FIRST HARTFORD CORPORATION AND SUBSIDIARIES

FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

YEARS ENDED APRIL 30, 2021 AND 2020

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CONTENTS

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and
Shareholders of First Hartford Corporation

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of First Hartford Corporation and subsidiaries (the Company) as of April 30, 2021 and 2020, and the related consolidated statements of operations, comprehensive income, changes in shareholders' equity (deficiency), and cash flows for each of the years in the two-year period ended April 30, 2021, and the related notes (collectively referred to as the financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of April 30, 2021 and 2020, and the results of its operations and its cash flows for each of the years in the two-year period ended April 30, 2021, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 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 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 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 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 financial statements and (2) involved our especially challenging, subjective, or complex judgments. We determined that there were no critical audit matters.

Mahoney Sabol + Company, LLP

Glastonbury, Connecticut
August 2, 2021

We have served as the Company's auditor since 2013.

FIRST HARTFORD CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
APRIL 30, 2021 AND 2020

ASSETS

	2021	2020
Real estate and equipment:		
Developed properties and property under construction (including $82,286,187 in 2021 and $81,517,672 in 2020 for VIEs)	$282,477,209	$277,201,503
Equipment and leasehold improvements (including $2,874,614 in 2021 and $2,765,209 in 2020 for VIEs)	8,060,008	4,769,623
	290,537,217	281,971,126
Less accumulated depreciation and amortization (including $24,845,237 in 2021 and $22,534,776 in 2020 for VIEs)	(69,669,929)	(63,463,050)
	220,867,288	218,508,076
Properties held for sale	-0-	10,065,271
Cash and cash equivalents (including $2,985,780 in 2021 and $2,834,540 in 2020 for VIEs)	11,963,381	10,666,295
Cash and cash equivalents – restricted (including $371,786 in 2021 and $376,655 in 2020 for VIEs)	1,283,312	688,101
Marketable securities (including $587,273 in 2021 and $405,848 in 2020 for VIEs)	587,273	405,848
Accounts and notes receivable, net (including $123,050 in 2021 and $202,505 in 2020 for VIEs)	5,454,749	3,134,388
Other receivables	879,251	1,896,299
Deposits and escrow accounts (including $4,418,916 in 2021 and $4,909,833 in 2020 for VIEs)	8,967,918	7,867,915
Prepaid expenses (including $413,520 in 2021 and $344,603 in 2020 for VIEs)	1,561,689	1,447,689
Deferred expenses, net (including $104,200 in 2021 and $116,691 in 2020 for VIEs)	3,039,308	3,219,209
Investment in affiliates	200	455,271
Due from related parties and affiliates	6,777	6,832
Total assets	$254,611,146	$258,361,194

See accompanying notes.

FIRST HARTFORD CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
APRIL 30, 2021 AND 2020
(continued)

LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)

	2021	2020
Liabilities:		
Mortgages and other notes payable:		
Construction loans payable	$33,204,751	$27,578,488
Mortgages payable (including $61,074,746 in 2021 and $61,959,453 in 2020 for VIEs)	186,747,674	200,842,689
Notes payable (including $1,704,697 in 2021 and $1,704,697 in 2020 for VIEs)	3,483,042	3,482,997
Lines of credit	7,610,533	9,105,000
Less: Deferred debt issuance costs (including $1,385,222 in 2021 and $1,422,209 in 2020 for VIEs)	(2,346,485)	(2,593,071)
	228,699,515	238,416,103
Accounts payable (including $689,557 in 2021 and $475,358 in 2020 for VIEs)	6,003,220	4,910,106
Other payables	2,654,876	3,880,012
Accrued liabilities (including $4,085,082 in 2021 and $3,977,422 in 2020 for VIEs)	10,161,695	8,415,307
Derivative liability	3,871,369	5,875,730
Deferred income (including $201,375 in 2021 and $208,015 in 2020 for VIEs)	964,491	1,527,944
Other liabilities	615,642	615,642
Due to related parties and affiliates (including $522,160 in 2021 and $507,077 in 2020 for VIEs)	1,009,236	627,794
Deferred tax liability	2,122,580	1,044,173
Total liabilities	256,102,624	265,312,811
Commitments and Contingencies		
Shareholders' Equity (Deficiency):		
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 2021 and 2020, outstanding 2,278,664 and 2,279,644 in 2021 and 2020	3,175,908	3,175,908
Capital in excess of par	4,974,876	4,974,876
Accumulated deficit	(945,742)	(6,204,178)
Treasury stock, at cost, 897,244 and 896,244 shares in 2021 and 2020	(4,994,594)	(4,989,794)
Total First Hartford Corporation	2,210,448	(3,043,188)
Noncontrolling interests	(3,701,926)	(3,908,429)
Total shareholders' equity (deficiency)	(1,491,478)	(6,951,617)
Total liabilities and shareholders' equity (deficiency)	$254,611,146	$258,361,194

See accompanying notes.

FIRST HARTFORD CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED APRIL 30, 2021 AND 2020

	2021	2020
Revenues:		
Rental income	$32,367,691	$31,578,064
Service income	8,100,040	3,448,234
Sales of real estate	47,049,534	27,767,525
Other revenues	3,156,958	4,992,545
	90,674,223	67,786,368
Operating costs and expenses:		
Rental expenses (includes depreciation and amortization of $6,736,150 and $6,245,664 in 2021 and 2020, respectively)	22,598,398	23,647,573
Service expenses	5,416,253	3,129,340
Cost of real estate sales	38,559,561	19,521,300
Other expenses	4,196,951	6,096,957
Selling, general and administrative expenses	6,777,135	6,516,312
	77,548,298	58,911,482
Income from operations	13,125,925	8,874,886
Non-operating income (expense):		
Equity in earnings of unconsolidated subsidiaries	360,000	1,360,000
Other income (expense)	929,575	(247,685)
Gain (loss) on derivatives	2,004,361	(4,435,124)
(Loss) on impairment	-0-	(1,183,662)
Forgiveness of debt	1,778,300	-0-
Interest expense	(11,043,184)	(11,538,173)
	(5,970,948)	(16,044,644)
Income (loss) before income taxes	7,154,977	(7,169,758)
Income tax expense (benefit)	1,243,154	(606,236)
Consolidated net income (loss)	5,911,823	(6,563,522)
Net (income) loss attributable to noncontrolling interests	(653,387)	1,969,647
Net income (loss) attributable to First Hartford Corporation	$5,258,436	$(4,593,875)
Net income (loss) per share – basic	$2.31	$(2.00)
Net income (loss) per share – diluted	$2.31	$(2.00)
Shares used in basic per share computation	2,279,464	2,300,604
Shares used in diluted per share computation	2,279,464	2,300,604

See accompanying notes.

FIRST HARTFORD CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED APRIL 30, 2021 AND 2020

	2021	2020
Consolidated net income (loss)	$5,911,823	$(6,563,522)
Other comprehensive income (loss), net of taxes:		
Unrealized gains (losses) on marketable securities	-0-	49,252
Total comprehensive income (loss)	5,911,823	(6,514,270)
Amounts attributable to noncontrolling interests:		
Net (income) loss	(653,387)	1,969,647
Unrealized (gains) losses on marketable securities	-0-	(49,252)
	(653,387)	1,920,395
Comprehensive income (loss) attributable to First Hartford Corporation	$5,258,436	$(4,593,875)

See accompanying notes.

FIRST HARTFORD CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)
FOR THE YEARS ENDED APRIL 30, 2021 AND 2020

	Common Stock	Capital in Excess of Par	Accumulated Deficit	Treasury Stock	Total First Hartford Corporation	Noncontrolling Interests	Total
Balance, April 30, 2019	$3,210,808	$5,042,226	$(1,610,303)	$(4,989,794)	$1,652,937	$(1,084,944)	$567,993
Contributions	-0-	-0-	-0-	-0-	-0-	75,000	75,000
Distributions	-0-	-0-	-0-	-0-	-0-	(978,090)	(978,090)
Purchase of common stock	(34,900)	(67,350)	-0-	-0-	(102,250)	-0-	(102,250)
Net income (loss)	-0-	-0-	(4,593,875)	-0-	(4,593,875)	(1,969,647)	(6,563,522)
Unrealized gain on marketable securities	-0-	-0-	-0-	-0-	-0-	49,252	49,252
Balance, April 30, 2020	3,175,908	4,974,876	(6,204,178)	(4,989,794)	(3,043,188)	(3,908,429)	(6,951,617)
Contributions	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Distributions	-0-	-0-	-0-	-0-	-0-	(446,884)	(446,884)
Purchase of common stock	-0-	-0-	-0-	(4,800)	(4,800)	-0-	(4,800)
Net income (loss)	-0-	-0-	5,258,436	-0-	5,258,436	653,387	5,911,823
Balance, April 30, 2021	$3,175,908	$4,974,876	$(945,742)	$(4,994,594)	$2,210,448	$(3,701,926)	$(1,491,478)

See accompanying notes.

FIRST HARTFORD CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED APRIL 30, 2021 AND 2020

	2021	2020
Operating activities:		
Consolidated net income (loss)	$5,911,823	$(6,563,522)
Adjustments to reconcile consolidated net income to net cash provided by (used in) operating activities:		
Gain on sale of real estate	(8,489,973)	(8,246,225)
Loss on disposal of fixed assets	-0-	1,097,094
Loss on impairment	-0-	1,183,662
Depreciation of real estate and equipment	6,368,012	6,555,124
Amortization of deferred expenses	494,872	647,265
Deferred income taxes	1,078,407	(384,358)
(Gain) loss on marketable securities	(193,620)	313,035
Gain on sale of equity investment	(711,968)	-0-
Forgiveness of debt	(1,778,300)	-0-
Unrealized (gain) loss on derivatives	(2,004,361)	4,435,124
Changes in operating assets and liabilities:		
Accounts, notes and other receivables	(1,303,313)	(266,799)
Deposits and escrows	(1,100,003)	5,601,407
Prepaid expenses	(114,000)	428,608
Deferred expenses	(68,385)	420,125
Accrued liabilities	(1,318,503)	1,060,351
Deferred income	(563,453)	430,755
Accounts and other payables	(132,022)	(1,135,096)
Net cash provided by (used in) operating activities	(3,924,787)	5,576,550
Investing activities:		
Investments in marketable securities	(202,657)	-0-
Proceeds from sale of marketable securities	214,852	26,759
Purchases of equipment and tenant improvements	(386,627)	(470,827)
Investments in affiliated companies	-0-	(25,424)
Proceeds from sale of equity investment	1,167,039	-0-
Proceeds from sales of real estate	47,049,534	27,767,525
Additions to developed properties and property under construction	(33,769,996)	(40,266,081)
Net cash provided by (used in) investing activities	14,072,145	(12,968,048)

See accompanying notes.

FIRST HARTFORD CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED APRIL 30, 2021 AND 2020
(continued)

	2021	2020
Financing activities:		
Purchase of common stock	$(4,800)	$(102,250)
Distributions to noncontrolling interests	(446,884)	(978,090)
Contributions from noncontrolling interests	-0-	75,000
Proceeds from:		
Construction loans	18,172,685	11,314,974
Mortgages	8,108,153	25,370,765
Notes	1,778,345	1,778,300
Credit lines	4,435,533	9,655,000
Principal payments on:		
Construction loans	(12,546,422)	(19,982,985)
Mortgages	(22,203,168)	(8,459,903)
Notes	-0-	-0-
Credit lines	(5,930,000)	(7,300,000)
Advances to related parties and affiliates, net	381,497	268,590
Net cash provided by (used in) financing activities	(8,255,061)	11,639,401
Net change in cash and cash equivalents and restricted cash	1,892,297	4,247,903
Cash and cash equivalents and restricted cash, beginning of year	11,354,396	7,106,493
Cash and cash equivalents and restricted cash, end of year	$13,246,693	$11,354,396

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

	2021	2020
Cash paid during the year for interest	$10,887,158	$11,333,564
Cash paid (refunded) during the year for income taxes	$93,799	$(24,074)
Debt refinancing during the year:		
New mortgage loan	$-0-	$2,473,561
Debt reduced	(0)	(1,511,118)
Escrow funded	(0)	(50,000)
Net cash from refinancing	$-0-	$912,443

See accompanying notes.

1. Summary of Significant Accounting Policies:

Description of Business

First Hartford Corporation (the Company) 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. 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 is solely to acquire, own, and operate one or more wholly-owned single-purpose LLCs that will 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 has 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 that is built under this agreement will be individually owned by an Operating Company that will be 100% owned by MELLC. Each Operating Company will enter into a separate Franchise Agreement with DBI. Also, each Operating Company will enter into an Administrative Support Agreement (ASA) with FHRC where FHRC will be compensated for providing administrative and other back-office functions. The compensation paid to FHRC for these services will consist of 99% of the Free Cash Flow of the Operating Company.

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

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.

1. Summary of Significant Accounting Policies (continued):

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 ASU 2016-18, 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 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 11.

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 Services – 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, 2021 and 2020, the Company had real estate sales totaling $47,049,534 and $27,767,525, respectively. The cost of the property sold was $38,559,561 and $19,521,300 for 2021 and 2020, respectively. None of the property sold was otherwise providing significant ongoing cash flows to the Company.

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.

1. <u>Summary of Significant Accounting Policies (continued)</u>:

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 it owns at its shopping centers and its Dunkin Donuts' stores. The Company recognizes these revenues at a point in time when control of the goods is transferred to its customers.

<u>Fee for Service Segment</u>:

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, 2021 and 2020 were $1,876,000 and $1,388,950, respectively. Fees and reimbursable expenses earned for Cumberland Farms during the years ended April 30, 2021 and 2020 were $310,000 and $715,000, respectively. Fees and reimbursable expenses earned for Wild Fork Foods during the years ended April 30, 2021 and 2020 were $100,000 and $-0-, respectively. These fees are included in service income in the consolidated statements of operations.

<u>Accounts Receivable and Allowance for Doubtful Accounts</u>

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 $340,529 and $102,851 as of April 30, 2021 and 2020, 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.

<u>Remaining Performance Obligations</u>

Remaining performance obligations represent the aggregate transaction prices for contracts where the Company's performance obligations have not yet been satisfied. On April 30, 2021, the Company had no remaining performance obligations relating to construction projects.

<u>Contract Assets and Contract Liabilities</u>

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.

1. **Summary of Significant Accounting Policies (continued):**

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, 2021 and 2020, contract assets of $-0- and $-0-, respectively, are included in accounts and notes receivable in the accompanying consolidated balance sheets and contract liabilities totaling $-0- and $674,119 as of April 30, 2021 and 2020 are included in deferred income in the accompanying consolidated balance sheets. The remaining balance of deferred income consists primarily of prepayments of monthly rent and preferred developer fees.

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 $1,354,753 and $2,101,363 as of April 30, 2021 and 2020 respectively, and have been included as "Other payables" in the consolidated balance sheets. Related reimbursements due from CVS were $879,251 and $1,896,299 as of April 30, 2021 and 2020, respectively, and have been included in "Other receivables" in the consolidated balance sheets.

Also included in "Other payables" as of April 30, 2021 and 2020 were $1,208,263 and $1,662,362, respectively, of cost reimbursements due upon completion of development projects.

Cash and Cash Equivalents – Restricted

Cash and cash equivalents – restricted, includes funds received from CVS in connection with the Company's Preferred Developer Agreement. Such amounts are to be used for the payment of costs incurred by the Company for the development and construction of CVS retail pharmacy stores. The restricted cash also includes Tenant Security Deposits held by the VIEs and money required to be held in a cash management account as a result of failing to meet certain covenants as a result of the bankruptcy of a significant tenant (i.e., Steinmart) at our Lubbock, TX shopping center.

1. Summary of Significant Accounting Policies (continued):

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 year ended April 30, 2021, $388,652 was capitalized. In the year ended April 30, 2020, $124,365 was capitalized.

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 of the accumulated costs are reclassified to property under construction in the consolidated balance sheets. If the project is later abandoned, all of 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 $1,129,652 and $1,513,486 as of April 30, 2021 and 2020, respectively.

1. Summary of Significant Accounting Policies (continued):

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

Year Ending April 30,	
2022	$183,928
2023	167,587
2024	136,875
2025	127,973
2026	110,333
Thereafter	402,956
Total	$1,129,652

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, distributions from Dover have been credited to income and any additional losses have not been allowed to further reduce the investment balance. The resulting carrying value of this investment of ($615,642) as of April 30, 2021 and ($615,642) as of April 30, 2020 is included in other liabilities. The Company recorded equity in earnings of unconsolidated subsidiaries of $360,000 and $1,360,000 for the years ended April 30, 2021 and 2020, respectively, which includes distributions of $360,000 and $1,360,000, respectively.

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.

In August 2017, the Company finalized an agreement to invest in an affiliated limited liability company called Ware Seguin 1518, LLC. The Company accounted for its 50% interest in Ware Seguin 1518, LLC under the equity method of accounting. Ware Seguin 1518, LLC owns property in Schertz, TX that it plans to develop for approximately 285 single family residential lots and approximately 15 acres of commercial or other uses. The operating and financial policies of Ware Seguin 1518, LLC were not controlled by the Company. The Company's initial investment was $326,498 and the Company committed to invest an additional amount up to $500,000, of which an additional $128,572 was made for a total investment of $455,070. The Company was also a guarantor of 50% of a $1,000,000 bank loan obtained by Ware Sequin 1518, LLC that was used to purchase the property. There was no income statement activity as of April 30, 2021 and 2020. On April 30, 2021, the Company's share of this investment was sold for $1,167,039, resulting in a gain of $711,969 that is included in Other income (expense) in the Consolidated Statement of Operations. The sales proceeds of $1,167,039 are included in accounts and notes receivable, net in the accompanying consolidated balance sheets as of April 30, 2021.

1. Summary of Significant Accounting Policies (continued):

On April 19, 2018, a 75%-owned 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 75%-owned 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 was paid in fiscal 2021 leaving an additional $1,242,193 to be received.

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 (concluded):

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, 2021 and 2020, investments consist of equity securities, which are classified as available for sale. Investments in marketable securities are stated at fair value of $587,273 and $405,848 as of April 30, 2021 and 2020 (cost of $544,862 and $558,242). 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. Net unrealized gains (losses) of $-0- and $49,252 are included in noncontrolling interests for the years ended April 30, 2021 and 2020, respectively. 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. Also, 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. 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 in the consolidated statement of operations. The gain (loss) on derivatives incurred during the years ended April 30, 2021 and 2020 totaled $2,004,361 and $(4,435,124), respectively, and the Company has recorded a liability of $3,871,369 and $5,875,730 in the consolidated balance sheets, which represents the fair value of the interest rate swaps as of April 30, 2021 and 2020, 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, 2021 and 2020, including the fair value measurements and the level of inputs used in determining those fair values:

April 30, 2021	Level 1	Level 2	Level 3	Total
Assets:				
U.S. Equity Securities	$587,273	$ -0-	$ -0-	$587,273
Liabilities:				
Interest Rate Swap Agreement	$ -0-	$(3,871,369)	$ -0-	$(3,871,369)

April 30, 2020	Level 1	Level 2	Level 3	Total
Assets:				
U.S. Equity Securities	$405,848	$ -0-	$ -0-	$405,848
Liabilities:				
Interest Rate Swap Agreement	$ -0-	$(5,875,730)	$ -0-	$(5,875,730)

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, 2021 and 2020.

1. Summary of Significant Accounting Policies (continued):

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, 2021 or April 30, 2020.

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, 2021 and 2020, 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, 2021 and 2020, the Company did not recognize any interest or penalties related to unrecognized tax benefits.

On October 26, 2017, the Company was informed that its fiscal year 2016 Federal tax return was selected for examination. On May 23, 2019, the Company was informed that the audit had concluded with no significant findings.

The statute of limitations is three years unless there is fraud or substantial understatement of income. Therefore, tax returns beginning with fiscal year 2019 are open to examination by Federal, local and state authorities.

New Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, Leases, codified as Accounting Standards Codification (ASC) 842, which results in lessees recognizing most leased assets and corresponding lease liabilities on the balance sheet. Certain refinements were made to lessor accounting to conform the standard with the recently issued revenue recognition guidance in ASU 2014-09, "Revenue From Contracts With Customers", specifically related to the allocation and recognition of contract consideration earned from lease and non-lease revenue components.

Substantially all of our revenues and the revenues of our equity method investments in real estate are earned from arrangements that are within the scope of ASC 842. On July 30, 2018, the FASB issued ASU 2018-11, also codified as ASC 842, which created a practical expedient that provides lessors an option not to separate lease and non-lease components when certain criteria are met and instead account for those components as a single lease component. We determined that our lease arrangements for our properties meet the criteria under the practical expedient to account for lease and non-lease components (CAM, insurance, and taxes) as a single lease component, which alleviates the requirement upon adoption of ASC 842 that we reallocate or separately present consideration from lease and non-lease components.

1. Summary of Significant Accounting Policies (concluded):

The Company adopted this ASU in the fiscal year ended April 30, 2020, which resulted in the Company recognizing right-of-use assets (included in Equipment and leasehold improvements) and corresponding lease liabilities (included in Accrued liabilities). These assets and liabilities totaled $3,175,623 and $3,143,408, respectively, as of April 30, 2021 and these assets and liabilities totaled $223,251 and $225,136, respectively, as of April 30, 2020. These leases are primarily operating leases of three buildings for the Company's Dunkin' Donuts stores, as well as copiers, postage machines, office rentals, and equipment.

2. Consolidated Variable Interest Entities

The Company's consolidated financial statements include the accounts of Rockland Place Apartments Limited Partnership ("Rockland"), Clarendon Hill Somerville Limited Partnership ("Clarendon") and Trolley Barn Associates, LLC ("Trolley Barn"). The Company has consolidated Rockland, Clarendon and Trolley Barn 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 (75% owned by 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. Trolley Barn is 50% owned by the Company.

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.

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 the option to purchase the property, after the 15-year tax credit compliant period on January 1, 2024, from Rockland. The option price is based on a specified formula in the agreement.

Clarendon has an agreement with the 51% owner of Clarendon Hill Somerville, LLC, Clarendon Hill Towers Tenant Association, LLC ("CHTTA"), whereby CHTTA has an option to purchase the property after the 15-year tax credit compliance period from the partnership. 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, 2021 and 2020 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.

2. Consolidated Variable Interest Entities (concluded):

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

	April 30, 2021	April 30, 2020
Real estate and equipment, net	$62,127,983	$63,697,107
Other assets	8,994,949	9,181,848
Total assets	71,122,932	72,878,955
Intercompany profit elimination	(2,204,324)	(2,340,907)
Consolidated	$68,918,608	$70,538,048
Mortgages and other notes payable	$61,394,221	$62,241,942
Other liabilities	4,975,790	4,660,795
Total liabilities	$66,370,011	$66,902,737

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 $13,182,505 for the year ended April 30, 2021 and $13,185,886 for the year ended April 30, 2020. The combined net loss for Rockland and Clarendon was $1,229,938 for the year ended April 30, 2021 and $1,547,212 for the year ended April 30, 2020. Since the Company's ownership interest in both entities is nominal, substantially all of such losses are allocated to the noncontrolling interests in the consolidated financial statements.

Trolley Barn's only asset is approximately seven acres of land in Cranston, RI with a carrying value of $391,905.

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

Information about the Company's debt follows:

	2021	2020
Construction loans and mortgages payable with interest rates ranging from zero to 9.5% at April 30, 2021 and 2020 and maturities at various dates through 2056.	$219,952,425	$228,421,177
Notes payable with interest rates ranging from zero to 4.40% at April 30, 2021 and 2020 and maturities ranging from 2022 to 2050.	3,483,042	3,482,997
Lines of credit with interest rates ranging from 3.25% to 4.00% at April 30, 2021 and 2020 and maturities at various dates through 2023.	7,610,533	9,105,000
	231,046,000	241,009,174
Less deferred debt issuance costs	(2,346,485)	(2,593,071)
	$228,699,515	$238,416,103

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

For the years ended April 30, 2021 and 2020, $170,606 and $149,542 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, 2021 are as follows:

Year Ending April 30,	
2022	$16,100,972
2023	21,443,290
2024	13,403,371
2025	15,446,704
2026	4,317,154
Thereafter	160,334,509
	$231,046,000

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

Construction Loans:
Edinburg, TX – Construction Loan: The remaining balance of the loan with Protective Life is $11,420,990 and is secured by vacant land of approximately 50 acres directly adjacent to the shopping center. The loan has a maturity date of January 1, 2034 with an interest rate of 5.0%. This remaining loan is personally guaranteed by the Chairman of the Company.

Montgomery, TX – Construction Loan: On May 20, 2020, the Company obtained a $5,174,086 construction loan for its property in Montgomery, TX. Proceeds of the loan at closing of $133,473 were used to pay off an existing loan of $49,892 and expenses. The interest rate on the loan is the Prime Rate plus 1.00% with a floor of 5.25%. The monthly loan payments are interest only through November 20, 2021 and then convert to principal and interest for 5 months using a 25-year amortization period with a final balloon payment due on May 20, 2022. The Company is also a guarantor on this loan.

Katy, TX (Cinco Ranch) – Construction Loan: On February 19, 2021, the Company obtained a $1,857,000 construction loan for its property in Katy, TX. Proceeds of the loan at closing of $753,506 were used to pay down an existing line of credit loan of $625,000, as well as construction expenses and loan fees. The interest rate on the loan is the One Month LIBOR Rate, as defined, plus 2.75% (3.75% at loan closing). The monthly loan payments are interest only through August 19, 2022, the Maturity Date, at which time the entire principal and accrued interest balance is due. The Company is also a guarantor on this loan.

Austin, TX (Easton Park) – Construction Loan: On April 27, 2021, the Company obtained a $6,372,000 construction loan for its property in Austin, TX. Proceeds of the loan at closing of $2,519,698 were used to pay down an existing line of credit loan of $1,000,000, as well as construction expenses and loan fees. The interest rate on the loan is the One Month LIBOR Rate, as defined, plus 2.75% (3.75% at loan closing). The monthly loan payments are interest only through October 27, 2022, the Maturity Date, at which time the entire principal and accrued interest balance is due. The Company is also a guarantor on this loan.

Mortgage Loans:
Montgomery, TX – Land Loan: On May 20, 2020, the Company obtained a $2,000,000 land loan for its property in Montgomery, TX. Proceeds of the loan were primarily used to pay off an existing loan of $1,939,305. The interest rate on the loan is the Prime Rate plus 1.00% with a floor of 5.25%. The monthly loan payments are principal and interest for 24 months using a 10-year amortization period with a final balloon payment due on May 20, 2022. The Company is also a guarantor on this loan.

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

Notes Payable:
PPP Loans: On March 9, 2021, the Company executed a promissory note (the "PPP Second Draw Note") evidencing an unsecured loan in the amount of $1,778,345 under the Paycheck Protection Program (the "PPP Second Draw Loan"). The Paycheck Protection Program (or "PPP") was established under the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") and is administered by the U.S. Small Business Administration ("SBA"). The Loan is being made through an approved SBA lender (the "Lender").

The PPP Loan has a five-year term and bears interest at a fixed rate of 1.00% per annum. If the Company submits a loan forgiveness application to Lender within 10 months after the end of the Borrower's Loan Forgiveness Covered Period, the Company will not be obligated to make any payments of principal or interest before the date on which the SBA remits the loan forgiveness amount to Lender or notifies Lender that no loan forgiveness is allowed. Lender will then notify the Company of remittance by SBA of the loan forgiveness amount (or notify Borrower that the SBA determined that no loan forgiveness is allowed) and the date the Company's first payment is due. If the Company does not submit a loan forgiveness application to Lender within 10 months after the end of the Borrower's Loan Forgiveness Covered Period, the Company must begin paying principal and interest after that period. Interest will continue to accrue during the applicable deferment period. The PPP Loan may be prepaid at any time prior to maturity with no prepayment penalties. The PPP Second Draw Note matures on March 9, 2026.

The Company plans on applying for loan forgiveness; however, no assurance is provided that forgiveness for any portion of the PPP Second Draw Loan will be obtained.

On March 25, 2021, the Company was informed that its first PPP Note of $1,778,300, which was executed on April 24, 2020, was fully forgiven by the SBA.

Lines of Credit:
On July 30, 2015, the Company obtained a credit line with a regional bank. This line of credit, as amended, is for $3,760,000 and is used from time to time primarily to fund initial investments related to development opportunities. The interest rate on this loan is 3.00% plus One Month ICE LIBOR rate (with floor of 1.0%) up to maturity date (i.e., twelve months from issuance of proceeds) and 12.0% thereafter. As of April 30, 2021 and 2020, the Company had borrowings of $3,375,000 and $3,400,000, respectively, against this credit line.

On December 7, 2015, the Company entered into a revolving demand loan agreement ("line of credit") with a regional bank. This line of credit, as amended, is for $3,000,000 and the maturity date is September 30, 2021. This line of credit is used from time to time primarily to fund initial investments related to development opportunities. The interest rate on this loan is Wall Street Journal Prime, with a floor of 3.25%. The loan is unsecured and there are no guarantors. Interest is to be paid monthly; principal is to be repaid within twelve months or on demand, at the bank's discretion. There are no prepayment penalties. As of April 30, 2021 and 2020, the Company had borrowings of $2,935,533 and $2,000,000, respectively, against this credit line.

On April 19, 2017, the Company entered into an unsecured line of credit with a regional bank. This line of credit, as amended, is for $4,000,000. Terms of the line of credit are as follows:

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

Term:	3 years – extended to mature on 5/1/2023
Rate:	One month LIBOR (with floor of 0.75%) + 3.25%
Fee:	0.50% (One Time)
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
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, 2021 and 2020, the Company had borrowings of $1,300,000 and $3,705,000, respectively, against this credit line.

4. Pledge of Stock in Subsidiaries:

For an extended period of time, the Company was unable to obtain financing (secured or unsecured) without the personal guarantees of the Chairman of the Company. To some degree, the Company has recently been able to obtain financing without a guarantee, but generally guarantees continue to be a necessary component to some construction loans. In the past, the Company has provided pledges of the stock of its subsidiaries to the Chairman of the Company as protection from personal losses due to his guarantees. These pledges are expected to stay in place until the guarantees are eliminated.

The Chairman of the Company has guaranteed the following outstanding amounts at April 30, 2021:

Mortgage loan – Edinburg, TX	$11,420,990
Mortgage loan – Manchester, CT (Company HQ)	$169,023
Line of credit – Regional bank	$1,300,000

In the event that the Chairman is called upon to pay on any of the above guarantees, the Company would become liable to him.

5. 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, 2021 and 2020, Parkade Center Inc. and First Hartford Realty Corporation earned the following:

	2021	2020
Management Fee (at 4%)	$67,221	$70,951

For the years ended April 30, 2021 and 2020, Parkade Center Inc. received distributions of $498 and $12,782, respectively. For the years ended April 30, 2021 and 2020, Lubbock Parkade Inc. received distributions of $24,503 and $904,612, respectively, from Hartford Lubbock LP II.

5. Related Party Transactions (concluded):

Included in amounts due to related parties and affiliates is $593,983 and $578,900 payable to Cranston Brewery LLC at April 30, 2021 and 2020, respectively. Cranston Brewery LLC is an affiliate but not owned by the Company. The amount due represents its funding of operations of Trolley Barn Associates (50%). The Company's investment in Trolley Barn Associates was eliminated in consolidation.

Included in amounts due to related parties and affiliates is $417,050 and $44,904 payable to WMC 1, LLC at April 30, 2021 and 2020, respectively. WMC 1, LLC is owned by a director of the Company. The amount due represents WMC 1, LLC's share of a distribution from a Connolly Bronx, LLC, a 75% owned subsidiary of the Company.

6. 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 $222,338 and $203,711 for the years ended April 30, 2021 and 2020, respectively.

7. Income Taxes:

The provision (benefit) for income taxes consists of:

	2021	2020
Current Federal income taxes	$-0-	$(270,137)
Current State income taxes	164,747	48,259
Deferred Federal income taxes	871,021	(248,203)
Deferred State income taxes	207,386	(136,155)
	$1,243,154	$(606,236)

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

	2021	2020
Tax effect of net operating loss carry-forwards	$812,771	$1,036,460
Basis in fixed assets	(2,114,925)	(1,995,923)
AMT credits	9,571	9,571
Rent receivable	(181,197)	(183,679)
Investments in partnerships	(1,193,670)	(598,803)
Unrealized loss on derivatives	158,841	314,950
Impairment loss	307,752	307,752
Other	78,277	65,499
	$(2,122,580)	$(1,044,173)

7. **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 before income taxes is as follows:

	2021	2020
Federal statutory rate (21.0%)	$1,502,545	$(1,505,649)
State tax – net of Federal effect	164,747	48,258
Losses (income) attributable to noncontrolling interests in pass-through entities	(169,880)	512,108
Non-taxable loan forgiveness income	(462,358)	-0-
Other	208,100	339,047
Provision (benefit) for income taxes	$1,243,154	$(606,236)

8. **Leases of Property:**

Lessee Arrangements:

The Company leases three buildings for its Dunkin' Donuts stores. The leases require monthly payments ranging from $8,571 to $9,583 and expire at various dates between March 2031 and January 2036. As of April 30, 2021, the Company had minimum future rental payments on these stores totaling $4,049,907 (by year: FY 2022 - $305,478; FY's 2023-25 - $314,021, FY 2026 - $317,828; Thereafter - $2,484,538).

Lessor Arrangements:

The Company leases commercial and residential real estate to tenants under various operating leases expiring through 2038.

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

	2021	2020
Residential	$13,182,505	$13,185,886
Commercial	19,185,186	18,392,178
	$32,367,691	$31,578,064

Minimum future rentals to be received on non-cancellable commercial real estate leases as of April 30, 2021 are as follows:

Year Ending April 30,	
2022	$13,135,544
2023	11,274,399
2024	10,088,366
2025	8,378,137
2026	7,187,137
Thereafter	24,276,994
Total	$74,340,577

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

8. 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	487,674 sq. ft. JC Penney 21% Academy Sports 16% Burlington Coat Factory 16%, Effective rent per sq. ft. occupied, exclusive of JC Penney (JC Penney owns its building) is $10.30, 96% occupied	100% owned by a subsidiary of the Company, except JC Penney building. A lender to get extra interest if available (50% of cash flow) plus 50% of cash proceeds from sale or refinancing.	$54,895,430
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 $10.28, 97% occupied	100% owned by a subsidiary of the Company.	8,240,339
X	North Adams, MA	Shopping Center	131,691 sq. ft. Steeple City Cinema 20% (Company owned); Steeple City Liquor 11% (Company owned); Planet Fitness 8%, Effective rent per sq. ft. occupied – net of 41,067 sq. ft. Company owned $4.98, 67% occupied	100% owned by a subsidiary of the Company. Commencing on October 1, 2019 the Company remits 50% of the cash flow of the property to Lender as Additional Interest.	7,637,099
X	Plainfield, CT	Strip Shopping Center	60,154 sq. ft. Big Y 76%, Effective rent per sq. ft. occupied is $12.19, 93% occupied	100% owned by a subsidiary of the Company.	5,073,618

8. 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	New Orleans, LA	Strip Shopping Center	37,671 sq. ft. Marshalls 53%, Petco 33%, Effective rent per sq. ft. occupied is $22.32, 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 $14.97 90% occupied	50% owned by a subsidiary of the Company.	34,279,628
	Cranston, RI	School	59,925 sq. ft. Achievement First R.I., Ltd., Effective rent per sq. ft. is $15.50, Currently leased to July 31, 2030	50% owned by a subsidiary of the Company.	8,540,019
	Cranston, RI	Restaurant	Texas Roadhouse Land Lease 100% occupied	50% owned by a subsidiary of the Company.	239,414
	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 $11.53, 72% occupied	2.0% owned by a subsidiary of the Company.	6,258,420

8. Leases of Property (continued):

Consolidated Subsidiaries – Commercial Properties:

The properties listed above contain approximately 1,397,361 rentable sq. ft., of which approximately 140,020 sq. ft., or approximately 10%, was vacant at April 30, 2021. Over the next 10 years, 85 of the current 88 leases will expire as follows:

Year Ended	Number of Leases	Sq. Ft.	Base Rent	Percentage of Base Rent
4/30/22	17	80,609	$999,136	7.03%
4/30/23	12	136,453	$1,343,099	9.45%
4/30/24	14	243,161	$3,171,766	22.32%
4/30/25	10	161,442	$1,524,106	10.72%
4/30/26	8	89,565	$1,030,535	7.25%
4/30/27	9	64,664	$1,239,663	8.72%
4/30/28	5	66,341	$885,137	6.23%
4/30/29	6	101,062	$858,529	6.04%
4/30/30	1	6,891	$241,185	1.70%
4/30/31	3	59,925	$1,409,866	9.92%

Total rental income of these properties for the year ended April 30, 2021 was $18,047,543, of which $3,378,370 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.

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, 99% occupied, effective sq. ft. rent - $26.10	.01% owned by a 75% owned subsidiary of the Company.	27,021,770
X	Somerville, MA	Apartments	501 units, low to moderate income, 97% occupied, effective sq. ft. rent - $24.37	.0049% owned by a 75% owned subsidiary of the Company.	51,399,992

8. Leases of Property (continued):

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, 94% occupied, effective sq. ft. rent - $24.44	Nonconsolidated, .01% owned by a 75% owned subsidiary of the Company.	11,262,281
X	Bronx, NY	Apartments	99 units, senior housing, 100% sec 8 subsidized, 99% occupied, effective sq. ft. rent - $38.01	Nonconsolidated, .005% owned by a 75% owned subsidiary of the Company.	33,445,192
	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.	14,256,449

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.

Location of Properties	Use	Anticipated Completion Date	Cost Incurred to Date
Valley Cottage, TX	Single tenant build-to-suit	FY 2022	7,463,346
Horsham, PA	Single tenant build-to-suit	FY 2022	1,241,056
Little Ferry, NJ	Single tenant build-to-suit	FY 2022	10,913,922
Houston, TX (West Lake)	22.47 acres of land – can support 120,000 sq. ft. development	FY 2023	10,079,913
Montgomery, TX	21.96 acres of land – can support 130,000 sq. ft. development	FY 2022 / 2023	9,698,217
Katy, TX (Cinco Ranch)	4.95 acres of land – can support 30,000 sq. ft. development	FY 2022	5,023,114

8. Leases of Property (continued):

Location of Properties	Use	Anticipated Completion Date	Cost Incurred to Date
Austin, TX (Easton Park West)	5.20 acres of land – can support 25,000 sq. ft. development	FY 2023	2,254,373
Austin, TX (Easton Park)	12.77 acres of land – can support 50,000 sq. ft. development	FY 2022	4,290,064
Spring, TX (Glennloch)	2.97 acres of land – can support 12,000 sq. ft. development	FY 2022	642,608
Pearland, TX (Magnolia)	1.93 acres of land – can support 12,000 sq. ft. development	FY 2022	1,039,773
Buda, TX	10.90 acres of land – can support 35,000 sq. ft. development	FY 2023	3,865,320
Del Valle, TX	15.58 acres of land – can support 52,000 sq. ft. development	FY 2022	1,452,091
All Other Properties Held			1,593,122
Total cost of developed properties and property under construction (excludes non-consolidated subsidiaries)			$282,477,209

9. 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%

	2021	2020
Assets	$10,766,151	$11,465,580
Liabilities	22,838,030	24,981,096
Members' deficit	(12,071,879)	(13,515,516)
Revenue	2,644,874	2,774,688
Operating expenses	1,335,375	1,251,440
(Gain) Loss on derivative	(1,676,009)	2,175,648
Prepayment penalty	-0-	2,008,140
Interest expense	821,871	856,579
Net income (loss)	2,163,637	(3,517,119)

Dover's major tenant is Stop & Shop, which provided 54% and 51% of the total revenue in the years ended April 30, 2021 and 2020, respectively, under a lease that expires on June 30, 2026.

On February 12, 2020, the Company refinanced its mortgage loan on its property in Dover. The new loan amount was for $23,000,000 and has a ten-year term (with a 30-year amortization) with an interest rate equal to the one-month LIBOR rate plus 180 basis points. The interest rate was fixed at 3.41% via an interest rate swap. The prior loan, which had a balance of $17,950,526, was paid in full along with a prepayment penalty of $2,008,140. The net cash proceeds of the refinancing totaled $2,639,397. Of that amount, $2,000,000 was distributed to the owners (the Company received 50%, or $1,000,000) with the remaining amount to be used for future improvements to the property.

10. 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, 2021 or 2020.

11. 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:

	2021	2020
Revenues:		
Real Estate Operations	$88,361,223	$65,682,418
Fee for Service	2,313,000	2,103,950
Total	$90,674,223	$67,786,368
Operating Cost and Expense:		
Real Estate Operations	$67,822,716	$49,706,686
Fee for Service	2,948,447	2,688,484
Administrative Expenses	6,777,135	6,516,312
Total	$77,548,298	$58,911,482

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 $587,322 in 2021 and $311,446 in 2020 and receivables of $945,533 in 2021 and $1,937,809 in 2020.

12. Purchases of Real Estate:

Port Richey, FL – Property Purchase: On October 21, 2020, the Company purchased a property with a single retail tenant in Port Richey, FL for $5,265,835 including closing costs. This purchase was financed with proceeds from a new loan of $5,215,000 and working capital of $50,835. Key terms of the loan were as follows:

Loan Amount:	$5,215,000
Maturity Date:	May 1, 2022
Interest Rate:	The lesser of 9.00% or the "Maximum Rate" allowed by law.
Payments:	Interest payable monthly with principal due on Maturity Date.
Exit Fee:	A Prepayment Penalty of $52,150 (1% of principal) shall be payable to the lender if full or partial repayment in made prior to the Maturity Date.

The Company sold this property on February 18, 2021.

12. Purchases of Real Estate (concluded):

Horsham, PA - Property Purchase: On January 7, 2021, the Company purchased a property in Horsham, PA for $977,563 including closing costs. This purchase was financed with proceeds from new loans of $927,563 and working capital of $50,000. Key terms of the loans are as follows:

Loan Amount:	$1,500,000
Maturity Date:	July 6, 2022
Interest Rate:	The lesser of 9.50% or the Maximum Rate, as defined, under law
Payments:	On demand or interest-only payable monthly up until the Maturity Date.
Guarantor:	The Company (Corporate).
Prepayment Penalties:	None.

Austin, TX (Easton Park West) – Purchase and Partial Sale of Property: On March 31, 2021, the Company purchased 15.7 acres of land in Austin, TX for $6,790,582 including closing costs. Simultaneously, 10.5 acres were sold to another party for $6,800,000. The purchase was financed by working capital, including the Company's line of credit, and the proceeds from the sale. The Company netted $196,893 of cash for these two transactions, which was received on March 31, 2021. The remaining 5.2 acres will be marketed to retail establishments.

13. Contingencies:

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

On June 20, 2019, 234 Realty, LLC and 287 Realty, LLC (the "Paolino Entities") filed suit in Providence County Superior Court (the "Court") against the Company for breach of contract alleging the Company failed to pay fees allegedly 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 based upon, among other legal and factual bases: (1) the Paolino Entities' lack of proper licensure to collect fees from the Company for facilitating the real estate transactions underlying the Paolino Claims, (2) applicable state laws barring the unlicensed Paolino Entities from collecting fees from the Company for facilitating the real estate transactions underlying the Paolino Claims, and (3) even if the Company owes certain fees to the Paolino Entities despite their lack of licensure, agreements reached between the Company and the Paolino Entities significantly reduce the fee amounts to which the Paolino Entities may be entitled, such that the Company believes the value of the Paolino Claims, to the extent lawfully compensable, to be approximately $2,800,000.

That said, on June 21, 2021 the Special Master appointed by the Court issued a Second Interim Report calculating the Paolino Entities' potential damages (and the Company's potential exposure) concerning the CVS transactions to be no less than $6,994,784. The Special Master's Report failed to take into consideration modifications and other agreements between the Company and the Paolino Entities concerning fees, as well as other factors that inflated the Special Master's calculation to $6,994,784. The Company is submitting its own accounting statements and supporting evidence to the Special Master in order to provide the Special Master and the Court with the Company's perspective concerning the Paolino Entities' potential damages (and the Company's potential exposure). The Company's accounting statements and supporting evidence will support the $2,500,000 amount the Company believes it is liable for related to CVS transactions. Separately, the Company's exposure for payment to the Paolino Entities on Cumberland Farms transactions is approximately $300,000.

13. Contingencies (continued):

The Paolino Entities are also seeking interest on the unpaid fees, and attorneys' fees associated with the dispute. Although the Company has asserted defenses to such claims, the exposure is approximately $1,000,000 (interest accrual) and $1,000,000 (attorneys' fees), which amounts will increase over time. The interest accrual figure is necessarily dependent upon the Court's ultimate determination of underlying fees due to the Paolino Entities, if any. As a result, the total exposure from the Paolino Claims ranges from approximately $2,800,000 to $7,294,784, exclusive of interest and legal fee claims, with the lower end of that range being the much more likely outcome if the Paolino Parties are successful at the trial court level.

On June 25, 2021, the Company received the Court's Decisions on the Paolino Entities' Motions to Dismiss all of the Company's counterclaims, which counterclaims seek to claw back payments made by the Company to the Paolino Entities during the time period 2004 through 2019. The Court granted, in part, the Paolino Entities' Motions to Dismiss the Company's counterclaims, leaving the Company with pending counterclaims to recoup fees previously paid to the Paolino Entities at approximately $13,000,000. Pending before the Court at this time is the Company's Motion for Summary Judgment seeking to dismiss all of the Paolino Entities' claims against the Company based upon the Paolino Entities' lack of real estate broker licensure. The hearing on the Company's Motion for Summary Judgment was conducted on July 14, 2021, with the Court reserving decision. Based on the Court's June 25, 2021 decisions rendered in favor of the Paolino Entities, the Company's expectation is that the Court will deny the Company's Motions for Summary Judgment, such that the Paolino Entities' claims will proceed to trial. It is also notable that the Company is filing a Motion for Reconsideration of the Court's June 25, 2021 decisions in favor of the Paolino Entities due to glaring errors of law; if successful, the parties' likelihood of success will change dramatically, with the Paolino Entities facing significant disgorgement counterclaims due to their lack of licensure.

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 2022. Alternative dispute resolution processes, including non-binding mediation, may be employed from time to time to attempt to resolve the Paolino Claims and the Company Counterclaims. The Company intends to continue to defend the Paolino Claims and prosecute the Company Counterclaims vigorously, but may engage in alternative dispute resolution if appropriate.

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 remaining counterclaims, especially due to the Company's unresolved Motions for Summary Judgment and Motions for Reconsideration. Based upon the interim Court rulings thus far, however, it is our opinion that it is more likely than not that the Paolino Entities will prevail at the trial court level, with an award of at least $2,800,000 (which is accrued as of April 30, 2021). Notwithstanding, the Company has a reasonable likelihood of success on appeal concerning the licensure legal issues decided unfavorably by the trial court, such that any judgment in favor of the Paolino Parties may be vacated on appeal. The appellate process would likely take more than two years.

Other Proceedings

In March 2019, the Company received a letter from the Massachusetts Attorney General's Office ("AGO") claiming that it improperly abated asbestos during building renovations at the Spring Gate Apartments in Rockland, Massachusetts, potentially in violation of the Massachusetts Clean Air Act and Massachusetts False Claims Act. The AGO had stated that it intended to seek a civil monetary fine of up to $300,000 and agreement on updating the Company's employee training certifications and related paperwork on our Operations & Maintenance (O&M) plan.

13. Contingencies (concluded):

On November 25, 2020, the Commonwealth of Massachusetts and the Company entered into a settlement where the Company did not admit to any liability or wrongdoing. As part of the settlement, the Company agreed to pay $250,000 in civil penalties, of which $100,000 was paid in January 2021 and another $100,000 is payable by January 2022. The balance of the civil penalty is suspended and will be waived if the Company complies with certain conditions, which includes completion of asbestos training and certification and submission of an approved O&M plan. The Company recorded an expense of $200,000 for this settlement in the year ended April 30, 2021.

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.

On March 11, 2020 the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. As of the date of this filing, our properties remain open, subject to regulated or reduced store hours. We cannot reasonably estimate the length or severity of this pandemic, or the extent to which the disruption may materially impact our consolidated financial position, consolidated results of operations, and consolidated cash flows in fiscal 2022 and beyond.

14. Loss on Impairment:

In fiscal year 2020, the Company recorded an impairment loss of $1,183,662 on assets held at its restaurant in Edinburg, TX. Included in the impairment charge were write-downs of tenant improvements, kitchen equipment, and a capitalized license fee. The impairment charge, which is based on uncertainty about the future of the restaurant in light of the COVID-19 pandemic, including uncertainty about the ability to generate cash flows sufficient to cover the carrying values of the assets.

15. Subsequent Events:

The Company has evaluated for subsequent events through August 2, 2021, the date the financial statements were issued.

Line of Credit: On May 10, 2021, the Company obtained an unsecured credit line with a regional bank. This line of credit is for $3,000,000 and will be used 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. Interest is to be paid monthly; principal is to be repaid within ninety days upon notice by the lender.

15. <u>Subsequent Events (Concluded)</u>:

Lewisville, TX - Property Purchase: On May 14, 2021, the Company purchased a property in Lewisville, TX for $1,387,413 including closing costs. This purchase was financed with proceeds from a new loan of $1,162,413 and working capital of $225,000. The Company is going to build a single entity build-to-suit on this land. Key terms of the loan are as follows:

Loan Amount:	$1,650,000
Maturity Date:	May 14, 2028
Interest Rate:	The lower of a) the Prime Rate, as defined, plus 1.00% or b) the Maximum Lawful Rate, but in no case lower than 4.25%, through May 14, 2023 (the "Interest Only Period Expiration Date"); thereafter until maturity, the lower of a) the Prime Rate, fixed as of May 12, 2023, plus 1.00% or b) the Maximum Lawful Rate, but in no case lower than 4.25%.
Payments:	Interest only payable monthly up until the "Interest Only Period Expiration Date" of May 14, 2023. Thereafter until maturity, principal and interest payable monthly using a 25-year amortization.
Guarantor:	The Company (Corporate).

Montgomery, TX – Partial Sale: On May 19, 2021, the Company sold a 0.71 parcel of land from its Montgomery, TX property for $975,000 (approximate cost of $398,000). A loan of $909,143 was paid off with the proceeds (no net cash proceeds to the Company). The Company continues to own 21.25 acres of this property.

East Brunswick, NJ – Construction Loan: On June 17, 2021, the Company obtained a $2,660,000 construction loan for a build-to-suit job in East Brunswick, NJ. Proceeds of the loan at closing of $59,673 were primarily used to pay loan closing costs. The interest rate on the loan during the Construction Phase is the lesser of 0.75% or the One-Month LIBOR Rate, as defined, plus 3.00%. The monthly loan payments are interest only through July 1, 2022, the Conversion Date. Thereafter, the interest rate on the loan during the Permanent Phase is the lesser of 0.75% or the One-Month LIBOR Rate, as defined, plus 2.25%, with principal and interest payments payable monthly using a 20-year amortization period. The maturity date is July 1, 2032 at which time any remaining principal balance is due. The Company is also a guarantor on this loan.

Prosper, TX - Property Purchase: On July 16, 2021, the Company purchased a property in Prosper, TX for $1,943,531 including closing costs. This purchase was financed with proceeds from a new loan of $1,553,486, cash of $315,045, and working capital of $75,000. The Company is going to build a single entity build-to-suit on this land. Key terms of the loan are as follows:

Loan Amount:	$2,225,000
Maturity Date:	July 16, 2028
Interest Rate:	The lower of a) the Prime Rate, as defined, plus 1.00% or b) the Maximum Lawful Rate, but in no case lower than 4.25%, through July 16, 2023 (the "Interest Only Period Expiration Date"); thereafter until maturity, the lower of a) the Prime Rate, fixed as of July 17, 2023, plus 1.00% or b) the Maximum Lawful Rate, but in no case lower than 4.25%.
Payments:	Interest only payable monthly up until the "Interest Only Period Expiration Date" of July 16, 2023. Thereafter until maturity, principal and interest payable monthly using a 25-year amortization.
Guarantor:	The Company (Corporate).