FIRST HARTFORD CORPORATION AND SUBSIDIARIES

FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

YEARS ENDED APRIL 30, 2023 AND 2022

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CONTENTS

Report of Independent Registered Public Accounting Firm

Board of Directors and Shareholders
First Hartford Corporation
Manchester, Connecticut

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of First Hartford Corporation (the "Company") as of April 30, 2023 and 2022, the related consolidated statements of operations, changes in shareholders' equity (deficiency), and cash flows for each of the two years in the period ended April 30, 2023, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at April 30, 2023 and 2022, and the results of its operations and its cash flows for each of the two years in the period ended April 30, 2023**,** in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

Critical audit matters are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. We determined that there are no critical audit matters.

/s/ Mahoney Sabol & Company, LLP

We have served as the Company's auditor since 2013.
Glastonbury, Connecticut
August 2, 2023

FIRST HARTFORD CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
APRIL 30, 2023 AND 2022

ASSETS

	2023	2022
Real estate and equipment:		
Developed properties and property under construction (including $84,527,256 in 2023 and $81,919,164 in 2022 for VIEs)	$283,748,995	$281,348,100
Equipment and leasehold improvements (including $3,029,462 in 2023 and $2,964,510 in 2022 for VIEs)	4,959,310	4,996,308
	288,708,305	286,344,408
Less accumulated depreciation and amortization (including $29,468,815 in 2023 and $27,154,370 in 2022 for VIEs)	(76,806,045)	(72,379,282)
	211,902,260	213,965,126
Properties held for sale	3,761,335	9,474,267
Cash and cash equivalents (including $1,357,209 in 2023 and $2,378,663 in 2022 for VIEs)	2,816,095	18,213,183
Cash and cash equivalents – restricted (including $386,881 in 2023 and $381,129 in 2022 for VIEs)	1,208,796	1,047,180
Marketable securities (including $84,680 in 2023 and $456,257 in 2022 for VIEs)	84,680	456,257
Accounts and notes receivable, net (including $232,727 in 2023 and $219,394 in 2022 for VIEs)	6,026,404	3,635,283
Other receivables	1,043,736	588,411
Deposits and escrow accounts (including $4,129,486 in 2023 and $4,061,002 in 2022 for VIEs)	8,226,462	8,696,072
Prepaid expenses (including $652,763 in 2023 and $1,298,530 in 2022 for VIEs)	2,055,261	2,453,267
Deferred expenses, net (including $68,624 in 2023 and $82,969 in 2022 for VIEs)	4,725,507	3,031,689
Derivative asset	982,333	-0-
Investment in affiliates	779,738	1,582,748
Due from related parties and affiliates	113,836	767,249
Total assets	$243,726,443	$263,910,732

See accompanying notes.

FIRST HARTFORD CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
APRIL 30, 2023 AND 2022
(continued)

LIABILITIES AND SHAREHOLDERS' EQUITY

	2023	2022
Liabilities:		
Mortgages and other notes payable:		
Construction loans payable	$16,256,585	$45,733,154
Mortgages payable (including $59,185,505 in 2023 and $60,150,722 in 2022 for VIEs)	185,845,211	177,988,826
Notes payable (including $1,704,697 in 2023 and $1,704,697 in 2022 for VIEs)	1,704,697	1,704,697
Lines of credit	2,375,000	1,250,000
Less: Deferred debt issuance costs (including $1,290,549 in 2023 and $1,338,016 in 2022 for VIEs)	(2,262,204)	(2,322,932)
	203,919,289	224,353,745
Accounts payable (including $1,266,498 in 2023 and $805,494 in 2022 for VIEs)	7,594,097	8,193,794
Other payables	2,490,902	2,087,426
Accrued liabilities (including $4,743,111 in 2023 and $4,328,484 in 2022 for VIEs)	10,204,368	8,982,231
Derivative liability	-0-	670,581
Deferred income (including $188,095 in 2023 and $194,735 in 2022 for VIEs)	606,688	625,067
Due to related parties and affiliates	372,481	1,319,423
Deferred tax liability	4,726,595	4,735,269
Total liabilities	229,914,420	250,967,536
Commitments and Contingencies		
Shareholders' Equity:		
First Hartford Corporation		
Preferred stock, $1 par value; $.50 cumulative and convertible; authorized 4,000,000 shares; no shares outstanding	-0-	-0-
Common stock, $1 par value; authorized 6,000,000 shares: issued 3,175,908 in 2023 and 2022, outstanding 2,278,664 in 2023 and 2022	3,175,908	3,175,908
Capital in excess of par	4,974,876	4,974,876
Retained earnings	17,179,038	14,128,144
Treasury stock, at cost, 897,244 shares in 2023 and 2022	(4,994,594)	(4,994,594)
Total First Hartford Corporation	20,335,228	17,284,334
Noncontrolling interests	(6,523,205)	(4,341,138)
Total shareholders' equity	13,812,023	12,943,196
Total liabilities and shareholders' equity	$243,726,443	$263,910,732

See accompanying notes.

FIRST HARTFORD CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED APRIL 30, 2023 AND 2022

	2023	2022
Revenues:		
Rental income	$34,101,181	$32,210,230
Service income	4,056,847	5,654,229
Sales of real estate	29,929,230	36,873,047
Other revenues	3,353,262	5,554,340
	71,440,520	80,291,846
Operating costs and expenses:		
Rental expenses (includes depreciation and amortization of $6,457,613 and $6,493,603 in 2023 and 2022, respectively)	23,512,666	22,500,953
Service expenses	2,436,485	2,832,578
Cost of real estate sales	28,381,970	26,000,190
Other expenses	3,174,272	6,429,119
Selling, general and administrative expenses	9,627,168	8,051,628
	67,132,561	65,814,468
Income from operations	4,307,959	14,477,378
Non-operating income (expense):		
Equity (loss) in earnings of unconsolidated subsidiaries	(32,870)	7,265,902
Loss on defeasance	(599,064)	-0-
Other income (expense), net	1,670,260	4,041,663
Gain (loss) on derivatives	1,652,914	3,200,788
Forgiveness of debt	7,450,369	1,778,345
Interest expense	(11,155,274)	(10,281,433)
	(1,013,665)	6,005,265
Income before income taxes	3,294,294	20,482,643
Income tax expense	604,084	4,800,536
Consolidated net income	2,690,210	15,682,107
Net (income) loss attributable to noncontrolling interests	360,684	(608,221)
Net income attributable to First Hartford Corporation	$3,050,894	$15,073,886
Net income per share – basic	$1.34	$6.62
Net income per share – diluted	$1.34	$6.62
Shares used in basic per share computation	2,278,664	2,278,664
Shares used in diluted per share computation	2,278,664	2,278,664

See accompanying notes.

FIRST HARTFORD CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)
FOR THE YEARS ENDED APRIL 30, 2023 AND 2022

	Common Stock	Capital in Excess of Par	Accumulated Earnings (Deficit)	Treasury Stock	Total First Hartford Corporation	Noncontrolling Interests	Total
Balance, April 30, 2021	$3,175,908	$4,974,876	$(945,742)	$(4,994,594)	$2,210,448	$(3,701,926)	$(1,491,478)
Contributions	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Distributions	-0-	-0-	-0-	-0-	-0-	(1,247,433)	(1,247,433)
Purchase of common stock	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Net income (loss)	-0-	-0-	15,073,886	-0-	15,073,886	608,221	15,682,107
Balance, April 30, 2022	3,175,908	4,974,876	14,128,144	(4,994,594)	17,284,334	(4,341,138)	12,943,196
Contributions	-0-	-0-	-0-	-0-	-0-	153,079	153,079
Distributions	-0-	-0-	-0-	-0-	-0-	(1,974,462)	(1,974,462)
Purchase of common stock	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Net income (loss)	-0-	-0-	3,050,894	-0-	3,050,894	(360,684)	2,690,210
Balance, April 30, 2023	$3,175,908	$4,974,876	$17,179,038	$(4,994,594)	$20,335,228	$(6,523,205)	$13,812,023

See accompanying notes.

FIRST HARTFORD CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED APRIL 30, 2023 AND 2022

	2023	2022
Operating activities:		
Consolidated net income (loss)	$2,690,210	$15,682,107
Adjustments to reconcile consolidated net income to net cash (used in) provided by operating activities:		
Gain on sale of real estate	(1,547,260)	(10,872,857)
Gain on sale of net assets of Manchester Enterprises, LLC	-0-	(4,082,772)
Equity in earnings (loss) of unconsolidated subsidiaries, net	32,870	(6,905,902)
Depreciation of real estate and equipment	6,946,317	6,785,187
Amortization of deferred expenses	553,514	436,934
Deferred income taxes	(8,674)	2,612,689
(Gain) loss on marketable securities	52,640	61,334
Forgiveness of debt	(7,450,369)	(1,778,345)
Unrealized (gain) loss on derivatives	(1,652,914)	(3,200,788)
Changes in operating assets and liabilities:		
Accounts, notes and other receivables	(846,446)	1,596,325
Deposits and escrows	469,610	236,644
Prepaid expenses	398,862	(1,020,901)
Deferred expenses	(2,186,604)	(747,918)
Accrued liabilities	1,268,412	1,772,947
Deferred income	(18,379)	(339,424)
Accounts and other payables	(221,220)	1,799,632
Net cash provided by (used in) operating activities	(1,519,431)	2,034,892
Investing activities:		
Investments in marketable securities	-0-	(138,188)
Proceeds from sale of marketable securities	318,937	207,870
Purchases of equipment and tenant improvements	(252,900)	(128,711)
Distributions from equity investments	360,000	-0-
Proceeds from sale of school building	-0-	6,020,849
Proceeds from sale of net assets of Manchester Enterprises, LLC	-0-	6,090,003
Proceeds from sales of real estate	27,929,230	36,873,047
Exchange of Tenancy in Commons (TICs)	(1,300,542)	-0-
Additions to developed properties and property under construction	(25,255,469)	(45,542,869)
Net cash provided by (used in) investing activities	1,799,256	3,382,001

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See accompanying notes.

FIRST HARTFORD CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED APRIL 30, 2023 AND 2022
(continued)

	2023	2022
Financing activities:		
Purchase of common stock	$-0-	$-0-
Contributions from noncontrolling interests	93,563	-0-
Distributions to noncontrolling interests	(1,639,759)	(599,956)
Proceeds from:		
Construction loans	11,478,115	30,873,894
Mortgages	35,487,800	1,792,000
Notes	-0-	-0-
Credit lines	5,685,000	4,970,000
Principal payments on:		
Construction loans	(37,167,128)	(18,345,491)
Mortgages	(23,968,602)	(6,699,399)
Notes	-0-	-0-
Credit lines	(4,560,000)	(11,330,533)
Advances (repayments) to related parties and affiliates, net	(924,286)	(63,738)
Net cash provided by (used in) financing activities	(15,515,297)	596,777
Net change in cash and cash equivalents and restricted cash	(15,235,472)	6,013,670
Cash and cash equivalents and restricted cash, beginning of year	19,260,363	13,246,693
Cash and cash equivalents and restricted cash, end of year	$4,024,891	$19,260,363
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the year for interest	$11,042,718	$10,095,160
Cash paid (refunded) during the year for income taxes	$2,033,818	$(196,694)
Non-cash Investing and Financing Activities:		
Non-cash distributions to noncontrolling interests	$(334,703)	$(647,477)
Non-cash contributions from noncontrolling interests	$59,516	$-0-
Note receivable received for sale of real estate	$2,000,000	$-0-
Cash and cash equivalents:	$2,816,095	$18,213,183
Cash and cash equivalents – restricted	1,208,796	1,047,180
Cash and cash equivalents and restricted cash, end of year	$4,024,891	$19,260,363

See accompanying notes.

1. Summary of Significant Accounting Policies:

Description of Business

First Hartford Corporation (the Company or FHC) was incorporated in Maine in 1909 and is engaged in the purchase, development, ownership, management, and sale of real estate, all of which is considered the "Real Estate Operations" segment. The Company has a second segment "Fee for Service" in which the Company is engaged as a preferred developer for CVS, Cumberland Farms, and Wild Fork Foods (see Revenue Recognition below).

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company, its wholly-owned subsidiaries, and all other entities in which the Company has a controlling financial interest. The latter includes those in which the Company has been determined to be the primary beneficiary of a variable interest entity or otherwise meets certain criteria as a sole general partner or managing member in accordance with the consolidation guidance of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). As such, included in the consolidated financial statements are the accounts of Rockland Place Apartments Limited Partnership and Clarendon Hill Somerville Limited Partnership. The Company's ownership percentage in these variable interest entity partnerships is nominal. All significant intercompany balances and transactions have been eliminated in consolidation.

Beginning in the year ended April 30, 2021, the accounts of Manchester Enterprises, LLC, (MELLC) are included in the consolidated financial statements. The purpose of MELLC was solely to acquire, own, and operate one or more wholly-owned single-purpose LLCs that would develop, acquire, own, and operate one or more Dunkin' Donuts and/or Baskin-Robbins franchises in the State of Texas and to conduct all business and financing activities and all lawful acts and activities incidental thereto, under the Texas Business Organizations Code.

The Managing Members of MELLC are John Toic and Neil Ellis, who own 81% and 18%, respectively, with the other Member, Kirby Dolliole, owning 1%. Mr. Toic is President of the Company, Mr. Ellis is Chairman of the Company, and both are Directors of FHC. Mr. Dolliole is an employee of the Company.

MELLC entered into a Store Development Agreement with Dunkin Brands, Inc. (DBI) to build up to 18 stores in Houston, TX, and the surrounding area. Each store built under this agreement would be individually owned by an Operating Company that would be 100% owned by MELLC. Each Operating Company entered into a separate Franchise Agreement with DBI. Also, each Operating Company entered into an Administrative Support Agreement (ASA) with First Hartford Realty Corporation (FHRC) where FHRC was compensated for providing administrative and other back-office functions. The compensation paid to FHRC for these services consisted of 99% of the Free Cash Flow of the Operating Companies (as defined).

While the Company does not have any direct ownership in MELLC (or the underlying Operating Companies), it financed its activities and received substantially all the cash flows of MELLC. While the Company does not have a voting interest, it controls MELLC through its related parties, Mr. Toic and Mr. Ellis. Also, the Company was entitled to receive all assets (and assume any liabilities) upon the dissolution of the entity. Therefore, MELLC is included in the consolidated financial statements.

On April 9, 2022, the Company sold substantially all the net assets of MELLC and its subsidiaries, including the Store Development Agreement, for $6,250,000. The Company had built three stores under this agreement and a fourth store was under construction at the time of the sale. The gain recorded on this sale was $4,082,772 and is included in Other income (expense) in the Consolidated Statement of Operations for the year ended April 30, 2022.

1. Summary of Significant Accounting Policies (continued):

Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Financial Statement Presentation

Because the Company is engaged in the development and sale of real estate at various stages of construction, the operating cycle may extend beyond one year. Accordingly, following the usual practice of the real estate industry, the accompanying consolidated balance sheets are unclassified.

Statements of Cash Flows

In accordance with FASB ASC 230, the Company presents the change in total cash, cash equivalents, and restricted cash within the statement of cash flows. The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Revenue Recognition

The Company accounts for revenue in accordance with Accounting Standards Codification (ASC) Topic 606, “Revenue from Contracts with Customers” (Topic 606). The Company adopted new revenue recognition guidance on May 1, 2018, using the full retrospective method. Revenue is recognized when, or as control of, the promised services or goods is transferred to our customers in an amount that reflects the consideration the Company expects to be entitled to in exchange for those services. The Company’s contracts typically contain only one performance obligation.

The following is a description of the Company’s revenue recognition policies, updated for the effects of Topic 606, for the Company’s principal activities separated by our reportable segments as discussed further within Note 10.

Real Estate Operations Segment:
Rental Income – Rental income is recognized on a straight-line basis over the terms of the respective leases and consists of base rent and reimbursements for certain costs such as real estate taxes, utilities, insurance, common maintenance, and other recoverable costs as provided in the lease agreements. There are no contingent rents. If conditions of rent are not met, certain tenants may have rights to pay percentage rent not to exceed stated rent. Currently, there are a very limited number of tenants on percentage rent.

Management Service Income – The Company provides management and maintenance services to third parties, primarily the Company’s unconsolidated Claymont, DE and Bronx, NY properties. The Company is compensated for such services through a monthly management fee earned based on a specified percentage of the monthly rental income generated from the property under management. Property management services represent a series of distinct daily services rendered over time.

Sales of Real Estate – The Company recognizes sales of real estate as revenue at a point in time when control is transferred and the Company has satisfied its performance obligation. For the years ended April 30, 2023 and 2022, the Company had real estate sales totaling $29,929,230 and $36,873,047, respectively. The cost of the property sold was $28,381,970 and $26,000,190 for 2023 and 2022, respectively. None of the property sold was otherwise providing significant ongoing cash flows to the Company.

1. Summary of Significant Accounting Policies (continued):

Development Services – The Company typically satisfies its performance obligation as services are rendered over time, measured by the ratio of costs incurred up to a given date to estimated total costs for each contract. This cost-to-cost measure is used because management considers it to be the best available measure of progress on these contracts.

Construction Income – Construction revenues are recognized as performance obligations are satisfied over time (formerly known as the percentage-of-completion method), measured by the ratio of costs incurred up to a given date to estimated total costs for each contract. This cost-to-cost measure is used because management considers it to be the best available measure of progress on these contracts.

Other Revenues – Other revenues primarily represents retail sales at the Company's establishments (liquor store and movie theater) it operates at the North Adams, MA shopping center that was sold on April 28, 2023, as well as its Dunkin Donuts' stores (which were sold on April 9, 2022). The Company's movie theater was closed in January 2023. The Company recognizes these revenues at a point in time when control of the goods is transferred to its customers.

Fee for Service Segment:
Preferred Developer Services – The Company is party to preferred developer agreements with CVS, Cumberland Farms, and Wild Fork Foods. Under these agreements, the Company satisfies its performance obligation over time as services are provided. Fees are typically payable upon contractually defined events, like project milestones. Fees and reimbursable expenses related to the development of pharmacy stores for CVS during the years ended April 30, 2023 and 2022 were $482,500 and $1,510,550, respectively. Fees and reimbursable expenses earned for Cumberland Farms during the years ended April 30, 2023 and 2022 were $210,000 and $515,000, respectively. Fees and reimbursable expenses earned for Wild Fork Foods during the years ended April 30, 2023 and 2022 were $350,000 and $325,000, respectively. These fees are included in service income in the consolidated statements of operations.

Accounts Receivable and Allowance for Doubtful Accounts
The Company records accounts receivable for its unconditional rights to consideration arising from its performance under contracts with customers. The carrying value of such receivables, net of the allowance for doubtful accounts, represents their estimated net realizable value. The Company estimates its allowance for doubtful accounts for specific accounts receivable balances based on historical collection trends, the age of outstanding accounts receivables, and existing economic conditions associated with the receivables. The allowance for doubtful accounts totaled $87,914 and $303,964 as of April 30, 2023 and 2022, respectively. Past-due accounts receivable balances are written off when all internal collection efforts have been unsuccessful. As a practical expedient, the Company does not adjust the promised amount of consideration for the effects of a significant financing component when it expects, at contract inception, that the period between the transfer of a promised service to a customer and when the customer pays for that service will be one year or less. The Company does not typically include extended payment terms in its contracts with customers.

Remaining Performance Obligations
Remaining performance obligations represent the aggregate transaction prices for contracts where the Company's performance obligations have not yet been satisfied. On April 30, 2023 and 2022, the Company had no remaining performance obligations relating to construction projects.

1. Summary of Significant Accounting Policies (continued):

Contract Assets and Contract Liabilities

Contract assets represent assets for revenue that has been recognized in advance of billing the customer and for which the right to bill is contingent upon something other than the passage of time. Included in contract assets are costs and estimated earnings in excess of billings, uninstalled materials, and other costs related to long-term construction contracts.

When the Company receives consideration, or such consideration is unconditionally due, from a customer prior to transferring services to the customer under the terms of the services contract, the Company records a contract liability. Included in contract liabilities are billings in excess of costs and estimated earnings and deferred revenue.

Such deferred revenue typically results from milestone payments pertaining to future services not yet rendered. The Company recognizes the contract liability as revenue once it has transferred control of service to the customer and all revenue recognition criteria are met.

Contract assets and contract liabilities are determined for each contract on a net basis. As of April 30, 2023 and 2022, contract assets of $-0- and $-0-, respectively, are included in accounts and notes receivable in the accompanying consolidated balance sheets and contract liabilities totaling $150,000 and $250,000 as of April 30, 2023 and 2022 are included in deferred income in the accompanying consolidated balance sheets. The remaining balance of deferred income consists primarily of prepayments of monthly rent.

Contract Costs

Contract costs include all direct material, direct labor and benefits, materials unique to or installed in the project, subcontract costs and allocations of indirect construction costs. Provisions for estimated losses on contracts in progress are made in the period in which such losses are determined.

As long-term contracts extend over one or more years, revisions in estimates of costs and earnings during the course of the contract are reflected in the accounting period in which the facts that require the revision become known. Applying the contract cost practical expedient, the Company recognizes the incremental costs of obtaining contracts as an expense when incurred if the amortization period of the assets that it otherwise would have recognized is one year or less.

Other Receivables and Payables

Pursuant to the Company's Preferred Developer Agreement with CVS, the Company is obligated to fund allowable costs incurred in connection with the identification and development of new retail pharmacy stores for which it receives direct reimbursements from CVS. Payables for allowable costs incurred in connection with these activities but not yet funded were $1,091,243 and $703,781 as of April 30, 2023 and 2022, respectively, and have been included as "Other payables" in the consolidated balance sheets. Related reimbursements due from CVS were $1,043,736 and $588,411 as of April 30, 2023 and 2022, respectively, and have been included in "Other receivables" in the consolidated balance sheets.

Also included in "Other payables" as of April 30, 2023 and 2022 were $1,208,263 and $1,208,263, respectively, of cost reimbursements due upon completion of development projects.

1. Summary of Significant Accounting Policies (continued):

Cash and Cash Equivalents – Restricted

Cash and cash equivalents – restricted, includes funds received from CVS and Wild Fork in connection with the Company's Preferred Developer Agreements. Such amounts are to be used for the payment of costs incurred by the Company for the development and construction of CVS and Wild Fork retail pharmacy stores. The restricted cash also includes Tenant Security Deposits held by the VIEs and money required to be held in cash management accounts as a result of the Company failing to meet certain covenants regarding timeliness of obtaining major tenant lease renewals at our Lubbock, TX and Edinburg, TX shopping centers.

Developed Properties, Equipment and Tenant Improvements

Developed properties, equipment and tenant improvements are recorded at cost.

Depreciation and amortization are provided using the straight-line method based on the following estimated useful lives.

Description	Years
Developed properties	15 – 40
Equipment	3 – 10
Tenant improvements	Lesser of improvement life or lease term

Expenditures for major renewals and betterments, which extend the useful lives of developed properties, equipment, and tenant improvements, are capitalized. Expenditures for maintenance and repairs are charged to operations as incurred.

Property Under Construction

The Company capitalizes costs directly associated with property under construction. Such costs include materials, construction labor and payroll cost, allocation of salaries, and payroll cost from direct activities such as engineering, purchasing, legal, and services provided by subcontractors. Material carrying costs for property taxes, insurance, and interest are also capitalized during the period of active construction until construction is substantially complete (see Note 3).

The Company capitalizes labor cost for direct work by offsite staff on specific projects. In the years ended April 30, 2023 and 2022, $357,140 and $324,596, respectively, was capitalized.

Notes Receivable

On April 28, 2023, the Company sold its shopping center in North Adams, MA for $2,000,000 (cost of $5,535,466). The Company received a promissory note from the buyer as consideration. The note bears interest at the "Wall Street Journal Prime Rate," as defined, and requires the principal balance of the note be reduced monthly by the Net Cash Flow of the property, as defined, until the maturity date of September 30, 2023, at which time the outstanding principal and interest balance is payable in full.

1. Summary of Significant Accounting Policies (continued):

Property Held for Sale

The Company classifies property as "held for sale" if management commits to sell the property and actively markets the property to potential buyers at fair market value, the property is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such property, and the sale is probable within one year.

Deferred Expenses

Expenditures directly related to real estate under consideration for development are deferred and included in deferred expenses in the consolidated balance sheets. These costs include option payments, attorney's fees, architect and engineering fees, consultants, etc., but only to the extent they are from outside sources. If development of the real estate commences, all the accumulated costs are reclassified to property under construction in the consolidated balance sheets. If the project is later abandoned, all the accumulated costs are charged to expense.

Leasing costs incurred, primarily commissions, are capitalized for signed leases and included in deferred expenses in the accompanying consolidated balance sheets. Such costs are amortized using the straight-line method over the terms of the related leases. The unamortized balance of such cost was $1,232,617 and $870,575 as of April 30, 2023 and 2022, respectively.

Amortization expense for the next five years and thereafter is expected to be as follows:

Year Ending April 30,	
2024	$171,164
2025	164,662
2026	147,863
2027	126,949
2028	101,664
Thereafter	520,315
Total	$1,232,617

Investment in Affiliated Entities

The Company has an investment in an affiliated limited liability entity Dover Parkade, LLC ("Dover"). The Company has a 50% interest in Dover, which owns a shopping center in Dover Township, NJ. The operating and financial policies of Dover are not controlled by the Company. For years prior to May 1, 2009, the Company was committed to provide funding to this equity method investee. The Company's investment was recorded at cost and subsequently adjusted for its share of their net income and losses and distributions. Through April 30, 2009, losses and distributions from Dover exceeded the Company's investment and the Company's investment balance was reduced below $0 and recorded as a liability. Beginning May 1, 2009 and through April 30, 2022, distributions from Dover were credited to income and any additional losses were not allowed to further reduce the investment balance. As of April 30, 2022, the investment was no longer in a liability position and distributions are now recorded as a reduction of the investment and not as income. Regardless of operations, the investment will not be reduced below $0 from this point forward. The resulting carrying value of this investment of $327,472 and $190,864 as of April 30, 2023 and 2022, respectively, is included in Investment in affiliates. The Company recorded equity in earnings of unconsolidated subsidiaries of $496,608 and $1,166,506 related to Dover for the years ended April 30, 2023 and 2022, respectively. Distributions received were $360,000 and $360,000 for the years ended April 30, 2023 and 2022, respectively.

1. Summary of Significant Accounting Policies (continued):

Investment in Affiliated Entities (continued)

On October 4, 2011, the Company entered into a partnership with a nonprofit entity which purchased a 99-year leasehold interest in a 208-unit subsidized housing project in Claymont, Delaware. The Company is a non-controlling .01% limited partner in the entity. The Company's investment is carried at cost of $100. A subsidiary of the Company is the managing agent.

On April 19, 2018, a subsidiary of the Company invested in a limited liability company that purchased a 100-unit subsidized housing property in the Bronx, NY for $14,900,000. The Company, through this investment, is a non-controlling .005% Class B member in the limited liability company. The subsidiary's investment in the housing property is carried at cost of $100. The managing member has delegated the management of the property to the Company, for which it is being paid a property management fee equal to 4% of operating revenue of the housing property. The Company, through a wholly-owned subsidiary, was the general contractor for the renovation of this property, which cost approximately $9,458,000. Finally, a developer fee of $3,669,000 will be paid to the 75%-owned subsidiary of the Company. The first installment of this developer fee ($350,000) was paid upon closing; the second installment ($324,119) was paid upon conversion to permanent financing; the third installment ($524,758) was paid in fiscal 2021 upon satisfaction of various conditions. The balance of the developer fee, $2,470,123, was to be paid over 15 years contingent upon sufficient net cash flows of the property; of this amount, $1,227,930 has been paid leaving an additional $1,242,193 to be received. Future receipts will be recorded to revenue upon receipt.

On June 8, 2021, the Company's joint venture, CP Associates, LLC, distributed assets (the Former School Property and the Restaurant parcels in Cranston, RI, excluding the police station parcel) to its Members as Tenants in Common. Also on June 8, 2021, the Company's joint venture, Trolley Barn, LLC, distributed its assets (vacant land in Cranston, RI, "Trolley Barn") to its Members as Tenants in Common and was dissolved. After these transactions, one of the Members of these three properties, Brewery Parkade, which is a wholly-owned subsidiary of the Company, directly owned 50% of each of these properties. Tenancy in common provides each holder a distinct, separately transferable interest in the property. While these changes had no impact on the Company's net income (loss), the financial statements were impacted in that, while these properties were previously consolidated, they were instead accounted for using the equity method of accounting since the Company did not have the stand-alone power to make decisions regarding the financing, development, sale, or operations of these properties.

On April 7, 2022, the Former School Property was sold for $16,000,000. The Company's 50% share on the profit on this sale was $5,909,208 and $6,020,849 was distributed to the Company. There remains approximately 2.96 acres of land within that tenancy in common.

Below is the financial activity in these properties through April 30, 2022:

	Former School Property	Restaurant	Trolley Barn	Total
Investment, June 8, 2021	$994,324	$60,354	$258,459	$1,313,137
Equity (loss) in earnings	6,056,834	48,530	(5,968)	6,099,396
Distributions	(6,020,849)	-0-	-0-	(6,020,849)
Investment, April 30, 2022	$1,030,309	$108,884	$252,491	$1,391,684

1. Summary of Significant Accounting Policies (continued):

Investment in Affiliated Entities (concluded):

On March 31, 2023, the Company exchanged its 50% interest in the Restaurant property for the other 50% interest in the Trolley Barn tenancy in common. As part of the transaction, the Company paid $1,250,000 which represented the difference between the fair value of the Restaurant property given up and the Trolley Barn property acquired, plus additional transaction costs totaling $50,542. As a result of the transaction the Company owns 100% of the Trolley Barn property and is now consolidating the assets and liabilities related to this property in its financial statements. There was no gain or loss resulting from this transaction. Below is the financial activity in these properties from May 1, 2022 through April 30, 2023.

	Former School Property	Restaurant	Trolley Barn	Total
Investment, May 1, 2022	$1,030,309	$108,884	$252,491	$1,391,684
Equity (loss) in earnings	(578,243)	67,670	(18,905)	(529,478)
Exchange of ownership	-0-	(176,554)	(233,586)	(410,140)
Investment, April 30, 2023	$452,066	$ -0-	$ -0-	$452,066

Fair Value Measurements:

Certain assets and liabilities are presented at fair value on a recurring basis. In addition, fair values are disclosed for certain other assets and liabilities. In all cases, fair value is determined using valuation techniques based on a hierarchy of inputs. A summary of the hierarchy follows:

- Level 1 – Quoted prices in active markets that are unadjusted and accessible at the measurement date for identical, unrestricted assets or liabilities.

- Level 2 – Quoted prices for identical assets and liabilities in markets that are not active, quoted prices for similar assets and liabilities in active markets or financial instruments for which significant observable inputs are available, either directly or indirectly such as interest rates and yield curves that are observable at commonly quoted intervals; and

- Level 3 – Prices or valuations that require inputs that are unobservable.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls has been determined based on the lowest level input that is significant to the fair value measurement in its entirety. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the asset or liability.

The Company's financial instruments include cash and cash equivalents, accounts receivable, marketable securities, accounts payable, accrued expenses and debt. The fair values of accounts receivable, accounts payable and accrued expenses are estimated to approximate their carrying amounts because of their relative short-term nature. In general, the carrying amount of variable rate debt approximates its fair value. Further, the carrying amount of fixed rate debt approximates fair value debt since the interest rates on the debt approximates the Company's current incremental borrowing rate. Information about the fair values of marketable securities and derivative liabilities is presented below.

1. Summary of Significant Accounting Policies (continued):

Fair Value Measurements (continued):

Level 1

Marketable Securities – Common and Preferred Stocks

The Company determines the appropriate classifications of its investments in marketable debt and equity securities at the time of purchase and re-evaluates such determinations at each balance sheet date. As of April 30, 2023 and 2022, investments consist of equity securities, which are classified as available for sale. Investments in marketable securities are stated at fair value of $84,680 and $456,257 as of April 30, 2023 and 2022 (cost of $175,541 and $499,855). Fair value for marketable securities is based on the last sale of the period obtained from recognized stock exchanges (i.e., Level 1). Net unrealized holding gains and temporary losses on equity securities are included in net earnings. Gains or losses on securities sold are based on the specific identification method.

Level 2

Derivative Instruments

The Company, through its 50% owned consolidated subsidiaries, has entered into two separate floating-to-fixed interest rate swap agreements with banks that expire in May 2025 and July 2031.

On June 1, 2019, the Company, through a wholly-owned subsidiary, entered into a separate floating-to-fixed interest rate swap agreement with a bank that expires January 2029.

On March 16, 2023, the Company, through two wholly-owned subsidiaries, entered into two separate floating-to-fixed interest rate swap agreements with a bank that expire in April 2028.

The Company has determined that these derivative instruments do not meet the requirements of hedge accounting and have therefore recorded the change in fair value of these derivative instruments through income.

The gain (loss) on derivatives incurred during the years ended April 30, 2023 and 2022 totaled $1,652,914 and $3,200,788, respectively, and the Company has recorded an asset (liability) of $982,333 and $(670,581) in the consolidated balance sheets, which represents the fair value of the interest rate swaps as of April 30, 2023 and 2022, respectively.

The following table presents information about the Company's respective assets and liabilities measured at fair value on a recurring basis at April 30, 2023 and 2022, including the fair value measurements and the level of inputs used in determining those fair values:

April 30, 2023	Level 1	Level 2	Level 3	Total
Assets:				
U.S. Equity Securities	$84,680	$-0-	$ -0-	$84,680
Interest Rate Swap Agreements	-0-	982,333	-0-	982,333
	$84,680	$982,333	$-0-	$1,067,013

April 30, 2022	Level 1	Level 2	Level 3	Total
Assets:				
U.S. Equity Securities	$456,257	$ -0-	$ -0-	$456,257
Liabilities:				
Interest Rate Swap Agreements	$ -0-	$(670,581)	$ -0-	$(670,581)

1. Summary of Significant Accounting Policies (concluded):

Fair Value Measurements (concluded):

The Company recognizes transfers between levels within the hierarchy as of the beginning of the reporting period. There have been no significant transfers between levels within the hierarchy for the years ended April 30, 2023 and 2022.

Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amount might not be recovered. When impairment indicators are identified, the Company reduces the carrying value of the asset or group of assets, to the undiscounted expected cash flows through a charge to impairment loss in the current period.

Earnings (loss) per share (EPS)

Basic earnings (loss) per share amounts are determined using the weighted-average outstanding common shares for the year. Diluted earnings (loss) per share amounts include the weighted-average outstanding common shares as well as potentially dilutive common stock options and warrants using the "treasury stock" method. There were no options outstanding at April 30, 2023 or April 30, 2022.

Income Taxes

Deferred income taxes are provided on the differences between the financial statement and income tax bases of assets and liabilities and on net operating loss carryforwards using the enacted tax rates. A valuation allowance is provided for deferred income tax assets for which realization is not likely in the near term.

As of April 30, 2023 and 2022, the Company had no significant uncertain income tax positions. The Company recognizes interest and penalties on any uncertain income tax positions as a component of income tax expense. During the years ended April 30, 2023 and 2022, the Company did not recognize any interest or penalties related to unrecognized tax benefits.

The statute of limitations is three years unless there is fraud or substantial understatement of income. Therefore, tax returns beginning with fiscal year 2021 are open to examination by Federal, local, and state authorities.

2. Consolidated Variable Interest Entities

The Company's consolidated financial statements include the accounts of Rockland Place Apartments Limited Partnership ("Rockland") and Clarendon Hill Somerville Limited Partnership ("Clarendon"). The Company has consolidated Rockland and Clarendon based on the express legal rights and obligations provided to it by the underlying partnership agreements and its control of their business activity.

Connolly and Partners, LLC (a wholly-owned subsidiary of the Company) has a .01% ownership interest in and is a general partner of Rockland. Connolly and Partners, LLC also owns 49% of Clarendon Hill Somerville, LLC, which owns .01% of and is the general partner of Clarendon.

Rockland owns and operates a rental housing project consisting of 204 units located in Rockland, Massachusetts. Clarendon owns and operates a 501-unit apartment complex in Somerville, Massachusetts. Both projects were renovated and are managed by the Company. Renovation costs were financed with loans from MHFA, subsidies from U.S. Department of Housing and Urban Development (HUD) and limited partner capital contributions.

2. Consolidated Variable Interest Entities (continued):

Each building of the projects qualifies for low-income housing credits pursuant to Internal Revenue Code Section 42 ("Section 42"), which regulates the use of the projects as to occupant eligibility and unit gross rent, among other requirements. Each building of the projects must meet the provisions of these regulations during each of fifteen consecutive years in order to remain qualified to receive the credits. In addition, Rockland and Clarendon have executed an Extended Low-Income Housing Agreement, which requires the utilization of each project pursuant to Section 42 through the compliance period, even if Rockland or Clarendon disposes of the project.

Each project's low-income housing credits are contingent on its ability to maintain compliance with applicable sections of Section 42. Failure to maintain compliance with occupant eligibility, and/or unit gross rent, or to correct noncompliance within a specified time period could result in recapture of previously taken tax credits plus interest. In addition, such potential noncompliance may result in an adjustment to the capital contributed by the investment limited partner.

Rockland has an agreement with the Rockland Housing Authority whereby the Housing Authority has a right of refusal and option to purchase the property, for a period of twelve (12) months following the close of the 15-year tax credit compliance period, terminating December 31, 2023. The option price is the greater of: (a) outstanding debt and taxes; or (b) fair market value of the property.

Clarendon has an agreement with the 51% owner of Clarendon Hill Somerville, LLC, Clarendon Hill Towers Tenant Association, Inc. ("CHTTA"), whereby CHTTA has a right of refusal and option to purchase the property, for a period of twelve (12) months following the close of the 15-year tax credit compliance period, terminating April 30, 2025. The option price is the greater of: (a) outstanding debt and taxes; or (b) fair market value of the property.

The assets at April 30, 2023 and 2022 of the consolidated VIEs (Rockland and Clarendon) that can be used only to settle their obligations and the liabilities for which creditors (or beneficial interest holders) do not have recourse to the general credit of the Company are shown parenthetically in the line items of the consolidated balance sheets.

A summary of the assets and liabilities of Rockland and Clarendon included in the Company's consolidated balance sheets as follows:

	April 30, 2023	April 30, 2022
Real estate and equipment, net	$60,019,059	$59,797,043
Other assets	6,912,370	8,877,944
Total assets	66,931,429	68,674,987
Intercompany profit elimination	(1,931,156)	(2,067,740)
Consolidated total assets	$65,000,273	$66,607,247
Mortgages and other notes payable	$59,599,653	$60,517,404
Other liabilities	6,197,704	5,271,071
Total liabilities	$65,797,357	$65,788,475

Substantially all assets of Rockland and Clarendon are pledged as collateral for its debt. The recourse of the holders of the mortgages and other notes payable is limited to the assets of Rockland and Clarendon. Combined revenues for Rockland and Clarendon were $13,592,933 for the year ended April 30, 2023 and $13,503,484 for the year ended April 30, 2022. The combined net loss for Rockland and Clarendon was $1,746,261 for the year ended April 30, 2023 and $1,674,630 for the year ended April 30, 2022. Since the Company's ownership interest in both entities is nominal, substantially all such losses are allocated to the noncontrolling interests in the consolidated financial statements.

2. Consolidated Variable Interest Entities (concluded):

Subsequent to April 30, 2023 (on May 19, 2023), the Company bought out the 99.99% limited partnership interests in both Rockland and Clarendon for $930,140 and $2,200,735, respectively. After these transactions, the Company owns 100% and 99.99%, respectively, of Rockland and Clarendon. There were no income statement impacts as a result of these equity transactions. See Note 14.

3. Construction Loans, Mortgages, Notes Payable, and Lines of Credit:

Information about the Company's debt follows:

	2023	2022
Construction loans and mortgages payable with interest rates ranging from zero to 9.50% at April 30, 2023 and 2022 and maturities at various dates through 2056.	$202,101,796	$223,721,980
Notes payable with interest rates ranging from zero to 4.40% at April 30, 2023 and 2022 and maturities ranging from 2030 to 2050.	1,704,697	1,704,697
Lines of credit with interest rates ranging from 8.05% to 8.26% at April 30, 2023 and 2022 and maturities at various dates through 2023.	2,375,000	1,250,000
	206,181,493	226,676,677
Less deferred debt issuance costs	(2,262,204)	(2,322,932)
	$203,919,289	$224,353,745

For the years ended April 30, 2023 and 2022, $299,771 and $791,177 of interest related to various development and construction projects was capitalized.

Aggregate principal payments due on the above debt for each of the years succeeding April 30, 2023 are as follows:

Year Ending April 30,	
2024	$17,820,690
2025	10,372,803
2026	31,362,249
2027	41,619,575
2028	25,828,212
Thereafter	79,177,964
	$206,181,493

Substantially all real estate owned is pledged as collateral for construction and mortgage loans.

3. Construction Loans, Mortgages, Notes Payable, and Lines of Credit (continued):

Mortgage and Construction Loans:
West Springfield, MA – Refinance: On May 16, 2022, the Company refinanced its mortgage loan on its property in West Springfield, MA. The prior loan, which had a balance of $9,891,738, was replaced by another loan of $12,000,000. There was a defeasance loss of $403,227 recorded as part of this refinancing. The new loan has a fixed interest rate of 4.50% and matures on May 16, 2032. Principal and interest shall be amortized over 360 months and paid monthly with the remaining balance due on the maturity date. A prepayment premium of 3.0%, 2.0%, and 1.0% is payable if any portion of the loan is prepaid in years 1, 2, and 3-10, respectively. The Company is a guarantor on the loan.

North Adams, MA – Loan Payoff: On June 23, 2022, the Company paid $3,000,000 to Protective Life Insurance Company to settle its mortgage loan on its North Adams, MA shopping center. The loan had a principal balance of $6,780,042 at the time of settlement, resulting in a gain on forgiveness of debt totaling $3,662,813.

Edinburg, TX – Refinance: On June 27, 2022, the Company paid $6,733,434 to Protective Life Insurance Company to settle its mortgage loan on its Edinburg, TX shopping center, resulting in a gain on forgiveness of debt totaling $3,787,556. The loan, which had a principal balance of $10,520,990, was replaced by a term loan of $6,732,800 from a different bank. The new mortgage loan has a five-year term and an interest rate equal to the Prime Rate plus 0.50% per annum (but in no event will the resulting rate be less than 3.50%). Principal payments of $1,346,560 are due annually and any amounts received related to a prepayment and related partial release of the collateral will be applied to the next principal payment. Interest on outstanding principal balances is payable monthly. There are no prepayment penalties.

Plainfield, CT – Refinance: On July 21, 2022, the Company refinanced its mortgage loan on its property in Plainfield, CT. The prior loan, which had a balance of $5,500,752, was replaced by another loan of $6,240,000. There was a defeasance loss of $195,837 recorded as part of this refinancing. The new loan has a fixed interest rate of 4.625% and matures on May 1, 2032. Principal and interest shall be amortized over 360 months and paid monthly with the remaining balance due on the maturity date. A prepayment premium of 3.0%, 2.0%, and 1.0% of the original amount of the note is payable if any portion of the loan is prepaid in years 1-2, 3-4, and 5-10, respectively. The Company is a guarantor on the loan.

Del Valle, TX / Austin, TX – Conversion to Mortgage Loans: On March 31, 2023, the Company converted two construction loans with a combined balance of $10,515,000 into two mortgage loans with the same lender. The new loans have a variable rate based on the benchmark One Month CME TERM SOFR IMO plus 2.0%. The variable rate on both loans has been fixed at 5.72% via two interest rate swaps. Both loans require monthly payments of principal (starting at $15,500 combined and adjusted annually, ultimately rising to $19,700) based on a payment schedule plus interest, until maturity at April 30, 2028, at which point a combined balloon payment of $9,456,600 is payable. There are no prepayment penalties. The Company is a guarantor on the loan.

3. Construction Loans, Mortgages, Notes Payable, and Lines of Credit (concluded):

Lines of Credit:
On April 19, 2017, the Company entered into an unsecured line of credit with a regional bank. This line of credit, as amended, was subsequently increased to $5,000,000 on May 19, 2022. Updated terms of the line of credit are as follows:

Term:	Matures on May 1, 2023 (maturity extended to May 1, 2025 on May 19, 2023)
Rate:	One-Month Term Secured Overnight Financing Rate (SOFR) + 3.25% per annum
Unused Fee:	0.25% annually on the unused line
Guarantee:	Full guarantee by the Chairman of the Company (Individual)
Deposits:	Must maintain a minimum of $500,000 at bank
Covenants:	Company must maintain a minimum liquidity of $2,500,000
Other:	Each funding request to be at the sole discretion of the bank and only to acquire credit tenanted properties.
Clean Up:	Borrower to be out of debt once each year for at least 30 days.

As of April 30, 2023 and 2022, the Company had borrowings of $1,375,000 and $-0-, respectively, against this credit line.

On May 10, 2021, the Company obtained an unsecured credit line with a regional bank that is used primarily to fund initial investments related to development opportunities. The interest rate on this loan is the Prime Rate per the Wall Street Journal (with floor of 3.25%). The credit line is subject to annual review and balances are due on demand. Interest is to be paid monthly; principal is to be repaid within ninety days upon notice by the lender. On March 1, 2023, this line of credit was increased from $3,000,000 to $5,000,000. As of April 30, 2023 and 2022, the Company had borrowings of $1,000,000 and $1,250,000, respectively, against this credit line.

4. Related Party Transactions:

Parkade Center Inc. (a wholly owned subsidiary of First Hartford Corporation) has a 1.99% interest in Hartford Lubbock Parkade LP II, a partnership, which owns a shopping center in Lubbock, TX. Lubbock Parkade Inc., a wholly owned subsidiary of Journal Publishing Inc., owns 98.01% of the Partnership. Journal Publishing Inc. is owned by Neil H. Ellis, the Chairman of First Hartford Corporation through his ownership of Green Manor Corporation. First Hartford Realty Corporation manages the property and receives a 4% management fee, which is the industry norm for a shopping center.

For the years ended April 30, 2023 and 2022, Parkade Center Inc. and First Hartford Realty Corporation earned the following:

	2023	2022
Management Fee (at 4%)	$55,461	$43,024

For the years ended April 30, 2023 and 2022, Parkade Center Inc. received distributions of $7,576 and $-0-, respectively. For the years ended April 30, 2023 and 2022, Lubbock Parkade Inc. received distributions of $250,000 and $-0-, respectively, from Hartford Lubbock LP II.

Included in amounts due from related parties and affiliates is $-0- and $694,075 receivable from the Cranston, RI Land tenancy-in-commons at April 30, 2023 and 2022, respectively. These balances were settled upon the common control exchange as described in Note 1.

4. Related Party Transactions (concluded):

Included in amounts due to related parties and affiliates is $-0- and $335,766 payable to Cranston Brewery LLC at April 30, 2023 and 2022, respectively. Cranston Brewery LLC is an affiliate but not owned by the Company. The amount due represented funding of operations for the now-dissolved Trolley Barn Associates (50%) and were settled as part of the TIC exchange as described in Note 1.

Included in amounts due to related parties and affiliates is $-0- and $417,050 payable to WMC 1, LLC at April 30, 2023 and 2022, respectively. WMC 1, LLC is owned by a director of the Company. The amount due represented WMC 1, LLC's share of a distribution from Connolly Bronx, LLC, a wholly owned subsidiary of the Company.

Included in amounts due to related parties and affiliates is $299,389 and $566,606 payable to the Cranston, RI tenancies-in-common at April 30, 2023 and 2022, respectively. These tenancies-in-common are unconsolidated equity investments, as discussed in Note 1. The amount due represents cash flow received by CP Associates, LLC, a 50%-owned consolidated subsidiary of the Company, that are attributed to the operations of the tenancy-in-common entities, which were created on June 8, 2021. As of April 30, 2023, the balance due is payable to the Former School Property TIC only as the other two have been dissolved as part of the TIC exchange as described in Note 1.

5. Employee Retirement Plan:

The Company has a 401(k) Plan for its employees. Under this plan, all employees over 18 years of age, working at least 30 hours weekly are eligible to participate. Participants are eligible to defer earnings to the extent of IRS regulations. The Company matches up to 4% of each participating employee's annual salary. Pension expense was $204,995 and $224,406 for the years ended April 30, 2023 and 2022, respectively.

6. Income Taxes:

The provision (benefit) for income taxes consists of:

	2023	2022
Current Federal income taxes	$847,460	$1,612,218
Current State income taxes	(234,702)	575,630
Deferred Federal income taxes	(7,006)	2,110,248
Deferred State income taxes	(1,668)	502,440
	$604,084	$4,800,536

The net deferred income tax asset (liability) consists of:

Tax effect of net operating loss carry-forwards	$-0-	$-0-
Basis in fixed assets	(3,699,482)	(2,770,228)
AMT credits	9,571	9,571
Rent receivable	(137,887)	(163,998)
Investments in partnerships	(1,137,655)	(2,061,715)
Unrealized (gain) loss on derivatives	(69,676)	(72,404)
Impairment loss	307,752	307,752
Other	782	15,753
	$(4,726,595)	$(4,735,269)

6. Income Taxes (concluded):

A reconciliation of the provision (benefit) for income taxes with amounts determined by applying the statutory U.S. Federal income tax rate to income before income taxes is as follows:

	2023	2022
Federal statutory rate (21.0%)	$691,802	$4,301,355
State tax – net of Federal effect	(234,702)	575,630
Losses (income) attributable to noncontrolling interests in pass-through entities	93,778	(158,138)
Non-taxable loan forgiveness income	-0-	(462,370)
Other	53,206	544,059
Provision (benefit) for income taxes	$604,084	$4,800,536

7. Leases of Property:

Lessee Arrangements:

On April 9, 2022, the Company sold substantially all the net assets of its Dunkin' Donuts stores. The Company leased four buildings for its Dunkin' Donuts stores. With the sale, the Company no longer has any significant lessee arrangements.

Lessor Arrangements:

The Company leases commercial and residential real estate to tenants under various operating leases expiring through 2043.

Rental income for the years ended April 30, by type of tenant, follows:

	2023	2022
Residential	$13,592,933	$13,503,484
Commercial	20,508,248	18,706,746
	$34,101,181	$32,210,230

Minimum future rentals to be received on non-cancellable commercial real estate leases as of April 30, 2023 are as follows:

Year Ending April 30,	
2024	$13,033,815
2025	11,121,736
2026	9,603,097
2027	8,317,289
2028	6,463,706
Thereafter	24,900,396
Total	$73,440,039

The following table shows the location, general character, ownership status, and cost of the materially important physical properties of the Company.

7. Leases of Property (continued):

Consolidated Subsidiaries – Commercial Properties:

Company Managed	Location of Properties	Use	Available Space or Facilities and Major Tenants	Ownership Status	Cost
X	Edinburg, TX	Shopping Center	485,474 sq. ft. JC Penney 21% Academy Sports 16% Burlington Coat Factory 17%, Effective rent per sq. ft. occupied, exclusive of JC Penney (JC Penney owns its building) is $10.77, 94% occupied	100% owned by a subsidiary of the Company, except JC Penney building.	$54,224,748
X	West Springfield, MA	Shopping Center	144,350 sq. ft. Price Rite 28% Big Lots 21% Harbor Freight 12%, Effective rent per sq. ft. occupied is $10.22, 97% occupied	100% owned by a subsidiary of the Company.	8,455,693
X	Plainfield, CT	Strip Shopping Center	60,154 sq. ft. Big Y 76%, Effective rent per sq. ft. occupied is $11.75, 93% occupied	100% owned by a subsidiary of the Company.	5,104,135
X	New Orleans, LA	Strip Shopping Center	37,671 sq. ft. Marshalls 53%, Petco 33%, Effective rent per sq. ft. occupied is $23.02, 100% occupied	100% owned by a subsidiary of the Company.	9,201,659
	Cranston, RI	Shopping Center	255,365 sq. ft. Stop & Shop 26%, Burlington Coat Factory 18%, Edge Fitness 14%, Effective rent per sq. ft. occupied is $14.98 93% occupied	50% owned by a subsidiary of the Company.	36,174,104

7. Leases of Property (continued):

Consolidated Subsidiaries – Commercial Properties:

Company Managed	Location of Properties	Use	Available Space or Facilities and Major Tenants	Ownership Status	Cost
	Cranston, RI	Police Station	60,000 sq. ft. Leased to City of Cranston, Effective rent per sq. ft. occupied is $17.75 100% occupied	50% owned by a subsidiary of the Company.	10,132,902
X	Lubbock, TX	Shopping Center	160,531 sq. ft. Mardel 25%, TJ Maxx 19%, Effective rent per sq. ft. occupied is $10.08, 96% occupied	2.0% owned by a subsidiary of the Company.	6,398,980

The properties listed above contain approximately 1,203,545 rentable sq. ft., of which approximately 63,581 sq. ft., or approximately 5%, was vacant at April 30, 2023. Over the next 10 years, 74 of the current 77 leases will expire as follows:

Year Ended	Number of Leases	Sq. Ft.	Base Rent	Percentage of Base Rent
4/30/24	9	125,248	$1,459,124	11.02%
4/30/25	14	197,611	$2,127,347	16.07%
4/30/26	8	89,565	$1,027,535	7.76%
4/30/27	17	81,330	$1,628,304	12.30%
4/30/28	11	149,328	$1,734,432	13.10%
4/30/29	6	158,340	$2,105,421	15.90%
4/30/30	2	52,625	$698,525	5.28%
4/30/31	1	987	$23,688	0.18%
4/30/32	3	21,113	$234,744	1.77%
4/30/33	3	123,310	$1,756,666	13.27%

Total rental income of these properties for the year ended April 30, 2023 was $16,904,165, of which $3,648,624 is allocated for reimbursement of real estate taxes, common area expenses, and insurance expenses.

The Company does not have any individual tenants that account for 5% or more of the Company's revenues.

7. Leases of Property (continued):

Consolidated Subsidiaries – Residential Properties:

Company Managed	Location of Properties	Use	Available Space or Facilities and Major Tenants	Ownership Status	Cost
X	Rockland, MA	Apartments	204 units, low to moderate income, 94% occupied, effective sq. ft. rent - $33.74	.01% owned by a a wholly owned subsidiary of the Company.	27,060,678
X	Somerville, MA	Apartments	501 units, low to moderate income, 97% occupied, effective sq. ft. rent - $27.51	.0049% owned by a wholly owned subsidiary of the Company.	53,994,058

Non-Consolidated Subsidiaries:

Company Managed	Location of Properties	Use	Available Space or Facilities and Major Tenants	Ownership Status	Cost
X	Claymont, DE	Apartments	208 units, senior housing, 100% sec 8 subsidized, 98% occupied, effective sq. ft. rent - $25.58	Nonconsolidated, .01% owned by a wholly owned subsidiary of the Company.	11,356,608
X	Bronx, NY	Apartments	99 units, senior housing, 100% sec 8 subsidized, 100% occupied, effective sq. ft. rent - $44.21	Nonconsolidated, .005% owned by a wholly owned subsidiary of the Company.	33,447,508
	Dover Township, NJ	Shopping Center	108,084 sq. ft. Stop & Shop 52% Dollar Tree 9% Plus Outparcels	50% owned by a subsidiary of the Company.	14,670,073
	Cranston, RI	Excess Land (School sold April 7, 2022)	Land (2.96 acres)	Tenancy-in-common (50% owned).	1,128,872

In addition to the materially important physical properties of the Company listed above, the Company owns several other properties that are being developed or may be developed in the future as opportunities arise. Many of these other properties involve ground lease or build-to-suit deals. In some cases, the land being developed is solely for a single entity, in other cases the land is primarily for a single entity with some excess land retained for future development, and in other cases the land is banked for future potential development. Generally, the Company looks to sell the properties within twelve months after development is completed.

7. Leases of Property (continued):

Consolidated Subsidiaries – Development Properties:

Location of Properties	Use	Anticipated Completion Date	Cost Incurred to Date
Houston, TX (Bellfort)	Single tenant ground lease	FY 2024	1,011,404
Magnolia, TX (Woodlands)	Single tenant build-to-suit plus 22.60 acres of land – can support 120,000 sq. ft. development	FY 2024 / 2025	8,966,766
Little Ferry, NJ	Single tenant building	FY 2024	11,149,095
Del Valle, TX	Single tenant build-to-suit plus ground lease	FY 2024	6,006,981
Houston, TX (West Lake)	22.47 acres of land – can support 120,000 sq. ft. development	FY 2024	11,579,323
Montgomery, TX	17.09 acres of land plus two strip malls – can support 130,000 sq. ft. development	FY 2024 / 2025	11,764,304
Katy, TX (Cinco Ranch)	4.19 acres of land – can support 30,000 sq. ft. development	FY 2024	3,348,039
Austin, TX (Easton Park West)	5.20 acres of land – can support 25,000 sq. ft. development	FY 2024	2,254,373
Austin, TX (Easton Park)	Single tenant build-to-suit plus 8.55 acres of land – can support 50,000 sq. ft. development	FY 2024	9,610,684
Spring, TX (Glennloch)	1.81 acres of land – can support 12,000 sq. ft. development	FY 2024	417,519
Humble, TX	2.62 acres of land – can support 10,000 sq. ft. development	FY 2024	1

7. Leases of Property (continued):

Consolidated Subsidiaries – Development Properties (continued):

Location of Properties	Use	Anticipated Completion Date	Cost Incurred to Date
Buda, TX	10.90 acres of land – can support 35,000 sq. ft. development	FY 2024	3,865,803
Cranston RI	6.61 acres of land – can support 50,000 sq. ft. development	FY 2024	2,044,120
Wylie, TX	0.79 acres of land – can support 2.800 sq. ft. development	FY 2024	653,405
All Other Properties Held			330,221
Total cost of developed properties and property under construction (excludes non-consolidated subsidiaries)			$283,748,995

The Company also owns property it is currently holding for sale. The properties include two single-tenant properties in North Richland Hills, TX and Horsham, PA. The cost of these properties as of April 30, 2023 was $3,761,335. As of April 30, 2022, the Company owned three properties classified as held for sale totaling $9,474,267.

8. Investments in Affiliates:

Summarized financial and other information for the Company's investment in Dover Parkade, LLC (Dover) follows:

Dover – New Jersey:

As of and for the years ended April 30,
Company ownership – 50%

	2023	2022
Assets	$11,925,811	$12,098,012
Liabilities	21,477,978	21,923,395
Members' deficit	(9,552,167)	(9,825,383)
Revenue	2,786,267	2,766,262
Operating expenses	1,330,626	1,290,261
(Gain) Loss on derivative	(321,502)	(2,178,747)
Interest expense, net	783,927	795,655
Net income (loss)	993,216	2,859,093

Dover's major tenant is Stop & Shop, which provided 49% and 50% of the total revenue in the years ended April 30, 2023 and 2022, respectively, under a lease that expires on June 30, 2026.

9. Concentrations of Credit Risk:

The Company's financial instruments that are subject to concentrations of credit risk consist of cash and cash equivalents, marketable securities, and accounts, notes, and other receivables.

The Company places its cash deposits, including investments in certificates of deposit, with various financial institutions. Bank deposits may be in excess of current Federal depository insurance limits. The Company manages exposure to counterparty credit risk through specific minimum credit standards, diversification of counterparties and procedures to monitor its credit risk concentrations.

The Company assesses the financial strength of its tenants prior to executing leases and typically requires a security deposit and prepayment of rent. The Company establishes an allowance for doubtful accounts receivable based upon factors surrounding the credit risk of specific tenants, historical trends, and other information.

The Company assesses the financial strength of CVS prior to incurring costs in connection with the development of CVS pharmacy stores. Based on historical experience and other information, no allowance for doubtful accounts related to these receivables is considered necessary by management as of April 30, 2023 or 2022.

10. Segment Information:

The factors used by the Company to identify reportable segments include differences in products and services and segregated operations within the Company. The first segment, "Real Estate Operations" participates in the purchase, development, management, ownership, and the sale of real estate. Within its second segment, "Fee for Service," the Company provides preferred developer services to CVS, Cumberland Farms Inc., and Wild Fork Foods in certain geographic areas. Summary financial information for the two reportable segments is as follows:

	2023	2022
Revenues:		
Real Estate Operations	$70,232,520	$77,763,796
Fee for Service	1,208,000	2,528,050
Total	$71,440,520	$80,291,846
Operating Cost and Expense:		
Real Estate Operations	$56,778,648	$55,040,247
Fee for Service	726,745	2,722,593
Administrative Expenses	9,627,168	8,051,628
Total	$67,132,561	$65,814,468

All costs after administrative expenses are cost of the real estate operation.

The only assets in the balance sheet belonging to the Fee for Service segment is restricted cash of $310,284 in 2023 and $222,080 in 2022 and receivables of $1,652,577 in 2023 and $705,364 in 2022.

11. Purchases of Real Estate:

North Richland Hills, TX – Land Purchase: On August 4, 2022, the Company purchased a parcel of land in North Richland Hills, TX for $892,980 plus closing costs. The Company plans on building a single-tenant building on this property. This purchase was financed with proceeds from a new construction loan ($733,468) and working capital. Key terms of the construction loan are as follows:

Loan Amount:	$1,450,000
Maturity Date:	February 4, 2024
Interest Rate:	2.75% plus One Month AMERIBOR®30T rate, as defined, with a floor of 3.75% through the maturity date; 12.0% thereafter.
Payments:	Interest only payable monthly until maturity, at which time all principal and interest is due. No prepayment allowed prior to completion of the Improvements, as defined.
Guarantee:	The Company (Corporate).

Magnolia, TX (Woodlands) – Land Purchase: On November 15, 2022, the Company purchased a parcel of land in Magnolia, TX for $4,450,000 plus closing costs. The Company plans on building a single-tenant building on a portion of this property and developing and / or selling other portions as opportunities arise. This purchase was financed with from the utilization of the Company's lines of credit and working capital.

Subsequently, on December 30, 2022, the Company obtained two construction loans totaling $11,685,500. Both loans were from the same lender. The Company is a Guarantor on both loans. Key terms of the loans are as follows:

	Building Construction	Site Work
Loan Amount:	$6,173,000	$5,512,500
Maturity Date:	December 30, 2024	December 30, 2024
Interest Rate:	2.75% plus One-Month CME TERM SOFR rate up to maturity date, 12.0% thereafter	3.25% plus One-Month CME TERM SOFR rate up to maturity date, 12.0% thereafter
Interest Payable:	Interest only payable monthly.	Interest only payable monthly.

12. Employee Retention Tax Credits (ERTCs):

The Company received $1,682,448 in ERTCs in 2023. These credits are included in Other income.

13. Contingencies:

234 Realty, LLC and 287 Realty, LLC v. First Hartford Realty Corporation

In 2019, 234 Realty, LLC and 287 Realty, LLC (the "Paolino Entities") filed suit against the Company in Providence County Superior Court (the "Court") alleging the Company failed to pay fees purportedly due to the Paolino Entities for services allegedly rendered in facilitating real estate transactions between the Company and two other parties, CVS Pharmacy, Inc. ("CVS") and Cumberland Farms, Inc. ("CFI") (collectively, the "Paolino Claims"). The Company's management denies the Paolino Claims for several factual and legal reasons. To the extent the Paolino Claims are lawfully compensable at all, which the Company denies, they total approximately $3,250,000. The Paolino Entities claim they are due over $7,000,000. The Company has asserted counterclaims against the Paolino Entities to recoup approximately $13,000,000 the Company previously paid to the Paolino Entities.

On January 10, 2023, the Court dismissed Count I and Count III of 287 Realty's Complaint based upon the statute of limitations. The Court's January 10, 2023 Decision supports the Company's position that its potential exposure is, at most, approximately $3,250,000.

The Paolino Entities are also seeking interest and attorneys' fees associated with the dispute. Although there are several defenses to such claims, the Company's exposure is approximately $1,500,000 (interest accrual) and $1,500,000 (attorneys' fees), which amounts will increase over time.

Based on the general course of the litigation and case volume in Providence County Superior Court, as well as the significant delays caused by the COVID-19 pandemic, these cases will not likely be reached for trial until 2024.

The Company cannot make a definitive determination at this time as to the Company's likelihood of success at trial on the Paolino Claims or the Company's Counterclaims. If the Paolino Entities prevail, the Company has a reasonable likelihood of success on appeal such that any judgment in favor of the Paolino Entities has a reasonable likelihood of being vacated on appeal. The appellate process would likely take more than two years.

Other Proceedings

The Company is also involved in other legal proceedings which arise during the normal course of its business, including disputes over tax assessments, commercial contracts, lease agreements, construction contracts, employee disputes and personal injuries. No amounts have been accrued in these consolidated financial statements since the outcome of these matters is uncertain and the amount of liability, if any, cannot be determined. However, the Company does not believe the outcome of any of these proceedings will have a material impact on its consolidated financial statements.

14. Subsequent Events:

The Company has evaluated for subsequent events through August 2, 2023, the date the financial statements were issued.

North Richland Hills, TX – Sale of Property: On May 5, 2023, the Company sold a single-tenant property in North Richland Hills, TX for $2,670,000 (cost of approximately $1,668,380). The Company used the proceeds to pay off a construction loan of $1,066,533.

Buyout of Noncontrolling Interests in Rockland and Clarendon: On May 19, 2023, the Company bought out the 99.99% limited partnership interests in both Rockland and Clarendon for $930,140 and $2,200,735, respectively. After these transactions, the Company owns 100% and 99.99%, respectively, of Rockland and Clarendon. There were no income statement impacts as a result of these equity transactions.

Austin, TX (Easton Park) - Construction Loan: On March 19, 2023, the Company obtained a construction loan on its property in Austin, TX. The construction loan totals $6,310,000 and will be used for sitework and to construct a retail building. Key terms of the construction loan are as follows:

Maximum Loan Amount:	$6,310,000
Maturity Date:	May 18, 2028
Interest Rate:	The greater of a) 5.00% or b) the Prime Rate published in the Wall Street Journal plus 0.50%.
Payments:	Interest only payable monthly through October 18, 2024. Thereafter, monthly principal and interest payments (may be adjusted by the Lender upon changes in the interest rate to maintain a 42-month amortization) until the Maturity Date, at which point all remaining principal and interest is payable.
Prepayment:	No prepayment penalties unless amounts paid are financed from another lender or third party, in which case penalties of 1%-3% of outstanding principal balances must be paid.
Guarantee:	The Company (Corporate).

Mansfield, TX – Land Purchase: On June 2, 2023, the Company purchased a 5.90 parcel of land in Mansfield, TX for $3,518,660 plus closing costs. The Company plans on subdividing this parcel and either selling or leasing them. This purchase was financed with proceeds from a new construction loan ($2,500,000) and working capital. Key terms of the construction loan are as follows:

Loan Amount:	$2,500,000
Maturity Date:	May 30, 2025
Interest Rate:	12.00% per annum.
Payments:	Interest only payable monthly until maturity, at which time all principal and interest is due. A $25,000 Exit Fee is payable at the time the loan is repaid in full ,whether at maturity or by prepayment.
Guarantee:	The Company (Corporate).

Houston, TX (West Lake) – Partial Sales of Property: On June 23, 2023, the Company sold a 0.75-acre parcel of its property in Houston, TX for $784,000 (approximate cost of $343,000). On July 28, 2023, the Company sold another 5.50-acre parcel of this property for $1,275,000 (approximate cost of $2,328,000). The Company continues to own 16.22 acres of this property.

Edinburg, TX – Partial Sale of Property: On July 12, 2023, the Company sold a 0.90-acre parcel of its property in Edinburg, TX for $799,000 (approximate cost of $206,768). The Company paid down debt with the net proceeds.

14. Subsequent Events (continued):

Houston, TX (Bellfort) – Sale of Property: On July 25, 2023, the Company sold its remaining parcel of its property in Houston, TX for $2,775,000 (approximate cost of $1,350,000).

Cranston, RI - Construction Loan: On July 27, 2023, the Company obtained a $6,000,000 construction loan for sitework at its Trolley Barn property in Cranston, RI. The interest rate on the loan during the Construction Phase, which shall end no later than February 1, 2025, is the One-Month Term SOFR rate plus 2.75%. The monthly loan payments are interest-only during the Construction Phase. Thereafter, the interest rate on the loan during the Permanent Phase is the One-Month Term SOFR rate plus 1.75%, with principal and interest payments payable monthly using a 30-year amortization period. A prepayment fee of 0.25% of the amount prepaid is due if made during the Construction Phase or the first twenty-four months of the Permanent Phase. The maturity date is February 1, 2035 at which time any remaining principal balance is due. The Company is also a guarantor on this loan.

[End of Financial Statements and Notes thereto.]