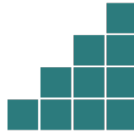


**Apartment Life, Inc.**  
**Financial Statements**  
**Year Ended December 31, 2022**

**Apartment Life, Inc.**  
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## MeredithCPAs

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### Independent Auditor's Report

To the Board of Directors  
of Apartment Life, Inc.

#### Opinion

We have audited the accompanying financial statements of Apartment Life, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Apartment Life, Inc. as of December 31, 2022, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinion

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

#### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Apartment Life, Inc.'s ability to continue as a going concern within one year after the date that the 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 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 financial statements.

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- 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 Apartment Life, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Apartment Life, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

*MeredithCPAs*

Irving, Texas  
August 14, 2023

**Apartment Life, Inc.**  
**Statement of Financial Position**  
**December 31, 2022**

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Assets

Current Assets

|                                 |              |
|---------------------------------|--------------|
| Cash and cash equivalents       | \$ 3,888,993 |
| Investments, current            | 1,699,772    |
| Accounts receivable, net        | 1,117,181    |
| Other receivables               | 1,718        |
| Employee advances               | 23,078       |
| Prepaid expenses                | 377,831      |
| Notes receivable, related party | 25,440       |

Total Current Assets 7,134,013

Investments, Noncurrent

50,000

Intangible Assets, Net

3,929

\$ 7,187,942

Liabilities and Net Assets

Current Liabilities

|                          |           |
|--------------------------|-----------|
| Accounts payable         | \$ 18,065 |
| Accrued payroll expenses | 1,340,563 |
| Advance deposits         | 1,081,327 |
| Deferred revenue         | 776,635   |

Total Current Liabilities 3,216,590

Net Assets

|                                       |           |
|---------------------------------------|-----------|
| Net assets without donor restrictions | 3,953,099 |
| Net assets with donor restrictions    | 18,253    |

3,971,352

\$ 7,187,942

See accompanying notes to financial statements.

**Apartment Life, Inc.**  
**Statement of Activities**  
**Year Ended December 31, 2022**

|   | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total               |
|---|-------------------------------|----------------------------|---------------------|
| Revenue and Support                       |                               |                            |                     |
| Program fees, net                         | \$ 5,729,213                  | \$ -                       | \$ 5,729,213        |
| AL team fees, net                         | 3,601,934                     | -                          | 3,601,934           |
| Contributions                             | 3,724,976                     | 14,770                     | 3,739,746           |
| Donated apartments for use by AL teams    | 11,507,999                    | -                          | 11,507,999          |
| Event funding                             | 2,347,585                     | -                          | 2,347,585           |
| Church partner funding                    | 56,533                        | -                          | 56,533              |
| Grant income                              | 5,239                         | -                          | 5,239               |
| Interest income                           | 35,069                        | -                          | 35,069              |
| Investment income, net                    | (187,574)                     | -                          | (187,574)           |
| Other income                              | 61,866                        | -                          | 61,866              |
| Net assets released from restrictions     | 72,957                        | (72,957)                   | -                   |
|   | <u>26,955,797</u>             | <u>(58,187)</u>            | <u>26,897,610</u>   |
| Expenses                                  |                               |                            |                     |
| Program services                          | 24,455,428                    | -                          | 24,455,428          |
| General and administrative                | 1,201,084                     | -                          | 1,201,084           |
| Fundraising                               | 684,829                       | -                          | 684,829             |
|   | <u>26,341,341</u>             | <u>-</u>                   | <u>26,341,341</u>   |
| Change in net assets                      |                               |                            |                     |
| Increase (Decrease) in Net Assets         | <u>614,456</u>                | <u>(58,187)</u>            | <u>556,269</u>      |
| Net Assets (Deficit) at Beginning of Year | 3,338,643                     | 76,440                     | 3,415,083           |
| Net Assets (Deficit) at End of Year       | <u>\$ 3,953,099</u>           | <u>\$ 18,253</u>           | <u>\$ 3,971,352</u> |

See accompanying notes to financial statements.

**Apartment Life, Inc.**  
**Statement of Functional Expenses**  
**Year Ended December 31, 2022**

|                            | Program<br>Services | Management<br>and General | Fund -<br>raising | Total               |
|----------------------------|---------------------|---------------------------|-------------------|---------------------|
| Salaries and wages         | \$ 4,830,754        | \$ 505,041                | \$ 220,325        | \$ 5,556,120        |
| Employee benefits          | 3,830,007           | 350,538                   | 187,161           | 4,367,706           |
| Payroll taxes              | 506,545             | 46,340                    | 22,790            | 575,675             |
|                            | <u>9,167,306</u>    | <u>901,919</u>            | <u>430,276</u>    | <u>10,499,501</u>   |
| Apartment costs            | 11,507,999          | -                         | -                 | 11,507,999          |
| Event funding costs        | 2,347,585           | -                         | -                 | 2,347,585           |
| Client development         | 366,682             | -                         | -                 | 366,682             |
| Other                      | 320,187             | 41,071                    | 249,830           | 611,088             |
| Professional services      | 97,264              | 95,074                    | 105               | 192,443             |
| Information technology     | 231,062             | 55,464                    | -                 | 286,526             |
| Team support               | 154,502             | -                         | -                 | 154,502             |
| Staff care and development | 33,885              | 71,036                    | -                 | 104,921             |
| Advertising                | 5,825               | 5,635                     | -                 | 11,460              |
| Retirement benefit expense | 75,036              | 12,094                    | 4,618             | 91,748              |
| Travel and conference      | 134,995             | 16,046                    | -                 | 151,041             |
| Office expense             | 5,243               | 2,745                     | -                 | 7,988               |
|                            | <u>24,447,571</u>   | <u>1,201,084</u>          | <u>684,829</u>    | <u>26,333,484</u>   |
| Amortization               | 7,857               | -                         | -                 | 7,857               |
|                            | <u>\$24,455,428</u> | <u>\$ 1,201,084</u>       | <u>\$ 684,829</u> | <u>\$26,341,341</u> |

See accompanying notes to financial statements.

**Apartment Life, Inc.**  
**Statement of Cash Flows**  
**Year Ended December 31, 2022**

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|  |  |              |
|--|--|--------------|
| Cash Flows from Operating Activities   |  |              |
| Change in net assets   |  | \$ 556,269   |
| Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities: |  |              |
| Amortization   |  | 7,857        |
| Unrealized (gains) loss on investments   |  | 238,905      |
| (Increase) decrease in assets:   |  |              |
| Investments (trading securities)   |  | (534,354)    |
| Accounts receivable  |  | (816,366)    |
| Other receivables  |  | 26,462       |
| Employee advances  |  | (3,344)      |
| Prepaid expenses   |  | (70,472)     |
| Increase (decrease) in liabilities:  |  |              |
| Accounts payable   |  | (19,696)     |
| Accrued payroll expenses   |  | 401,971      |
| Advance deposits   |  | 91,430       |
| Deferred revenue   |  | 304,292      |
|  | Net Cash Provided By (used in) Operating Activities  | 182,954      |
| Cash Flows from Investing Activities   |  |              |
| Repayment of notes receivable  |  | 100,000      |
| Repayment of notes receivable, related party   |  | 42,460       |
| Issuance of notes receivable, related party  |  | (46,565)     |
|  | Net Cash Provided (Used) by Investing Activities     | 95,895       |
|  | Net Increase (Decrease) in Cash and Cash Equivalents | 278,849      |
|  | Cash and Cash Equivalents, Beginning of Year         | 3,680,542    |
|  | Cash and Cash Equivalents, End of Year               | \$ 3,959,391 |
| Supplemental Disclosure  |  |              |
| Summary of cash and cash equivalents   |  |              |
| Cash and cash equivalents  |  | \$ 3,888,993 |
| Cash included in investments   |  | 70,398       |
|  |  | \$ 3,959,391 |

See accompanying notes to financial statements.



**Apartment Life, Inc.**  
**Notes to Financial Statements**  
**December 31, 2022**

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**Note 1 -Organization and Summary of Significant Accounting Policies**

Nature of the Organization

Apartment Life, Inc. ("AL", Organization"), is a Texas non-profit organization incorporated in March 2000. AL is engaged in charitable and religious activities designed to improve the quality of life for apartment dwellers by strengthening communities, serving residents, and modeling the Christian life. AL operates in 45 states.

AL's purpose is to organize and run the AL program, which is a community building and resident retention program that provides business value to apartment owners and management companies while making a lasting difference in the lives of apartment residents. The AL program is carried out by an AL team, consisting of either a married couple, family or team of two, which lives onsite in apartment communities and works with the management team to build the community and serve residents. This is accomplished by doing things that flow naturally out of the Christian lifestyle such as welcoming new residents, planning social events, and caring in times of need.

Basis of Presentation

Based on the existence or absence of donor-imposed restrictions, resources are classified into two categories: without donor restrictions and with donor restrictions. Net assets without donor restrictions are free of donor-imposed restrictions. All revenues, gains, and losses that are not restricted by the donor are included in this classification. All expenses are reported as decreases in net assets without donor restrictions. Net assets with donor restrictions are subject to donor-imposed restrictions that will be met either by actions of AL or the passage of time. When a restriction expires (that is when a stipulated time restriction ends or purpose of restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents includes all checking and saving accounts, and highly liquid money market mutual funds. These funds are available for general operating purposes and not otherwise restricted.

Investments

Investments in marketable equity securities with readily determinable fair values are stated at fair value based on quoted prices in active markets (Level 1 measurements). For equity securities without a readily determinable fair value, the investment is recorded at cost, less any impairment, plus or minus adjustments related to observable transactions for the same or similar securities (Level 2 measurements). Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities. Investment income and gains are reported as increases in unrestricted net assets in the reporting period in which the income and gains are recognized.

Economic conditions can vary significantly throughout the year, impacting the carrying value of investments. Although management is not aware of any factors that would significantly affect the estimated fair value amounts, current estimates of fair value may differ significantly from the statements presented, especially in light of the impact on financial markets as a result of COVID-19.

Intangibles

AL capitalizes the costs of intangibles. Intangibles costs are amortized on a straight-line basis over the estimated useful life of five years.

**Apartment Life, Inc.**  
**Notes to Financial Statements**  
**December 31, 2022**

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**Note 1 -Organization and Summary of Significant Accounting Policies, Continued**

Property and Equipment

Property and equipment are carried at acquisition cost or the estimated fair value of donated assets. Depreciation is provided using the straight-line method over the estimated useful lives of the respective assets. For office furniture, fixtures, computer equipment, and office equipment estimated useful lives range between 3-5 years. Major additions and betterments are capitalized, while replacements and maintenance and repairs which do not improve or extend the life of the related assets are expensed.

Notes Receivable

Loans are stated at unpaid principal balances. Interest on the notes receivable is recognized over the term of the note and is calculated using the effective interest method on the principal amounts outstanding.

Revenue and Support

Under Accounting Standards Codification (ASC) Topic 606, revenue from contracts with customers is recognized when control of the promised goods or services is transferred in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for those goods or services (i.e., the transaction price).

Apartment Life team fees represent administration fees paid for the AL teams services. AL team fees are recognized over the contract period as performance obligations are met and are due each month. Program fees are paid by apartment complexes for AL's services and are recognized over contract period as performance obligations are met and are due each month.

Other remaining revenue streams not related to teams and program fees including contributions, investment income, and other revenue are not within the scope of Topic 606 Revenue Recognition. The adoption of this standard did not materially affect changes in net assets, financial position, or cash flows.

Contributions are recognized as revenues when received. Contributions are available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as restricted support and increase net assets with donor restrictions. Contributions received with donor-imposed conditions and restrictions that are met in the same reporting period are reported as support without donor restrictions and increase net assets without donor restrictions.

Functional Allocation of Expenses

Expenses have been summarized on a functional basis and allocated in the statement of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited, based on analysis of personnel time and resources utilized for the related activities.

Advertising Expenses

Advertising costs are expensed as incurred. Advertising expense totaled \$11,460 for the year ended December 31, 2022.

Income Taxes

AL is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is not classified as a private foundation and is exempt for state income tax purposes. Currently, AL engages in no activities that would be taxed as unrelated business income.

With respect to uncertain tax positions, the management of AL believes its positions comply with applicable laws and they periodically evaluate exposures associated with tax filing positions. Consequently, no liability is recognized in the statement of financial position for uncertain tax positions. If incurred, penalties and interest assessed by income taxing authorities are included in penalties or interest expense. With few exceptions, AL is no longer subject to U.S. federal and state examinations by taxing authorities for years before 2019.

**Apartment Life, Inc.**  
**Notes to Financial Statements**  
**December 31, 2022**

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**Note 1 -Organization and Summary of Significant Accounting Policies, Continued**

Use of Estimates

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

Accrued Absences

Compensated absences for sick pay and personal time have not been accrued since they cannot be reasonably estimated. AL's policy is to recognize these costs when actually paid.

Liquidity and Availability of Financial Assets

AL regularly monitors liquidity required to meet its operating needs and other contractual commitments. AL structures its financial assets to be available as its general expenditures, liabilities, and other obligations become due. AL has \$4,872,332 of financial assets available within one year of the statement of financial position date to meet cash needs for general operating expenditures, consisting of cash and cash equivalents of \$3,888,993, investments of \$1,699,772, and accounts receivable of \$1,117,181, less restricted by donor of \$18,253 and less designated funds of \$1,815,361. See Note 9.

**Note 2 - Accounts Receivable**

Accounts receivable consists primarily of fees due from AL teams and properties. Accounts receivable is reported net of an allowance for doubtful accounts. AL establishes an allowance for doubtful accounts based on management's assessment of the collectability of past due accounts. Past due accounts are defined by invoice due date. Trade receivable balances are charged off after being deemed uncollectable by management. AL generally requires that the invoices are paid prior to services being rendered. As such, AL generally does not require collateral from its customers. Accounts receivable was \$1,145,514 as of December 31, 2022 compared to \$329,148 as of December 31, 2021. The allowance for doubtful accounts was \$28,333 at December 31, 2022.

**Note 3 - Investments**

Investments consist of the following at December 31, 2022:

|   | <u>Current Portion</u> | <u>Noncurrent Portion</u> | <u>Total</u>        |
|---|------------------------|---------------------------|---------------------|
| Mutual Funds                            | \$ 1,629,374           | \$ -                      | \$ 1,629,374        |
| Cash                                    | 70,398                 | -                         | 70,398              |
| Way Maker ValueAdd Real Estate Fund, LP |                        | 50,000                    | 50,000              |
|   | <u>\$ 1,699,772</u>    | <u>\$ 50,000</u>          | <u>\$ 1,749,772</u> |

Unrealized gains and losses result from periodic market value adjustments in various investment instruments. AL recognized a net unrealized investment loss of \$238,905 as of December 31, 2022 related to investment in mutual funds. AL recognized a net realized gain of \$12,624 as of December 31, 2022 related to investment in mutual funds. Noncurrent investments consists of a board-approved equity security interest in Way Maker ValueAdd Real Estate Fund, LP, a private placement pool of investment funds for accredited investors under rule 506(b). The cost of the equity security interest was \$50,000. There were no realized or unrealized gains or loss for the year ended December 31, 2022.

**Apartment Life, Inc.**  
**Notes to Financial Statements**  
**December 31, 2022**

**Note 4 - Fair Value Measurements**

Assets utilizing fair value measurements consists of the following at December 31, 2022:

|   | Level 1             | Level 2          | Total               |
|---|---------------------|------------------|---------------------|
| Mutual Funds                            | \$ 1,629,374        | \$ -             | \$ 1,629,374        |
| Cash                                    | 70,398              | -                | 70,398              |
| Way Maker ValueAdd Real Estate Fund, LP |                     | 50,000           | 50,000              |
|   | <u>\$ 1,699,772</u> | <u>\$ 50,000</u> | <u>\$ 1,749,772</u> |

The Way Maker ValueAdd Real Estate Fund, LP is a private placement pool of investment funds for accredited investors under rule 506(b). These equity securities are not publicly traded and do not have a readily determinable market value. The organization adjusts the carrying value of the equity security up or down for observable price changes in orderly transactions for identical or similar investments of the same issuer and for impairment, if any. There were no adjustments for the year ended December 31, 2022 or cumulative.

**Note 5 - Property and Equipment**

Property and equipment consists of the following at December 31, 2022:

|                                |             |
|--------------------------------|-------------|
| Office furniture and fixtures  | \$ 4,331    |
| Computer and office equipment  | 76,604      |
| Less: accumulated depreciation | (80,935)    |
|                                | <u>\$ -</u> |

Depreciation expense totaled \$0 for the year ended December 31, 2022.

**Note 6 - Intangibles**

Intangibles consist of the following at December 31, 2022:

|                             | Gross Carrying<br>Amount | Accumulated<br>Amortization | Net Carrying<br>Amount |
|-----------------------------|--------------------------|-----------------------------|------------------------|
| Apartment service contracts | \$ 39,285                | \$ (35,356)                 | \$ 3,929               |
| Website development costs   | 19,750                   | (19,750)                    | -                      |
|                             | <u>\$ 59,035</u>         | <u>\$ (55,106)</u>          | <u>\$ 3,929</u>        |

Amortization expense related to intangibles was \$7,857 for the year ended December 31, 2022. Estimated future amortization expense for intangible assets consists of \$3,929 to be recognized in 2023.

**Note 7 - Notes Receivable**

Notes receivable, related party, represents loans to employees under the Christian Healthcare Ministries medical bill-sharing plan. Under this plan, employees pay the provider and are reimbursed 60-90 days later by other Christian Healthcare Ministries participants. The Organization typically provides interest free loans to employees who have to make large upfront payments. Notes receivable consists of three promissory notes with employees related to the reimbursement medical plan totaling \$25,440 as of December 31, 2022. Each promissory note has an interest rate of 0%, and have maturity dates are on demand.

**Apartment Life, Inc.**  
**Notes to Financial Statements**  
**December 31, 2022**

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**Note 8 - Advance Deposits**

Advance deposits consist of AL team advance deposits and advance deposits related to apartment events. The Organization requires new teams to pay a deposit of \$500 upon application for placement. This deposit is refunded to the team only if they fulfill their two-year commitment. After the two-year commitment is met and once their program ends, their move-out fees from the property are deducted from their deposit to the Organization. Advance event deposits primarily consist of advanced funds received in preparation for future events. Advance AL team deposits and advance event deposits were \$325,642 and \$789,527, respectively, as of December 31, 2022.

**Note 9 - Net Assets**

Net Assets without Donor Restrictions

Net assets without donor restrictions includes the following designated funds at December 31, 2022:

|   |              |
|---|--------------|
| Endowment, board-designated funds for future national office expenditures | \$ 1,849,772 |
| Management-designated funds for Helping Hands                             | 15,589       |
|   | \$ 1,865,361 |

Net Assets with Donor Restrictions

Net assets with donor restrictions consists of the following at December 31, 2022:

|                      |           |
|----------------------|-----------|
| Colrich Thrive       | \$ 6,645  |
| Hilltop Fund         | 7,265     |
| South Texas Bay City | 4,343     |
|                      | \$ 18,253 |

**Note 10 - Endowment Fund**

The endowment fund represents board-designated funds for use of future national office expenditures. AL has adopted investment and spending policies, approved by the Board of Trustees, for endowment assets that seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. AL has a policy of appropriating approximately two-thirds of annual net income toward the endowment fund until a goal of \$10 million is reached. Endowment assets are invested in a well diversified asset mix, which includes cash, mutual funds, and the Way Maker ValueAdd Real Estate Fund, LP. Distributions will start when the goal is achieved and will be limited to the return on the fund and will be used for future national office expenditures.

Changes in endowment net assets as of December 31, 2022 are as follows:

|   |              |
|---|--------------|
| Endowment net assets, beginning of year | \$ 1,437,346 |
| Contributions                           | 600,000      |
| Investment return (loss), net           | (187,574)    |
| Endowment net assets, end of year       | \$ 1,849,772 |

**Note 11 - Commitments and Contingencies**

The Organization is subject to various claims and liabilities in the ordinary course of business. The Organization maintains various forms of insurance that the Organization's management believes are adequate to reduce the exposure to such risks to an acceptable level.

**Apartment Life, Inc.**  
**Notes to Financial Statements**  
**December 31, 2022**

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**Note 11 - Commitments and Contingencies, Continued**

AL is self-insured for certain healthcare costs. Most major claims are fully covered by Christian Healthcare Ministries ("CHM"). If the claim stems from a non-covered situation by CHM, then AL would be liable for up to \$75,000, at which point the remainder would be covered by the stop-loss insurance provider. The accruals for these healthcare costs are based on claims filed and estimates of claims incurred but not yet reported, and generally are not discounted. AL considers a number of factors, including historical losses, when making these determinations. AL records a monthly accrual based on number of employees and coverage type and has a reserve goal of \$187,500. AL maintains third-party stop-loss insurance policies (with an AM Best rated "A" company) to cover certain liability costs in excess of predetermined retained amounts. Management believes that the accruals are adequate to cover the retained liability. Because of the inherent uncertainties in estimating the accrual, it is at least reasonably possible that the estimate used will change within the near term.

**Note 12 - Donated Apartment Units**

The apartment units which the Organization's AL teams occupy are donated by management of the apartment complexes. The value of the donated apartment units are recorded at estimated fair market value. Total value of the donated apartment units was \$11,507,999 for the year ended December 31, 2022. This is recorded as both revenue and expense on the Statement of Activities.

**Note 13 - Concentrations**

The Organization maintains cash balances with national banks, which, at times, exceed federally insured limits. Uninsured balances totaled \$3,592,262 at December 31, 2022. In addition, revenues from Texas make up approximately 29% of revenue at December 31, 2022. The organization also has receivables totaling \$560,249, approximately 49% of accounts receivable, from a customer with multiple apartment complex properties.

**Note 14 - Related Parties**

AL received cash contributions of \$1,076,176 from AL executives and board of directors. The Organization also has an Affiliation Agreement and an International Grant Agreement with Apartment Neighbours, a Nonprofit Corporation operating under the laws of Canada, in which AL provides training and guidance to Apartment Neighbours. AL received \$6,578 revenue from the affiliate, in which AL's CEO is a board member.

AL loaned funds and issued promissory notes to three employees. The outstanding balance of the promissory notes totaled \$25,440 at December 31, 2022. Loaned funds totaled \$46,565 and repayments of prior loans totaled \$87,405 for the year ended December 31, 2022. AL also has employee advances of \$23,078 as of December 31, 2022.

The Organization has a Limited Partnership Agreement with Way Maker ValueAdd Real Estate Fund, LP, a private placement pool of investment fund, in which AL's chairman of the board is a general partner. See Note 3.

**Apartment Life, Inc.**  
**Notes to Financial Statements**  
**December 31, 2022**

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**Note 15 - Retirement Plan**

The Organization has a 403(b) retirement plan. Employees are eligible upon hire. The Organization makes matching contributions equal to 50% on the first 6% of the active participant's compensation. Participants vest in the matching contribution upon completion of one year of service. The plan permits in-service and hardship withdrawals and loans. The Organization's expense for the 403(b) retirement plan totaled \$90,941 for the year ended December 31, 2022.

**Note 16 - Management's Review**

Management has evaluated subsequent events through August 14, 2023, the date on which the financial statements were available to be issued.