	-	-	55,000
Net assets released from restrictions	(110,037)	-	-	(110,037)
DECREASE IN NET ASSETS WITH DONOR RESTRICTIONS	(55,037)	-	-	(55,037)
CHANGE IN NET ASSETS	166,484	(1,564)	1,564	166,484
NET ASSETS AT BEGINNING OF YEAR	2,709,639	1,977,795	(1,977,795)	2,709,639
NET ASSETS AT END OF YEAR	$ 2,876,123	$ 1,976,231	$ (1,976,231)	$ 2,876,123