THE COMMUNITY PRESERVATION CORPORATION AND SUBSIDIARIES

Consolidated Financial Statements

June 30, 2024 and 2023

(With Independent Auditor's Report Thereon)

CohnReznick

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THE COMMUNITY PRESERVATION CORPORATION
AND SUBSIDIARIES

Index

	Page
Independent Auditor's Report	2
Consolidated Financial Statements	
Consolidated Statements of Financial Position	4
Consolidated Statements of Activities (with Summarized Comparative Financial Statement Information for 2023)	5
Consolidated Statements of Activities - Continued	6
Consolidated Statements of Changes in Net Assets	7
Consolidated Statements of Functional Expenses	8
Consolidated Statements of Cash Flows	9
Notes to Consolidated Financial Statements	10

Independent Auditor's Report

The Board of Directors
The Community Preservation Corporation

Opinion

We have audited the consolidated financial statements of The Community Preservation Corporation and Subsidiaries, which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, and the related consolidated statements of activities, changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of The Community Preservation Corporation and Subsidiaries as of June 30, 2024 and 2023, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Community Preservation Corporation and Subsidiaries, 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 Community Preservation Corporation and Subsidiaries' ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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.

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 Community Preservation Corporation and Subsidiaries' internal control. Accordingly, no such opinion is expressed.

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

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Community Preservation Corporation and Subsidiaries' ability to continue as a going concern for a reasonable period of time.

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

CohnReznick LLP

Baltimore, Maryland
September 27, 2024

THE COMMUNITY PRESERVATION CORPORATION
AND SUBSIDIARIES

Consolidated Statements of Financial Position
June 30, 2024 and 2023

Assets		**2024**		**2023**
Cash and cash equivalents	$	35,363,006	$	28,528,675
Restricted cash, restricted cash equivalents, and funded reserves		298,827,153		341,799,343
Investment in mortgage loans:				
Construction loans held for investment (Note 4)		844,694,553		779,788,230
Permanent loans held for investment (Note 4)		67,700,272		68,324,933
Permanent loans held for sale (Note 4)		8,451,988		23,164,468
		920,846,813		871,277,631
Less allowance for loan losses (Note 4)		(21,283,273)		(22,845,621)
		899,563,540		848,432,010
Climate Fund grant loan receivable		30,106		-
Mortgage servicing rights (Note 8)		63,801,424		44,669,366
Investment in unconsolidated subsidiaries (Note 6)		27,308,196		7,368,785
Investment in unconsolidated subsidiaries at fair value (Note 6)		118,250,072		101,090,328
Investment in securities and hedge funds (Note 7)		399,944,594		370,164,616
Real estate owned assets		10,477,687		-
Receivables, net		7,460,119		5,769,796
Right of use assets (Note 14)		24,634,828		25,591,668
Other assets, net		22,375,267		19,998,209
Total assets	$	1,908,035,992	$	1,793,412,796
Liabilities and Net Assets				
Liabilities:				
Notes and bonds payable, net of unamortized debt issuance costs (Note 9)	$	581,720,359	$	553,869,686
Participations payable (Notes 4 and 10)		443,203,217		376,689,566
Escrow deposits and other liabilities		236,706,896		232,007,691
Participants' deposits (Note 11)		280,955,715		306,437,761
Lease liabilities (Note 14)		31,062,708		31,758,008
Due to noteholders		6,005,215		6,887,011
Unfunded commitment and risk-sharing obligations		2,967,825		818,243
Other liabilities		21,236,544		17,565,577
Total liabilities		1,603,858,479		1,526,033,543
Commitments and contingencies (Note 14)				
Net assets:				
Without donor restrictions		300,377,506		263,499,117
With donor restrictions		220,979		220,979
Noncontrolling interests		3,579,028		3,659,157
Total net assets		304,177,513		267,379,253
Total liabilities and net assets	$	1,908,035,992	$	1,793,412,796

See accompanying notes to consolidated financial statements.

THE COMMUNITY PRESERVATION CORPORATION
AND SUBSIDIARIES

Consolidated Statements of Activities (with Summarized Comparative Financial Statement Information for 2023)
Years ended June 30, 2024 and 2023

	Without donor restrictions	With donor restrictions	2024 Total	2023 Total
Net interest income:				
Interest on construction and permanent mortgage loans	$ 39,738,555	$ -	$ 39,738,555	$ 33,823,823
Interest on participations payable	2,329,317	-	2,329,317	3,095,003
Total interest income	42,067,872	-	42,067,872	36,918,826
Interest expense (Note 12)	38,043,249	-	38,043,249	30,889,095
Interest expense on loan participations	2,329,317	-	2,329,317	3,095,003
Total interest expense	40,372,566	-	40,372,566	33,984,098
Net interest income before provision for loan losses	1,695,306	-	1,695,306	2,934,728
Provision for loan losses (Note 4)	(142,168)	-	(142,168)	(8,938,388)
Recovery of (provision for) unfunded commitments and risk-sharing obligations	354,874		354,874	(121,558)
Net interest income	1,908,012	-	1,908,012	(6,125,218)
Other revenue:				
Servicing fee income (Note 8)	33,659,144	-	33,659,144	14,381,057
Commitment fee income	4,307,625	-	4,307,625	3,942,477
Interest, earnings and realized gain on unrestricted investments in securities and hedge funds (Note 7)	2,478,969	-	2,478,969	2,393,869
Interest and earnings on restricted cash and restricted investments in securities (Note 7)	18,916,710	-	18,916,710	9,696,624
Realized gain on restricted investments in securities	5,797,240		5,797,240	1,323,157
Realized gain on unrestricted investments in securities	2,317,628	-	2,317,628	6,560,109
Unrealized gain on restricted investments in securities	2,617,259	-	2,617,259	304,637
Unrealized gain on unrestricted investments in securities and hedge funds	8,534,006	-	8,534,006	558,524
Unrealized gain on investments in unconsolidated subsidiaries (Note 6)	1,804,983	-	1,804,983	22,950,048
Equity in earnings of unconsolidated subsidiaries (Note 6)	3,451,637	-	3,451,637	7,889,799
Other revenue	4,614,123	-	4,614,123	1,680,003
Grant income (Note 17)	15,567,232	-	15,567,232	1,002,072
Total other revenue	104,066,556	-	104,066,556	72,682,376
Total revenue	105,974,568	-	105,974,568	66,557,158
Noninterest expense:				
Employee compensation and benefits (Note 15)	41,683,752	-	41,683,752	35,690,930
Office expenses	7,987,549	-	7,987,549	7,481,750
Professional fees	3,738,542	-	3,738,542	2,265,441
Depreciation	1,056,194	-	1,056,194	932,296
Impairment of real estate owned assets	7,723,000	-	7,723,000	-
Other expenses	3,620,423	-	3,620,423	3,538,592
Total noninterest expense	65,809,460	-	65,809,460	49,909,009
Change in net assets from operations before income tax provision and discontinued operations	40,165,108	-	40,165,108	16,648,149
Income tax benefit (provision)	122,805	-	122,805	(344,102)
Change in net assets from operations	40,287,913	-	40,287,913	16,304,047
Change in net assets from operations attributable to noncontrolling interests	(8,573)	-	(8,573)	(1,314,452)
Change in net assets from operations attributable to CPC	$ 40,296,486	$ -	$ 40,296,486	$ 17,618,499

See accompanying notes to consolidated financial statements.

THE COMMUNITY PRESERVATION CORPORATION AND SUBSIDIARIES

Consolidated Statements of Activities
Year ended June 30, 2023

	Without donor restrictions	With donor restrictions	2023 Total
Net interest income:			
Interest on construction and permanent mortgage loans	$ 33,823,823	$ -	$ 33,823,823
Interest on participations payable	3,095,003	-	3,095,003
Total interest income	36,918,826	-	36,918,826
Interest expense (Note 12)	30,889,095	-	30,889,095
Interest expense on loan participations	3,095,003	-	3,095,003
Total interest expense	33,984,098	-	33,984,098
Net interest income before provision for loan losses	2,934,728	-	2,934,728
Provision for loan losses (Note 4)	(9,059,946)	-	(9,059,946)
Net interest loss	(6,125,218)	-	(6,125,218)
Other revenue:			
Servicing fee income (Note 8)	14,381,057	-	14,381,057
Commitment fee income	3,942,477	-	3,942,477
Interest and earnings on unrestricted investments in securities (Note 7)	2,393,869	-	2,393,869
Interest and earnings on restricted cash and restricted investments in securities (Note 7)	9,696,624	-	9,696,624
Realized gain on restricted investments in securities	1,323,157		1,323,157
Realized gain on unrestricted investments in securities	6,560,109	-	6,560,109
Unrealized gain (loss) on restricted investments in securities (Note 7)	304,637	-	304,637
Unrealized gain (loss) on unrestricted investments in securities and hedge funds (Note 7)	558,524	-	558,524
Unrealized gain on investments in unconsolidated subsidiaries (Note 6)	22,950,048	-	22,950,048
Equity in earnings of unconsolidated subsidiaries (Note 6)	7,889,799	-	7,889,799
Other revenue	1,680,003	-	1,680,003
Grant income (Note 17)	1,002,072	-	1,002,072
Net assets released from restrictions	14,365	(14,365)	-
Total other revenue	72,696,741	(14,365)	72,682,376
Total revenue	66,571,523	(14,365)	66,557,158
Noninterest expense:			
Employee compensation and benefits (Note 15)	35,690,930	-	35,690,930
Office expenses	7,481,750	-	7,481,750
Professional fees	2,265,441	-	2,265,441
Depreciation	932,296	-	932,296
Impairment of real estate asset	-	-	-
Other expenses	3,538,592	-	3,538,592
Total noninterest expense	49,909,009	-	49,909,009
Change in net assets from operations before income tax provision and discontinued operations	16,662,514	(14,365)	16,648,149
Income tax provision	(344,102)	-	(344,102)
Change in net assets from operations	16,318,412	(14,365)	16,304,047
Change in net assets from operations attributable to noncontrolling interests	(1,314,452)	-	(1,314,452)
Change in net assets from operations attributable to CPC	$ 17,632,864	$ (14,365)	$ 17,618,499

See accompanying notes to consolidated financial statements.

THE COMMUNITY PRESERVATION CORPORATION
AND SUBSIDIARIES

Consolidated Statements of Changes in Net Assets
Years ended June 30, 2024 and 2023

	Without donor restrictions	With donor restrictions	Noncontrolling Interests	Total
Balance, June 30, 2022	$ 245,866,253	$ 235,344	$ 4,973,609	$ 251,075,206
Change in net assets	17,632,864	(14,365)	(1,314,452)	16,304,047
Balance, June 30, 2023	263,499,117	220,979	3,659,157	267,379,253
Cumulative effect of accounting change	(3,418,097)	-	(71,556)	(3,489,653)
Balance, July 1, 2023	260,081,020	220,979	3,587,601	263,889,600
Change in net assets	40,296,486	-	(8,573)	40,287,913
Balance, June 30, 2024	$ 300,377,506	$ 220,979	$ 3,579,028	$ 304,177,513

See accompanying notes to consolidated financial statements.

THE COMMUNITY PRESERVATION CORPORATION
AND SUBSIDIARIES

Consolidated Statements of Functional Expenses
Years ended June 30, 2024 and 2023

	2024			2023		
	Program Services	**Management and General**	**Total**	**Program Services**	**Management and General**	**Total**
Salaries and fringe benefits	$ 33,847,681	$ 7,836,071	$ 41,683,752	$ 28,381,654	$ 7,309,276	$ 35,690,930
Occupancy	1,678,014	573,226	2,251,240	1,730,083	636,648	2,366,731
Insurance	-	701,730	701,730	-	608,126	608,126
Office expenses	1,147,837	3,886,742	5,034,579	992,105	3,514,788	4,506,893
Professional fees	2,442,096	1,296,446	3,738,542	1,860,133	405,309	2,265,442
Contributions	359,890	6,750	366,640	320,183	13,250	333,433
Travel and related expenses	580,132	310,730	890,862	464,417	292,865	757,282
Depreciation	-	1,056,194	1,056,194	-	932,296	932,296
Marketing	1,287,230	5,916	1,293,146	1,105,094	(9,351)	1,095,743
Impairment	7,723,000	-	7,723,000	-	-	-
Grant expenses	-	-	-	406,789	-	406,789
Other expenses	1,069,775	-	1,069,775	903,315	42,029	945,344
	$ 50,135,655	$ 15,673,805	$ 65,809,460	$ 36,163,773	$ 13,745,236	$ 49,909,009

See accompanying notes to consolidated financial statements.

THE COMMUNITY PRESERVATION CORPORATION
AND SUBSIDIARIES

Consolidated Statements of Cash Flows
Years ended June 30, 2024 and 2023

Cash flows from operating activities:	2024	2023
Change in net assets	$ 40,287,913	$ 16,304,047
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,457,353	1,430,517
Straight line rent expense	956,840	969,334
(Recovery of) provision for loan losses	(212,706)	9,059,946
Gain on sale of loans with servicing retained	(3,492,116)	(2,754,916)
Fair value of assumed mortgage servicing rights	(8,680,884)	-
Change in fair value of mortgage servicing rights	(6,959,058)	(343,474)
Unrealized gain on restricted investments in securities	(2,617,259)	(304,637)
Unrealized gain on unrestricted investments in securities and hedge funds	(8,534,006)	(558,524)
Realized gain on restricted investments in securities	(5,797,240)	(1,323,157)
Realized gain on unrestricted investments in securities	(2,317,628)	(6,560,109)
Impairment loss	7,723,000	-
Equity in net income of unconsolidated subsidiaries	(3,451,637)	(7,889,799)
Distributions from unconsolidated subsidiaries	5,622,907	4,746,404
Unrealized gain on investment in unconsolidated subsidiaries	(3,243,496)	(22,950,048)
Changes in:		
Accounts receivable, net	(1,690,323)	(1,370,086)
Other assets, net	(8,876,572)	978,679
Lease liabilities	(695,300)	(651,455)
Due to noteholders	(881,796)	(3,627,440)
Other liabilities	3,670,976	3,636,115
Net cash provided by (used in) operating activities	2,268,968	(11,208,603)
Cash flows from investing activities:		
Mortgage loans originated	(501,773,793)	(528,037,156)
Acquisition of loan	(9,100,002)	-
Repayments of mortgage loans	38,732,817	111,882,468
Mortgage loans sold	403,822,127	337,110,824
Investment in securities	(368,723,805)	(480,675,553)
Proceeds from sale of securities	374,260,345	273,659,900
Purchase of mortgage servicing rights	-	(500,000)
Contributions to unconsolidated subsidiaries	(33,118,977)	(19,422,432)
Refinance distribution from unconsolidated subsidiary	-	11,113,871
Purchase of furniture, fixtures and information technology	(1,043,873)	(2,454,511)
Decrease of restricted cash, net	32,927,162	127,499,702
Net cash used in investing activities	(64,017,999)	(169,822,887)
Cash flows from financing activities:		
Proceeds from notes payable under credit agreements	155,737,180	528,799,062
Repayments of notes payable under credit agreements	(135,469,739)	(476,240,646)
Proceeds from on-demand line of credit	7,500,000	-
Increase in participations payable	66,513,651	35,331,043
Increase in participants' deposits	(25,482,046)	91,225,173
Payments of debt issuance costs	(317,927)	(495,498)
Net cash provided by financing activities	68,481,119	178,619,134
Net increase (decrease) in cash, cash equivalents, restricted cash and restricted cash equivalents	6,732,088	(2,412,356)
Cash, cash equivalents, restricted cash, and restricted cash equivalents, beginning of year	30,606,450	33,018,806
Cash, cash equivalents, restricted cash, and restricted cash equivalents, end of year	$ 37,338,538	$ 30,606,450
Supplemental disclosure of cash flow information:		
Impact of ASC 326 Adoption	$ 3,489,653	$ -
Cash paid during the year for:		
Income taxes	$ 110,868	$ 327,257
Interest	37,800,050	28,987,199
Disclose supplemental noncash investing and financing activities for:		
Loans converted to real estate owned assets	$ 16,128,687	$ -

See accompanying notes to consolidated financial statements.

(1) Organization and Purpose

The Community Preservation Corporation (CPC or the Corporation) was incorporated on July 10, 1974, under the Not-for-Profit Corporation Law of the State of New York, for the purpose of making financing available in selected neighborhoods or for projects which are experiencing deterioration or disinvestment.

The Corporation accomplishes its purpose primarily by making construction and permanent mortgage loans to the private sector, as well as equity investments, for the development and preservation of residential properties in low and moderate income areas of New York State (with a concentration in the New York City area) and in other northeastern states. The housing stock of certain communities within these areas is experiencing physical deterioration, which the Corporation's management believes can be ameliorated through the combined effort and resources of the government and private sector. Governmental agencies (Agencies) and private sector organizations participate with the Corporation in many of the mortgage loans that it originates.

On February 10, 2015, CPC Community Capital Advisors LLC (CCA), a wholly-owned subsidiary of CPC, was created under the New York Limited Liability Company Law of the State of New York. The purpose of CCA is to seek equity participation in loans or real estate ownership of properties in disadvantaged neighborhoods or serving disadvantaged populations, in furtherance of CPC's charitable purposes.

On November 2, 1992, CPC Resources, Inc. (CPCR), a wholly-owned subsidiary of CPC, was incorporated under Section 402 of the Business Corporation Law of the State of New York as a for-profit corporation. On July 1, 2014, CPCR elected to change its tax status to a real estate investment trust (REIT). Concurrent with the election, CPCR transferred seven assets to a newly formed taxable real estate investment trust subsidiary, CPCR TRS LLC (TRS). In 2019, CPCR transferred its membership interest in TRS to CPC. Having no remaining assets, CPCR's sole recent purpose was to serve as guarantor to one of CCA's unconsolidated subsidiaries. That guarantor liability was released in 2023 and CPCR was subsequently dissolved.

On April 20, 2016, CPC Neighborhood Partners Inc. (Neighborhood Partners) was incorporated under the Not-for-Profit Corporation Law of the State of New York, for the purpose of conducting activities which are exclusively charitable and which support the affordable housing finance and development activities of CPC. Among other things, Neighborhood Partners intended to act as the sponsor of property-specific housing development fund corporations formed under the New York Private Housing Finance Law, in order to facilitate the participation of such properties in subsidy programs of the City and State of New York. Neighborhood Partners has remained inactive to date.

On May 7, 2018, CPC formed CPC Mortgage Company LLC (CPCMC), a wholly-owned subsidiary of CPC, under the New York Limited Liability Company Law of the State of New York. The purpose of CPCMC is to hold and operate CPC's Agency lending and servicing business with Fannie Mae, Freddie Mac, and the Federal Housing Administration (FHA). As of June 30, 2024, the FHA and Multifamily Accelerated Processing (MAP) approvals are held by CPC with the goal of transferring them to CPCMC. On June 30, 2022, CPC sold 30% of its membership interest in CPCMC to two third party investors for $12.0 million and assigned its remaining 70% interest in CPCMC to a new, wholly owned subsidiary, CPC MOCO Holding LLC (MOCO Holding). CPC retained $4.0 million of the proceeds and contributed $8.0 million to MOCO Holding as a capital contribution, with MOCO Holding in turn contributing the $8.0 million as a capital contribution to CPCMC, which is eliminated in consolidation.

On December 31, 2020, CPC Initiatives LLC (CPCI), a wholly-owned subsidiary of CPC, was created under the New York Limited Liability Company Law of the State of New York. The purpose of CPCI is to hold

mission-impactful investments that CPC desires to be held separately (for tracking, accounting and other purposes) from CCA's or another CPC subsidiary's investments.

On November 2, 2023, CPC SIG-23 (CPC SIG), a wholly-owned subsidiary of CPC, was formed under the New York Limited Liability Company Law of the State of New York. CPC SIG contributed $21.4 million for a 10% noncontrolling equity interest in a partnership with two other members. The partnership acquired a 5% interest in two newly formed entities (SIG 23) with the Federal Deposit Insurance Corporation owning the remaining 95% interest. The entities own a portfolio of $5.7 billion in permanent loans secured by 35,000 units of primarily rent-regulated multifamily housing in New York City, for which CPC is the loan servicer. CPC SIG generates revenue through servicing and management fees which are prioritized in the cash flow waterfall before any distributions of equity.

(2) Summary of Significant Accounting Policies

a) Basis of Accounting

The Corporation prepares its consolidated financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

The preparation of the consolidated financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

b) Principles of Consolidation

CPC consolidates TRS, CCA, Neighborhood Partners, CPCMC, CPCI, CPC SIG, its other wholly-owned subsidiaries, its investments in joint ventures controlled by the Corporation, and variable interest entities (VIEs) where it is the primary beneficiary. Investments in partnerships not controlled by CPC are accounted for using the equity method unless the fair value option has been elected. All intercompany balances and transactions are eliminated in consolidation and for the application of the equity method of accounting.

c) Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Net assets and changes therein are classified and reported as follows:

- Net Assets Without Donor Restrictions - represent expendable resources that are used to carry out the operations of the Corporation and are not subject to donor imposed restrictions. Net assets without donor restrictions associated with noncontrolling interests are allocated to the noncontrolling interest holder.

- Net Assets With Donor Restrictions - resources which contain donor-imposed restrictions that are satisfied either by the passage of time or by actions of the Corporation. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Contributions

received and expended within the same year are recorded as net assets with donor restrictions and reclassified to net assets without donor restrictions when the restriction expires.

d) *Cash and Cash Equivalents*

The Corporation defines cash equivalents as short-term highly liquid investments that are readily convertible to known amounts of cash and which have original maturities, at the date of acquisition, of 90 days or less.

e) *Restricted Cash, Restricted Cash Equivalents, and Funded Reserves*

Restricted cash, restricted cash equivalents, and funded reserves consists of escrows, deposits, and reserves held by the Corporation on behalf of either borrowers or lenders related to the loans being serviced. It also consists of escrows related to certain mortgage debt and notes payable, which have been financed through the issuance of bonds by local housing authorities, and cash required to be segregated as specified in certain grant documents. Most, but not all, agreements require such funds to be deposited in restricted cash accounts and some escrows may be held by bond trustees to be advanced, under certain circumstances, to fund project costs. Principal and interest payments received from borrowers of loans being serviced are maintained in restricted cash and recorded as due to noteholders on the Consolidated Statements of Financial Position.

The following table presents a reconciliation of the total of restricted cash, restricted cash equivalents and funded reserves as presented in the Consolidated Statements of Financial Position ($000s):

	2024	2023
Restricted cash and restricted cash equivalents	$ 1,976	$ 2,077
Funded reserves	296,851	339,722
	$ 298,827	$ 341,799

f) *Investment in Mortgage Loans*

Mortgage loans are reported at their outstanding principal balances net of charge-offs, except for mortgage loans held-for-sale, which are recorded at the lower of cost or fair value as of the reporting date (see Note 4).

The Corporation will fully charge-off loans or charge down to net realizable value (fair value of collateral, less estimated costs to sell) when:

- A borrower's debt has been discharged in bankruptcy;
- The collateral in support of the debt has deteriorated and the borrower has no other source of funds to pay down the debt or meet its obligations; and
- Management judges the likelihood of collection (or a portion of collection) as doubtful.

The Corporation sells whole loans, loan participations, and, formerly, interests in collateralized notes which it underwrites. Certain mortgage loans are pledged as collateral for Collateral Trust Notes (CTNs). The Corporation follows the guidance in Financial Accounting Standards Board (FASB) Accounting

Standards Codification (ASC) 860, *Transfers and Servicing*. Based on this guidance, participations in loans that do not meet the true-sale criteria, in addition to issuances of CTNs, are treated as secured financings for financial reporting purposes. Accordingly, the full amount of the loans with participations and the pledged loans are reflected as assets, the interest thereon is recorded by the Corporation as income, and the participants' share of the loans and the CTNs are reflected as secured borrowings with interest expense recorded by the Corporation on such participations.

g) *Current Expected Credit Loss (CECL)*

In June 2016, the FASB (or "the Board") issued Accounting Standards Update ("ASU") 2016-13 (ASC "326" or "Topic 326") which significantly changes the impairment model for most financial assets that are measured at amortized cost and certain other instruments from an incurred loss model to an expected loss model which will be based on an estimate of current expected credit loss over the life of a financial instrument, including certain off-balance sheet credit exposures. The estimate of expected credit losses considers not only historical information, but also current and future economic conditions and events.

On July 1, 2023, CPC adopted CECL. Upon adoption, CPC applied the modified retrospective transition approach and recorded a $3.4 million adjustment to net assets. The initial adjustment of the allowance for credit losses is reflective of expected lifetime credit losses associated with the composition of financial assets within the scope of ASC326 as of July 1, 2023, as well as management's current expectation of future economic conditions.

In conjunction with the adoption of ASC 326, CPC made an accounting policy election not to measure an allowance for credit losses on accrued interest receivables for the loans collectively evaluated. For the loans individually evaluated, CPC considers accrued interest receivables as a part of the amortized cost and measures an allowance for credit losses.

The following table summarizes the initial adjustments to the allowance for credit losses as of July 1, 2023 ($000s).

	Pre-ASC 326 adoption	Impact of ASC 326 Adoption	As Reported under ASC 326
Assets			
Allowance for loan losses	$ 22,846	$ 986	$ 23,832
Liabilities			
Unfunded loan commitments	$ -	$ 2,234	$ 2,234
Allowance for risk-sharing obligations	-	270	270
Net Assets			
Without donor restrictions	$ 263,499	$ (3,490)	$ 260,009
Noncontrolling interest	3,659	(71)	3,588

h) *Mortgage Servicing Rights (MSRs)*

The value of servicing rights retained from mortgages originated and sold is initially measured at fair value at the date of transfer and subsequently carried at fair value. The Corporation determines the fair value of MSRs on a loan-by-loan basis as the present value of estimated expected future cash flows using a discount rate commensurate with the risks involved. Changes in the fair value of MSRs occur primarily due to the collection of expected cash flows, as well as changes in valuation inputs and assumptions. Changes in fair value are included as servicing fee income in the period in which the change occurs (see Note 8).

i) *Investments in Unconsolidated Subsidiaries*

Unconsolidated subsidiaries include investments over which CPC can exercise significant influence but does not control, and investments over which the Company does not exercise significant influence or control. As of June 30, 2024 and 2023, CPC holds financial interests in 26 and 20 companies, respectively, owned through its wholly-owned subsidiaries CCA, CPCI, TRS and CPC SIG (see Note 6).

Certain investments are considered to be VIEs for accounting purposes. If the Corporation determines that it is not the primary beneficiary of the investments because the Corporation lacks the power to direct the activities of the VIEs that most significantly impacts its economic performance, then the Corporation accounts for the investment under the equity method of accounting. The Corporation's maximum exposure to loss from these investments is limited to its investment in the entities.

Except as noted in Note 2(j), CPC accounts for its investments in unconsolidated subsidiaries over which it can exercise significant influence, but does not control, by using the equity method of accounting whereby the cost of an investment is adjusted for CPC's share of income or loss from the date of acquisition, increased for equity contributions made, and reduced by distributions received. CPC recognizes losses and distributions up to its initial investment, at which time it suspends the equity method of accounting, and would record future equity method earnings only after its share of cumulative earnings during the suspended period exceeds the income recognized for the excess losses or cash distributions received. The income or loss for each unconsolidated subsidiary is allocated in accordance with the provisions of the applicable operating agreements, which may differ from the ownership interest held by each investor. The accounting policies of the investments are the same as those followed by the Corporation. The Corporation classifies distributions on the basis of the nature of the activity or activities of the investee that generated the distribution as either a return on investment (classified as a cash inflow from operating activities) or a return of investment (classified as a cash inflow from investing activities).

CPC accounts for its investments in unconsolidated subsidiaries over which it does not exercise significant influence or control, as equity securities in accordance with ASC 321, *Accounting for equity interests*. Because the investment does not have readily determinable fair value, the Corporation has elected to measure the investment at cost, less impairment, plus or minus observable price changes. No impairment or observable price changes have been recognized by the Corporation in 2023.

The Corporation's investments in unconsolidated subsidiaries are periodically reviewed for impairment. The Corporation records an impairment charge when events or circumstances change indicating that a decline in fair value below carrying value has occurred and such decline is other than temporary.

j) Investment in Unconsolidated Subsidiaries at Fair Value

ASC 825, *Financial Instruments*, allows entities to elect to measure certain financial assets, including equity method investments, at fair value. CCA adopted fair value accounting for several of its investments in order to reflect the value created over the holding period for its investments. The accounting policies of the investments are the same as those followed by the Corporation. Under fair value accounting, CPC adjusts the carrying value of its investments to fair value at each reporting period, records an unrealized gain or loss, and recognizes cash distributions received as distribution income (see Note 6).

k) Investments in Securities and Hedge Funds

The Corporation follows ASC 958-320, *Not-for-Profit Entities: Investments - Debt and Equity Securities*, to account for certain investments held by not-for-profit organizations. This guidance requires marketable securities with readily determinable fair values and all investments in debt securities to be reported at their fair values in the Consolidated Statements of Financial Position. Investment income or loss (including gains and losses on investments, interest, and dividends) is included in the Consolidated Statements of Activities as an increase or decrease in unrestricted net assets (see Note 7).

The Corporation's investments in hedge funds are measured using net asset value (NAV) per share as a practical expedient and are therefore not categorized within the fair value hierarchy.

l) Real Estate Owned

Real estate properties acquired through, or in lieu of, foreclosure are held to be sold or rented and are reported at the lower of cost or fair value, less the estimated selling costs, at the date of acquisition. Cost represents the unpaid balance of the loan at the acquisition date plus the expenses incurred to bring the property to a saleable or rentable condition, when appropriate. Following foreclosure, management periodically performs a valuation of the property, and the real estate is carried at the lower of the carrying amount or fair value, less the estimated selling costs. Revenue and expenses from operations and changes in valuation, if any, are included in other revenue or expenses in the Consolidated Statements of Activities.

m) Receivables

Receivables are reported net of allowance for credit losses. Management's estimate of the allowance is based on historical collection experienced and a review of the current status of account receivable. It is reasonably possible that management's estimate of the allowance will change. There is no allowance recorded as of June 30, 2024 and 2023.

n) Right of use Assets/Lease Liabilities

The Corporation recognizes right of use assets and lease liabilities on the Consolidated Statements of Financial Position for all leases with terms longer than 12 months. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognized in the Consolidated Statements of Activities.

o) *Other Assets*

Other assets include fixed assets, advances made on behalf of borrowers, prepaid expenses, security deposits and split dollar loan receivable, net of an allowance for loan losses. The following table summarizes the amounts included in other assets on the Consolidated Statements of Financial Position at June 30, 2024 and 2023 ($000s):

	2024	2023
Fixed assets, net	$ 3,732	$ 4,632
Capitalized IT project costs, net	4,012	3,112
Life insurance, net	5,726	5,646
Escrow advances	7,117	4,640
Prepaid expenses	653	673
Security deposit	788	788
Other assets	347	507
	$ 22,375	$ 19,998

p) *Participants' Deposits*

The Corporation has entered into agreements with the New York City Department of Housing Preservation and Development (HPD) whereby HPD has agreed to participate in certain of the Corporation's mortgage loans. In connection with these agreements, HPD deposits funds with the Corporation to be used to fund the HPD commitment to participate in such loans. Under a July 1, 1988 agreement, CPC is required to segregate HPD's deposits for unadvanced loan commitments and the interest earned thereon into a separate account, invested on behalf of HPD in short-term investments, with a corresponding liability, until the funds are required to fulfill the HPD commitments or are otherwise used or remitted to HPD. CPC also has similar agreements with other agencies. These balances are reflected as participants' deposits on the Consolidated Statements of Financial Position.

q) *Income Taxes*

The Internal Revenue Service has determined that CPC is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. This determination does not, however, apply to any net income earned from business which is not directly related to the tax-exempt purpose of CPC. If CPC generates unrelated business net income, such unrelated business net income is subject to tax.

CPC elected to treat TRS as a taxable REIT subsidiary. In general, TRS may perform non-customary services for its tenants and may engage in any real estate or non-real estate related business. TRS is subject to corporate federal and state income tax.

The Corporation uses a more-likely-than-not threshold for recognition and de-recognition of tax positions taken or to be taken in a tax return. In accordance with ASC 740, *Income Taxes*, the Corporation assessed its tax positions for all open tax years as of June 30, 2024, which are from July 1, 2020 through June 30, 2023. The Corporation concluded that it had no material uncertain tax positions to be recognized at this time. If there are interest and penalties on tax positions, the Corporation's policy is to classify these as other expenses.

The Corporation may be subject to certain local taxes. The City of New York levies an Unincorporated Business Tax (UBT) on certain income of the Corporation and its subsidiaries.

r) *Other Liabilities*

Other liabilities include amounts due to noteholders, interest payable, and accrued payroll.

s) *Accounting for Guarantees*

The Corporation discloses its obligations under guarantees issued. The Corporation recognizes, at the inception of the guarantee, a liability for the fair value of the obligation undertaken and adjusts its obligation each reporting period to its estimated fair value. No amounts have been accrued as a loss contingency related to guarantees made to equity method investments because payment by the Corporation is remote as of June 30, 2024 and 2023.

t) *Income Recognition*

Interest on loans is accrued monthly based on the daily outstanding principal balance of such loans. The Corporation ceases to accrue interest income on specific loans for financial reporting purposes when required payments of interest is more than 90 days past due. The Corporation also ceases to accrue interest income for certain loans prior to 90 days that are risk-rated 9. In such circumstances, the Corporation also reverses any previously recorded unpaid interest. The Corporation resumes the accrual of interest when the borrower is less than 90 days delinquent.

Servicing fee income on loans serviced by the Corporation is accrued monthly as earned based on the outstanding principal balances of such loans or on the aggregate amount of unadvanced deposits made by one participating lender to fund their share of construction loan commitments, or both, as applicable.

Commitment fees are collected principally to offset the Corporation's costs of originating first mortgage loans. Commitment fees are recognized as income when received and direct loan commitment costs are expensed as incurred. GAAP requires that commitment fees in excess of direct loan commitment costs, if any, be deferred and amortized as an adjustment to yield over the life of the loan. Recognizing the income and expense as earned and incurred is not materially different from the results that would have been obtained by deferring the net fees and amortizing over the life of the loan.

Grant revenue is recognized as the related costs are incurred by the Corporation or when a donor makes a promise to give that is, in substance, unconditional. Grants are recognized as unrestricted support only to the extent of actual expenses incurred in compliance with grantor-imposed restrictions. Grants received in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying Consolidated Statements of Activities.

u) *Depreciation and Amortization*

Debt issuance costs associated with credit facilities and the related amortizing debt are amortized on the straight-line and effective yield methods, respectively. Amortization of these costs is included as a component of interest expense.

Office furniture and equipment, computer equipment, and automobiles, which are included in other assets in the accompanying Consolidated Statements of Financial Position, are depreciated using the straight-line method over their estimated useful lives which range from five to eight years. Purchased computer software is depreciated over five years. Leasehold improvements are amortized over the life of the related leases.

Capitalization of internal use software is stated at cost. Depreciation will be recorded using the straight-line method over the assets' estimated useful lives. The minimum cost used to determine the capital assets to be recorded is $25,000.

Costs of internal-use software are accounted for in accordance with ASC 350-40, *Internal Use Software*, and ASC 350-50, *Website Development Costs*. The guidance requires that the Corporation expense computer software and website development costs as they are incurred during the preliminary project stage. Once the capitalization criteria of ASC 350-40 and ASC 350-50 have been met, external direct costs of materials and services consumed in developing or obtaining internal-use software, including website development costs, payroll and payroll-related costs for employees who are directly associated with and who devote time to the internal-use computer software and associated interest costs are capitalized.

v) Impairment

The Corporation follows ASC 360, *Property, Plant, and Equipment,* which requires that long-lived assets to be held and used be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If there are indications that the carrying amount of an asset exceeds the sum of its expected future cash flows, on an undiscounted basis, the asset's carrying amount is written down to fair value. Additionally, long-lived assets to be disposed of are reported at the lower of carrying amount or fair value, less cost to sell.

The Corporation's investments in real estate assets are reviewed for impairment if events or changes indicate that a decline in the fair value of the investment may be other than temporary. If a decline is deemed other than temporary, the investment is written down to its fair value.

w) Fair Value Measurements and Disclosures of Financial Instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Corporation uses the most observable inputs from a hierarchy of inputs that are available to measure fair value. Observable inputs are inputs that are developed using market data, such as publicly available information about actual events or transactions and that reflect the assumptions that market participants would use when pricing the asset or liability. Unobservable inputs are inputs for which market data are not available and that are developed using the best information available about the assumptions that market participants would use when pricing the asset or liability.

The hierarchy has three levels based on the nature of inputs:

- Level 1 - Valuations based on quoted prices in active markets for identical assets or liabilities that the Corporation has the ability to access at the measurement date.

- Level 2 - Valuations based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 - Valuations derived from other valuation methodologies, including pricing models, discounted cash flow models, and similar techniques and not based on market, exchange, dealer, or broker-traded transactions. Level 3 valuations incorporate certain assumptions and projections that are not observable in the market and significant professional judgment in determining the fair value assigned to such assets and liabilities.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. These fair value measurements are based primarily upon judgmental estimates and are based on the current economic and competitive environment, the characteristics of the investment, credit, interest, and other factors. Therefore, the fair value cannot be determined with precision, cannot be substantiated by comparison to the quoted prices in active markets, and may not be realized in a current sale or immediate settlement of the asset and/or liability. Additionally, there are inherent uncertainties in any fair value measurement technique and changes in the underlying assumptions used, including discount rates, liquidity risk, and estimates of future cash flows, which could significantly affect the fair value measurement amounts.

The Corporation follows the fair value basis of accounting in relation to its investment in unconsolidated subsidiaries at fair value (see Note 6), investments in securities and hedge funds (see Note 7), and MSRs (see Note 8).

Fair values of financial assets measured at fair value on a recurring basis at June 30, 2024 and 2023 are as follows ($000s):

June 30, 2024	Level 1	Level 2	Level 3	Total
Financial assets:				
Investment in UIP	$ 120,640	$ -	$ -	$ 120,640
Investment in other securities	263,100	-	-	263,100
Investment in unconsolidated subsidiaries at fair value	-	-	136,786	136,786
Mortgage servicing rights	-	-	63,801	63,801
Total assets	$ 383,740	$ -	$ 200,587	$ 584,327

June 30, 2023	Level 1	Level 2	Level 3	Total
Financial assets:				
Investment in UIP	$ 123,920	$ -	$ -	$ 123,920
Investment in other securities	227,683	-	-	227,683
Investment in unconsolidated subsidiaries at fair value	-	-	101,090	101,090
Mortgage servicing rights	-	-	44,669	44,669
Total assets	$ 351,603	$ -	$ 145,759	$ 497,362

(Note that the Corporation's investment in hedge funds ($16.2 million and $18.6 million as of June 30, 2024 and 2023, respectively) are measured using NAV per share as a practical expedient and are therefore not categorized within the fair value hierarchy).

x) Functional Expenses

Functional expenses are reported by their functional classification. Salaries and benefits are allocated based on employees' direct time spent on program or support activities or the best estimate of time spent. Occupancy expenses are allocated based on the number of full-time equivalents in the program or support activity. Expenses, other than salaries and benefits and occupancy expense, which are not directly identifiable by program or support services, are allocated based on the nature of the expense.

y) Statement of Cash Flows

For presentation in the Consolidated Statements of Cash Flows, the Corporation considers balances held as required by certain investors to be qualifying restricted cash. The following table presents a reconciliation of the total of cash, cash equivalents, restricted cash, and restricted cash equivalents as presented in the Consolidated Statements of Cash Flows to the related captions in the Consolidated Statements of Financial Position as of June 30, 2024 and 2023 ($000s):

	2024	2023
Cash and cash equivalents	$ 35,363	$ 28,529
Restricted cash and restricted cash equivalents	1,976	2,077
	$ 37,339	$ 30,606

z) Reclassifications

Certain prior year amounts have been reclassified to conform to current year's presentation.

(3) Lending Overview

CPC operates both a construction lending and a permanent lending platform. Mortgage loans are provided for the acquisition, refinancing, and/or moderate rehabilitation of occupied multifamily properties, conversion/renovation of vacant buildings into habitable multifamily properties ("gut" renovation), and new construction of multifamily properties.

Construction Lending

Construction loans extended by CPC are made to finance or refinance the acquisition of land or an existing improved site, as well as the development and construction of new improvements or the renovation or rehabilitation of existing improvements. Proceeds generated by the sale or re-financing of a development project upon its completion and stabilization represent the typical source of loan repayment. A construction loan is secured by the property and typically has a term of 24 months. Projects financed with a construction loan provided by CPC must be ready for development, construction, and/or renovation prior to closing. In addition, the development site in question must include access to all necessary utilities, and all requisite entitlements, zoning, and permits must be in place at the time of loan closing.

CPC primarily funds its construction loans with two syndicated lines of credit totaling $485.5 million (structured as a repurchase agreement) that is agented by Citibank and comprised of 14 lenders (Lenders) (see Note 9). CPC is also able to increase its breadth of lending by accessing additional capital by using participation agreements from banking institutions with whom CPC has long-standing relationships to invest their capital in CPC's construction loans. CPC's loans are also funded by public capital made available by HPD, New York City Housing Development Corporation (HDC), and New York State Homes and Community Renewal (HCR) through these entities' various affordable housing debt programs.

CPC plays a critical role in construction loan structuring and loan administration. Loans are structured through the combination of various private and public sources of funds to cover the project costs. CPC then oversees construction completion and administers the construction loan through repayment, which includes the additional private and public sources of funds committed to the project.

CPC mitigates risk in its construction portfolio through four strategic methods including: (1) Its underwriting standards; (2) A formal mortgage loan approval and closing process; (3) The portfolio monitoring function and portfolio management team; and (4) Deal structure to include either a forward-committed product or underwriting in line with available permanent loan products.

Underwriting standards are governed by CPC's Credit Policy Manual to foster a strong and uniform credit-based framework to govern the organization's lending activities and the management of its loan portfolios which have been modeled after banking standards.

CPC mitigates both take-out and rate risk through its forward-committed rate-locked products. A forward-commitment product is offered by CPC's permanent investors including New York City Retirement System (NYCRS), Common Retirement Fund (CRF), United Methodist Foundation (UMF), Freddie Mac, and Fannie Mae. Both a construction and a permanent loan are underwritten, approved, and committed simultaneously.

Permanent Lending

Permanent loans are made to refinance construction loans that CPC originates and to finance or refinance the purchase or refinance of long-term ownership of operating properties. The income generated by a property's operation represents the source of cash utilized to meet the payment obligations of the associated loan. A permanent loan typically is self-amortizing and can have a term of up to 40 years, or can have a specified term with a balloon payment based on a 20- to 35-year amortization schedule. CPC provides permanent loans as an agent for third parties.

CPC has a suite of products that provide CPC's partners and borrowers with the tools necessary to preserve affordable housing units long-term. Permanent loan products consist of a Forward-Committed Rate Lock, Non-Agency Permanent loans, Freddie Mac loans, Fannie Mae loans, and FHA loans. Transactions often include additional capital sources, including federal, state, and city subsidies and low-income housing tax credits (LIHTC). CPC's permanent loans are underwritten in accordance with standard underwriting guidelines specific to each investor and pursuant to CPC's Credit Policy Manual.

CPC's permanent loans are primarily funded through diverse sources of capital that include two warehouse lines which temporarily finance loans until sale to the pension funds of certain public employees and other institutions (collectively, the Pension Funds) or the Agencies (see Note 13). CPC has over $1.5 billion in committed capital from its various Pension Fund partners.

(4) Investment in Mortgage Loans

The following is a summary of mortgage loans as of June 30, 2024 and 2023 ($000s):

June 30, 2024	Number of Loans	CPC Share	Participant Share *	Total
Construction loans:				
Rental project:				
CPC wholly-owned	103	$ 326,617	$ -	$ 326,617
Pari-passu participation	21	94,483	412,695	507,178
Total rental properties	124	421,100	412,695	833,795
For Sale Project:				
CPC wholly-owned	11	9,002	-	9,002
Pari-passu participation	-	-	1,898	1,898
Total for sale projects	11	9,002	1,898	10,900
Total construction loans	135	430,102	414,593	844,695
Permanent loans:				
Mortgage loans	157	47,579	2,473	50,052
Freddie Mac loans prior to securitization	3	-	6,782	6,782
Pledged under collateral trust notes	68	26	16,478	16,504
Sold with 3% risk retained	5	53	2,761	2,814
Total permanent loans	233	47,658	28,494	76,152
Investment in construction and mortgage loans	368	477,760	443,087	920,847
Allowance for loan losses		(21,273)	(10)	(21,283)
Investment in mortgage loans, net		$ 456,487	$ 443,077	$ 899,564

June 30, 2023	Number of Loans	CPC Share	Participant Share *	Total
Construction loans:				
Rental project:				
CPC wholly-owned	115	$ 322,438	$ -	$ 322,438
Pari-passu participation	21	103,240	340,641	443,881
Total rental properties	136	425,678	340,641	766,319
For Sale Project:				
CPC wholly-owned	11	9,875	-	9,875
Pari-passu participation	1	46	3,548	3,594
Total for sale projects	12	9,921	3,548	13,469
Total construction loans	148	435,599	344,189	779,788
Permanent loans:				
Mortgage loans	161	58,902	2,951	61,853
Freddie Mac loans prior to securitization	3	-	6,912	6,912
Pledged under collateral trust notes	76	29	19,627	19,656
Sold with 3% risk retained	5	58	3,011	3,069
Total permanent loans	245	58,989	32,501	91,490
Investment in construction and mortgage loans	393	494,588	376,690	871,278
Allowance for loan losses		(22,783)	(880)	(23,664)
Investment in mortgage loans, net		$ 471,805	$ 375,810	$ 847,614

*Represents the portion of loans transferred to participants that have not met the requirements of true sale accounting

The Corporation had obligations to fund loan commitments on 185 loans totaling $154.9 million at June 30, 2024 and 202 loans totaling $200.2 million at June 30, 2023.

(a) Construction Mortgage Loans

Construction loans are primarily on multifamily projects being developed or rehabilitated for rental or sale as individual units by the borrower. CPC has received conditional commitments from its financing sources to purchase approximately 82% and 74% as of June 30, 2024 and 2023, respectively, of its construction loans for rental projects after they are converted to permanent mortgages, upon completion of administrative and other requirements (see Note 13). The weighted average interest rate on construction loans for the years ended June 30, 2024 and 2023 was 9.20% and 9.22%, respectively. Construction loans require the borrower to pay interest at a floating rate of interest on the outstanding balances, with principal due at maturity or, in the case of for sale projects, upon sale of residential units in the project.

CPC sells loan participations of its construction and permanent mortgage loans on an individual basis with third-party financial institutions. For the majority of participated loans, CPC bears no risk of loss; therefore, such risk is passed through to the participant institutions on a pari-passu basis. See table above for a summary of construction loans indicating CPC share and participated amounts.

CPC has sold loan participations in some of its construction loans to third-party financial institutions as well as public subsidy providers including HPD and HCR that have restrictions on the further transfer or resale of these loans by the acquirer. GAAP requires that the participated portions of these loans be retained on the Consolidated Statements of Financial Position as investment in mortgage loans due to these restrictions (Participation Loans). The matching sales proceeds associated with these loans are reported in liabilities as participations payable in the accompanying Consolidated Statements of Financial Position. The construction loan participations payable bear interest at a weighted average rate of 0.20% and 0.30% as of June 30, 2024 and 2023, respectively, and the related interest is reflected as interest on loan participations in the accompanying Consolidated Statements of Activities.

(b) Permanent Mortgage Loans

Permanent mortgage loans are on completed multifamily projects and generally require the borrower to make monthly combined payments of interest and principal in a level amount until maturity. Permanent mortgage loans are normally held by the Corporation after they are converted from construction loans, pending the completion of certain administrative and other requirements, at which point the loans are held for sale or participation. Loans held for sale are reflected at the lower of cost or fair value, which is determined on an individual asset basis, in the accompanying Consolidated Statements of Financial Position. Loans held for sale as of June 30, 2024 and 2023 were approximately $8.5 million and $23.2 million, respectively. The weighted average interest rate on permanent loans for the years ended June 30, 2024 and 2023 was 4.85% and 4.73%, respectively.

Some permanent mortgage loans are pledged as security for the CTNs and participations in certain permanent mortgage loans have been sold to third-party financial institutions that have restrictions on the further transfer or resale of these loans by the acquirer. These loans are accounted for as Participation Loans. CPC bears no risk on such loans and, accordingly, does not record an allowance for loan losses on such loans. See table above for a summary of permanent loans indicating CPC share and participated amounts.

In addition, CPCMC is a mortgage originator and seller/servicer for various Freddie Mac programs. As a seller/servicer for Freddie Mac's Small Balance Loan (SBL) program, CPCMC is required to retain risk exposure for performance of the loans until securitization. CPC retains the risk of repurchase on Freddie Mac SBL loans during the period from purchase by Freddie Mac until securitization or one year, whichever is shorter.

The permanent loan participations payable bear interest at a weighted average rate of 5.75% and 6.02% as of June 30, 2024 and 2023, respectively, and are reflected as interest on participations payable in the accompanying Consolidated Statements of Activities.

(c) Allowance for Loan Losses

The Corporation maintains an allowance for loan losses on the construction and permanent mortgage loan portfolio at a level which, in management's judgment, is adequate to reflect potential losses which may result from known adverse conditions affecting the ability of the Corporation's borrowers to meet their obligations.

There are risks associated with the financing of multifamily residential construction projects, which increase or decrease as a result of changes in general economic or other conditions affecting the Corporation's borrowers. In addition to national or local general economic conditions, the ability of the Corporation's borrowers to meet their obligations depends on, among other things, their ability to: (i) complete construction work on a timely basis, within acceptable standards and at the estimated cost; (ii) successfully lease up rental projects and obtain any required rent subsidies and/or real estate tax abatements from governmental sources; and (iii) successfully market condominium or cooperative housing units or, alternatively, convert them to rental units at rates which support debt service.

Management actively monitors market conditions, as well as borrower and loan portfolio performance, in order to evaluate the expected performance of its loans. However, it is possible that future recoverable values may be less than estimated, the economic environment could worsen, and loan delinquencies could increase, thereby requiring an increase in the allowance for loan losses.

The following table presents information regarding the payment status of CPC's and participants' loans at June 30, 2024 and 2023 ($000s):

June 30, 2024

	30-89 Days DQ - CPC	30-89 Days DQ - Participant	90+ Days DQ - CPC	90+ Days DQ - Participant	Total DQ Loans	Total Current Loans	Total Loan Portfolio
Construction Loan	$ 42,906	$ 13,996	$ 59,237	$ 68,622	$ 184,561	$ 660,134	$ 844,695
Permanent Loans	113	370	339	-	822	75,330	76,152
	$ 43,019	**$ 14,366**	**$ 59,576**	**$ 68,622**	**$ 185,383**	**$ 735,464**	**$ 920,847**

June 30, 2023

	30-89 Days DQ - CPC	30-89 Days DQ - Participant	90+ Days DQ - CPC	90+ Days DQ - Participant	Total DQ Loans	Total Current Loans	Total Loan Portfolio
Construction Loan	$ 15,045	$ 26,338	$ 45,557	$ 14,603	$ 101,543	$ 678,245	$ 779,788
Permanent Loans	11	416	22,886	687	24,000	67,489	91,489
	$ 15,056	**$ 26,754**	**$ 68,443**	**$ 15,290**	**$ 125,543**	**$ 745,734**	**$ 871,277**

For loans categorized as 30-89 days delinquent, the balance of CPC loans that are more than 59 days past due was $6.6M and $4.8M as of June 30, 2024 and 2023, respectively. For participant loans categorized as 30-89 days delinquent, the balance of participant loans that are more than 59 days delinquent was $4.8M and $14M as of June 30, 2024 and 2023, respectively.

The balance of non-accrual loans (i.e., loans that are 90+ days delinquent in the above table plus loans that are risk-rated 9 (see Note 2(g)) was $89.9 million and $88.3 million at June 30, 2024 and 2023, respectively.

Management monitors credit quality on a quarterly basis, based on a variety of factors including loan performance, asset quality, and changes in market and sponsor conditions and utilizes such information in evaluating the appropriateness of risk ratings and the allowance for loan losses. Generally, loans are subject to individual risk assessment using CPC's internal sponsor, market, and collateral quality ratings. Loans are segmented by loan type as for sale construction, rental construction, permanent, CTN loans, and net asset initiatives. CPC's risk ratings are assigned to either Pass or Criticized categories. The Criticized category includes special mention, substandard, and substandard nonaccrual categories. The following table provides a breakdown of outstanding loans by risk category ($000's):

June 30, 2024	For Sale		Rental		Perm		Total	
By risk category:	CPC	Participation	CPC	Participation	CPC	Participation	CPC	Participation
Pass	$ 9,002	$ -	$ 342,444	$ 392,472	$ 47,658	$ 28,494	$ 399,104	$ 420,966
Criticized	-	-	78,656	22,121	-	-	78,656	22,121
	$ 9,002	$ -	$ 421,100	$ 414,593	$ 47,658	$ 28,494	$ 477,760	$ 443,087

June 30,2023	For Sale		Rental		Perm		Total	
By risk category:	CPC	Participation	CPC	Participation	CPC	Participation	CPC	Participation
Pass	$ 9,921	$ 3,548	$ 372,332	$ 318,520	$ 37,577	$ 32,501	$ 419,830	$ 354,569
Criticized	-	-	53,346	22,121	21,412	-	74,758	22,121
	$ 9,921	$ 3,548	$ 425,678	$ 340,641	$ 58,989	$ 32,501	$ 494,588	$ 376,690

As noted in Note 2(g), CPC's allowance for loan losses is established based on management's evaluation of the probable and reasonably estimated inherent losses in the Corporation's portfolio in accordance with GAAP and is comprised of both specific valuation allowances (i.e., loans evaluated individually) and general valuation allowances (i.e., loans evaluated collectively).

The following tables provide additional information regarding CPC's allowance for loan losses, based upon the method of evaluating loan impairment ($000s):

	Evaluated for Impairment					
Loans at June 30, 2024	Individually		Collectively		Total	
	Unpaid Principal	Allowance	Unpaid Principal	Allowance	Unpaid Principal	Allowance
Construction loans	$ 10,366	$ (7,473)	$ 830,035	$ (5,148)	$ 840,401	$ (12,621)
Construction loans - Grants	4,294	(4,294)	-	-	4,294	(4,294)
Permanent loans	-	-	72,152	(368)	72,152	(368)
Permanent loans - Grants	4,000	(4,000)	-	-	4,000	(4,000)
	$ 18,660	$ (15,767)	$ 902,187	$ (5,516)	$ 920,847	$ (21,283)

CPC does not accrue interest on loans individually evaluated for impairment (also referred to as impaired loans). Interest payment received on these loans was $2.3 million and $1.4 million, respectively, during the years ended June 30, 2024 and 2023. The Corporation's average investment in impaired loans for the years ended June 30, 2024 and 2023 is $53.1 million and $39.8 million, respectively. The Corporation's recorded investment in impaired loans as of June 30, 2024 and 2023 is $42.2 million and $29.9 million, respectively.

The following table presents additional information regarding the Corporation's impaired loans at June 30, 2023 ($000s):

	June 30, 2023	
	Unpaid principal	Related allowance
Impaired with no allowance		
Construction loans	$ 8,839	$ -
Permanent loans	-	-
	$ 8,839	$ -
Impaired loans with allowance		
Construction loans	$ 13,307	$ 8,447
Permanent loans	25,670	9,460
	$ 38,977	$ 17,907
Total impaired loans		
Construction loans	$ 22,146	$ 8,447
Permanent loans	25,670	9,460
	$ 47,816	$ 17,907

At June 30, 2024 and 2023, the allowance for loan losses relating to loans sold to pari-passu loan participants was $0.03 million and $0.9 million, respectively.

For the years ended June 30, 2024 and 2023, the allowance for loan losses includes reserves for loans funded through grants to CPC and are expected to be forgiven at maturity. Such reserves are related to loans that are individually evaluated for impairment. The Corporation's policy is to fully reserve for the outstanding principal balance of such loans. The allowance for loan losses related to these grants is $8.0 million as of June 30, 2024 and 2023. The following table summarizes activity in the allowance for loan losses for the years ended June 30, 2024 and 2023 ($000s):

	2024	2023
Balance, beginning of the year	$ 22,845	$ 13,930
Cumulative effect changes in accounting policy	916	-
Provision for general loan losses	(137)	(872)
Provision for specific loan losses (construction loans)	280	4,413
Provision for specific loan losses (permanent loans)	-	5,400
Provision for loan losses (grants)	-	14
Loan conversion to REO	(5,400)	-
Reserve for purchased credit deteriorated asset	2,779	-
Charge-offs	-	(40)
Balance, end of the year	$ 21,283	$ 22,845

A purchased credit deteriorated asset is now included in the allowance for individually evaluated construction loans of $2.8 million, reflecting the acquisition of a restructured loan purchased at a discount from a former participant. This reserve captures a credit to the amount of potential recovery at loan resolution up to the purchase price.

Charge-offs represent reductions in the allowance for loan losses that can arise from either forgiveness of debt related to a fully reserved loan funded through a grant to CPC or a loss experienced by CPC. There were no grant charge-offs in 2024 and 2023.

(d) Unfunded commitments and risk-sharing obligations

CPC is a party to certain financial instructions with off-balance sheet risk. These financial instruments and arrangements include risk-sharing obligations and unfunded loan commitments. These transactions and arrangements involve elements of credit risk. CPC uses the same credit policies in making commitments and conditional obligations as it does for on-balance sheet instruments. Financial exposure related to these commitments is reported as unfunded commitments and risk-sharing obligations on the consolidated statement of financial position and provision for unfunded commitments and risk-sharing obligations on the consolidated statement of activities, respectively.

Loan commitments are agreements to lend as long as there is no violation of any condition established in the contract. Risk-sharing obligation is the loss sharing agreement with Fannie Mae that specifies the method of sharing any losses on the loans that CPCMC delivers and/or services. The following represents the composition of financial instructions with off-balance sheet risk as of June 30, 2024 ($000s):

		Contract amount		Reserve amount
Financial instruments whose contract amounts represent credit risk:				
Allowance for risk-sharing obligations	$	296,116	$	1,184
Unfunded construction loan commitments		154,853		1,783
Total	$	450,969	$	2,967

(5) Liquidity

Cash account balances, net of outstanding checks, for the operating and lending accounts are reviewed daily by cash management and finance staff, as well as by management. In addition, management reviews a monthly cash flow trend analysis and a forecast of upcoming cash needs to determine opportunities for investment, sufficiency for repayments on credit facilities, and the need for constriction of vendor payments.

Financial assets available for general expenditure within one year of the consolidated statements of financial position date consist of the following as of June 30, 2024 ($000s):

Cash and cash equivalents	$	35,363
Receivable, net		7,460
Unrestricted investment in securities and hedge funds		136,845
SPE1 voluntary paydown		20,422
	$	200,090

The Corporation has the ability to ensure that its financial assets are available as general expenditures and other obligations come due. Cash in excess of daily requirements is invested either in short-term, interest-bearing accounts or in the UIP (see Note 7(a)) or is utilized as a voluntary paydown on the New SPE1 facility (see Note 9(a)), which allows CPC to voluntarily paydown the outstanding balance with its liquidity that can be readvanced to CPC at CPC's request which allows CPC to manage its debt expense.

Additionally, the Corporation has access to an uncommitted, on-demand line of credit (up to $60.0 million), as discussed in Note 9(b).

(6) Investment in Unconsolidated Subsidiaries

A summary of investment in unconsolidated entities as of June 30, 2024 and 2023 are as follows ($000s):

(a) Equity Investments Recorded Under Equity Method

			2024			2023	
	% of ownership		Investment balance		Equity in net income (loss)	Investment balance	Equity in net income (loss)
CPC							
Sig-23 Priviate Owner	10.00%		$ 15,992	***	$ 559	$ -	$ -
Sig-23 Private Owner II	10.00%		5,217	***	215	-	-
CCA							
Charlotte Square Apartments LLC	30.00%		69		15	140	37
320 Sterling LLC	10.90%		-		11	-	60
Riverdale Osborne Towers Housing Associate	24.50%		-		1,449	394	7,742
St. Ann's JV LLC	90.00%		-		-	-	(384)
The Xenolith Portfolio	90.00%		1,256		-	1,245	-
TRS							
Soundview Family Housing Associate LLC	33.33%	**	728		64	664	49
Soundview Senior Housing Associate LLC	33.33%	**	77		55	22	-
Elton Crossing Associates, L.P. *	10.60%		-		27	-	-
CPCI							
CAPC USA Fund LLC	55.00%		-		(213)	1,592	385
CPC-TruFund Bipoc Developers Equity Func	50.00%		1,167		-	500	-
Regain CRF Members Fund I LLC	27.50%		2,802		-	2,802	-
Total			**$ 27,308**		**$ 2,182**	**$ 7,359**	**$ 7,889**

* Investment in development entity from which CCA receives cash flow distributions from developer fee earned by investee.

** These are LIHTC projects, ownership percentage represents the company's economic interest based on the allocation of distributable cash flow

*** The company assessed the investments made during 2023 or within the initial phases of their respective investment cycles and deemed that the fair value approximates to the cost.

In May 2017, CCA purchased a 24.5% share in Riverdale Osborne Towers Housing Associates for $3.4 million. In December 2022, the debt was refinanced and CCA received a distribution of $11.1 million from refinance proceeds. Prior to the refinance, CPC's recorded investment was $4.7 million. The distribution received reduced the investment to zero and the balance of the distribution in excess of the investment value of $6.4 million is recognized as revenue under equity in earnings of unconsolidated subsidies on the Consolidated Statements of Activities.

(b) Equity Security Investments Recorded at Fair Value

CCA	% of ownership	Investment balance 2024	Investment balance 2023
Equitable Housing Solutions Fud I, LP	subscription based	$ 2,053	$ 1,358
L+M Workforce Housing Fund II, LP	subscription based	4,336	3,397
Shift Catalyst LLC	subscription based	3,505	918
CPCI			
Bright Power, Inc.	subscription based	500	500
Total		**$ 10,394**	**$ 6,173**

(c) Equity Investments Recorded at fair value under the fair value option

The fair value of the Corporation's equity interests accounted for under the fair value option are determined using income capitalization methods, which include either direct capitalization or yield capitalization, depending on the investment. The yield capitalization method utilizes a discounted cash flow analysis, which estimates the present worth through the process of discounting the expected normalized distributions of cash flows from operations of the underlying properties, as well as their respective hypothetical terminal values. The direct capitalization approach values the underlying leasehold interest by converting a single year's stabilized net operating income into an indication of value. Fair value determinations also consider other factors, such as ownership percentage, ownership rights, buy/sell agreements, distribution provisions, capital call obligations, property risk, and underlying debt. Additionally, any lack of control over decisions of the real estate holding partnership and intermediary entities, as well as any lack of marketability of the interest, are also considered. For investments acquired within the past year or within the initial phases of their investment cycle, the Corporation estimates that the cost of the investment approximates fair value. The terminal capitalization rate, income capitalization rate, and discount rate are significant inputs to these valuations. The terminal capitalization rates used at June 30, 2024 and 2023 were 5.25% and 5.00%, respectively. The income capitalization rates used at June 30, 2024 and 2023 were 6.5% and 5.75%, respectively. The discount rates used at June 30, 2024 and 2023 were 8.00% and 7.75%, respectively.

The following table presents the fair values of the equity investments accounted for at fair value under the fair value option, and the significant unobservable inputs used in determining the fair value of the investments:

CCA	% of ownership	Fair value	Unrealized gain on fair value adjustment	Distribution income	Fair value	Unrealized gain (loss) on fair value adjustment	Distribution income
Pact Renaissance Collaborative LLC	28.00%	$ 69,104	$ 1,324	$ -	$ 67,780	$ 25,453	$ -
Triboro Portfolio (consists of 13 properties)	40.00% **	19,376	481	1,206	18,891	(2,503)	-
RDN James LLC ***	50.00%	731	-	-	730 ***	-	-
MHM Investor LLC ***	46.85%	5,015	-	10	5,016 ***	-	-
Oakland Heights Investor LLC ***	47.60%	2,500	-	-	2,500 ***	-	-
Rosecroft Investor LLC	78.02%	2,495 ***	-	53	N/A	N/A	N/A
Cambridge Park Investor LLC	90.00%	5,081 ***	-	-	N/A	N/A	N/A
CCA-AW Capitol Square	50.00%	2,354 ***	-	-	N/A	N/A	N/A
Tunlaw Courts Investor LLC	85.00%	1,200 ***	-	-	N/A	N/A	N/A
Total		**$107,856**	**$ 1,805**	**$ 1,269**	**$ 94,917**	**$ 22,950**	**$ -**

** These are LIHTC projects, ownership percentage represents the CCA's economic interest based on the allocation of distributable cash flow.

*** Recorded at cost as an estimate of fair value.

Summarized combined unaudited financial information related to the Corporation's significant investment in unconsolidated subsidiaries as of June 30, 2024 and 2023 and for the years then ended is as follows ($000s):

	June 30, 2024	June 30, 2023
Total Assets	$ 927,573	$ 674,965
Total Liabilities	$ 563,515	$ 527,145
Partner's Equity	364,058	147,820
Total Liabilities and Partner's Equity	$ 927,573	$ 674,965
Total Revenue	$ 104,088	$ 58,213
Total Expense	104,799	77,370
Net Loss	$ (711)	$ (19,157)

(7) Investment in Securities and Hedge Funds

The allocation of these funds is governed by a CPC Board-approved Investment Policy Statement in accordance with New York State law.

(a) Unrestricted Investment Portfolio

In August 2019, CPC set up an Unrestricted Investment Portfolio (UIP) of $115.0 million. Given the size of the portfolio, CPC engaged the Endowments and Foundations division of Citibank's Private Bank as investment advisors, to advise on and implement the approved investment strategy for these funds.

On December 29, 2023, CPC liquidated $20 million from the UIP to facilitate the Sig-23 investment. At June 30, 2024 and 2023, the UIP is valued at $139.0 million and $145.7 million, respectively, and includes $136.8 million and $142.5 million, respectively, in securities and $2.2 million and $3.2 million in cash, respectively. Securities are carried at fair value and consist of the following as of June 30, 2024 and 2023 ($000s):

	2024	2023
Fixed income	$ 46,341	$ 53,310
Equities	74,300	70,610
Hedge Funds	16,204	18,562
	$ 136,845	$ 142,482

The following is a summary of the hedge fund investments whose NAV approximates fair value and the expected liquidation periods associated with each major category at June 30, 2024 ($000s):

Description	Ending balance	Redemption frequency	Redemption period notice
Equity Long/Short	$ 3,208	Monthly; Quarterly	60 days
Event-Driven/Credit	4,767	Monthly; Quarterly	60 - 95 days
Multi-Strategy and Relative Value	8,229	Monthly; Quarterly	30 - 45 days
Total	$ 16,204		

The following summarizes the investment return on the UIP included in interest and earnings on unrestricted investments in securities and hedge funds for the years ended June 30, 2024 and 2023 ($000s):

	2024	2023
Interest and dividends	$ 3,084	$ 3,037
Investment expenses	(605)	(643)
	$ 2,479	$ 2,394

Unrealized gain (loss) on the UIP is $8.5 million and 0.6 million for the years ended June 30, 2024 and 2023, respectively.

(b) Investment of Restricted Cash

Since April 2016, the Corporation has invested a portion of its restricted cash accounts in government securities and corporate bonds with a nationally ranked financial institution. Investments are carried at fair value and consist of the following as of June 30, 2024 and 2023 ($000s):

	2024	2023
Government securities	$ 251,851	$ 217,041
Corporate bonds	10,360	10,040
Accrued interest	888	602
	$ 263,099	$ 227,683

The following summarizes the investment return on all restricted cash (including both restricted cash and restricted cash investments) included in interest and earnings on restricted investments in securities for the years ended June 30, 2024 and 2023 ($000s):

	2024	2023
Interest and dividends	$ 19,237	$ 9,984
Investment expenses	(321)	(287)
	$ 18,916	$ 9,697

Unrealized gain (loss) on investments of restricted cash is $2.6 million and 0.3 million for the years ended June 30, 2024 and 2023, respectively.

(8) Mortgage Servicing Rights and Servicing Fee Income

The Corporation performs loan servicing for construction and permanent loans, which it originates, participates, or sells for the CTNs payable. The Corporation receives annual servicing fees from various Agencies and other entities at rates ranging between 0% and 5.19 %, with the predominate rate of approximately 0.25%. The Corporation's loan servicing portfolio aggregated $4.6 billion and $4.3 billion at June 30, 2024 and 2023, respectively.

The Corporation's servicing income for the years ended June 30, 2024 and 2023 was ($000s):

	2024	2023
Servicing income		
Contractual fees	$ 10,583	$ 10,009
Late charges, prepayment penalties, and other	3,944	1,274
Total servicing and penalty fees	14,527	11,283
Mortgage servicing rights (MSRs)		
Gain on sale of loans with servicing retained	3,492	2,755
Change in fair value of MSRs	6,960	343
Addition from new investment purchase	8,680	-
Total MSRs income (loss)	19,132	3,098
Total servicing income	$ 33,659	$ 14,381

In addition, the Corporation is entitled to excess interest on investment deposits, late fees, and default interest, which are included in interest income.

The components of the change in MSRs are as follows ($000s):

Fair value as of June 30, 2022	$ 41,071
Purchase of servicing portfolio	500
Gain on sale of loans with servicing retained	2,755
Change in fair value	343
Fair value as of June 30, 2023	$ 44,669
Assumed servicing rights	8,680
Gain on sale of loans with servicing retained	3,492
Change in fair value	6,960
Fair value as of June 30, 2024	$ 63,801

Mortgage servicing assets totaled $55.9 million and $45.6 million at June 30, 2024 and 2023, respectively. Mortgage servicing liabilities totaled $0.8 million and $0.9 million at June 30, 2024 and 2023, respectively.

The inherent risk with servicing assets and liabilities depends primarily on the level of prepayments of the underlying mortgages and the extent of credit losses associated with those mortgages. Major assumptions used in determining fair value of the mortgage servicing rights portfolio are:

	June 30, 2024	June 30, 2023
Prepayment speeds		
During lockout period	0	0
After lockout period	4% - 11.25%	4% - 11.25%
Discount rate	12% - 31%	12% - 31%
Remaining payment terms	from 1-359 months	from 1-359 months

On December 15, 2023, CPC entered into a servicing agreement with Sig-23 as the servicer of Sig-23's entire permanent loan portfolio. CPC is entitled to receive the servicing fee of 8 bps of the aggregate unpaid principal balance. As of June 30, 2024, CPC received $2.9 million servicing income. Mortgage servicing assets totaled $8.9 million and mortgage servicing liabilities totaled $0.2 million. In addition to the servicing fee income, CPC received approximately $2.4 million management fee income. These fee incomes are recorded under other revenue in the consolidated statements of activities. Major assumptions used in determining fair value of the Sig -23 mortgage servicing rights portfolio are:

	June 30, 2024
Prepayment speeds	
During lockout period	0
After lockout period	8% - 22.5%
Discount rate	12% - 16%
Remaining payment terms	from 0-120 months

(9) Notes and Bonds Payable

(a) Construction Loan Credit Facilities

CPC maintains two credit facilities structured as Master Repurchase and Securities Contract Agreements that are funded by Lenders and agented by Citibank. CPC Funding SPE 1 LLC (SPE 1) and CPC Funding SPE 2 LLC (SPE 2), wholly-owned special purpose entities of the Corporation, are the seller (borrower in effect) under the facility. The SPE 1 and the SPE 2 provided the Corporation with a $414.2 million and a $68.0 million line of committed capital to originate and fund construction and bridge loans at an interest rate of one-month SOFR plus 261 basis points. The Corporation is also required to pay an origination fee of 15 basis points of new commitments and an administrative fee of 15 basis points of the outstanding debt balances. The SPE 1 finances loans in New York State and the SPE 2 finances loans nationally.

The SPE 1 and the SPE 2 are guaranteed by CPC and the Lenders hold legal ownership of the senior mortgage loans outstanding in each facility. The facility has financial covenants that CPC must maintain, including a minimum of $50 million of equity applied as a debt pay-down at all times, minimum Net Assets of $175 million, minimum liquidity of $35 million, and maximum permitted leverage of 75%.

The facilities have a 5.5-year origination term and a 1-year repayment term. Purchases of new commitments can be made through the Origination Period Termination Date (June 30, 2028). Purchases of commitments issued prior to the Origination Period Termination Date can be made through the Final Origination Date (December 31, 2028).

Debt outstanding for the SPE 1 and the SPE 2 was $342.2 million and $33.8 million, respectively, at June 30, 2024; compared to $364.6 million and $10.6 million, respectively, at June 30, 2023. The interest rate in place for SPE 1 and SPE 2 as of June 30, 2024 was 7.79% compared to 7.73% for both SPE1 and SPE2 as of June 30, 2023. Since inception of the facility, management has provided representations and warranties each quarter that CPC maintains compliance with the agreement's financial covenants.

(b) Permanent Loan Credit Facility

On March 29, 2018, the Corporation executed a warehouse credit facility structured as two master loan repurchase agreements (one agreement covering originations in the New York City region and the other covering originations outside that region) with a total cumulative commitment of $500.0 million. The two agreements can have up to $50.0 million of loans outstanding in total at one time at an interest rate of one-month LIBOR plus 175 basis points. The lender holds legal ownership of the mortgage loans outstanding under the facility. The two facilities were subsequently amended in July 2018 to add CPCMC as an eligible seller thereunder, and to add Fannie Mae as an eligible subsequent buyer of the facility loans. On March 29, 2021, the two agreements were amended to increase the maximum amount outstanding in total at one time to $180.0 million with a cumulative commitment of $750.0 million. The agreement terminated on March 29, 2023 and was replaced with the master loan purchase and sale agreement with Citibank (see Note 13).

(c) On-Demand Line of Credit

In conjunction with the establishment of the UIP (see Note 7), the Corporation obtained an uncommitted (on-demand) line of credit with Citibank on November 6, 2019. This on-demand line of credit is secured by the assets in the UIP and is subject to collateral coverage based on the current UIP borrowing base as defined in the agreement with Citibank. Due to the uncommitted nature of the line of credit, Citibank may demand repayment at any time. Borrowings under the on-demand line of credit cannot exceed $60 million. If there is an outstanding balance on the on-demand line of credit and the amount outstanding exceeds the calculated borrowing base reflecting the current UIP account value, CPC is required to remedy the shortfall. Interest accrues at rates tied to one-month LIBOR plus 100 basis points and payments are due monthly. The interest rate in place as of June 30, 2024 and 2023 was 6.44% and 6.27%, respectively. As of June 30, 2024 and 2023, the Corporation has drawn $37.5 million and $30.0 on the on-demand line of credit, respectively.

(d) Bonds Payable

On February 1, 2020, the Corporation issued $150.0 million of bonds, which it has designated as "Sustainability Bonds" due to the nature of its organizational mission and the intended use of the proceeds of the bonds. The bonds constitute unsecured general obligations of CPC, and no specific CPC assets or revenues, other than amounts held in certain accounts established under the bond indenture, are pledged by the bond indenture for the payment of bond debt service when due. The bonds are subject to optional redemptions by CPC, in whole or in part. CPC shall have the option to purchase any bonds called for optional redemption.

Interest-only payments at a rate of 2.867% are payable on each February and August 1, commencing August 1, 2020. The maturity date of the bonds is February 1, 2030. As of June 30, 2024 and 2023, the bonds payable have an outstanding balance of $150.0 million.

(e) New York Green Bank Loan Facility

On December 13th, 2023, CPC closed on a $25,000,000 loan facility with New York Green Bank under its Community Decarbonization Fund ("CDF"). The CDF was set up by New Green Bank to deploy low-cost capital into efficiency-first decarbonization projects that consider energy affordability and benefit disadvantaged communities and affordable housing in NY State. Under the terms of the CDF, the maximum allowed to be allocated to any individual CDFI is $25,000,000. The allocation comes in the form of a 12-year loan at a fixed-rate 1.5%. The funds can only be deployed in eligible projects as defined in the agreement between CPC and New York Green Bank and need to be deployed in these projects within 30 days of draw down by CPC. The loan can be repaid at any stage during the 12-year term without penalty but cannot be re-drawn post repayment. As of June 30th, 2024, CPC has drawn down $19,500,000.

(f) Debt Issuance Costs

Debt issuance costs related to all facilities and bonds, net of accumulated amortization, totaled $1.3 million as of June 30, 2024 and 2023, respectively. Amortization expense as of June 30, 2024 and 2023 was $0.4 million and $0.5 million, respectively, at an effective rate of 2.89%, and is included in interest expense.

(10) Collateral Trust Notes Payable

The Corporation had note purchase agreements with certain affiliated member banks whereby the banks agreed to purchase nonrecourse collateral trust notes issued by the Corporation, subject to certain conditions. The note purchase agreements are no longer in effect, but certain of the purchased notes remain outstanding. The notes issued and sold by the Corporation pursuant to these agreements are secured primarily by the pledge of specific permanent mortgage loans originated by the Corporation in three lending areas - New York, New Jersey, and Connecticut. The note holders' trustee is Deutsche Bank, a participating bank. The principal and interest received by the Corporation on the pledged mortgages, net of allowable fees and expenses, are remitted to note holders monthly. As explained in Note 4(b), CPC bears no risk for the remaining notes outstanding; all losses on the remaining mortgage loans are either insured by SONYMA (State of New York Mortgage Agency) or are passed on to the CTN note holders.

At June 30, 2024 and 2023, the outstanding principal balances on these notes ($16.5 million and $19.6 million, respectively) is included in participations payable on the Consolidated Statements of Financial Position and are equal to the principal balances of the pledged mortgages and the carrying value of any foreclosed property. At June 30, 2024 and 2023, the interest rates on these notes ranged from 2.38% to 8.05%. Included in interest income on participations payable and interest expense on loan participations on the Consolidated Statements of Activities for the years ended June 30, 2024 and 2023 is approximately $1.0 million and $1.1 million, respectively, of interest expense related to these notes and interest income related to the mortgages pledged as collateral for these notes, respectively.

(11) Participants' Deposits

At June 30, 2024 and 2023, participants' deposits consisted of the following ($000s):

	2024	2023
Unadvanced loan commitments and accumulated interest on short-term investments		
HPD	$ 263,062	$ 278,055
Other Participants	17,894	28,383
Total participants' deposits	$ 280,956	$ 306,438

(12) Interest Expense

Interest expense consisted of the following for the years ended June 30, 2024 and 2023 ($000s):

	2024	2023
Interest expense on escrows and participant deposits	$ 516	$ 1,687
Interest on notes payable	30,904	22,858
Interest on bonds payable	4,300	4,300
Interest on on-demand line of credit	1,922	1,546
Amortization expense	401	498
Total interest expense	$ 38,043	$ 30,889

(13) Mortgage Loans Sold and Warehouse Debt Financing

The Corporation is a party to buy/sell agreements with the Pension Funds. These agreements, as amended, provide, among other things, for the Pension Funds to purchase certain permanent mortgages originated by the Corporation or participations in such mortgages in an aggregate amount up to $1.5 billion, as amended. The agreements have no specific expiration date, but certain of the agreements can be terminated with six months' notice by either party. The unused remaining commitment of the Pension Funds at June 30, 2024 and 2023 was approximately $423.3 million and $374.9 million, respectively.

CPC and CPCMC are parties to a master loan purchase and sale agreement with Valley National Bank (VNB) which provides short-term interim capital for closing permanent loans intended to be sold to Freddie Mac, Fannie Mae, other investors, and for closing certain construction loans that are 90% advanced. The interest rate is 1-month Term SOFR plus 210 basis points for non-construction loans, and 1-month Term SOFR plus 225 basis points for eligible construction loans. The agreement has a maturity date of February 22, 2025. The maximum amount of the facility is $50.0 million, but can be increased to $100.0 million up to three times per calendar year for a period of 90 days.

CPC and CPCMC are parties to a master loan purchase and sale agreement with Citibank, N.A. which provides short-term interim capital for closing permanent loans intended to be sold to Freddie Mac, Fannie Mae, and other investors. The interest rate is the applicable interest rate on the underlying loan less 1-month Term SOFR plus (i) 211 basis points for loans secured by properties in New York City and certain contiguous counties located in New York State and New Jersey, and (ii) 235 basis points for loans secured by properties not located

in New York City and the contiguous counties referenced in (i). The agreement has a maturity date of March 31, 2026. The maximum amount of the facility is $50.0 million, but can be increased to $180.0 million up to three times per calendar year for a period of 90 days. The agreement requires CPC, on a consolidated basis, to maintain certain financial covenants, which it was in compliance with as of June 30, 2024.

During 2024 and 2023, loans sold to the Pension Funds, Citibank, VNB, and other financial institutions, including Freddie Mac, were approximately $403.8 million and $337.1 million, respectively. The Corporation is obligated to sell such loans at face value.

The Corporation is exposed to risks related to loan repurchases and indemnifications provided in representation and warranty provisions through its origination activities. On September 28, 2022, CPC repurchased from Freddie Mac three SBL loans that were originated by CPC and sold to and securitized by Freddie Mac in 2018. The loans had performed for 2-3 years but became delinquent during the pandemic; foreclosures were commenced by the mortgage holders in 2021. Subsequently, a determination was made by the mortgage holders that the Borrower made certain misrepresentations in connection with the loan closing which were not discovered until after the loans became delinquent. Although CPC and Freddie Mac procedures had been followed, the holders of the loans required Freddie Mac to repurchase the loans, and Freddie Mac in turn required CPC to repurchase the loans. The total repurchase price was approximately $24.2 million, inclusive of unpaid interest, legal fees and property protection advances. CPC foreclosed the loan in October 2023 and has executed a purchase agreement for a total amount of $10.6 million. CPC recorded a loss of $5.4 million in 2023 and an additional loss of $7.7 million in 2024. The foreclosed loan is recorded in real estate owned assets in the statement of financial position at June 30, 2024.

(14) Commitments and Contingencies

(a) Office Lease

The Corporation occupies office space in eight locations under agreements which expire at various dates through 2049.

Operating leases are reflected on the Consolidated Statements of Financial Position as a right of use asset and a related right of use liability. Right of use assets represent the right to use an underlying asset for the lease term and were $24.6 million and $25.6 million as of June 30, 2024 and 2023, respectively, and the right of use liability was $31.1 million and $31.8 million as of June 30, 2024 and 2023, respectively, and represents the obligation to make lease payments arising from the lease agreement which are discounted using the Corporation's incremental borrowing rate, rates ranging from 2.81% to 3.69%. The weighted-average lease remaining lease term and weighted-average discount rate is 24.3 years and 3.66%, respectively, as of June 30, 2024. Operating lease right of use assets and liabilities are recognized at the commencement date, or the date on which the lessor makes the underlying asset available for use, based upon present value of the lease payments over the respective lease term. Lease expense is recognized on a straight-line basis over the lease term. Any renewal options are excluded from the calculation of lease liabilities unless exercising the renewal option is reasonably assured. The lease agreements do not contain residual value guarantees or material restrictive covenants.

Lease and rental expense was approximately $2.3 million and $2.4 million for year ended June 30, 2024 and June 30, 2023, respectively, and is included in office expenses in the accompanying consolidated financial statements. The Corporation has elected the practical expedient of not separating lease components from non-lease components. The components of lease expense were as follows ($000s):

	2024	2023
Operating lease cost - Fixed	$ 1,470	$ 1,585
Operating lease cost - Variable	782	782

Minimum rental commitments under non-cancelable operating real estate leases in effect at June 30, 2024 and expiring at various dates through 2049 totaled $48.1 million. The future minimum annual rentals under non-cancelable leases are due as follows ($000s):

Years Ending June 30:	
2025	$ 1,881
2026	1,865
2027	1,862
2028	1,823
2029	1,878
Thereafter	38,783
Subtotal	48,092
Less: effects of discounting	(17,029)
Total	$ 31,063

(b) Litigation

The Corporation is routinely subject to lawsuits and other claims directly or indirectly related to its normal business activities. While the outcome of such proceedings is not always determinable with certainty, management believes any such outcomes will not have a material adverse effect on the consolidated financial position or results of operations of the Corporation.

(c) Loss Sharing

In return for Fannie Mae's delegation of the responsibility for underwriting and servicing loans as an Affordable Lender, CPCMC entered into a loss sharing agreement with Fannie Mae that specifies the method of sharing any losses on the loans that CPCMC delivers and/or services. The loss sharing arrangement is pari-passu, in which CPCMC bears one-third of the losses and Fannie Mae is responsible for the remaining two-thirds. No losses have occurred to date. As of June 30, 2024 and 2023, $1.2 million and $0.8 million of estimated losses are included in unfunded commitment and risk-sharing obligations.

(d) Loan Sales

The Corporation reviews historical repurchase and indemnification activity for sold loans and estimates a liability for potential representation and warranty exposure, using historical trends. The Corporation has determined that there is no liability as of June 30, 2024.

(e) Regulations

The Corporation is approved as a non-supervised lender under the Housing and Urban Development (HUD) Title II program and is required to maintain minimum net worth and liquidity requirements, as set forth in that program's guidance. Additionally, the Corporation is subject to the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance).

CPCMC is approved as a Fannie Mae and Freddie Mac issuer and servicer and is required to maintain minimum net worth, liquidity, and insurance requirements as set forth in each program's guidance.

The Corporation is in compliance with the regulatory requirements as of June 30, 2024 and 2023.

(f) Phase-out of LIBOR

The Corporation is a party to debt instruments the interest rates on which were indexed to LIBOR. Governmental authorities regulating LIBOR announced that LIBOR rates would be phased out beginning after December 31, 2021, which was then extended to June 30, 2023. In response, the Federal Reserve Board and the Federal Reserve Bank of New York organized the Alternative Reference Rates Committee (ARRC), which identified the Secured Overnight Financing Rate (SOFR) as its preferred alternative rate for USD LIBOR in derivatives and other financial contracts.

Over the course of the years ended June 30, 2024 and 2023, the market started transitioning lending and debt instruments to SOFR. CPC continued to monitor and evaluate the risks to it from the phase-out of LIBOR and the transition to a new interest rate index or indices. These risks include (but are not limited to): interest rate risks on loans, valuation adjustment risks to the financial instruments affected, continuing to match fund its lending and debt instruments, and the precise timing of when the credit facilities transitioned away from LIBOR.

CPC transitioned its loans receivable to Term-SOFR on August 1, 2022.

(g) Letters of Credit

During the year ended June 2021, CPC procured a letter of credit from Citibank, N.A. in favor of Freddie Mac SBLs, in the amount of $5.0 million in connection with its risk of repurchase.

During the year ended June 2022, CPC procured a letter of credit from Citibank, N.A. in favor of District of Columbia, in the amount of $0.1 million, on behalf of one of investor in the PRC investment. This letter of credit was closed out as of August 2, 2023.

On December 15, 2023, CPC procured a letter of credit from Citibank, N.A. in favor of FDIC, in the amount of $7.5 million in connection with its acquisition of Sig-23.

(15) Retirement Plan

In April 1982, the Corporation established a defined contribution retirement plan (the Plan) covering all officers and employees. Each officer or employee is a participant of the Plan after two years of service. The Plan, as amended, provides for the Corporation to contribute annually an amount up to 10% of the base salary of each eligible officer or employee. Benefits are payable upon retirement, or earlier, as provided for in the Plan.

Retirement expense incurred by the Corporation for the Plan for the years ended June 30, 2024 and 2023 was approximately $2.3 million and $2.1 million, respectively, and is included in employee compensation and benefits expense in the Consolidated Statements of Activities. There was no accrued retirement expense at June 30, 2024 and 2023.

(16) Life Insurance Plan

On April 27, 2022, CPC and an employee entered into a Split Dollar Agreement (SDA), approved by CPC's Board of Directors, whereby CPC funds the premiums on a life insurance policy to be jointly owned by CPC and the employee under what is commonly known as a Loan Regime Split Dollar insurance arrangement, with the employee being the first named owner of the policy and collaterally assigning his interests in the policy to CPC. Under the SDA, the employee may borrow amounts against the policy during Borrowing Years and subject to a Borrowing Cap, each as defined, while the ultimate proceeds of the policy are intended to be used to repay CPC for its funding of the premiums. The outstanding principal of the policy is $6.7 million and $6.6 million as of June 30, 2024 and 2023, respectively, and is reported net of an allowance of $1.0 million and $0.9 million for the years ended June 30, 2024 and 2023, respectively, and is included in other assets on the Consolidated Statements of Financial Position.

(17) Grants

(a) Climate Friendly Home Funds

On February 10, 2023, CPC entered into a Grant Agreement with the State of New York to administer the Climate Friendly Homes Fund (CFHF), a $250 million grant program for the electrification of 10,000 units over five years.

The CFHF program provides financing for existing small buildings in New York State in order to replace older and less energy-efficient systems with all-electric, high-performance heating, cooling, and hot water heating systems. By providing funds for the adoption of new energy-efficient technologies, this program will advance New York State and CPC's commitment to supporting multifamily building owners in their transition to a green economy and delivering the benefits of climate friendly homes to underserved communities.

Of the total $250 million grant, approximately $8 million is designated for reimbursement of administration costs and $242 million is designated for the making of forgivable loans and/or grants to eligible owners. As of June 30, 2024, CPC has received approximately $1 million for reimbursement of program administration costs and closed four loans totaling $30 thousand.

(b) Goldman Grant

In December 2016, the Corporation received $10.0 million from Goldman, Sachs & Co. to be used to fund mortgage loans to specified borrowers identified in the grant agreements; the full grant was received during the year ended June 30, 2017. As of June 30, 2024 and 2023, $0.2 million is to be funded and is included in net assets with donor restrictions on the Consolidated Statements of Financial Position.

(c) Wells Fargo Grant

In December 2021, the Corporation received $0.4 million grant from Wells Fargo to be used to develop an innovative new software tool which will be integrated into the underwriting process for sustainable loans. The work will be performed by our partner in one of the CPCI projects, as well as a third-party software developer. The goal of this new software is to translate energy usage and sustainability standards into financial data to more accurately inform real estate project underwriting. By doing so, capital can be unlocked to finance new construction and retrofit projects, speeding adoption of high-performance design, which is critical to ensuring healthy and resilient communities. As of June 30, 2023, the entire grant has been disbursed.

(d) MacKenzie Grant

In October 2023, CPC received an unrestricted $15 million grant from MacKenzie Scott's Yield Giving fund. CPC recorded the entire amount as grant revenue.

(e) Climate Capital

In April 2024, CPC Climate Capital LLC, a wholly owned subsidiary of CPC, was selected to receive a $2.4 billion grant from the EPA's National Clean Investment Fund as a subrecipient of Climate United Fund in order to decarbonize multifamily affordable housing projects. The funds are expected to start being distributed in either September or October of 2024. Grant revenue will be recognized only to the extent that eligible expenses have been incurred during the 5-year Period of Performance (August 2024 – August 2029). As of June 30, 2024, no grant revenue has been recorded. There will be a partial holdback of the full award pending resolution through EPA's internal administrative process of an award dispute prompted by a 3rd party.

(18) Concentrations and Other Risks

(a) Credit Risk

The Corporation maintains its cash, cash equivalents, restricted cash, and restricted cash equivalents balances in several accounts with various banks. At times, these balances may exceed the federal insurance limits. However, the Corporation has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these balances as of June 30, 2024.

(b) Geographic

The Corporation's lending and servicing portfolios are concentrated in New York, New Jersey, and Connecticut.

(c) Business

At June 30, 2024, CPC had commitments to sell its permanent mortgages held for sale to one investor.

The Corporation is subject to risks incidental to the management of residential real estate. These include among others, the risks normally associated with the changes in the general economic climate, trends in the real estate industry, changes in tax laws, interest levels, the availability of financing, and potential liability under environmental and other laws.

(d) Interest Rate Risk

The Corporation is exposed to interest rate risk. Since the Corporation's borrowings have been linked to the Secured Overnight Financing Rate (SOFR) and its construction lending is linked to one-month SOFR, interest rate risk is mitigated. Additionally, a decline in interest rates will typically increase the amount of the loan prepayments on permanent mortgages and an increase in interest rates may decrease the demand for credit.

(19) Subsequent Events

Events that occur after the Consolidated Statements of Financial Position date but before the consolidated financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Consolidated Statements of Financial Position date are recognized in the accompanying consolidated financial statements. Subsequent events which provide evidence about conditions that existed after the Consolidated Statements of Financial Position date require disclosure in the accompanying notes. Management evaluated the activity through September 27, 2024 (the date the consolidated financial statements were available to be issued) and determined that except as disclosed no subsequent events have occurred that would require recognition in the consolidated financial statements or disclosure in the Notes to the Consolidated Financial Statements.

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