CROSSROADS SYSTEMS INC.

a Delaware Corporation
4514 Cole Avenue, Suite 1600
Dallas, TX 75205
(214) 999-0149
www.crossroads.com

SIC CODE: 6712

Annual Report

For the Period Ending: October 31, 2021
(the "Reporting Period")

The number of shares outstanding of our Common Stock is **5,971,994** SHARES as of OCTOBER 31, 2021.

The number of shares outstanding of our Common Stock was **5,971,994** SHARES as of JULY 31, 2021 (end of previous reporting period)

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933 and Rule 12b-2 of the Exchange Act of 1934):

Yes: ☐ No: ☒ (Double-click and select "Default Value" to check)

Indicate by check mark whether the company's shell status has changed since the previous reporting period:

Yes: ☐ No: ☒

Indicate by check mark whether a change in control of the company has occurred over this reporting period:

Yes: ☐ No: ☒

Part A General Company Information

Item 1) Name of the issuer and its predecessors (if any)

Crossroads Systems, Inc
Prior Symbol CRDS - Bankruptcy Plan Effective October 3, 2017;
Current CRSS: OTCQX

Item 2) Address and principal executive offices

Crossroads Systems, Inc
4514 Cole Avenue, Suite 1600
Dallas, TX 75205
(214) 999-0149
www.crossroads.com; www.capitalplusfin.com
ir@crossroads.com; info@capitalplusfin.com

Item 3) Jurisdiction and date of incorporation and organization

Delaware Corporation, Active
September 26, 1996

Has the issuer or any of its predecessors ever been in bankruptcy, receivership, or any similar proceeding in the past five years?

Yes: ☒ No: ☐

Part B Share Structure

Item 4) The exact title and class of securities outstanding

Trading symbol:	CRSS
Exact title and class of securities outstanding:	Common Shares
CUSIP:	22766K103
Par or stated value:	$0.001

Item 5) Par or state value and description of security

Crossroads Systems, Inc. (OTCQX: CRSS), Amended and Restated Certificate of Incorporation authorizes the Company to issue 75,000,000 shares of Common Stock, par value $0.001 per share. As of October 31, 2021, there were 5,971,994 shares of Common Stock issued and outstanding.

A. Par or Stated Value.

Common Stock: $.001 per share

Common or Preferred Stock.

1. Common Stock dividend, voting and preemption rights: Each share of Common Stock has one vote on each matter submitted to a vote of the stockholders of the Company. Subject to the provisions of applicable law and the rights of the holders of the outstanding shares of preferred stock, if any, the holders of shares of Common Stock are entitled to receive, when and as declared by the Board of Directors of the Company, out of the assets of the Company legally available therefor, dividends or other distributions, whether payable in cash, property or securities of the Company.

2. Preferred Stock dividend, voting, conversion and liquidation rights as well as redemption or sinking fund provisions: n/a
3. Other material rights of Common or Preferred Stockholders: n/a
4. Any provision in the issuer's charter or by-laws that would delay, defer or prevent a change in control of the issuer: The Company's charter includes a tax benefits protection provision that prohibits any transfer of the Company's shares to the extent that, as a result of such transfer, a person would become a 4.99% stockholder of the Company or the percentage stock ownership of any current 4.99% stockholder would increase.

Item 6) The number of shares or total amount of securities outstanding for each class of securities authorized

Total shares authorized:	75,000,000	as of date: October 31, 2021
Total shares outstanding:	5,971,994	as of date: October 31, 2021
Number of shares in the Public Float:	1,464,867	as of date: October 31, 2021
Total number of shareholders of record:	134	as of date: October 31, 2021
Total number of shareholders of record (holding at least 100 shares):	41	as of date: October 31, 2021

Item 7) Transfer Agent

Name: American Stock Transfer & Trust Company
Phone: (866) 703-9077
Email: TCajuste@astfinancial.com

Is the Transfer Agent registered under the Exchange Act?[1] Yes: ☒ No: ☐

Part C **Business Information**

Item 8) The nature of the issuer's business.

A. Business Development.

Crossroads Systems Inc., (OTCQX: CRSS) was an intellectual property licensing company headquartered in Austin, Texas. Founded in 1996 as a product solutions company, CRSS created some of the storage industry's most fundamental patents and has licensed patents to more than 50 companies since 2000. CRSS's fiscal year-end is October 31.

On August 13, 2017, the Company filed for re-organization under Chapter 11 of the Federal Bankruptcy Code (the "Plan") which had been accepted by the holders of more than 2/3 of the preferred shares of the Company. In connection with the filing, the Company entered into restructuring support agreements with 210/CRDS Investment LLC ("210") and with certain holders of the Company's series F preferred stock. Subject to the terms and conditions of the Plan and the restructuring support agreement with 210, Dallas-based 210 invested $4 million cash in the Company in exchange for shares of the reorganized Company's common stock representing approximately 49.49% of the common stock of the reorganized Company. In addition, 210 committed to provide up to $10 million of financing for the Company to use (subject to the terms and conditions of the Plan and the 210 RSA) to implement its strategy of monetizing its intellectual property assets and pursuing investments in companies that generate profit and positive cash flows, thus creating long-term shareholder value. The Plan provided for the payment of all creditor claims in full, for holders of preferred shares to receive their pro rata share of $2.7 million in cash plus 8% of the common stock of the reorganized Company, and for holders of common stock to exchange their existing shares of common stock for an equivalent number of new shares of the common stock of the reorganized Company, which shares would constitute approximately

42.5% of the outstanding shares of common stock of the reorganized Company. The Plan was approved by the Court on September 18, 2017 and effective October 3, 2017, The Company was delisted from the Nasdaq exchange to the Over-the-Counter (“OTC”) Pink Sheets on September 10, 2017, 10 days after the exchange filed its Form 25.

On December 18, 2017, Crossroads Systems Inc., closed on the acquisition of 100% of the common equity of Capital Plus Financial, LLC (“CPF”), a Texas based community development financial institution (“CDFI”), $30.8 million in cash and 49.5% or 2,955,028 of newly issued common stock. This transaction did not trigger any change of control, however, did grant CPF owners/management two board seats.

On September 14, 2021, Crossroads entered into an advisory agreement with Enhanced Capital Group, an investment firm committed to socially responsible investment initiatives and impact manager of P10 Holdings, Inc ("P10"), a leading, specialized multi-asset class private markets solutions provider.

On September 24, 2021, Crossroads acquired Rise Line Business Credit, LLC (“RLBC”) a nationwide asset-based lending firm that provides innovative working capital solutions. This transaction did not trigger any change of control or change in board seats.

On December 16, 2021, Crossroads reached an agreement in principle to acquire Fountainhead, a leading national, non-bank, direct commercial lender specializing in business financing for small to midsize businesses. The deal remains subject to the consent of and final approval by the Small Business Administration (SBA) and is expected to close in the first half of 2022.

As of the date of this report, Crossroads is currently involved in the following litigation.

Greathouse v. Capital Plus Financial, LLC and Crossroads Systems, Inc.

On December 29, 2021, Eric Greathouse filed a case in the Eastern District of Arkansas against the Company and Capital Plus Financial, LLC (“CPF”) on behalf of himself and a putative nationwide class of Paycheck Protection Program (“PPP”) borrowers, who allegedly timely applied for PPP loans with Defendant CPF as the lender and who had their loans approved by the SBA but did not receive the PPP loan proceeds. The action asserts breach of contract and unjust enrichment against the defendants in connection with his and the putative class’s claims. The Company denies allegations of any wrongdoing and intends to vigorously defend the case.

Oto Analytics, Inc. D/B/A Womply v. Capital Plus Financial, LLC, Crossroads Systems, Inc., Eric Donnelly, Ba Fin Orion, LLC d/b/a Blueacorn, and Barry Calhoun

On September 9, 2021, Womply commenced this action in the 95th Judicial District Court Dallas County TX (docket number DC-21-13097), which the Company and other defendants removed to the Northern District of Texas. Following removal and an amendment of their original complaint on December 23, 2021, the case alleges various torts, including fraud and tortious interference with contract, in connection with Womply’s allegations regarding its entitlement to the fees Womply allegedly earned by creating and providing technology infrastructure for the federal Paycheck Protection Program (“PPP”). The Company denies allegations of any wrongdoing and intends to vigorously defend the case.

In 2018, the Company settled two outstanding legal matters dating back to 2013, and prior management and business lines since shuttered as part of the reorganization into a financial holding company. The matters were related to the Crossroads patent business and royalties owed to the Company.

B. Business of Issuer.

Crossroads primary and secondary SIC Codes are 6712.

Crossroads Systems Inc., (OTCQX: CRSS), is a holding company focused on investing in businesses that promote economic vitality and community development. Crossroads' subsidiary, Capital Plus Financial (CPF), is a certified Community Development Financial Institution (CDFI) and certified B-Corp that supports Hispanic homeownership with a long-term, fixed-rate single-family mortgage product. CPF was acquired on December 18, 2017.

Crossroads' primary subsidiary is Capital Plus Financial. CPF was originally formed in 1992 to provide mortgage financing within the state of Texas. Throughout its life, CPF has evolved to serve the Hispanic population by providing credit that is otherwise unavailable.

CPF has injected over $250 million into under-served communities and populations in Texas. CPF is committed to continuing to serve communities in which it has a history of 25 years, as well as expanding its reach to serve its expanding customer base.

The other integral part of the CPF's mission is to provide affordable housing. This is done through the substantial rehabilitation of blighted homes in low to moderate-income areas. Through this process, communities are improved and housing that is safe and sustainable is provided to hundreds of people a year looking to make their way up the socio-economic ladder.

Crossroads advisory agreement with Enhanced Capital Group ("ECG") will immediately expand CPF's credit assets and is expected to infuse more than $250 million into emerging communities across the country over the next 12 to 18 months by leveraging ECG's deep experience investing in small businesses and projects that spur job creation; promote environmental sustainability; support women, minority, and veteran-owned enterprises; and stimulate underserved communities. The agreement allows for significant loan growth to be booked on CPF's balance sheet and in return, ECG will receive a management and incentive fee. The company targets ECG-originated assets, in aggregate and with proper financing in place, to yield in excess of 20% return on equity for Crossroads, while dramatically expanding its impact footprint.

Crossroads acquired RLBC in September 2021, a nationwide asset-based lending firm that provides innovative working capital solutions. Through this transaction, Crossroads anticipates being able to provide better accessibility to banking for small businesses and assist in their transition into the conventional banking system where many are currently underserved. The merger also expands Crossroads' impact product offering to small businesses that are in asset-heavy sectors such as manufacturing, distribution, retail and consumer products, business services, staffing, and technology services.

The consolidated company currently has 34 full-time employees between Dallas-Fort Worth, Houston, and San Antonio. The financial results of Crossroads are consolidated and include the operating results of CPF and RLBC.

The Company has not at any time been a "shell company" as defined in Rule 405 of the Securities Act of 1933, as amended, and Rule 12b-2 of the Securities Exchange Act of 1934, as amended.

As with any operating company, we are subject to a growing number of local, national, and international laws and regulations. These laws are often complex and are frequently changing. Changing or growing regulations could impose additional compliance burdens and costs on us and could subject us to significant liability for any failure to comply.

Item 9 The nature of the products or services offered

The nature of products or services offered.

Through our subsidiary, CPF's core business is to provide mortgage financing to Hispanic homeowners within the state of Texas. CPF achieves this via purchasing blighted, single-family homes in low to moderate-income areas within the state. It then renovates and refurbishes these properties and sells them to the Hispanic community. The targeted homes are generally 900 to 1,400 sq. ft., 2-3 bedrooms, and currently range in value from $100,000 to $175,000 (after renovations).

Typically, targeted properties meet some or all of the following criteria:

- Outdated, especially the kitchens and bathrooms;
- Little current curb appeal;
- Atypical layouts or features that turn buyers away;
- Not well maintained;
- Sellers looking for a quick sale; and
- Sellers seeking a cash buyer, who is not reliant upon financing contingencies.

While there is natural competition from community banks on the financing side of the business, there are multiple factors that have kept this to a minimum, including but not limited to bank compliance regulation costs, borrower distrust of the banking system, and small balance size of the mortgages provided.

During fiscal 2021, CPF actively participated in the second round of the Cares Act implementation of the Paycheck Protection Program ("PPP") through the United States Department of the Treasury and SBA. PPP loans have an interest rate of 1.0%; principal and interest payments are deferred for nine months from the date of disbursement; a five-year loan term to maturity for loans made on or after June 5, 2020 (loans made prior to June 5, 2020, have a two-year term, however, borrowers and lenders may mutually agree to extend the maturity for such loans to five years); and is unsecured and guaranteed by the SBA. CPF was in the top 5 lenders in the country.

CPF is, as are all regulated lending institutions, dependent on the continued regulatory approval of our loan offerings. We comply with the Texas Department of Savings and Mortgage Lending regulations as well as federal lending guidelines. We subject ourselves to annual compliance, fair lending, and servicing audits to ensure that our procedures remain in compliance and are kept abreast of the latest regulatory changes.

Our subsidiary RLBC's core business is to provide financing solutions across a wide array of industries, including manufacturing, distribution, logistics, transportation, retail and consumer, business services, staffing, and technology services. RLBC provides customized lending solutions to businesses seeking an alternative to the traditional bank and non-bank lenders that cannot meet their capital and service needs.

RLBC's client solutions typically include asset-based revolving lines of credit and senior secured term loans with loan facilities ranging from $2M to $15M with the ability to agent and syndicate larger transactions. RLBC offers customized loan structures, providing liquidity by monetizing both traditional working capital assets, such as inventory and accounts receivable, while also including real estate, machinery, and equipment and intangible assets as eligible collateral.

RLBC maintains offices in New York and provides national coverage.

Item 10 The nature and extent of the issuer's facilities.

The Company is obligated, as lessee, under non-cancelable operating lease agreements for office space located in Bedford, Texas, and Houston, Texas. The lease agreements require monthly payments totaling $12,600 through their expiration in December 2022.

Future minimum payments required under non-cancelable operating lease agreements are as follows for the years ending October 31:

Rent expense associated with non-cancelable operating leases for the year ended October 31, 2021 was $137,475.

	Bedford	Houston	Total
2022	$109,800	$41,400	$151,200
2023	109,800	6,900	116,700
2024	18,300	-	18,300
	$237,900	**$ 48,300**	**$286,200**

Part D Management Structure and Financial Information

Item 11 Company Insiders (Officers, Directors, and Control Persons).

A. Officers, Directors, and Control Persons.

The following table shows the number of shares of Common Stock beneficially owned by directors, executive officers, and persons known by the Company to beneficially own more than five percent (5%) of the issued and outstanding shares of Common Stock of the Company as of October 31, 2021.

The percentage of beneficial ownership is calculated assuming 5,971,994 shares of the Company's Common Stock (net of treasury shares) were outstanding as of October 31, 2021. Except as otherwise indicated, and subject to applicable community property laws, to the Company's knowledge, each person has sole voting and dispositive power with respect to all shares of Common Stock beneficially shown as owned by that person.

Beneficial Owner/Shareholder Name	Business Address	Affiliation with Company (e.g., Officer/Director/Owner of more than 5%)	Number of Shares	% Ownership	Class of Shares
Eric Donnelly (Donnelly 2018 Trust)	Dallas, TX	Executive Officer, Director, and Control Person	718,590	12.0%	Common
Farzana Giga (Giga Investments, LLC)	Frisco, TX	Executive Officer, Director and Control Person & Member of Audit Committee	618,683	10.4%	Common
Robert Alpert (210/CRDS Investments)	Dallas, TX	Chairman of the Board & Control Person	546,142	9.1%	Common
Clark Webb (210/CRDS Investments)	Dallas, TX	Director & Control Person & Member Audit Committee	646,143	10.8%	Common
Claire Gogel	Dallas, TX	Independent Director	193,438	3.2%	Common
James Perez Foster	Boulder, CO	Independent Director & Member Audit Committee	601	0.01%	Common
Ray Kembel	Dallas, TX	Independent Director & Member Audit Committee	401	0.01%	Common
Mark Crockett	Fort Worth, TX	Officer and Owner of more than 5%	466,233	7.8%	Common
Charles A Vose III	Dallas, TX	Owner of more than 5%	485,474	8.1%	Common

Robert H. Alpert - Chairman of the Board

Robert Alpert has served as Chairman of the Board since October 2017. He is the Chairman and Co-CEO of P10, Inc. (formerly P10 Holdings, Inc.) He is also the co-founder and principal of 210 Capital, LLC. Mr. Alpert is a director of Elah Holdings, Inc., Collaborative Imaging, LLC, and Chairman of the Board of Redpoint Insurance Group, LLC. He is also the co-founder of Homebuilder Capital Advisors, LLC and the co-founder and managing member of Merfax Financial Group, LP. Mr. Alpert previously served as the Chief Executive Officer and Chairman of the Board of GlobalSCAPE, Inc. Prior to founding 210 Capital, Mr. Alpert was the founder and portfolio manager of Atlas Capital Management, L.P.

Eric Donnelly – Director and Chief Executive Officer

Eric Donnelly has served as a director and as Chief Executive Officer since December 2017. Mr. Donnelly has spent his 20-year career focused on supporting small businesses and developing low to moderate income communities with an emphasis on Hispanic homeownership. He has served as Capital Plus Financial LLC's Chief Executive Officer since 2014 after having been hired by the company's founder in 2012 to scale the 25-year social enterprise. Mr. Donnelly has grown the company into one of the largest Community Development Financial Institutions in the country and under his leadership has achieved its B Corp certification further reinforcing the company's commitment to community impact as well as shareholder value growth. In 2005 after many years in commercial banking, Mr. Donnelly founded a national small balance commercial real estate finance company focused on delivering long term, fixed rate options to small business owners. He is an active Hispanic entrepreneur and leader whose passion it is to improve underserved and underbanked market segments. Mr. Donnelly is a graduate of Southern Methodist University with a Bachelor of Arts in Economics. Mr. Donnelly is on the board of InBankshares, a community bank based in Raton, NM serving the New Mexico and Colorado Front Range markets. He was a participant in the BBVA Momentum program for Social Entrepreneurs, a 2017 graduate of the Stanford Latino Entrepreneur Initiative, and a continuing mentor to Latino entrepreneurs participating in the Stanford program.

James Pérez Foster – Independent Director & Member of Audit Committee

James Pérez Foster has served as a director since February 2018 and is an Audit Committee member. Mr. Pérez Foster is a seasoned board member with national banking and Community Development Financial Institution (CDFI) board experience. He is a technology executive and management consultant with more than 25 years of strategic growth, impact investment advisory, and community engagement experience. A published expert on U.S. underserved market segments for global financial services and banking institutions, Mr. Pérez Foster is the founder of Bainbridge Advisors, LLC, a consulting, and research firm that serves financial institutions and federal agencies. Mr. Pérez Foster also founded Solera National Bancorp, a federally chartered bank holding company that is credited as one of the first Hispanic-markets focused commercial banks in the country. Mr. Pérez Foster has a BA in International Relations from Syracuse University's Maxwell School of Citizenship and Public Affairs.

Farzana Giga – Director and Chief Financial Officer & Member of Audit Committee

Farzana Giga has served as the Chief Financial Officer and board member of Crossroads Systems, Inc. since December 2017 and the Chief Financial Officer of Capital Plus Financial since 2014. Ms. Giga's background includes extensive experience in strategic financial planning and structuring as well as financial operations in public and private organizations. Her most recent experience included managing a private equity fund focused on residential seller financing including acquisitions, mortgage origination, and mortgage servicing for a portfolio exceeding $100M. In 2014, during her tenure at the private equity fund, Ms. Giga partnered to acquire Capital Plus Inc and form Capital Plus Financial which was then acquired by Crossroads Systems in 2017. Ms. Giga currently serves on the board of Zigatta LLC, a technology solutions company, and Capital IBE Holding, LLC, a privately held Puerto Rican financial institution. Ms. Giga is also a member of the OTCQX Issuer Advisory Council. Ms. Giga is a Certified Public Accountant, Certified Management Accountant in Ontario, Canada, and received her Bachelor of Arts, Economics from the University of Toronto.

Claire Gogel – Independent Director

Claire Gogel has served as a director since October 2017. Ms. Gogel was an Independent Director and member of the Finance and Restructuring Committee at SunEdison, Inc., and served in that position from 2016 when she was appointed as an independent director by Greenlight Capital. From 2009 to 2014, Ms. Gogel served as a partner and analyst at Greenlight Capital, a hedge fund in New York. From 2001 to 2009, Ms. Gogel was the founder and portfolio manager of Perennial Advisors, a long-short equity hedge fund. Ms. Gogel's professional experience also includes positions as a portfolio manager at Discovery Partners and as a research associate at Cardinal Investment Company. Ms. Gogel earned a Bachelor of Arts degree with High Honors from The University of Texas at Austin.

Ray Kembel – Independent Director & Member of Audit Committee

Ray Kembel has served as a director since February 2018 and is the Chairman of the Audit Committee. Mr. Kembel is a tenured finance executive with a broad knowledge of real estate and credit finance. He is currently an Executive Vice President with Oakwood Bank in Texas. Prior to joining Oakwood Bank, Mr. Kembel helped develop the Dallas commercial banking platform for Green Bancorp, Inc. (NASDAQ: GNBC), recently acquired by Veritex Bank (NASDAQ: VBTX). Ray previously spent 10 years with Staubach Capital Partners, a private equity group under The Staubach Company umbrella, acquired by JLL (NYSE: JLL). He began his career with Bank of America (NYSE: BAC). Mr. Kembel holds a BBA degree from The University of Texas at San Antonio and an MBA from The University of Dallas.

C. Clark Webb – Director & Member of Audit Committee

C. Clark Webb has served as a director since October 2017 and serves as a member of the Audit Committee. Mr. Webb is the Co-CEO and a Director of P10, Inc. (formerly P10 Holdings, Inc.). He is also the co-founder and principal of 210 Capital, LLC. Additionally, Mr. Webb serves as the Chairman of the Board of Elah Holdings, Inc., and Chairman of the Board of Collaborative Imaging LLC. Previously, Mr. Webb was Founder and Managing Member of P10 Capital Management, Co-Portfolio Manager of the Lafayette Street Fund, and a Partner at Select Equity Group, L.P. Mr. Webb holds a B.A. from Princeton University.

Board Compensation

The non-executive members of the Board of Directors each receive $3,750 per quarter for their service on the Board of Directors. The Chairman of the Board receives an additional $900 per quarter and the Chairman of the Audit Committee receives an additional $600 per quarter. The three independent board members were paid a one-time bonus of $300,000 during 2021.

The following table discloses compensation received by the Company's Chief Executive Officer and Chief Financial Officer, for the fiscal year 2021.

Name and Principal Position	Fiscal Year	Salary ($)	Bonus ($)	Option Awards (Fair Value $)	All Other Compensation ($)	Total ($)
Eric Donnelly, Chief Executive Officer	2021	$350,000	$8,899,474	N/A	N/A	$9,249,474
Farzana Giga, Chief Financial Office	2021	$300,000	$8,899,474	N/A	N/A	$9,199,474

B. Legal/Disciplinary History.

None of the persons listed in Item 11.A above have, in the last five years, been the subject of: (1) a conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses); (2) the entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities; (3) a finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or (4) the entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended or otherwise limited such person's involvement in any type of business or securities activities

C. Disclosure of Family Relationships.

There are no family relationships among and between the issuer's directors, officers, persons nominated or chosen by the issuer to become directors or officers, or beneficial owners of more than five percent (5%) of any class of the issuer's equity securities.

D. Disclosure of Related Party Transactions.

On September 14, 2021, the Company entered into an advisory agreement with Enhanced Capital Group, an investment firm committed to socially responsible investment initiatives and impact manager of P10, Inc., a leading, specialized multi-asset class private markets solutions provider. Mr. Alpert and Mr. Webb, who are members of the Company's board of directors, are Co-Chief Executive Officers and Directors of P10, Inc. Mr. Alpert is chairman of the board of P10, Inc. As of October 31, 2021, the Company had financed $7.5 million in these loans.

Capital Plus Financial leases office space on a month-to-month basis from 210 Capital whose principals are Mr. Alpert and Mr. Webb. Monthly payments under the lease were $1,700 and total rental payments for the year ended October 31, 2021, were $6,800 with rent owed at October 31 totaled $6,800.

The Company leased office space in Dallas, Texas on a month-to-month basis from Southwest Federated, Inc., a related party through common ownership. Monthly payments under the lease were $4,500 and total rental payments for the year ended October 31, 2021 were $31,500. The lease was terminated in 2021.

E. Disclosure of Conflicts of Interest.

Not Applicable

Item 12 Financial information for the issuer's most recent fiscal period.

The Company has provided the following financial statements for the most recent fiscal year ending October 31, 2021 which are attached hereto as Exhibit A and are hereby incorporated by reference:

- Consolidated Balance Sheet
- Consolidated Statement of Operations
- Consolidated Statement of Changes in Equity
- Consolidated Statement of Cash Flows
- Notes to the Consolidated Financial Statements

Item 13 Similar financing information for such part of the two preceding fiscal years as the issuer or its predecessor has been in existence.

The Company has provided the following financial statements for the two most recent fiscal years ending October 31, 2021 and October 31, 2020 ("Fiscal 2021"), and ("Fiscal 2020"):

- Report of Independent Public Accounting Firm
- Consolidated Balance Sheet
- Consolidated Statement of Operations
- Consolidated Statement of Changes in Equity

- Consolidated Statement of Cash Flows
- Notes to the Consolidated Financial Statements

These are published as Exhibit A to “Annual Reports” for each of Fiscal 2021 and Fiscal 2020 and filed through the OTC Disclosure and News Service, available at www.otcmarkets.com, and are hereby incorporated by reference.

Item 14 The name, address, telephone number, and email address of each of the following outside providers that advise the issuer on matters relating to operations, business development, and disclosure:

Securities Counsel

Name:	Adam Finerman
Firm:	BakerHosteltler
Address 1:	45 Rockfeller Plaze
Address 2:	New York, NY 10011
Phone:	(212) 589-4233
Email:	info@bakerlaw.com

Auditor

Name:	Bridget M. Quin
Firm:	Baker Tilly Virchow Krause LLP
Address 1:	9 Wood Avenue South, Suite 801,
Address 2:	Iselin, NJ 08830-2734
Phone:	(848) 467-3909
Email:	info@bakertilly.com

Investor Relations Consultant

Name:	Tom Colton and Matt Glover
Firm:	Gateway Investor Relations
Address 1:	4685 MacArthur Court, Suite 400
Address 2:	Newport Beach, CA 92660
Phone:	(949) 574-3860
Email:	crss@gatewayir.com

Item 15 Management's Discussion and Analysis or Plan of Operation.

A. Plan of Operation

This item is not applicable, as the Company has had revenues in each of the last two fiscal years.

B. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion provides information and analysis of the Company's results of operations and its liquidity and capital resources and should be read in conjunction with the Company's Consolidated Financial Statements and the other financial information included in Exhibit A and elsewhere in this Annual Report. This discussion contains forward-looking statements that involve risks and uncertainties. The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of any number of factors.

The Company's operating and reporting period is on a fiscal year ending on October 31.

Fiscal 2021 Financial Overview & Results of Operations

	For the Twelve Months Ended October 31,	October 31, 2020	Increase/(Decrease) $	%
REVENUES				
Interest income	$ 40,267,184	$ 12,633,818	$ 27,633,366	219%
Property sales	21,372,291	23,461,898	(2,089,607)	-9%
PPP administrative fees	868,422,947	-	868,422,947	
Other revenue	580,914	538,876	42,038	8%
Total revenues	930,643,336	36,634,592	894,008,744	2440%
COSTS AND EXPENSES				
Interest expense	15,165,963	5,712,138	9,453,825	166%
Cost of properties sold	18,284,646	20,297,457	(2,012,811)	-10%
General and administrative	3,197,133	2,027,976	1,169,157	58%
PPP processing fees	628,095,999	-	628,095,999	
Salaries and wages	3,841,942	2,839,113	1,002,829	35%
Management bonus	20,798,948	-	20,798,948	
Total costs and expenses	689,384,631	30,876,684	658,507,947	2133%
Income from operations	241,258,705	5,757,908	235,500,797	4090%
OTHER INCOME (EXPENSES)				
Grant income - CDFI rapid response program	1,826,265	-	1,826,265	0%
Interest expense	(476,746)	(734,005)	257,259	-35%
Total other income	1,349,519	(734,005)	2,083,524	-284%
Income before income tax provision	242,608,224	5,023,903	237,584,321	4729%
INCOME TAX PROVISION	(47,209,875)	(1,377,572)	(45,832,303)	3327%
NET INCOME	195,398,349	3,646,331	191,752,018	5259%
Less: net income attributable to non-controlling interests	(630,000)	(631,726)	1,726	0%
NET INCOME ATTRIBUTABLE TO CONTROLLING INTERESTS	$ 194,768,349	$ 3,014,605	$191,753,744	6361%
Earnings (loss) per share:				
Cash income attributable to common shareholders	216,611,572	4,392,177	212,219,395	4832%
Weighted average shares outstanding	5,971,994	5,971,994	-	0%
Cash income per share	$ 36.27	$ 0.74	$ 35.54	4832%

Operations

Fiscal 2021 was a transformational year for the Company. CPF's participation in the 2nd round of the Cares Act implementation of the Paycheck Protection Program ("PPP") along with its partnership with ECG and Crossroads' acquisition of RLBC expanded the Company's footprint nationally and its commitment to community development. Participation in PPP resulted in total revenue from operations for the fiscal year ended October 31, 2021 of $930.6 million compared to $36.6 million for the same period of 2020, or 2,440%. The Company did not have a significant impact from the ECG and RLBC transactions but expects to in the future. Net operating income before taxes and minority interest for the fiscal year ended October 31, 2021 was $242.6 million compared to $5.0 million for the same period of 2020.

Net Earnings Per Share

Net earnings per share from operations before taxes and after minority interests for the year ended October 31, 2021 was $36.27 compared to $0.74 for the fiscal year ended October 31, 2020 representing an increase of 4,832% year over year primarily due to participating in the PPP. RLBC's impact was minimal as the merger was completed in mid-September.

Gross Sales

Gross income from the sale of recently rehabilitated homes was $21.4 million for the year ended October 31, 2021, compared to $23.5 million for the year ended October 31, 2020. The decrease in gross sales was the result of lower unit sales due to a tight housing market which was offset by higher sales prices for the fiscal year ended October 31, 2021.

Interest income as reported was $40.3 million compared to $12.6 million in 2020. Interest income generated from the Company's mortgage note receivable portfolio increased to $13.4 million for the year ended October 31, 2021 compared to $12.6 million for the year ended October 31, 2020. The increase was the result of growth in the total mortgage note receivable portfolio during the year. The additional increase of $26.9 million was from CPF's participation in PPP. As of October 31, 2021, the Company did not have any forbearance agreements in place from the prior year where it has 234 borrowers in forbearance.

Processing fee income generated from the Company's participation in PPP was $868.4 million for the year ended October 31, 2021. PPP loans generate interest income of one percent per annum until the loans are forgiven. The Company had no such revenues for the fiscal year ended October 31, 2020.

Cost of Goods Sold

The cost of goods sold related to the sale of homes decreased by 10% to $18.3 million for the fiscal year ended October 31, 2021 from $20.3 million for the fiscal year ended October 31, 2020. The decrease was the result of fewer home sales and costs on those homes during fiscal year 2021.

Cost of goods sold includes all the direct costs of the inventory sold as well as the costs related to the rehabilitation of the homes sold. In addition, cost of goods sold includes carrying costs of all the properties sold and inventory on hand.

The second component of the cost of goods sold is the interest expense on the mortgage note receivable portfolio. The interest expense related to the mortgage portfolio was $4.8 million for the year ended October 31, 2021 compared to $5.7 million for the year ended October 31, 2020. The decrease in interest expense was the result of a lower debt balance and continued lower rates. The remaining interest expense of $10.4 million was associated with the PPP and interest paid on the loan facility.

Processing fee expense related to PPP was $628.1 million for the year ended October 31, 2021. Interest expense on the Federal PPP Liquidity Facility ("PPPLF") on the PPP loans is 35 bps per annum. The Company had no such expenses for the fiscal year ended October 31, 2020. These fees were paid to the Company's lending service partners.

Operating Expenses

Total operating expenses (general administrative and salaries/wages) increased approximately $2.2 million from $4.8 million from the fiscal year ended October 31, 2020 to $7.0 million for the year ended October 31, 2021. Operating expenses as a percentage of total revenues, net of PPP revenue and expense increased from 13.3% for the fiscal year ended October 31, 2020 to 18.9% for the fiscal year ended October 31, 2021. The increase in operating expenses was primarily due to one-time performance related employee and board bonuses of $960,000, a breakup fee of $250,000 to FSB Rice for withdrawing our application to acquire FSB Rice, and a non-cash stock option expense of $183,000. In addition, legal fees expense increased as we negotiated the Enhanced Advisory Agreement and the acquisition of RLBC.

Operating expenses consist primarily of the following: compensation, sales and marketing, technology, legal, professional fees, insurance, and other operating expenses.

The Company incurred an employee and management bonus expense for the year ended October 31, 2021, totaling $20.8 million which includes a $3 million accrual. The Company had no such expense for the year ended October 31, 2021.

Other Income/Expense

The other interest expense relates to interest from acquisition debt. Total other interest expenses decreased by $257,000 from the October 31, 2020 fiscal year-end to the October 31, 2021 fiscal year-end due to a declining interest rate and lower debt balance. The total debt repayment of the acquisition debt for the fiscal year was $4.6 million.

Liquidity and Capital Resources

We define liquidity as our ability to generate sufficient cash to fund current loan demand at the subsidiary level and to operate on an ongoing basis. Our liquidity requirements are met primarily through cash flow from operations, receipt of pre-paid and maturing balances in our loan portfolios, debt financing, and preferred equity investments.

As of October 31, 2021, CPF had lines of credit available with its current banking partners in excess of $7.8 million in addition to cash on hand. We continue to monitor our financings needs.

The Company also offers a Preferred Equity instrument to its bank partners which is considered a qualified investment under the Community Reinvestment Act ("CRA") investment test for banks. Banks purchase units of the preferred investment which generates cash for the Company and provides banks with an "innovative" investment, providing a more favorable CRA assessment from their regulators.

Working Capital

Mortgage Note Portfolio

The mortgage note portfolio consists of $132.0 million of long term fixed, amortizing single-family residential mortgages in the Dallas/Fort Worth, Houston, San Antonio, and McAllen markets. The Company provides a mortgage for the purchase of a property with an equity down payment from the potential buyer. Our mortgage portfolio is comprised of first-time home buyers, and in over 60% of the cases, first-time credit recipients. We believe the risk associated with these borrowers is mitigated by their history of debt aversion. Plainly said, those who have shown the financial discipline to operate without debt should be rewarded and not punished as is often the case with a zero credit score borrower attempting to qualify for a mortgage. Each borrower is manually underwritten, and all are given the opportunity to demonstrably prove their ability to repay. A 43% debt to income ("DTI") ratio is the maximum ratio for approved mortgages, but the average back-end DTI ratio in our portfolio is 29.6%, further reinforcing the quality of our borrowers. All mortgages are originated in house and are Qualified Mortgages (QM). Our weighted average rate on the portfolio was 10.33% at October 31, 2021.

The Company has a default rate below 3% per year and when it does take a property back into inventory, it is able to put it back into its rehab cycle and resell it. Given its ability to rehab and resell the properties at a profit, the Company has determined a reserve for delinquent and defaulted mortgages is not necessary as of October 31, 2021.

As of October 31, 2021, the Company had a mortgage note receivable balance of $132.0 million compared to $128.8 million as of October 31, 2020.

PPP Loan Portfolio

During fiscal 2021, CPF funded approximately $6.3 billion in PPP loans with a stated interest rate of one percent and a five-year loan term. The loans are unsecured and fully guaranteed by the SBA and are eligible for forgiveness. As of the fiscal year ended, approximately 63% of the loans were forgiven and the outstanding loan balance was approximately $2.8 billion. The loans are pledged to the federal reserve PPPLF and accrue interest at 35bps per annum. As of October 31, 2021, the balance on the PPPLF was $3.1 billion.

Inventory

Inventory consists of properties that are currently undergoing remodeling or are being held for sale. Inventory includes the initial costs of acquiring the property, remodeling costs, real estate taxes, and other direct costs incurred while remodeling the property. All indirect overhead costs, such as compensation of sales personnel, management, and advertising costs are charged to salaries and wages or other general and administrative expenses as incurred.

The initial direct costs to acquire properties and remodeling costs account for approximately 86% of the cost of properties sold in the consolidated statement of operations for the year ended October 31, 2021. As of October 31, 2021, 60 properties were being remodeled and 34 were completed and held for sale. Generally, the Company holds properties in inventory from acquisition to resale for 4 to 6 months. The increase is due to the recent shortage of materials.

The Company regularly evaluates inventories that are slow-moving or incurring costs in excess of budgeted costs. The Company determined a reserve for slow-moving inventory was not necessary as of October 31, 2021.

As of October 31, 2021, gross inventory was $10.2 million compared to $10.5 million as of October 31, 2020, a decrease of $300,000 or 3%. The decrease in inventory as of October 31, 2021 compared to October 31, 2020 is the result of lower inventory on hand. However, the company is starting to increase inventory to get homes ready for the upcoming Spring season of 2022.

Revolving Credit Facility

The Company has a revolving line of credit for the acquisition of properties and another for its mortgage loans. The outstanding balance on the inventory line at October 31, 2021 was $6.4 million compared to $7.5 million at October 31, 2020. The decrease in outstanding balance is the result of decreasing inventories. In addition, the Company has two lines totaling $3.0 million for new housing development projects. The outstanding balance on these facilities was $600,000.

The outstanding balance on the mortgage loan revolving credit facility was $43.2 million as of October 31, 2021, compared to $37.5 million as of October 31, 2020. The Company paid off a term credit facility with an outstanding balance of approximately $16.0 million during the period.

Cash Flows Provided by Operations

Continuing Operations

Net cash used by operating activities during the year ended October 31, 2021 was $2.3 billion compared to $1.0 million of net cash used for the year ended October 31, 2020. The main driver of cash usage was the funding of $2.8 billion in PPP loans during the year ended October 31, 2021. The PPP loans were funded through the PPPLF.

Cash Flows Used in Investing and Financing Activities

Net cash provided by financing activities during the year ended October 31, 2021 was $2.9 billion compared to $1.9 million for the year ended October 31, 2020. The increase in cash provided by financing activities was the result of drawing $6.4 billion on the federal reserve's PPP loan facility during the year. This facility had been reduced to $3.1 billion for the year ended October 31, 2021. The PPPLF bears an interest of 35 bps per year.

There are no known trends, events, or uncertainties that have or are reasonably like to have a material impact on the company's short-term or long-term liquidity. The internal sources of liquidity are profits generated from the company's operating subsidiary, Capital Plus Financial, and its external sources of liquidity remain debt and equity from banking institutions that assist in the institutions compliance with the Community Reinvestment Act (CRA). The company has no material commitments for capital expenditures and the expected source of funds for such expenditures. There are no known trends, events, or uncertainties that had or that are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations. There are no significant elements of income or loss that do not arise from the company's continuing operations. There are also no causes for any material changes from period to period in one or more line items on the company's financial statements nor are the seasonal aspects that had a material effect on the financial condition of the results of operations.

C. Off-Balance Sheet Arrangements.

NA

Part E **Issuance History**

Item 16 **List of securities offerings and shares issued for services in the past two years.**

A. Changes to the Number of Outstanding Shares

Check this box to indicate there were no changes to the number of outstanding shares within the past two completed fiscal years and any subsequent periods: ☐

Number of Shares outstanding as of October 31, 2017	Opening Balance: Common: 3,014,726 Preferred: 0								
Date of Transaction	**Transaction type (e.g. new issuance, cancellation, shares returned to treasury)**	**Number of Shares Issued**	**Class of Securities**	**Value of shares issued ($/per share) at Issuance**	**Were the shares issued at a discount to market price at the time of issuance? (Yes/No)**	**Individual/ Entity Shares were issued to (entities must have individual with voting / investment control disclosed).**	**Reason for share issuance (e.g. for cash or debt conversion) OR Nature of Services Provided (if applicable)**	**Restricted or Unrestricted as of this filing?**	**Exemption or Registration Type?**
Dec 2017	New Issuance	532,838	Common	$0.38	Y	EDUCM, Inc (Eric Donnelly)	Acquisition of Capital Plus	Restricted	Non registered
Dec 2017	New Issuance	432,931	Common	$0.38	Y	Giga Investments, LLC (Farzana Giga)	Acquisition of Capital Plus	Restricted	Non registered
Dec 2017	New Issuance	399,629	Common	$0.38	Y	Southwest Federated (Charles A. Vose)	Acquisition of Capital Plus	Restricted	Non registered
Dec 2017	New Issuance	299,722	Common	$0.38	Y	Charles A. Vose)	Acquisition of Capital Plus	Restricted	Non registered
Dec 2017	New Issuance	557,255	Common	$0.38	Y	Westchester Standard, LLC, (Farzana Giga)	Acquisition of Capital Plus	Restricted	Non registered
Dec 2017	New Issuance	466,233	Common	$0.38	Y	Mark Crockett	Acquisition of Capital Plus	Restricted	Non registered
Dec 2017	New Issuance	177,702	Common	$0.38	Y	CC Texas Realty (Neil Clements)	Acquisition of Capital Plus	Restricted	Non registered
Dec 2017	New Issuance	44,359	Common	$0.38	Y	Luke Hammond	Acquisition of Capital Plus	Restricted	Non registered
Dec 2017	New Issuance	44,359	Common	$0.38	Y	Chad Cole	Acquisition of Capital Plus	Restricted	Non registered

June 2018	New Issuance	957	Common	3.92	N	Individual	Board Compensation	Unrestricted	Non registered
June 2018	New Issuance	1,283	Common	7.79	N	Individuals	Board Compensation	Unrestricted	Non registered
Shares Outstanding on October 31, 2021	Ending Balance: Common: 5,971,994 Preferred: 0								

B. List below and describe any issuance of Promissory Notes, Convertible Notes, or Convertible Debentures. In responding to this item, please provide the date of execution of the Note or the Agreement, a description of the reason for the issuance, the outstanding balance, and any interest accrued. Provide the maturity dates for each Note or Agreement, their conversion terms, names of beneficial owners or holders and the exact class of security such Notes or Agreement may be converted to. Also, specify if the Note is Secured or Unsecured and whether or not it is in Default.

Date of Note Issuance	Outstanding Balance ($)	Principal Amount at Issuance ($)	Interest Accrued ($)	Maturity Date	Conversion Terms	Name of Noteholder	Reason for Issuance (e.g. Loan, Services, etc.)	Security Pledged	Default Status
Dec 2017	$8,525,159	$22,000,000	$15,000	Dec 2024	N/A	Veritex Bank	Acquisition	Stock of Crossroads not already secured	In Compliance

Part F **Exhibits**

The following exhibits must be either described in or attached to the disclosure statement:

Item 17 Material Contracts.

A. Every material contract, not made in the ordinary course of business, that will be performed after the disclosure statement is posted through www.OTCIQ.com or was entered into not more than two years before such posting. Also include the following contracts:

NA

Item 18 Articles of Incorporation and Bylaws.

A. A complete copy of the issuer's articles of incorporation or in the event that the issuer is not a corporation, the issuer's certificate of organization. Whenever amendments to the articles of incorporation or certificate of organization are filed, a complete copy of the articles of incorporation or certificate of organization as amended shall be filed.

B. A complete copy of the issuer's bylaws. Whenever amendments to the bylaws are filed, a complete copy of the bylaws as amended shall be filed.

Refer to www.crossroads.com.

Item 19 Purchases of Equity Securities by the Issuer and Affiliated Purchasers.

A. In the following tabular format, provide the information specified in paragraph (B) of this Item 20 with respect to any purchase made by or on behalf of the issuer or any "Affiliated Purchaser" (as defined in paragraph (C) of this Item 20) of shares or other units of any class of the issuer's equity securities.

NA

Item 20 **Issuer's Certifications.**

10) **Issuer Certification**

Principal Executive Officer:

The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer (or any other persons with different titles but having the same responsibilities).

The certifications shall follow the format below:

I, Eric Donnelly, certify that:

1. I have reviewed this Annual Disclosure Statement of Crossroads Systems, Inc;

2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations, and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Eric Donnelly
Chief Executive Officer

Date: January 31, 2022

Principal Financial Officer:

I, Farzana Giga, certify that:

1. I have reviewed this Annual Disclosure Statement of Crossroads Systems, Inc;

2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations, and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Farzana Giga
Chief Financial Officer

Date: January 31, 2022

EXHIBIT A

CROSSROADS SYSTEMS, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
AND REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

OCTOBER 31, 2021

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders
of Crossroads Systems, Inc. and Subsidiaries:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheet of Crossroads Systems, Inc. and subsidiaries (the "Company") as of October 31, 2021, and the related consolidated statements of operations, changes in equity, and cash flows for the year then ended, and the related notes (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of October 31, 2021, and the results of its operations and its cash flows for the year then ended 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 financial statements based on our audit. 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 audit 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 audit, 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 audit includes performing procedures to assess the risk 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 audit also includes evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statement. We believe that our audit provides a reasonable basis for our opinion.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information in Schedules I and II is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and results of operations of the individual companies, and it is not a required part of the consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements, and, accordingly, we express no opinion on it.

Baker Tilly US, LLP

BAKER TILLY US, LLP
We have served as the Company's auditor since 2018
Iselin, NJ
January 27, 2022

CROSSROADS SYSTEMS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

OCTOBER 31, 2021

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	$ 278,984,781
Restricted cash	310,026,085
Interest receivable	15,254,327
Current portion of mortgage notes receivable	1,727,844
Current portion of commercial/other notes receivable	7,880,071
Inventory	10,212,770
Prepaid expenses and other current assets	1,110,164
Total current assets	625,196,042
MORTGAGE NOTES RECEIVABLE, net of current maturities and allowance of $0	130,281,822
COMMERCIAL/OTHER NOTES RECEIVABLE, net of current maturities and allowance of $0	8,533,246
PAYMENT PROTECTION PROGRAM ("PPP") LOANS RECEIVABLE, net of discounts and allowance of $0	2,759,667,440
INVESTMENT IN SOLAR TAX CREDIT FUND (Equity Method)	9,380,944
GOODWILL	18,566,966
TOTAL ASSETS	$ 3,551,626,460
LIABILITIES AND EQUITY	
CURRENT LIABILITIES	
Accounts payable	$ 315,544
Accrued liabilities	269,448,624
Escrow liabilities	3,113,208
Income tax payable	28,725,428
Current portion of credit facilities	63,670,466
Current portion of other note payable	204,151
Current portion of acquisition notes payable	2,495,172
Total current liabilities	367,972,593
CREDIT FACILITIES, net of current maturities	36,451,501
OTHER NOTE PAYABLE, net of current maturities	940,083
ACQUISITION NOTES PAYABLE, net of current maturities	5,919,412
PPP LOAN PAYABLE	376,800
FEDERAL PPP LIQUIDITY FACILITY ("PPPLF")	3,132,566,332
DEFERRED TAX LIABILITY	184,113
OTHER LONG-TERM LIABILITIES	558,425
TOTAL LIABILITIES	3,544,969,259
EQUITY	
Common stock, $0.001 par value: 75,000,000 shares authorized, 5,971,994 shares issued and outstanding	5,972
Additional paid in capital	3,889,086
Accumulated deficit	(15,289,637)
Crossroads Systems, Inc. stockholders' deficit	(11,394,579)
Non-controlling interests	18,051,780
TOTAL EQUITY	6,657,201
TOTAL LIABILITIES AND EQUITY	$ 3,551,626,460

The accompanying notes are an integral part of these consolidated financial statements.

CROSSROADS SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED OCTOBER 31, 2021

REVENUES		
Interest income	$	40,267,184
Property sales		21,372,291
PPP administrative fees		868,422,947
Other revenue		580,914
Total revenues		930,643,336
COSTS AND EXPENSES		
Interest expense		15,165,963
Cost of properties sold		18,284,646
General and administrative		3,197,133
PPP processing fees		628,095,999
Salaries and wages		3,841,942
Management bonus		20,798,948
Total costs and expenses		689,384,631
Income from operations		241,258,705
OTHER INCOME (EXPENSES)		
Grant income - CDFI rapid response program		1,826,265
Interest expense		(476,746)
Total other income		1,349,519
Income before income tax provision		242,608,224
INCOME TAX PROVISION		(47,209,875)
NET INCOME		195,398,349
Less: net income attributable to non-controlling interests		(630,000)
NET INCOME ATTRIBUTABLE TO CONTROLLING INTERESTS	$	194,768,349

The accompanying notes are an integral part of these consolidated financial statements.

CROSSROADS SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED OCTOBER 31, 2021

	Common Stock		Additional Paid-In	Accumulated	Non-Controlling	Total
	Shares	Amount	Capital	Deficit	Interests	Equity
BALANCE, NOVEMBER 1, 2020	5,971,994	$ 5,972	$ 242,471,412	$ (210,057,986)	$ 18,051,780	$ 50,471,178
Stock-based compensation:						
Stock options	-	-	297,434	-	-	297,434
Common stock dividend distributions	-	-	(238,879,760)	-	-	(238,879,760)
Preferred dividend distributions	-	-	-	-	(630,000)	(630,000)
Net income	-	-	-	194,768,349	630,000	195,398,349
BALANCE, OCTOBER 31, 2021	5,971,994	$ 5,972	$ 3,889,086	$ (15,289,637)	$ 18,051,780	$ 6,657,201

The accompanying notes are an integral part of these consolidated financial statements.

CROSSROADS SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED OCTOBER 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Net income	$ 195,398,349
Adjustments to reconcile net income to net cash used in operating activities:	
Stock based compensation	297,434
Amortization of deferred financing fees	31,188
Provision for income taxes	47,209,875
Changes in operating assets and liabilities:	
Interest receivable	(14,040,639)
Notes receivable (Mortgage and commercial/other)	(10,360,504)
PPP loans receivable	(2,759,667,440)
Inventory	331,466
Prepaids and other assets	(698,519)
Accounts payable	76,823
Accrued liabilities	297,971,485
Escrow liabilities	226,959
Income tax payable	(28,725,428)
Net cash used in operating activities	(2,271,948,951)
CASH FLOWS FROM INVESTING ACTIVITIES	
Acquisition of Rise Line Business Credit, LLC, net of cash acquired	(7,906,726)
Cash paid for investment in solar tax credit fund (equity method)	(9,380,944)
Net cash used in investing activities	(17,287,670)
CASH FLOWS FROM FINANCING ACTIVITIES	
Preferred equity dividend distributions	(630,000)
Common equity distributions	(238,879,760)
Borrowings on credit facilities, net	2,752,674
Principal payments on credit facilities	(17,806,987)
Principal payments on other notes payable	(191,337)
Principal payments on acquisition note payable	(4,694,545)
Proceeds from the PPPLF	6,459,179,299
Payments to the PPPLF	(3,326,612,967)
Net cash provided by financing activities	2,873,116,377
Net change in cash and cash equivalents and restricted cash	583,879,756
Cash and cash equivalents and restricted cash at beginning of period	5,131,110
Cash and cash equivalents and restricted cash at end of period	$ 589,010,866
SUPPLEMENTAL INFORMATION	
Cash paid for interest	$ 10,208,264
Cash paid for income taxes	$ -

The accompanying notes are an integral part of these consolidated financial statements.

1. COMPANY PROFILE AND NATURE OF OPERATIONS

Crossroads Systems, Inc. (OTCQX: CRSS) ("CRSS" or "Parent") was an intellectual property licensing company headquartered in Austin, Texas. Founded in 1996 as a product solutions company, CRSS created some of the storage industry's most fundamental patents and licensed patents to more than 50 companies prior to filing for re-organization under Chapter 11 of the Federal Bankruptcy Code on August 13, 2017.

On December 18, 2017, the Parent closed on the acquisition of 100% of the common equity of Capital Plus Financial, LLC ("CPF"), a Texas based community development financial institution ("CDFI"). CPF's mission is to make homeownership available to the Hispanic market throughout Texas. CPF is also a certified B Corporation which is a group of for-profit companies certified to meet rigorous standards of social and environmental performance, accountability and transparency. In Texas, CPF acquires, renovates, and sells single family homes providing seller financing through notes receivable. During the fiscal year ended October 31, 2021, CPF participated in the second round of the Cares Act implementation of the PPP through the United States Department of the Treasury and Small Business Administration ("SBA").

CRSS entered into an advisory agreement with Enhanced Capital Group ("ECG") on September 14, 2021, an investment firm committed to socially responsible investment initiatives and impact manager of P10 Holdings, Inc ("P10"), a leading, specialized multi-asset class private markets solutions provider. The advisory agreement allows for the participation in loans infusing capital into emerging communities though small businesses and projects that spur job creation, promote environmental sustainability, support women, minority and veteran-owned businesses and stimulate underserved communities across the country.

2. BUSINESS COMBINATION

Crossroads acquired 100% of the equity interests in Rise Line Business Credit, LLC ("RLBC") on September 24, 2021 for cash consideration totaling $10,079,046, funded through cash on hand. RLBC is a nationwide asset-based lending firm that provides innovative working capital solutions. Through this transaction, Crossroads anticipates being able to provide better accessibility to banking for small businesses and assist in their transition into the conventional banking system where many are currently underserved. The acquisition was accounted for using the acquisition method of accounting where the results of operations for RLBC are included beginning September 24, 2021. The fair value of the net assets acquired in the acquisition equaled the purchase price so no goodwill was recorded and management identified no intangibles for recognition. Net assets acquired in the acquisition included approximately $2.2 million in cash, $283,000 in interest receivable and other current assets, $7.6 million of asset-based loans and $16,000 of current liabilities.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The operations are for the period from November 1, 2020, through October 31, 2021 with operations for RLBC included from the September 24, 2021 acquisition date through October 31, 2021.

Principals of Consolidation

The consolidated financial statements include the accounts of CRSS, CPF and RLBC. Capital Mortgage Servicing, LLC ("CMS") is wholly owned by CPF (collectively, "we", "us", or the "Company"). All significant intercompany accounts and transactions have been eliminated in consolidation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Cash and Cash Equivalents

The Company considers all currency on hand, money market accounts, and highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Restricted cash includes approximately $3 million in escrow accounts related primarily to CMS's mortgage servicing obligations, $302 million in funds due to the Federal Reserve to payoff PPP loans in transit and $5 million held in accounts restricted for PPP related liabilities.

Mortgage Notes Receivable

The Company originates predominantly 30 year notes receivable through sales of rehabilitated homes or purchases notes receivable that are secured by an assignment of a deed of trust. The Company intends to hold the notes until maturity as it has the ability to fund the notes receivable through borrowings from lenders that are secured by the notes receivable and properties. Mortgage notes receivable are stated at their unpaid principal balances less an allowance for loan losses. The average contractual interest rate per note was approximately 10.33% as of October 31, 2021. Interest income is recognized monthly per the terms of the respective loan agreements. Mortgage notes receivable have maturities that range from 4 to 30 years. All of the Company's loans and underlying collateral are located in Texas.

The Company uses payment history to monitor the credit quality of the mortgage notes receivable on an ongoing basis. The Company assesses the carrying value of its mortgage notes receivable for impairment when it determines that impairment indicators are present. Notes are evaluated for impairment when it is probable the Company will be unable to collect all amounts due for scheduled principal and interest payments, including notes in the process of repossession. Impaired notes are generally measured based on the fair value of the collateral. Impaired notes, or portions thereof, are charged off when deemed uncollectible. A specific reserve is created for impaired notes based on the fair value of the underlying collateral. No specific impairment was deemed necessary as of October 31, 2021.

The Company may also receive escrow payments for property taxes and insurance included in its mortgage note receivable collections. The liabilities associated with these escrow collections totaled $3,113,208 as of October 31, 2021 and are included in escrow liabilities on the consolidated balance sheet.

Allowance for Loan Losses on Mortgage Notes Receivable

The allowance for loan losses reflects management's estimate of probable and inherent losses in the notes receivable balances that may be uncollectible based upon review and evaluation of the loan portfolio as of the consolidated balance sheet date. An allowance for loan losses is determined after giving consideration to, among other things, the loan characteristics, including the financial condition of borrowers, the value and liquidity of collateral, delinquency and historical loss experience.

In addition, the Company considers such factors as changes in the nature and volume of the portfolio, overall portfolio quality, and current economic conditions in the application of various strategies to mitigate risks associated with the portfolio. The Company has determined that an allowance for probable and inherent loan losses was not required as of October 31, 2021.

The Company's policy is to place a note receivable on nonaccrual status when either principal or interest is past due and remains unpaid for 90 days or more. Accrued interest receivable is reversed for notes placed on nonaccrual status. Payments received on nonaccrual notes receivable are accounted for on a cash basis, first to interest and then to principal, as long as the remaining book balance of the asset is deemed to be recoverable. The accrual of interest resumes when the past due principal becomes current. The unpaid principal balance of notes receivable on nonaccrual status was $1,075,618 at October 31, 2021.

The Company assesses the collectability of notes receivable on a note by note basis to determine if formal foreclosure proceedings are necessary. The total principal balance of notes receivable for which the Company has begun formal foreclosure proceedings totaled $1,537,835 as of October 31, 2021.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Commercial/Other Notes Receivable

From time to time, the Company will provide higher value financing for residential or commercial real estate. As of October 31, 2021, the Company had an outstanding balance of $1.1 million in such financing on residential property. The interest rate on the financing for the residential property is 9.99%. The residential property requires monthly principal and interest payments based on 30-year amortization schedule maturing in 2049.

In 2021, the Company entered into an advisory agreement with Enhanced Capital Group to begin funding impact loans to infuse capital into emerging communities by financing a building project and a minority owned business. The Company funded two impact loans with outstanding principal of $7.1 million as of October 31, 2021.

The Company acquired two asset-based loans in the RLBC acquisition which totaled $7.8 million as of October 31, 2021. The asset-based loans were recorded at their estimated fair values at acquisition which approximated their amortized cost basis which includes the origination amount of the loan adjusted for applicable accrued interest, net deferred fees, audit and legal costs and cash collections. One of the two asset-based loans, a revolving loan totaling $3.6 million, is in default. The Company is in negotiations to settle the loan and believes the estimated value of the secured collateral is sufficient to cover the loan's outstanding balance.

Due to their individually significant balances, the Company continually monitors commercial/other notes receivable for potential losses and the need for an allowance for loan losses. Notes are stated at amounts due from customers, net of allowance for loan losses. The Company determines the allowance by considering several factors including the aging of the past due balance, the customer's payment history, and the Company's previous loss history. The Company establishes an allowance reserve composed of specific and general reserve amounts. As of October 31, 2021, all commercial/other notes receivable, except for the $3.6 million asset-based loan discussed above, were current and in good standing, and based on the borrowers' history and values of the associated properties, the Company determined no allowance for loan losses was required as of October 31, 2021.

Paycheck Protection Loans Receivable

The Company is actively participating in the second round of the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") implementation of the PPP through the United States Department of the Treasury and SBA. PPP loans have the following characteristics: an interest rate of 1.0%; principal and interest payments are deferred for nine months from the date of disbursement; a five-year loan term to maturity for loans made on or after June 5, 2020 (loans made prior to June 5, 2020 have a two-year term, however borrowers and lenders may mutually agree to extend the maturity for such loans to five years); and they are unsecured and guaranteed by the SBA.

Interest is recognized as interest income in the consolidated statements of operations when earned and deemed collectible. PPP administrative fee revenue are deferred and recognized over the estimated life of the loans. PPP administrative fee revenue for all loans paid in full or forgiven are recognized as earned at the time paid in full. Management estimated life for all loans equal to or less than $150,000 to be 12-months while the administrative fees for all loans greater than $150,000 are amortized over their stated terms, an average of 60-months. As of October 31, 2021, approximately $70 million in PPP administrative fees were deferred.

Inventory

Inventory consists of properties that are currently undergoing remodeling or are being held for sale. Inventory is stated at the lower of its cost or net realizable value using the specific identification method. Repair costs, commissions, closing costs, interest and other costs associated with individual properties are included in the cost of the property and are expensed as part of the cost of sales when the property is sold.

The Company regularly evaluates inventories that are aged significantly or incurring costs in excess of budgeted costs. The Company determined that no reserves or impairments of inventory were necessary as of October 31, 2021.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Equity Method Investment

The Company accounts for its investment in a partnership that in turn makes equity investments in projects eligible to receive federal energy tax credits in order to promote climate change in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 321, *Investments – Equity Securities*. The Company's investment does not have a readily determinable fair value. Accordingly, the investment is measured at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. The Company evaluates its investments in equity securities for impairment whenever events or circumstances indicate that there is a loss in value of the investment, which is other than temporary. In the event that the loss in value of an investment is other than temporary, the Company would record a charge to earnings to adjust the carrying value to fair value. For the year ended October 31, 2021, the Company invested approximately $9.4 million in the partnership to be re-invested in projects qualifying for tax credits that the Company expects will be utilizable beginning in fiscal year 2022. The Company determined no impairment to the investment value was necessary at October 31, 2021 based on expectations for future tax credits to be realized.

Goodwill

Goodwill resulted from the acquisition of CPF on December 18, 2017. Goodwill is accounted for in accordance with ASC 350, *Intangibles – Goodwill*. Management evaluates goodwill for impairment annually or when circumstances indicate the estimated fair value exceeds the reporting unit's carrying value indicating potential impairment of goodwill. The Company determined that goodwill was not impaired at October 31, 2021.

Revenue Recognition

Interest income on mortgage notes receivable, commercial/other notes receivable and PPP loans receivable is recognized on the accrual basis when earned using the effective interest method. Revenue from residential home sales is recognized when title passes to the purchaser and collectability is reasonably assured. Revenue is recognized based on the contracted sales price.

Fair Value of Financial Instruments

The Company's financial instruments consist primarily of cash and cash equivalents, mortgage notes receivable, commercial/other notes receivable, credit facilities, other note payable and acquisition notes payable. The carrying amount of cash and cash equivalents approximates its fair value because it is short-term in nature. This is considered a Level I valuation technique. The credit facilities, other note payable and acquisition notes payable generally have short-term maturity dates or variable interest rates that reflect market rates and the Company has determined that their fair value approximates their carrying value. This is considered a Level II valuation technique. The Company assessed the fair value of mortgage notes receivable and commercial/other notes receivable and determined their fair value approximates their book value based on anticipated cash flows for principal and interest and relatively immaterial interest rate fluctuations, net of other factors.

Deferred Financing Fees

The Company incurred costs for deferred financing fees when obtaining the acquisition note payable to Veritex Community Bank detailed in Note 9. The debt issuance costs are presented as a deduction against the corresponding debt on the consolidated balance sheet. The deferred financing fees are amortized over the respective debt agreement with amortization expense included in other interest expense in the accompanying consolidated statement of operations. Amortization expense was $31,188 for the year ended October 31, 2021. Net deferred financing fees were $110,575 as of October 31, 2021.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Stock-Based Compensation

The Company recognizes compensation expense related to stock options and restricted stock on a straight-line basis over the requisite service period based on the estimated fair value of the awards on the date of grant. Compensation cost associated with stock options granted is determined using a calculated option value. The calculated value of each stock option grant was derived using the Black Scholes option-pricing model based on significant inputs including the Company's common stock price on the grant date, risk-free interest rate, expected option life, and expected volatility. The Company used the contractual life as the expected option life since no historical data exists. The Company used historical common stock data to estimate expected volatility for valuation of the stock options.

Income Taxes

The Company accounts for income taxes using the liability method of accounting. Under the liability method, deferred taxes are determined based on the differences between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect in the years in which the differences are expected to reverse. A valuation allowance is recorded to reduce the carrying amounts of deferred tax if it is more likely than not such assets will not be realized. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

The Company recognizes the financial statement benefit of a tax position that does not meet the more-likely-than-not threshold only after expiration of the statute of limitations of the relevant tax authority sustains our position following an audit. For tax positions meeting the more likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon the ultimate settlement with the relevant tax authority. We recognize interest and penalties related to uncertain tax positions in income tax expense. There were no identified tax benefits or liabilities that were considered uncertain positions at October 31, 2021.

Tax credits from our equity method investments in partnerships investing in projects eligible to receive federal energy tax credits, when realized, are recognized as a reduction of tax liabilities under the flow-through method, at which time the corresponding equity investment is written-down to reflect the remaining value of the future benefits to be realized. No tax credits were realized or recognized as of the year ended October 31, 2021.

Government Grant Proceeds

The Company received $1,826,265 in cash from a government grant in October 2021 under the U.S. Treasury's CDFI Rapid Response Program ("CDFI RRP") to aid CDFIs affected by COVID-19. Grant proceeds are eligible for certain products or services or specified business line expenditures. The Company recognized the grant proceeds in other income on the consolidated statement of operations as eligible expenditures were made which all occurred during the year ended October 31, 2021. The Company was in compliance with all conditions under the CDFI RRP as of October 31, 2021 and believes any potential risks that would require repayment of grant proceeds is minimal.

Concentrations

Financial instruments that potentially subject the Company to concentrations of credit risk are cash and cash equivalents and mortgage notes receivable. The mortgage notes receivable are secured either by the residential homes that were financed through the loan or by the borrower's assets. The Company maintains deposits with major financial institutions, which from time-to-time, may exceed the federally insured limits at each institution. The Company has experienced no losses related to its deposits and management believes any potential credit risk is minimal.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Risks and Uncertainties

The Company's business is affected, directly and indirectly, by domestic and international economic and political conditions and by governmental monetary and fiscal policies. Conditions such as inflation, recession, real estate values, volatile interest rates, governmental monetary policy and other factors beyond the Company's control may adversely affect the Company's results of operations. Adverse economic conditions could result in an increase in notes receivable delinquencies, foreclosures and non-performing assets and a decrease in the value of property or other collateral which secures the Company's loans.

The Company relies on various forms of revolving and long-term borrowings to finance its working capital requirements and has historically demonstrated the ability to obtain additional financing or refinance maturing obligations as needed to support the Company's ongoing financing needs. As disclosed in Note 9 of these consolidated financial statements, the Company has approximately $66.4 million in current debt obligations maturing within one year prior.

Use of Estimates

The preparation of the 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 and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates that could change in the near term and have a significant impact on the consolidated financial statements include the adequacy of the allowance for loan losses.

Recent Accounting Pronouncements

During June 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-13, *Measurement of Credit Losses on Financial Instruments*. ASU No. 2016-13 requires financial assets measured at amortized cost to be presented at the net amount expected to be collected, through an allowance for credit losses that is deducted from the amortized cost basis. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. During November 2018, April 2019, May 2019, November 2019 and March 2020, the FASB also issued ASU No. 2018-19, ASU No. 2019-04, ASU No. 2019-05, ASU No. 2019-11 and ASU No. 2020-03. ASU No. 2018-19 clarifies the effective date for nonpublic entities and that receivables arising from operating leases are not within the scope of Subtopic 326-20, ASU Nos. 2019-04 and 2019-05 amend the transition guidance provided in ASU No. 2016-13, and ASU Nos. 2019-11 and 2020-03 amend ASU No. 2016-13 to clarify, correct errors in, or improve the guidance. ASU No. 2016-13 (as amended) is effective for annual periods and interim periods within those annual periods beginning after December 15, 2022 with early adoption permissible for the current period. The Company is currently assessing the effect that ASU No. 2016-13 (as amended) will have on its consolidated results of operations, financial position and cash flows.

4. MORTGAGE NOTES RECEIVABLE

The principal balance outstanding on the notes receivable and the expected principal collections for the next five years and thereafter are as follows for the years ending October 31:

2022	$ 1,727,844
2023	1,948,528
2024	2,117,799
2025	2,303,554
2026	2,521,150
Thereafter	121,390,791
	$ 132,009,666

4. MORTGAGE NOTES RECEIVABLE, CONTINUED

A detailed aging of mortgage notes receivable that are past due as of October 31, 2021 are as follows:

			%
Total notes receivable	$	132,009,666	100.0
Past due notes receivable:			
31-60 days past due	$	3,315,139	2.5
61-90 days past due		128,662	0.1
91-120 days past due		647,255	0.5
Greater than 120 days past due		428,363	0.3
Total past due notes receivable	$	4,519,419	3.4

5. COMMERICAL/OTHER NOTES RECEIVABLE

The principal balance outstanding on the other notes receivable and the expected principal collections for the next five years and thereafter are as follows for the years ending October 31:

		Residential/ Commercial Loans		Asset-based Loans		Total
2022	$	267,228	$	7,612,843	$	7,880,071
2023		127,530		-		127,530
2024		128,406		-		128,406
2025		6,653,877		-		6,653,877
2026		597,151		-		597,151
Thereafter		1,026,282		-		1,026,282
	$	8,800,474	$	7,612,843	$	16,413,317

All other notes receivable were current and in good standing as of October 31, 2021 except for $3.6 million in asset-based loans previously discussed in Note 3.

6. PAYCHECK PROTECTION PROGRAM LOANS RECEIVABLE

On March 27, 2020, the U.S. Congress approved, and former President Trump signed into law, the CARES Act. The CARES Act provides approximately $2 trillion in financial assistance to individuals and businesses resulting from the outbreak of COVID-19. The CARES Act, among other things, provides certain measures to support individuals and businesses in maintaining solvency through monetary relief in the form of financing and loan forgiveness and/or forbearance. The primary catalyst of small business stimulus in the CARES Act is referred to as the PPP, an SBA loan that temporarily supports businesses in order to retain their workforce during the COVID-19 pandemic. Through the CARES Act, the initiative calls for select lenders to extend loans to small businesses to cover payroll, occupancy and operating expenses through the PPP. Furthermore, the PPP includes a 100% guarantee from the federal government for loans up to $10 million and principal forgiveness for borrowers if the funds are used primarily for retaining employees. The Company, as a CDFI, began participating as a lender for the second round of the PPP.

6. PAYMENT PROTECTION PROGRAM LOANS RECEIVABLE, CONTINUED

In the aggregate, the Company has facilitated the fundings of approximately $6.3 billion of loans through this program. The Company has elected fair value option for these loans that are held-for-investment.

The Company entered into a Lender Service Provider ("LSP") agreement with a third-party. Under this agreement, the Company paid a portion of the administration fees to the LSP for originating, underwriting, and processing PPP loans, processing forgiveness with the SBA, and servicing the outstanding portfolio of PPP loan receivable.

The Company also partnered with a handful of banks that referred loans to the Company. These loans were processed through a third-party platform. The Company paid an administration fee to the platform provider and the SBA authorized referral fees to the banks. In total, approximately 500 loans were processed on the third-party platform.

The Company purchased approximately $133 million of PPP loans receivable from a third-party bank at 98.5% of their unpaid principal balance at acquisition. The unearned discount as of October 31, 2021 was $1,284,415 with $707,692 of the original discount being amortized and recognized as a component of interest income on the consolidated statement of operations during the year then ended.

As a result of these activities, the Company recognized approximately $257 million in net PPP income in 2021. The Company has $69.7 million in deferred income expected to be realized during 2022. The following tables present details about the Company's financial position related to its PPP activities as of and for the year ended October 31, 2021:

PPP Loan Receivables		
PPP Loan originations	$	6,326,439,254
PPP Loan receivables purchases		132,740,429
Less: PPP loan payments		(3,628,555,654)
PPP loan receivables		2,830,624,029
Less: PPP unearned discounts		(1,284,415)
Less: PPP deferred income		(69,672,174)
Net PPP Loan Receivables Balance	$	2,759,667,440

PPP Related Income:		
PPP admistrative fees	$	868,422,947
Interest income *		26,779,041
Total PPP related income	$	895,201,988
PPP Related Expenses:		
PPP processing fees	$	628,095,999
Interest expense on PPPLF *		10,245,153
Total PPP related expenses	$	638,341,152
Net Income from PPP	$	256,860,836

* PPP interest income and PPP interest expense are included in operating interest income and interest expense on the consolidated statement of operations, respectively.

7. EQUITY METHOD INVESTMENT IN SOLAR TAX CREDIT FUND

The Company committed to invest $15 million into a fund investing in solar projects eligible to receive federal energy tax credits in order to promote climate change. The balance of the Company's investment in the fund as of October 31, 2021 was $9,380,944. No impairment or other activities affecting the cost of the investment balance were required for the year ended October 31, 2021.

8. ACCRUED LIABILITIES

Accrued liabilities consisted of the following at October 31, 2021:

PPP Accruals		
Bank & Compliance Fees	$	4,571,824
PPP Interest Expense		5,406,418
Lender Service Provider Fees		256,159,538
Total PPP Accrual	$	266,137,780
Accrued Liabilities		
Board Compensation	$	20,250
Professional Fees		37,723
Interest Payable		128,127
Salaries & Wages		124,744
Management Bonus		3,000,000
Total Other Accruals	$	3,310,844
Total Accruals	$	269,448,624

9. DEBT

Credit Facilities

The Company uses various types of credit facilities to finance notes receivable and inventories. The loans are secured by notes receivable or inventories. The Company was in compliance with all financial and non-financial covenants required for in the agreements as of October 31, 2021.

The Company had the following credit facilities as of October 31, 2021:

Lender	Interest Rate		Maturity Date			Balance
Texas Citizens Bank 9950	4.75%		9/20/2035	(a)	$	3,224,322
First National Bank of Ballinger	4.25%		6/1/2022			9,564,965
Happy State Bank Interim Construction (new)	5.00%	(b)	10/9/2022	(c)		278,753
Happy State Bank Interim Construction (lot)	6.00%	(b)	5/11/2022	(c)		287,124
Happy State Bank Interim 2	4.50%	(b)	12/31/2022	(c)		4,521,004
Happy State Bank Rental Line	5.00%	(b)	7/28/2022			895,680
Happy State Bank Rental Line 2	5.00%		5/11/2023			856,920
Happy State Bank Flood Line	4.50%	(b)	7/28/2022	(c)		197,580
Happy State Bank Term	5.50%		9/18/2041			15,752,356
Happy State Bank Term 4	5.50%		10/1/2043			1,999,559
Oakwood Bank	3.75%		1/16/2025			9,619,484
Oakwood Bank Accordian with Spirit Bank	3.75%		1/16/2025			9,706,289
Veritex Bank (formerly Green Bank)	3.83%	(b)	4/25/2022	(a,c)		18,360,912
Prosperity USA (formerly Legacy Bank Texas)	3.34%	(b)	9/11/2022	(a,c)		24,857,019
						100,121,967
Less current portion of credit facilities						(63,670,466)
Credit facilities, net of current maturities					$	36,451,501

(a) These facilities are due on demand and presented as current.
(b) These facilities require only monthly interest payments through maturity.
(c) These facilities allow for incremental borrowings, each due within a 12-month period.

9. DEBT, CONTINUED

Credit Facilities, Continued

Future minimum principal payments for the credit facilities are as follows for the years ending October 31:

2022	$	63,670,466
2023		2,340,027
2024		1,483,107
2025		9,563,475
2026		8,863,357
Thereafter		14,201,535
	$	100,121,967

Acquisition Notes Payable

To fund consideration in the December 18, 2017, acquisition of CPF, the Company entered into a $22,000,000 note payable with Veritex Community Bank (the "Veritex Note") and a $2,200,000 note payable to CrossFirst Bank (the "CrossFirst Note").

Veritex Note

The Veritex Note bears interest at the annual LIBOR rate plus an applicable margin of 4.50%, which was 4.59% at October 31, 2021. The Veritex Note requires monthly principal payment of $207,931, plus interest, through maturity on December 18, 2024. The Veritex Note is collateralized by certain operating assets of the Company not already collateralized by the credit facilities. The balance on the Veritex Note, net of amortizing deferred financing fees of $110,575, was $8,525,159 at October 31, 2021.

The Company is required to comply with certain financial and non-financial covenants under the Veritex Note. The Company was in compliance with all covenants as of October 31, 2021.

CrossFirst Note

The CrossFirst Note was created to fund $2,200,000 of the purchase price in the acquisition of CPF to money market accounts in the seller's names at CrossFirst Bank to serve as collateral over the duration of the note. The CrossFirst Note was paid in full during the year ended October 31, 2021.

Future minimum principal payments for the acquisition notes payable are as follows for the years ending October 31:

2022	$	2,495,172
2023		2,495,172
2024		2,495,172
2025		1,039,643
	$	8,525,159

10. OTHER NOTE PAYABLE

The Company assumed a note payable in the December 2017 acquisition of CPF with an outstanding principal balance as of the date of the acquisition totaling $1,827,750 (the "Other Note"). The Other Note is subordinate to the other debt obligations, accrues interest at 6.50% per annum, calls for monthly payments of principal and interest of $22,710, and matures on December 31, 2026. The balance on the Other Note was $1,144,234 at October 31, 2021.

Future minimum principal payments for the Other Note Payable is as follows for the years ending October 31:

2022	$	204,151
2023		217,823
2024		232,411
2025		247,976
2026		241,873
	$	1,144,234

11. PAYMENT PROTECTION PROGRAM LIQUIDITY FACILITY

The Company was authorized to incur indebtedness from the U.S. Federal Reserve Bank under the PPPLF to facilitate PPP lending under round 2 of the CARES Act. Such borrowings are secured by pledges of loans to small businesses under the PPP loan program, whether originated or purchased by the Company. Interest will accrue at a rate of 0.35% of the outstanding balance. Repayments of principal and accrued interest are due in proportion to the amounts received, upon receipt of any PPP loan forgiveness payments received from the SBA, receipt of any proceeds from the sale of any loans to the SBA, or receipt of payment from the borrower. Borrowings under the PPPLF will mature with the maturity date of the associated PPP loans pledged as collateral, which are scheduled to mature on various dates between January 23, 2026 and July 29, 2026. The outstanding advances on the PPPLF at October 31, 2021 was $3,132,566,332.

12. OPERATING LEASES

The Company is obligated, as lessee, under non-cancelable operating lease agreements for office space located in Bedford, Texas and Houston, Texas. The lease agreements require monthly payments of $12,600. The Houston lease expires in December 2022 and the Bedford lease in December 2023.

Future minimum payments required under non-cancelable operating lease agreements are as follows for the years ending October 31:

2022	$	151,200
2023		116,700
2024		18,300
	$	286,200

Rent expense associated with non-cancelable operating leases for the year ended October 31, 2021, was $137,475.

13. PAYCHECK PROTECTION PROGRAM LOAN PAYABLE

On April 20, 2020, the Company qualified for and received a loan pursuant to the PPP, a program implemented by the SBA under the Coronavirus Aid, Relief, and Economic Security Act, from a qualified lender (the "PPP Lender"), for an aggregate principal amount of $376,800. The PPP Loan bears interest at a rate of 1.0% per annum, with the first six months interest deferred, has a term of two years, and is unsecured and guaranteed by the SBA.

13. PAYCHECK PROTECTION PROGRAM LOAN PAYABLE, CONTINUED

Because the Company is involved with lending activities, the Company's PPP Loan was not eligible for forgiveness. Monthly principal and interest payments of $75,549 will commence in December 2021 and be required through the maturity date in April 2022. The terms of the PPP Loan provide for customary events of default including, among other things, payment defaults, breach of representations and warranties, and insolvency events. The PPP Loan may be accelerated upon the occurrence of an event of default. The balance of the PPP Loan was $376,800 at October 31, 2021.

14. STOCKHOLDERS' EQUITY

The Company is authorized to issue up to 75 million shares of $0.001 par value common stock and 25 million shares of $0.001 par value preferred stock. As of October 31, 2021, 5,971,994 shares of common stock were issued and outstanding and no shares of preferred stock were issued and outstanding.

15. STOCK BASED COMPENSATION

In June of 2018, the Company established the 2018 Stock Incentive Plan ("Stock Plan") in which shares of common stock are made available for grant to qualified officers, employees, directors and other key personnel of the Company. The plan is authorized to issue up to 800,000 shares of the Company's common stock.

The vesting of the options is determined by the Company with current options granted vesting over three years and exercisable on the third anniversary of their grant date. The Company recognizes compensation expense for the options granted using the straight-line method over the vesting period and $297,434 of stock-based compensation expense was recorded for the year ended October 31, 2021. As of October 31, 2021, unrecognized stock-based compensation expense was $489,390 and is expected to be recognized over a weighted average period of 1.65 years.

A summary of option activity for the year ended October 31, 2021 is as follows:

		Options Outstanding	
	Options Available for Grant	Number of Shares	Weighted Average Exercise Price
Balances, November1, 2020	600,010	199,990	$ 7.47
Granted	-	-	-
Exercised	-	-	-
Forfeited	1,423	(1,423)	7.47
Balances, October 31, 2021	601,433	198,567	$ 7.47

The fair value for these options was estimated at the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions for the June 2020 grants: a share price of $7.33, volatility of 67.8%, a weighted average risk-free interest rate of 0.71%, and no dividends. The Company estimated the expected term of the options using comparable market data since no historical data was available for stock option grants. The estimated expected term averaged 6.45 years. The weighted average grant date fair value for options granted was $4.51. The Black-Scholes option-pricing model requires the input of highly subjective assumptions. The Company continues to assess the assumptions and methodologies used to calculate the established fair value of share-based compensation. Circumstances may change and additional data may become available over time, which could result in changes to these assumptions and methodologies, which could materially impact the fair value determinations.

15. STOCK BASED COMPENSATION, CONTINUED

Options outstanding and exercisable as of October 31, 2021 are as follows:

		Options Outstanding	
Exercise Price	Number of Options	Weighted-Average Remaining Contractual Life	Number of Options Exercisable
$ 7.47	198,567	8.63 years	-

All non-vested stock options issued as of the date of the option holder's termination will be forfeited. A summary of the status of non-vested options for the year ended October 31, 2021 is as follows:

	Number of Options	Weighted Average Grant Date Fair Value per Share
Non-vested Options, November 1, 2020	199,990	$ 4.51
Granted	-	-
Exercised	-	-
Forfeited	(1,423)	4.51
Non-vested Options, October 31, 2021	198,567	$ 4.51

16. NON-CONTROLLING INTERESTS – CPF PREFERRED EQUITY

CPF has 36 preferred units at $500,000 per unit outstanding as of October 31, 2021. No preferred units were issued during the year then ended.

The rights and privileges of preferred units are as follows:

- Duration and Voting: preferred units have no maturity date and have no voting rights.
- Dividends: Holders of preferred units are entitled to receive cumulative dividends at an annual rate of 3.50% through June 2022 and reset to the prime rate on a quarterly bases thereafter for the remainder of the investment.
- Conversion and Redemption: preferred units are not convertible into common units or any other equity of CPF or the Company and are redeemable at the Company's option after the fifth anniversary of the date of issuance.
- Liquidation preference: holders of preferred units are entitled to a liquidation preference equal to all dividends in arrears plus the initial capital contribution.

During the year ended October 31, 2021, CPF paid preferred dividends totaling $630,000 and had an accrued balance of $51,780 at October 31, 2021.

17. RELATED PARTY ACTIVITIES

On September 14, 2021, the Company entered into an advisory agreement with Enhanced Capital Group ("ECG"), an investment firm committed to socially responsible investment initiatives and impact manager of P10, Inc., a leading, specialized multi-asset class private markets solutions provider. Mr. Alpert and Mr. Webb, who are members of the Company's board of directors, are Co-Chief Executive Officers and directors of P10, Inc. Mr. Alpert is chairman of the board of P10, Inc. ECG receives a 1.5% monthly management fee on performing loans and an incentive fee of 15% over a 7% hurdle rate.

17. RELATED PARTY ACTIVITIES, CONTINUED

Capital Plus Financial leases office space on a month-to-month basis from 210 Capital whose principals, Mr. Alpert and Mr. Webb, are members of the Company's board of directors. Monthly payments under the lease were $1,700 and total rental payments for the year ended October 31, 2021, were $6,800 with rent owed at October 31 totaled $6,800.

The Company leased office space in Dallas, Texas on a month-to-month basis from Southwest Federated, Inc., a related party through common ownership. Monthly payments under the lease were $4,500 and total rental payments for the year ended October 31, 2021 were $ $31,500. The lease was terminated in 2021.

18. CONTINGENCIES

The Company is party to certain legal proceedings in the ordinary course of business. Common legal proceedings include, among other things, breach of contract and unlawful eviction. Although litigation is inherently uncertain, based on past experience and the information currently available, management does not believe that such claims will have a material adverse effect on the Company's financial position, liquidity, or results of operations.

19. INCOME TAXES

Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to reverse. A reconciliation of the provision for income taxes is as follows for the year ended October 31, 2021:

Current	$	28,725,428
Deferred		18,484,447
	$	47,209,875

Income tax expense is computed by applying the Federal corporate tax rate of 21% for the year ended October 31, 2021 and is reconciled to the provision for income taxes as follows:

Federal income taxes	$	51,709,085
Changes in valuation allowance - federal		(8,314,227)
State taxes, net of federal		3,678,920
Other		136,097
	$	47,209,875

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

Significant components of our deferred taxes as of October 31, 2021 were as follows:

Deferred tax assets and (liabilities):		
Accrued management bonus	$	630,000
Other deferred tax assets		179,971
Goodwill		(994,084)
Total net deferred tax liability	$	(184,113)

As of October 31, 2021, the Company did not have federal net operating loss carry-forwards ("NOL's") or research and experimentation credits ("R&E Credits") available to reduce future taxable income as they were utilized in 2021.

20. SUBSEQUENT EVENTS

In accordance with ASC 855, *Subsequent Events*, the Company evaluated all material events or transactions that occurred after October 31, 2021, the consolidated balance sheet date, and through January 27, 2022, the date the consolidated financial statements were available to be issued, noting the following events or transactions for disclosure as subsequent events.

As part of the Company's participation as a lender in the PPP, a total of 260,134 loans were forgiven and/or paid in full as of December 31, 2021 resulting in approximately $32 million of the deferred PPP fees being earned and recognized as income subsequent to the consolidated balance sheet date and through December 31, 2021.

On December 16, 2021, the Company reached an agreement in principle to acquire a leading national, non-bank, direct commercial lender specializing in business financing for small to midsize businesses at a purchase price of tangible book value. The deal remains subject to the consent of and final approval by the SBA and is expected to close in the first half of 2022.

On January 6, 2022, the Company granted the CEO and CFO management 298,600 options in accordance with the Company's stock option plan.

SUPPLEMENTAL INFORMATION

CROSSROADS SYSTEMS, INC. AND SUBSIDIARIES

SUPPLEMENTAL SCHEDULE I: CONSOLIDATED BALANCE SHEET

OCTOBER 31, 2021

UNAUDITED

	Crossroads Systems, Inc.	Capital Plus Financial, LLC	Rise Line Business Credit, LLC	Eliminations	Total
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	$ 548,770	$ 275,979,850	$ 2,456,161	$ -	$ 278,984,781
Restricted cash	-	310,026,085	-	-	310,026,085
Interest receivable	-	15,254,327	-	-	15,254,327
Current portion of mortgage notes receivable	-	1,727,844	-	-	1,727,844
Current portion of commercial/other notes receivable	-	267,228	7,612,843	-	7,880,071
Intercompany receivables	-	304,252,816	-	(304,252,816)	-
Inventory	-	10,212,770	-	-	10,212,770
Prepaid expenses and other current assets	231,198	854,469	24,497	-	1,110,164
Total current assets	779,968	918,575,389	10,093,501	(304,252,816)	625,196,042
MORTGAGE NOTES RECEIVABLE, net of current maturities and allowance of $0	-	130,281,822	-	-	130,281,822
COMMERCIAL/OTHER NOTES RECEIVABLE, net of current maturities and allowance of $0	-	8,533,246	-	-	8,533,246
PPP LOANS RECEIVABLE	-	2,759,667,440	-	-	2,759,667,440
INVESTMENT IN SOLAR TAX CREDIT FUND	9,380,944	-	-	-	9,380,944
GOODWILL	18,566,966	-	-	-	18,566,966
INVESTMENT IN SUBSIDIARY	40,134,751	-	-	(40,134,751)	-
TOTAL ASSETS	$ 68,862,629	$ 3,817,057,897	$ 10,093,501	$ (344,387,567)	$ 3,551,626,460
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Accounts payable	$ -	$ 313,050	$ 2,494	$ -	$ 315,544
Accrued liabilities	3,034,250	266,414,374	-	-	269,448,624
Escrow liabilities	-	3,113,208	-	-	3,113,208
Income taxes payable	28,725,428	-	-	-	28,725,428
Intercompany payables	304,252,816	-	-	(304,252,816)	-
Current portion of credit facilities	-	63,670,466	-	-	63,670,466
Current portion of other note payable	-	204,151	-	-	204,151
Current portion of acquisition notes payable	2,495,172	-	-	-	2,495,172
Total current liabilities	338,507,666	333,715,249	2,494	(304,252,816)	367,972,593
CREDIT FACILITIES, net of current maturities	-	36,451,501	-	-	36,451,501
OTHER NOTE PAYABLE, net of current maturities	-	940,083	-	-	940,083
ACQUISITION NOTES PAYABLE, net of current maturities	5,919,412	-	-	-	5,919,412
PPP LOAN PAYABLE	-	376,800	-	-	376,800
FEDERAL PPP LIQUIDITY FACILITY	-	3,132,566,332	-	-	3,132,566,332
DEFERRED TAX LIABILITY	184,113	-	-	-	184,113
OTHER LONG-TERM LIABILITIES	-	558,425	-	-	558,425
TOTAL LIABILITIES	344,611,191	3,504,608,390	2,494	(304,252,816)	3,544,969,259
EQUITY					
Common stock, $0.001 par value: 75,000,000 shares authorized, 5,971,994 shares issued and outstanding	5,972	-	-	-	5,972
Additional paid in capital	3,889,086	13,351,925	10,079,046	(23,430,971)	3,889,086
Accumulated earnings (deficit)	(279,643,620)	281,045,802	11,961	(16,703,780)	(15,289,637)
Crossroads Systems, Inc. stockholders' equity	(275,748,562)	294,397,727	10,091,007	(40,134,751)	(11,394,579)
Non-controlling interests	-	18,051,780	-	-	18,051,780
TOTAL EQUITY	(275,748,562)	312,449,507	10,091,007	(40,134,751)	6,657,201
TOTAL LIABILITIES AND EQUITY	$ 68,862,629	$ 3,817,057,897	$ 10,093,501	$ (344,387,567)	$ 3,551,626,460

See report of independent registered public accounting firm regarding supplemental information.

CROSSROADS SYSTEMS, INC. AND SUBSIDIARIES
SUPPLEMENTAL SCHEDULE II: CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED OCTOBER 31, 2021
UNAUDITED

	Crossroads Systems, Inc.	Capital Plus Financial, LLC	Rise Line Business Credit, LLC	Eliminations	Total
REVENUES					
Interest income	$ -	$ 40,178,779	$ 88,405	$ -	$ 40,267,184
Property sales	-	21,372,291	-	-	21,372,291
PPP administrative fees	-	868,422,947	-	-	868,422,947
Other revenue	-	575,271	5,643	-	580,914
Total revenues	-	930,549,288	94,048	-	930,643,336
COSTS AND EXPENSES					
Interest expense	-	15,165,963	-	-	15,165,963
Cost of properties sold	-	18,284,646	-	-	18,284,646
General and administrative	802,629	2,381,816	12,688	-	3,197,133
PPP processing fees	-	628,095,999	-	-	628,095,999
Salaries and wages	297,436	3,475,107	69,399	-	3,841,942
Management bonus	20,798,948	-	-	-	20,798,948
Total costs and expenses	21,899,013	667,403,531	82,087	-	689,384,631
Income (loss) from operations	(21,899,013)	263,145,757	11,961	-	241,258,705
OTHER INCOME (EXPENSES)					
Grant income - CDFI rapid response program	-	1,826,265	-	-	1,826,265
Interest expense	(476,746)	-	-	-	(476,746)
Total other income (expenses)	(476,746)	1,826,265	-	-	1,349,519
Income (loss) before income tax provision	(22,375,759)	264,972,022	11,961	-	242,608,224
INCOME TAX PROVISION	(47,209,875)	-	-	-	(47,209,875)
NET INCOME (LOSS)	(69,585,634)	264,972,022	11,961	-	195,398,349
Less: net income attributable to non-controlling interests	-	(630,000)	-	-	(630,000)
NET INCOME (LOSS) ATTRIBUTABLE TO CONTROLLING INTERESTS	$ (69,585,634)	$ 264,342,022	$ 11,961	$ -	$ 194,768,349

CROSSROADS SYSTEMS, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
AND REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

OCTOBER 31, 2020

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders
of Crossroads Systems, Inc. and Subsidiaries:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheet of Crossroads Systems, Inc. and subsidiaries (the "Company") as of October 31, 2020, and the related consolidated statements of operations, changes in equity, and cash flows for the year then ended, and the related notes (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of October 31, 2020, and the results of its operations and its cash flows for the year then ended 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 audit. 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 audit 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 audit, 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 audit includes performing procedures to assess the risk 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 audit also includes evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statement. We believe that our audit provides a reasonable basis for our opinion.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information in Schedules I and II is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and results of operations of the individual companies, and it is not a required part of the consolidated financial statements. Such information has not been subjected to the auditng procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on it.

Baker Tilly US, LLP

BAKER TILLY US, LLP
We have served as the Company's auditor since 2018
New York, NY
January 20, 2021

CROSSROADS SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
OCTOBER 31, 2020

ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$	2,127,059
Restricted cash		3,004,051
Interest receivable		930,871
Current portion of notes receivable		1,527,234
Current portion of other notes receivable		7,014
Inventory		10,544,236
Prepaid expenses and other current assets		411,645
Total current assets		18,552,110
NON-CURRENT ASSETS		
Notes receivable, net of current maturities and allowance of $0		127,304,450
Other notes receivable, net of current maturities, participations and allowance of $0		1,583,761
Goodwill		18,566,966
Deferred tax asset		18,300,334
Total non-current assets		165,755,511
TOTAL ASSETS	$	184,307,621
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Accounts payable	$	222,610
Accrued liabilities		353,901
Escrow liabilities		2,886,249
Current portion of credit facilities		75,694,845
Current portion of other note payable		191,337
Current portion of acquisition notes payable		2,495,172
Total current liabilities		81,844,114
NON-CURRENT LIABILITIES		
Credit facilities, net of current maturities		39,481,435
Other note payable, net of current maturities		1,144,234
Acquisition notes payable, net of current maturities		10,582,769
Payroll protection program loan		376,800
Other long-term liabilities		407,091
Total non-current liabilities		51,992,329
TOTAL LIABILITIES		133,836,443
EQUITY		
Common stock, $0.001 par value: 75,000,000 shares authorized, 5,971,994 shares issued and outstanding		5,972
Additional paid in capital		242,471,412
Accumulated deficit		(210,057,986)
Controlling interests		32,419,398
Non-controlling interests		18,051,780
TOTAL EQUITY		50,471,178
TOTAL LIABILITIES AND EQUITY	$	184,307,621

The accompanying notes are an integral part of these consolidated financial statements.

CROSSROADS SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED OCTOBER 31, 2020

REVENUES	
Interest income	$ 12,633,818
Property sales	23,461,898
Other revenue	538,876
Total revenues	36,634,592
COSTS AND EXPENSES	
Interest expense	5,712,138
Cost of properties sold	20,297,457
Salaries and wages	2,839,113
Professional fees	708,139
Other general and administrative	1,319,637
Total costs and expenses	30,876,484
Income from operations	5,758,108
OTHER EXPENSES	
Interest expense	(734,005)
Total other expenses	(734,005)
Income before income tax provision	5,024,103
INCOME TAX PROVISION	(1,377,572)
NET INCOME	3,646,531
Less: net income attributable to non-controlling interests	(630,000)
NET INCOME ATTRIBUTABLE TO CONTROLLING INTERESTS	$ 3,016,531

The accompanying notes are an integral part of these consolidated financial statements.

CROSSROADS SYSTEMS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED OCTOBER 31, 2020

	Common Stock		Additional Paid-In	Accumulated	Non-Controlling	Total
	Shares	Amount	Capital	Deficit	Interests	Equity
BALANCE, NOVEMBER 1, 2019	5,971,994	$ 5,972	$ 242,358,843	$ (213,074,517)	$ 18,053,506	$ 47,343,804
Stock-based compensation:						
Stock options	-	-	112,569	-	-	112,569
Dividend distributions to non-controlling interests *	-	-	-	-	(631,726)	(631,726)
Net income	-	-	-	3,016,531	630,000	3,646,531
BALANCE, OCTOBER 31, 2020	5,971,994	$ 5,972	$ 242,471,412	$ (210,057,986)	$ 18,051,780	$ 50,471,178

* see Note 10 for additional information over dividend distributions to holders of non-controlling interests in preferred equity.

The accompanying notes are an integral part of these consolidated financial statements.

CROSSROADS SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED OCTOBER 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$	3,646,531
Adjustments to reconcile net income to net cash used in operating activities:		
Gain on derivative related activity		(105,702)
Stock based compensation		112,569
Amortization of deferred financing fees		35,986
Provision for income taxes		1,377,572
Changes in operating assets and liabilities:		
Interest receivable		(37,528)
Notes receivable (mortgages and other)		(7,693,243)
Inventory		1,252,194
Prepaids and other assets		(57,583)
Accounts payable		(66,620)
Accrued liabilities		257,148
Escrow liabilities		239,668
Net cash used in operating activities		(1,039,008)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend distribution to non-controlling interests		(631,726)
Paycheck Protection Program loan		376,800
Borrowings on credit facilities, net		36,701,455
Principal payments on credit facilities		(33,300,951)
Principal payments on other notes payable		(179,327)
Principal payments on acquisition note payable		(1,835,390)
Sale of participations in mortgage notes and other receivables		800,086
Net cash provided by financing activities		1,930,947
Net change in cash and cash equivalents and restricted cash		891,939
Cash and cash equivalents and restricted cash at beginning of period		4,239,171
Cash and cash equivalents and restricted cash at end of period	$	5,131,110
SUPPLEMENTAL INFORMATION		
Cash paid for interest	$	6,625,303

The accompanying notes are an integral part of these consolidated financial statements.

1. COMPANY PROFILE AND NATURE OF OPERATIONS

Crossroads Systems, Inc. (OTC Pink: CRSS) (the “Company”, “CRSS” or “Parent”) was an intellectual property licensing company headquartered in Austin, Texas. Founded in 1996 as a product solutions company, Crossroads created some of the storage industry's most fundamental patents and licensed patents to more than 50 companies prior to filing for reorganization under Chapter 11 of the Federal Bankruptcy Code on August 13, 2017.

On December 18, 2017, the Parent acquired 100% of the common equity of Capital Plus Financial, LLC (“CPF”), a Texas based community development financial institution (“CDFI”). CPF’s mission is to make homeownership available to the Hispanic market throughout Texas. CPF is also a certified B Corporation which is a group of for-profit companies certified to meet rigorous standards of social and environmental performance, accountability and transparency. CPF operates in Texas where it acquires, renovates, and sells single-family homes providing seller financing through notes receivable.

Principals of Consolidation

The consolidated financial statements include the accounts of CRSS and CPF. Capital Mortgage Servicing, LLC (“CMS”) is wholly owned by CPF. (collectively, “we”, “us”, or the “Company”). All significant intercompany accounts and transactions have been eliminated in consolidation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). The operations are for the period from November 1, 2019 through October 31, 2020.

Cash and Cash Equivalents

The Company considers all currency on hand, money market accounts, and highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Restricted cash includes escrow accounts related primarily to CMS’s mortgage servicing obligations.

Notes Receivable

The Company originates predominantly 30-year notes receivable through sales of rehabilitated homes or purchases notes receivable that are secured by an assignment of a deed of trust. The Company intends to hold the notes for the long-term as it has the ability to fund additional notes receivable through borrowings from lenders that are secured by the notes receivable and properties. Notes receivable are stated at their unpaid principal balances less an allowance for loan losses, if any. The average contractual interest rate per note was approximately 10.44% as of October 31, 2020. Interest income is recognized monthly per the terms of the respective loan agreements. Notes receivable have maturities that range from 4 to 30 years. All of the Company’s loans and underlying collateral are located in Texas.

The Company uses payment history to monitor the credit quality of the notes receivable on an ongoing basis. The Company assesses the carrying value of its notes receivable for impairment when it determines that impairment indicators are present. Notes are evaluated for impairment when it is probable the Company will be unable to collect all amounts due for scheduled principal and interest payments, including notes in the process of repossession. Impaired notes are generally measured based on the fair value of the collateral. Impaired notes, or portions thereof, are charged off when deemed uncollectible. A specific reserve is created for impaired notes based on the fair value of the underlying collateral. No specific impairment was deemed necessary as of October 31, 2020.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Notes Receivable, Continued

The Company may also receive escrow payments for property taxes and insurance included in its note receivable collections. The liabilities associated with these escrow collections totaled $2,886,249 as of October 31, 2020 and are included in escrow liabilities on the consolidated balance sheet.

The Company purchased $2,706,314 in notes receivable from third-parties at face value, which approximated their fair value, near the time they were originated during the year ended October 31, 2020. Notes receivable totaling $1,634,504 were purchased with attached loan participations of between 15% and 20%. The loan participations do not meet the criteria to be presented net of the notes receivable with a majority due to officers of the Company, and accordingly, are presented in other long term liabilities on the consolidated balance sheet. The Company's liability for loan participations are paid as payments are received on the related notes receivable. The loan participation liability totaled $407,091 as of October 31, 2020. The Company did not sell any notes receivable during the year ended October 31, 2020.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security ("CARES") Act was signed into law. As permitted under Section 4013 of the CARES Act, the Company provided 234 borrowers experiencing financial hardship caused by the COVID-19 Pandemic with a 60-day forbearance option that defers two loan payments to the end of the loan term. The 60-day forbearance option is not considered a troubled-debt restructuring as the customers were not experiencing financial difficulty prior to the COVID-19 Pandemic. The Company did not recognize interest income of approximately $412,000 on these loans during the forbearance period. As of October 31, 2020, there were no loans on forbearance.

Allowance for Loan Losses on Notes Receivable

The allowance for loan losses reflects management's estimate of probable and inherent losses in the notes receivable balances that may be uncollectible based upon review and evaluation of the loan portfolio as of the consolidated balance sheet date. An allowance for loan losses is determined after giving consideration to, among other things, the loan characteristics, including the financial condition of borrowers, the value and liquidity of collateral, delinquency and historical loss experience.

In addition, the Company considers such factors as changes in the nature and volume of the portfolio, overall portfolio quality, and current economic conditions. The Company applies multiple strategies to mitigate the risks associated with delinquent loans, including foreclosures and subsequent rehabilitation and resales. As a result, the Company historically has not experienced any significant losses and has determined that an allowance for probable and inherent loan losses was not required as of October 31, 2020.

The Company's policy is to place a note receivable on nonaccrual status when either principal or interest is past due and remains unpaid for 90 days or more. Accrued interest receivable is reversed for notes placed on nonaccrual status. Payments received on nonaccrual notes receivable are accounted for on a cash basis, first to interest and then to principal, as long as the remaining book balance of the asset is deemed to be recoverable. The accrual of interest resumes when the past due principal becomes current. The unpaid principal balance of notes receivable on nonaccrual status was $2,344,390 at October 31, 2020.

The Company assesses the collectability of notes receivable on a note by note basis to determine if formal foreclosure proceedings are necessary. The total principal balance of notes receivable for which the Company has begun formal foreclosure proceedings totaled $1,741,580 as of October 31, 2020.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Other Notes Receivable

From time to time, the Company will provide higher value financing for residential or commercial real estate. As of October 31, 2020, the Company had an outstanding balance of $1.1 million in such financing on a residential property and $726,000 for one commercial property. The interest rate on the financing for the residential property is 9.99% and 7.75% for the commercial property. The residential property requires monthly principal and interest payments based on 30-year amortization schedule maturing in 2049. The commercial property requires at least monthly interest payments and has a maturity of February 2022.

The Company sold a 20% loan participation in the $1.1 million residential property note receivable which is presented net of the other note receivable balance on the consolidated balances sheet. The balance on the loan participation as of October 31, 2020 was $215,193.

Due to their individually significant balances, the Company continually monitors other notes receivable for potential losses and the need for an allowance for loan losses. As of October 31, 2020, all other notes receivable were current and in good standing, and based on the borrowers' history and values of the associated properties, the Company determined no allowance for loan losses was required.

Inventory

Inventory consists of properties that are currently undergoing remodeling or are being held for sale. Inventory includes the initial costs of acquiring the property, remodeling costs, real estate taxes and other direct costs incurred while remodeling the property. All indirect overheard costs, such as compensation of sales personnel, management and advertising costs are charged to salaries and wages or other general and administrative expenses as incurred.

The initial direct costs to acquire properties and remodeling costs account for approximately 92% of cost of properties sold in the consolidated statement of operations for the year ended October 31, 2020. As of October 31, 2020, 92 properties were being remodeled and 16 were completed and held for sale. Generally, the Company holds properties in inventory from acquisition to resale for 3 to 4 months.

Goodwill

Goodwill resulted from the acquisition of CPF on December 18, 2017. Goodwill is accounted for in accordance with Accounting Standards Codification ("ASC") 350, *Intangibles – Goodwill*. Management evaluates goodwill for impairment at least annually or when circumstances indicate the estimated fair value may exceed the reporting unit's carrying value indicating potential impairment of goodwill. The emergence of COVID-19 as a global pandemic in 2020 had minimal effects on the Company's operations or stock price. The Company determined that based on the limited impact of COVID-19 and a continued growth in net income it was more likely than not goodwill was not impaired as of October 31, 2020.

Revenue Recognition

Interest income on notes receivable and other notes receivable is recognized on the accrual basis when earned using the effective interest method. Revenue from residential home sales is recognized when title passes to the purchaser and collectability is reasonably assured. Revenue is recognized based on the contracted sales price.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Fair Value of Financial Instruments

The Company's financial instruments consist primarily of cash and cash equivalents, notes receivable, other notes receivable, credit facilities, other note payable and acquisition notes payable. The carrying amount of cash and cash equivalents approximates its fair value because it is short-term in nature. The credit facilities, other note payable and acquisition notes payable generally have short-term maturity dates or variable interest rates that reflect market rates and the Company has determined that their fair value approximates their carrying value. The Company assessed the fair value of notes receivable and other notes receivable based on the discounted value of the remaining principal and interest cash flows. The Company determined the fair value of other notes receivable approximates their book values and the fair value of notes receivable was approximately $134.6 million compared to the book value of $128.8 million as of October 31, 2020.

Deferred Financing Fees

The Company incurred costs for deferred financing fees when obtaining the acquisition note payable to Veritex Community Bank detailed in Note 6. The debt issuance costs are presented as a deduction against the corresponding debt on the consolidated balance sheet. The deferred financing fees are amortized over the respective debt agreement with amortization expense included in other interest expense in the accompanying consolidated statement of operations. Amortization expense was $35,986 for the year ended October 31, 2020. Net deferred financing fees were $141,763 as of October 31, 2020.

Stock-Based Compensation

The Company recognizes compensation expense related to stock options and restricted stock on a straight-line basis over the requisite service period based on the estimated fair value of the awards on the date of grant. Compensation cost associated with stock options granted is determined using a calculated option value. The calculated value of each stock option grant is derived using the Black Scholes option-pricing model and is recognized over the vesting period with a corresponding increase to additional paid-in-capital.

Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates that could change in the near term and have a significant impact on the consolidated financial statements include the deferred tax assets and allowance for loan losses.

Income Taxes

The Company accounts for income taxes using the liability method of accounting. Under the liability method, deferred taxes are determined based on the differences between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect in the years in which the differences are expected to reverse. A valuation allowance is recorded to reduce the carrying amounts of deferred tax assets if it is more likely than not such assets will not be realized. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Income Taxes, Continued

The Company recognizes the financial statement benefit of a tax position that does not meet the more-likely-than-not threshold only after expiration of the statute of limitations of the relevant tax authority sustains our position following an audit. For tax positions meeting the more likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon the ultimate settlement with the relevant tax authority. We recognize interest and penalties related to uncertain tax positions in income tax expense. There were no identified tax benefits or liabilities that were considered uncertain positions at October 31, 2020.

Concentrations

Financial instruments that potentially subject the Company to concentrations of credit risk are cash, cash equivalents, and notes receivable. The notes receivable are secured by the residential homes that were financed through the loan. The Company maintains deposits with major financial institutions, which from time-to-time, may exceed the federally insured limits at each institution. The Company had cash and restricted cash in financial institutions that exceeded federally insured limits of approximately $4.1 million. Management believes any potential credit risk is minimal.

Risks and Uncertainties

The Company's business is affected, directly and indirectly, by economic and political conditions and by governmental monetary and fiscal policies. Conditions such as inflation, recession, real estate values, volatile interest rates, governmental monetary policy and other factors beyond the Company's control may adversely affect the Company's results of operations. Adverse economic conditions could result in an increase in notes receivable delinquencies or foreclosures and a decrease in the value of property or other collateral which secures the Company's loans.

The Company relies on various forms of revolving and long-term borrowings to finance its working capital requirements and has historically demonstrated the ability to obtain additional financing or refinance maturing obligations as needed to support the Company’s ongoing financing needs. As disclosed in Note 6 of these consolidated financial statements, the Company has approximately $75.7 million in current debt obligations maturing within one year prior.

The Company was and continues to be impacted by the COVID-19 pandemic which is having significant effects on global markets, supply chains, businesses and communities. The Company continues to evaluate the effects or potential effects of these events including possible disruptions with the availability of personnel or supplies and future government regulations or shut-downs. The extent of the impact will depend on future developments including the duration and spread of the outbreak, distribution of vaccines and government or other regulatory action. There have been no adjustments to the consolidated financial statements related to this risk.

3. NOTES RECEIVABLE

The principal balance outstanding on the notes receivable and the expected principal collections for the next five years and thereafter are as follows for the years ending October 31:

2021	$ 1,527,234
2022	1,704,754
2023	1,885,700
2024	2,032,144
2025	2,223,640
Thereafter	119,458,212
	$ 128,831,684

A detailed aging of notes receivable that are past due as of October 31, 2020 are as follows:

		%
Total notes receivable	$ 128,831,684	100.0
Past due notes receivable:		
31-60 days past due	$ 3,297,229	2.6
61-90 days past due	409,570	0.3
91-120 days past due	602,810	0.5
Greater than 120 days past due	1,741,580	1.4
Total past due notes receivable	$ 6,051,189	4.8

4. OTHER NOTES RECEIVABLE

The principal balance outstanding on the other notes receivable and the expected principal collections for the next five years and thereafter, excluding offsets for the $215,193 loan participation, are as follows for the years ending October 31:

2021	$ 7,014
2022	733,899
2023	8,574
2024	9,471
2025	10,462
Thereafter	1,036,548
	$ 1,805,968

All other notes receivable were current and in good standing as of October 31, 2020.

5. ACCRUED LIABILITIES

Accrued liabilities consisted of the following at October 31, 2020:

Interest payable	$ 131,288
Salaries and wages	102,789
Professional fees	95,000
Other accrued liabilities	24,824
	$ 353,901

6. DEBT

Credit Facilities

The Company uses various types of credit facilities to finance notes receivable and inventories. The loans are secured by notes receivable or inventories.

In connection with the credit facilities, the Company has agreed to comply with certain financial and non-financial covenants provided for in the agreements. Management was not aware of any covenant violations for the year ended October 31, 2020.

The Company had the following credit facilities as of October 31, 2020:

Lender	Interest Rate	Maturity Date	Balance
Texas Citizens Bank 9950	4.75%	9/20/2035 (a)	$ 3,381,407
First National Bank of Ballinger	4.25%	6/1/2021	9,852,726
First National Bank of Ballinger	5.75% (b)	2/20/2022	528,337
Simmons Bank (formerly Bank SNB)	4.15%	3/29/2021	16,552,378
Happy State Bank Interim Construction (new)	6.00% (b)	10/1/2021 (c)	1,384,891
Happy State Bank Interim Construction (lot)	6.00% (b)	5/11/2021 (c)	354,511
Happy State Bank Interim 2	5.75% (b)	5/17/2021 (c)	5,167,303
Happy State Bank Interim Rental Line	5.00% (b)	7/28/2022	2,044,774
Happy State Bank Flood Line	6.50% (b)	7/28/2021 (c)	300,732
Happy State Bank Term	5.75%	9/18/2041	16,175,108
Happy State Bank Term 4	5.50%	10/1/2043	2,044,681
Oakwood Bank	5.25%	1/16/2025	9,857,529
Oakwood Bank Accordion with Spirit Bank	5.25%	1/16/2025	9,964,740
Veritex Bank (formerly Green Bank)	3.89% (b)	4/25/2021 (a,c)	12,523,798
Prosperity USA (formerly Legacy Bank Texas)	3.40% (b)	6/11/2021 (a,c)	24,946,843
Prosperity USA (formerly Legacy Bank Texas)	0.00%	6/29/2021	96,523
			115,176,280
Less current portion of credit facilities			(75,694,845)
Credit facilities, net of current maturities			$ 39,481,435

(a) These facilities are due on demand and presented as current.
(b) These facilities require only monthly interest payments through maturity.
(c) These facilities allow for incremental borrowings, each due within a 12 month period.

Future minimum principal payments for the credit facilities are as follows for the years ending October 31:

2021	$ 75,694,845
2022	3,728,623
2023	1,178,462
2024	1,202,646
2025	18,795,869
Thereafter	14,575,834
	$ 115,176,280

6. DEBT, CONTINUED

Acquisition Notes Payable

To fund consideration in the December 18, 2017 acquisition of CPF, the Company entered into a $22,000,000 note payable with Veritex Community Bank (the "Veritex Note") and a $2,200,000 note payable to CrossFirst Bank (the "CrossFirst Note").

Veritex Note

The Veritex Note bears interest at the annual LIBOR rate plus an applicable margin of 4.50%, which was 4.64% at October 31, 2020. The Veritex Note requires monthly principal payment of $207,931, plus interest, through maturity on December 18, 2024, the date at which all unpaid principal and interest is due. The Veritex Note is collateralized by certain operating assets of the Company not already collateralized by the credit facilities. As of October 31, 2020, the unpaid principal balance on the Veritex Note was $11,020,327. The Veritex Note is presented on the consolidated balance sheet net of amortizing deferred financing fees of $141,763 at October 31, 2020.

The Company is required to comply with certain financial and non-financial covenants under the Veritex Note. The Company was not in compliance with the problem asset measurement ratio as of October 31, 2020 due to COVID-19 affecting various county government's ability to process foreclosures timely. The Problem Asset Measurement Ratio is the ratio of notes receivable past due 30 days plus initial inventory acquisition costs aged over 270 days to total notes receivable plus initial inventory acquisition costs. The Company is required to maintain a quarterly Problem Asset Measurement Ratio no greater than 5.00% with the ratio as of October 31, 2020 at 5.89%. The Company has the capability of curing the non-compliance through the liquidation of the notes receivable held up in the foreclosure process due to COVID-19, and accordingly, has determined that the non-compliance is not representative of a continued default for financial reporting purposes.

CrossFirst Note

The CrossFirst Note was created to fund $2,200,000 of the purchase price in the acquisition of CPF to money market accounts in the seller's names at CrossFirst Bank to serve as collateral over the duration of the note. The CrossFirst Note requires a monthly interest payment at the CrossFirst Bank money market account rate plus an applicable margin of 1.00%, which was 1.65% at October 31, 2020. The CrossFirst Note will mature on December 14, 2021, when all unpaid principal and interest will be due. The balance on the CrossFirst Note was $2,199,377 at October 31, 2020.

Future minimum principal payments for the acquisition notes payable are as follows for the years ending October 31:

2021	$ 2,495,172
2022	4,694,549
2023	2,495,172
2024	2,495,172
2025	1,039,639
	$ 13,219,704

Other Note Payable

The Company assumed a note payable in the December 2017 acquisition of CPF with an outstanding principal balance as of the date of the acquisition totaling $1,827,750 (the "Other Note"). The Other Note is subordinate to the other debt obligations, accrues interest at 6.50% per annum, calls for monthly payments of principal and interest of $22,710, and matures on December 31, 2026. The balance on the Other Note was $1,335,571 at October 31, 2020.

6. DEBT, CONTINUED

Other Note Payable, Continued

Future minimum principal payments for the Other Note is as follows for the years ending October 31:

2021	$	191,337
2022		204,151
2023		217,823
2024		232,411
2025		247,976
Thereafter		241,873
	$	1,335,571

Paycheck Protection Program Loan

On April 20, 2020, the Company qualified for and received a loan pursuant to the Paycheck Protection Program (“PPP”), a program implemented by the U.S. Small Business Administrative (“SBA”) under the Coronavirus Aid, Relief, and Economic Security Act, from a qualified lender (the “PPP Lender”), for an aggregate principal amount of $376,800. The PPP Loan bears interest at a rate of 1.0% per annum, with the first six months interest deferred, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. The principal amount of the PPP Loan is subject to forgiveness under the Paycheck Protection Program upon the Company’s request to the extent that the PPP Loan proceeds are used to pay expenses permitted by the Paycheck Protection Program, including payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by the Company. The Company has applied for forgiveness of the PPP Loan with respect to these covered expenses. To the extent that all or part of the PPP Loan is not forgiven, the Company will be required to pay interest on the PPP Loan at a rate of 1.0% per annum, and commencing in November 2020, principal and interest payments will be required through the maturity date in April 2022. The terms of the PPP Loan provide for customary events of default including, among other things, payment defaults, breach of representations and warranties, and insolvency events. The PPP Loan may be accelerated upon the occurrence of an event of default.

7. OPERATING LEASES

The Company is obligated, as lessee, under non-cancelable operating lease agreements for office space located in Bedford, Texas and Houston, Texas. The lease agreements require monthly payments of $12,600 through their expiration in December 2022.

Future minimum payments required under non-cancelable operating lease agreements are as follows for the years ending October 31:

2021	$	151,200
2022		151,200
2023		25,200
	$	327,600

Rent expense associated with non-cancelable operating leases for the year ended October 31, 2020 was $151,200, and is included in general and administrative expenses in the consolidated statement of operations.

8. STOCKHOLDERS' EQUITY

The Company is authorized to issue up to 75 million shares of $0.001 par value common stock and 25 million shares of $0.001 par value preferred stock. As of October 31, 2020, 5,971,994 shares of common stock were issued and outstanding and no shares of preferred stock were issued and outstanding.

9. STOCK BASED COMPENSATION

In June of 2018, the Company established the 2018 Stock Incentive Plan ("Stock Plan") in which shares of common stock are made available for grant to qualified officers, employees, directors and other key personnel of the Company. The plan is authorized to issue up to 800,000 shares of the Company's common stock.

The vesting of the options is determined by the Company with current options granted vesting over three years. The Company recognizes compensation expense for the options granted using the straight-line method over the vesting period. As of October 31, 2020, unrecognized stock based compensation expense was $789,474 and is expected to be recognized over a weighted average period of 2.65 years.

A summary of option activity for the year ended October 31, 2020 is as follows:

		Options Outstanding	
	Options Available for Grant	Number of Shares	Weighted Average Exercise Price
Balances, November 1, 2019	800,000	-	-
Granted	(199,990)	199,990	$ 7.47
Exercised	-	-	-
Forfeited	-	-	-
Balances, October 31, 2020	600,010	199,990	$ 7.47

The fair value for these options was estimated at the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions for the June 2020 grants: a share price of $7.33, volatility of 67.8%, a weighted average risk-free interest rate of 0.71%, and no dividends. The Company estimated the expected term of the options using comparable market data since no historical data was available for stock option grants. The estimated expected term averaged 6.45 years. The weighted average grant date fair value for options granted was $4.51 and $112,569 of stock-based compensation expense was recorded for the year ended October 31, 2020.

The Black-Scholes option-pricing model requires the input of highly subjective assumptions. The Company continues to assess the assumptions and methodologies used to calculate the established fair value of share-based compensation. Circumstances may change and additional data may become available over time, which could result in changes to these assumptions and methodologies, which could materially impact the fair value determinations.

Options outstanding and exercisable as of October 31, 2020 are as follows:

		Options Outstanding	
Exercise Price	Number of Options	Weighted-Average Remaining Contractual Life	Number of Options Exercisable
$ 7.47	199,990	9.63 years	-

9. STOCK BASED COMPENSATION, CONTINUED

All non-vested stock options issued as of the date of the option holder's termination will be forfeited. A summary of the status of non-vested options for the year ended October 31, 2020 is as follows:

	Number of Options	Weighted Average Grant Date Fair Value per Share
Non-vested options, November 1, 2019	-	-
Granted	199,990	$ 4.51
Exercised	-	-
Forfeited	-	-
Non-vested options, October 31, 2020	199,990	$ 4.51

10. NON-CONTROLLING INTERESTS – CPF PREFERRED EQUITY

CPF has 36 preferred units at $500,000 per unit outstanding as of October 31, 2020.

The rights and privileges of preferred units are as follows:

- Duration and Voting: preferred units have no maturity date and have no voting rights.
- Dividends: Holders of preferred units are entitled to receive cumulative dividends at an annual rate of 3.50% through June 2022 and reset to the prime rate on a quarterly basis thereafter for the remainder of the investment.
- Conversion and Redemption: preferred units are not convertible into common units or any other equity of CPF or the Company and are redeemable at the Company's option after the fifth anniversary of the date of issuance.
- Liquidation preference: holders of preferred units are entitled to a liquidation preference equal to all dividends in arrears plus the initial capital contribution.

During the year ended October 31, 2020, CPF paid preferred dividends totaling $631,726 and had an accrued balance of $51,780 at October 31, 2020. Accrued dividends are included as a component of total ending equity for non-controlling interests at October 31, 2020.

11. RELATED PARTY ACTIVITIES

The Company leases office space in Dallas, Texas on a month to month basis from Southwest Federated, Inc., a related party through common ownership. Monthly payments under the lease were $4,500 and total rental payments for the year ended October 31, 2020 were $54,000.

The Company acquired 13 loans from third parties during the year ended October 31, 2020 that had loan participations associated with them of between 10% and 20%. Two officers of the Company subsequently acquired these loan participations from the third-parties. As of October 31, 2020, the liability due to the officers of the Company totaled $278,878 and are included in other long-term liabilities on the consolidated balance sheet.

12. CONTINGENCIES

The Company is party to certain legal proceedings in the ordinary course of business. Common legal proceedings include, among other things, breach of contract and unlawful eviction. Although litigation is inherently uncertain, based on past experience and the information currently available, management does not believe that such claims will have a material adverse effect on the Company's financial position, liquidity, or results of operations.

13. INCOME TAXES

Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to reverse. A reconciliation of the provision for income taxes is as follows for the year ended October 31, 2020:

Current	$	(2,418)
Deferred		1,379,990
	$	1,377,572

Income tax expense is computed by applying the Federal corporate tax rate of 21% for the year ended October 31, 2020 and is reconciled to the provision for income taxes as follows:

Federal income taxes	$	926,360
Changes in valuation allowance - federal		(5,978,468)
State taxes, net of federal		128,609
Expiration of NOLs & credit carryovers		6,107,422
Other		193,649
	$	1,377,572

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of our deferred taxes as of October 31, 2020 were as follows:

Deferred tax assets:		
Net operating loss carryforward	$	21,814,777
Research & experimentation credits		4,717,857
State credits		1,042,612
Other		276,490
Total deferred tax assets		27,851,736
Valuation allowance		(8,666,064)
Total net deferred tax assets	$	19,185,672
Deferred tax liabilities:		
Goodwill	$	(740,275)
State credits - federal		(145,063)
Total deferred tax liabilities	$	(885,338)
Total net deferred tax assets	$	18,300,334

As of October 31, 2020, the Company had federal net operating loss carry-forwards (“NOL's”) and research and experimentation credits (“R&E Credits”) available to reduce future taxable income of approximately $103.9 million and $4.7 million, respectively. Such deferred tax assets expire as follows:

2021 - 2023	$	35,500,000
2024 - 2028		19,900,000
2029 - 2033		34,900,000
2034 - 2037		18,300,000
	$	108,600,000

13. INCOME TAXES, CONTINUED

Management assesses the available positive and negative evidence to estimate whether sufficient future taxable income will be generated to permit use of the existing deferred tax assets. While the Company projects annual taxable income to increase steadily into the future, future profitability depends heavily on the Company's ability to borrow at rates averaging those incurred during the year ended October 31, 2020. Positive or negative changes in average borrowing rates greater than 0.50% could materially affect estimates of future taxable income and any related valuation allowances.

As of October 31, 2020, a valuation allowance of $8.7 million was recorded against the deferred tax asset so that only the portion of the deferred tax asset that is more likely than not to be realized remains at October 31, 2020. The valuation allowance is due primarily to the significant amount of deferred tax assets expiring over the next two years. The amount of the deferred tax asset considered realizable, however, could be adjusted if estimates of future taxable income during the carryforward period are reduced or increased.

14. SUBSEQUENT EVENTS

In accordance with ASC 855, *Subsequent Events*, the Company evaluated all material events or transactions that occurred after October 31, 2020, the consolidated balance sheet date, and through January 20, 2021, the date the consolidated financial statements were available to be issued, noting the following transaction for disclosure as a subsequent event.

The Company has partnered with an outside party to participate as a lender in the second round of the PPP loan program implemented by the SBA which opened for non-bank financial institutions on January 13, 2020.

SUPPLEMENTAL INFORMATION

CROSSROADS SYSTEMS, INC. AND SUBSIDIARIES

SUPPLEMENTAL SCHEDULE I: CONSOLIDATED BALANCE SHEET
FOR THE YEAR ENDED OCTOBER 31, 2020
UNAUDITED

	Crossroads Systems, Inc.	Capital Plus Financial, LLC	Eliminations	Total
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	$ 20,649	$ 2,106,410	$ -	$ 2,127,059
Restricted cash	-	3,004,051	-	3,004,051
Interest receivable	-	930,871	-	930,871
Current portion of notes receivable	-	1,527,234	-	1,527,234
Current portion of other notes receivable	-	7,014	-	7,014
Intercompany receivables	-	21,553,266	(21,553,266)	-
Inventory	-	10,544,236	-	10,544,236
Prepaid expenses and other current assets	147,392	264,253	-	411,645
Total current assets	168,041	39,937,335	(21,553,266)	18,552,110
NON-CURRENT ASSETS				
Notes receivable, net of current maturities and allowance of $0	-	127,304,450	-	127,304,450
Other notes receivable, net of current maturities, participations and allowance of $0	-	1,583,761	-	1,583,761
Goodwill	18,566,966	-	-	18,566,966
Deferred tax asset	18,300,334	-	-	18,300,334
Investment in subsidiary	30,055,705	-	(30,055,705)	-
Total non-current assets	66,923,005	128,888,211	(30,055,705)	165,755,511
TOTAL ASSETS	$ 67,091,046	$ 168,825,546	$ (51,608,971)	$ 184,307,621
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Accounts payable	$ -	$ 222,610	$ -	$ 222,610
Accrued liabilities	40,441	313,460	-	353,901
Escrow liabilities	-	2,886,249	-	2,886,249
Intercompany payables	21,553,266	-	(21,553,266)	-
Current portion of credit facilities	-	75,694,845	-	75,694,845
Current portion of other note payable	-	191,337	-	191,337
Current portion of acquisition notes payable	2,495,172	-	-	2,495,172
Total current liabilities	24,088,879	79,308,501	(21,553,266)	81,844,114
NON-CURRENT LIABILITIES				
Credit facilities, net of current maturities	-	39,481,435	-	39,481,435
Other note payable, net of current maturities	-	1,144,234	-	1,144,234
Acquisition notes payable, net of current maturities	10,582,769	-	-	10,582,769
Payroll protection program loan	-	376,800	-	376,800
Other long-term liabilities	-	407,091	-	407,091
Total non-current liabilities	10,582,769	41,409,560	-	51,992,329
TOTAL LIABILITIES	34,671,648	120,718,061	(21,553,266)	133,836,443
EQUITY				
Common stock, $0.001 par value: 75,000,000 shares authorized, 5,971,994 shares issued and outstanding	5,972	-	-	5,972
Additional paid in capital	242,471,412	13,351,925	(13,351,925)	242,471,412
Accumulated earnings (deficit)	(210,057,986)	16,703,780	(16,703,780)	(210,057,986)
Controlling interests	32,419,398	30,055,705	(30,055,705)	32,419,398
Non-controlling interests	-	18,051,780	-	18,051,780
TOTAL EQUITY	32,419,398	48,107,485	(30,055,705)	50,471,178
TOTAL LIABILITIES AND EQUITY	$ 67,091,046	$ 168,825,546	$ (51,608,971)	$ 184,307,621

See report of independent registered public accounting firm regarding supplemental information.

CROSSROADS SYSTEMS, INC. AND SUBSIDIARIES

SUPPLEMENTAL SCHEDULE II: CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED OCTOBER 31, 2020

UNAUDITED

	Crossroads Systems, Inc.	Capital Plus Financial, LLC	Eliminations	Total
REVENUES				
Interest income	$ -	$ 12,633,818	$ -	$ 12,633,818
Property sales	-	23,461,898	-	23,461,898
Other revenue	-	538,876	-	538,876
Total revenues	-	36,634,592	-	36,634,592
COSTS AND EXPENSES				
Interest expense	-	5,712,138	-	5,712,138
Cost of properties sold	-	20,297,457	-	20,297,457
Salaries and wages	114,449	2,724,664	-	2,839,113
Professional fees	-	708,139	-	708,139
Other general and administrative	305,446	1,014,191	-	1,319,637
Total costs and expenses	419,895	30,456,589	-	30,876,484
Income (loss) from operations	(419,895)	6,178,003	-	5,758,108
OTHER EXPENSES				
Interest expense	(734,005)	-	-	(734,005)
Total other expenses	(734,005)	-	-	(734,005)
Income (loss) before income tax provision	(1,153,900)	6,178,003	-	5,024,103
INCOME TAX PROVISION	(1,377,572)	-	-	(1,377,572)
NET INCOME (LOSS)	(2,531,472)	6,178,003	-	3,646,531
Less: net income attributable to non-controlling interests	-	(630,000)	-	(630,000)
NET INCOME (LOSS) ATTRIBUTABLE TO CONTROLLING INTERESTS	$ (2,531,472)	$ 5,548,003	$ -	$ 3,016,531

See report of independent registered public accounting firm regarding supplemental information.