HUMANGOOD AFFORDABLE HOUSING AND AFFILIATES
(A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION)

CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITOR'S REPORT

YEARS ENDED DECEMBER 31, 2025 AND 2024

HUMANGOOD AFFORDABLE HOUSING AND AFFILIATES
(A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION)

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DAUBY O'CONNOR & ZALESKI, LLC

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
HumanGood Affordable Housing and Affiliates
(A California Non-Profit Public Benefit Corporation)

Opinion

We have audited the accompanying financial statements of HumanGood Affordable Housing and Affiliates, which comprise the consolidated statements of financial position as of December 31, 2025 and 2024, and the related consolidated statements of activities, changes in net assets (deficit), and cash flows for the years then ended, and the related notes to the financial statements. (collectively, the financial statements).

In our opinion, based on our audits, the financial statements referred to above present fairly, in all material respects, the financial position of HumanGood Affordable Housing and Affiliates as of December 31, 2025 and 2024, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter

As discussed in Note 18 to the financial statements, the 2024 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about HumanGood Affordable Housing and Affiliates' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of HumanGood Affordable Housing and Affiliates' internal control. Accordingly, no such opinion is expressed.

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

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about HumanGood Affordable Housing and Affiliates' ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Dauby O'Connor & Zaleski, LLC

April 23, 2026
Carmel, Indiana

Dauby O'Connor & Zaleski, LLC
Certified Public Accountants

HUMANGOOD AFFORDABLE HOUSING AND AFFILIATES
(A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2025 AND 2024

ASSETS

	2025	Restated 2024
Current assets		
Cash and cash equivalents	$ 46,359,783	$ 39,094,820
Investments - cash equivalents	15,135,691	54,839
Total cash and cash equivalents	**61,495,474**	**39,149,659**
Resident and subsidy accounts receivable	1,338,293	1,994,436
Management and development accounts receivable	3,000,821	2,794,727
Development and operating advances receivable, net	86,621	86,621
Investments	16,238,507	10,364,943
Prepaid expenses, deposits, and other assets	154,587	296,449
Total current assets	**82,314,303**	**54,686,835**
Restricted cash	**47,528,156**	**50,738,007**
Land, building, and equipment, net	**726,964,554**	**739,492,188**
Long term and other assets		
Development and operating advances receivable, net, long term	243,351	1,150,200
Notes receivable	7,241,064	6,290,631
Unamortized costs, net	1,271,272	1,025,303
Right-of-use assets	32,502,434	32,945,471
Goodwill	6,464,364	6,464,364
Total long term and other assets	**47,722,485**	**47,875,969**
	$ 904,529,498	**$ 892,792,999**

See notes to consolidated financial statements

HUMANGOOD AFFORDABLE HOUSING AND AFFILIATES
(A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2025 AND 2024

LIABILITIES AND NET ASSETS

	2025	Restated 2024
Current liabilities		
Accounts payable and accrued expenses	$ 9,223,925	$ 7,033,164
Accrued interest - servicing debt	709,350	961,636
Accounts payable - construction	9,008,079	15,233,318
Due to affiliates - NorCal	1,821,707	1,451,181
Due to affiliates - SoCal	911,319	1,079,434
Notes and bonds payable - current portion	4,383,803	30,464,139
Notes payable, affiliates - current portion	-	112,000
Notes and bonds payable - non-servicing debt - current portion	-	12,039,444
Prepaid and deferred revenue	1,344,506	1,241,315
Total current liabilities	**27,402,689**	**69,615,631**
Deposits	**1,968,082**	**1,904,002**
Long term liabilities		
Notes and bonds payable - net of current portion	224,493,048	242,810,543
Notes payable, affiliates - net of current portion	-	1,094,486
Notes and bonds payable - non-servicing debt - net of current portion	329,281,419	334,781,552
Less: unamortized debt issuance costs	(7,789,645)	(7,171,788)
Accrued interest - non-servicing debt	28,425,596	28,378,640
Lease liability	35,291,694	38,498,195
Fair market value of interest rate swap	422,905	336,907
Total long term liabilities	**610,125,017**	**638,728,535**
Total liabilities	**639,495,788**	**710,248,168**
Net assets without donor restrictions of the controlling interest	**81,745,740**	**32,028,805**
Net assets with donor restrictions of the controlling interest	**3,113,893**	**4,030,034**
Net assets without donor restrictions of the non-controlling interest	**180,174,077**	**146,485,992**
	$ 904,529,498	**$ 892,792,999**

See notes to consolidated financial statements

HUMANGOOD AFFORDABLE HOUSING AND AFFILIATES
(A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION)

CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	Restated 2024
Operating revenue		
Affordable housing fees and rents	$ 81,190,270	$ 76,988,753
Affordable housing development	3,258,531	5,485,676
Contributions without donor restrictions	246,043	338,925
Other operating revenue	3,033,586	1,740,947
Total operating revenue	**87,728,430**	**84,554,301**
Operating expenses		
Salaries and wages	23,698,495	21,748,432
Employee benefits	5,563,842	5,312,299
Supplies	2,204,631	1,827,969
Repairs and maintenance	8,873,664	7,010,540
Marketing and advertising	446,540	234,696
Purchased services	6,993,893	6,586,795
Utilities	6,442,230	5,822,691
Travel and related expenses	997,532	1,089,137
Leases and rents	472,276	523,410
Insurance	3,317,448	3,164,640
Other operating expenses	3,799,330	3,692,247
Total operating expenses	**62,809,881**	**57,012,856**
Income (loss) before other operating income (expenses)	**24,918,549**	**27,541,445**
Other operating income (expenses)		
CDFI Grant with donor restrictions	-	3,400,000
Interest	(10,603,318)	(9,265,446)
Interest - deferred	(3,567,316)	(3,639,649)
Interest attributable to amortization of debt issuance costs	(435,948)	(428,267)
Depreciation and amortization	(33,895,011)	(32,574,593)
Interest and investment income, net	1,221,258	1,424,332
Income (loss) from operations before other changes in net assets	**(22,361,786)**	**(13,542,178)**
Other changes in net assets without donor restrictions		
Change in fair market value of interest rate swap	(85,998)	216,723
Unrealized gain (loss) on investments	823,899	183,891
Gain from assigned notes receivable	-	14,405,311
Change in net assets	**(21,623,885)**	**1,263,747**
Change in net assets without donor restrictions of the non-controlling interest	**(24,991,529)**	**(20,858,636)**
Change in net assets of the controlling interest	**$ 3,367,644**	**$ 22,122,383**

See notes to consolidated financial statements

HUMANGOOD AFFORDABLE HOUSING AND AFFILIATES
(A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION)

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS (DEFICIT)
YEARS ENDED DECEMBER 31, 2025 AND 2024

	Net assets without donor restrictions - controlling interest	Net assets with donor restrictions - controlling interest	Net assets without donor restrictions - non-controlling interest	Total
Balance, January 1, 2024	**$ 6,506,422**	**$ 7,460,118**	**$146,799,018**	**$160,765,558**
Contributions	-	-	21,235,369	21,235,369
Distributions	-	-	(689,759)	(689,759)
Release of net assets with donor restrictions	3,400,000	(3,430,084)	-	(30,084)
Change in net assets, restated	22,122,383	-	(20,858,636)	1,263,747
Balance, December 31, 2024, restated	**32,028,805**	**4,030,034**	**146,485,992**	**182,544,831**
Contributions	-	-	55,951,287	55,951,287
Distributions	-	-	(258,232)	(258,232)
Affiliation of Sunnyvale Life, Inc.	48,448,350	-	-	48,448,350
Release of net assets with donor restrictions	887,500	(916,141)	-	(28,641)
Reclass of non-controlling interest to controlling interest	(2,986,559)	-	2,986,559	-
Change in net assets	3,367,644	-	(24,991,529)	(21,623,885)
Balance, December 31, 2025	**$81,745,740**	**$ 3,113,893**	**$180,174,077**	**$265,033,710**

See notes to consolidated financial statements

HUMANGOOD AFFORDABLE HOUSING AND AFFILIATES
(A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION)

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	Restated 2024
Cash flow from operating activities		
Revenue:		
Affordable housing fees and rents	$ 81,743,510	$ 78,792,396
Affordable housing development	3,258,531	5,485,676
Unrestricted contributions	217,402	308,841
Other operating revenue	3,033,586	1,740,947
	88,253,029	**86,327,860**
Expenditures:		
Salaries and wages	(23,228,133)	(21,449,992)
Employee benefits	(5,563,842)	(5,312,299)
Vendors	(30,542,469)	(32,338,600)
Interest	(12,665,577)	(10,089,920)
	(72,000,021)	**(69,190,811)**
Net cash provided by operating activities	**16,253,008**	**17,137,049**
Cash flows from investing activities		
Interest and investment gains	199,667	1,389,775
Purchase of investments	(2,036,284)	(1,861,116)
Proceeds from investments	1,755,331	1,563,264
Net change in deposits	64,080	152,422
Net repayment (advances) to properties	906,849	(304,854)
Net note receivable advances	(950,433)	(3,190,631)
Acquisition of land, building, and equipment	(24,439,237)	(78,088,320)
Cash from Sunnyvale Life, Inc. affiliation	17,632,300	-
Net cash used in investing activities	**(6,867,727)**	**(80,339,460)**
Cash flows from financing activities		
Proceeds from notes and bonds payable	28,876,726	74,004,441
Payments on notes and bonds payable	(73,386,200)	(29,186,188)
Contributions from non-controlling interest	55,951,287	21,235,369
Distributions to non-controlling interest	(258,232)	(689,759)
Payments for debt issuance costs	(1,053,805)	(181,944)
Payments for unamortized costs	(379,093)	(174,453)
Net cash provided by financing activities	**9,750,683**	**65,007,466**
Net change in cash and restricted cash	**19,135,964**	**1,805,055**
Cash and restricted cash beginning	**89,887,666**	**88,082,611**
Cash and restricted cash, ending	**$ 109,023,630**	**$ 89,887,666**

See notes to consolidated financial statements

HUMANGOOD AFFORDABLE HOUSING AND AFFILIATES
(A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION)

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	Restated 2024
Reconciliation of change in net assets to net cash provided by operating activities		
Change in net assets	**$ (21,623,885)**	**$ 1,263,747**
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Change in fair market value of interest rate swap	85,998	(216,723)
Depreciation and amortization	33,895,011	32,574,593
Amortization of right-of-use assets	940,403	845,931
Amortization of debt issuance costs	435,948	428,267
Interest and investment gains	(2,045,157)	(1,608,223)
Release of net assets with donor restrictions	(28,641)	(30,084)
CDFI Grant	-	(3,400,000)
Gain from assigned notes receivable	-	(14,405,311)
Changes in:		
Resident and subsidy accounts receivable	656,143	(737,493)
Management and development accounts receivable	(206,094)	1,589,044
Prepaid expenses, deposits, and other assets	141,862	(16,736)
Accounts payable and accrued expenses	2,190,761	(792,753)
Accrued interest	1,505,057	2,815,175
Due to affiliates	202,411	(2,124,477)
Prepaid and deferred revenue	103,191	952,092
Net cash provided by operating activities	**$ 16,253,008**	**$ 17,137,049**
Reconciliation of cash and restricted cash, beginning		
Cash and cash equivalents	$ 39,094,820	$ 42,173,667
Investments - cash equivalents	54,839	83,862
Restricted cash	50,738,007	45,825,082
Total cash and restricted cash, beginning	**89,887,666**	**88,082,611**
Reconciliation of cash and restricted cash, ending		
Cash and cash equivalents	$ 46,359,783	$ 39,094,820
Investments - cash equivalents	15,135,691	54,839
Restricted cash	47,528,156	50,738,007
Total cash and restricted cash, ending	**109,023,630**	**89,887,666**

Supplemental Information
Cash flow from investing activities related to the purchase of property and equipment includes $15,233,318, which was unpaid at December 31, 2024, and excludes $11,993,790, which remains unpaid at December 31, 2025.

See notes to consolidated financial statements

NOTE 1-ORGANIZATION AND SUMMARY OFF SIGNIFICANT ACCOUNTING POLICIES

PARENT ORGANIZATION

HumanGood (Parent Organization), is a California non-profit public benefit tax-exempt corporation providing housing, health care and supportive services for the elderly through its Life Plan Communities (LPC's) and affordable housing communities owned by its subsidiaries. HumanGood is the sole member of HumanGood NorCal (NorCal), HumanGood SoCal (SoCal), HumanGood Fresno (dba Terraces at San Joaquin Gardens, TSJG) and HumanGood Cornerstone (Cornerstone). HumanGood Fresno, HumanGood SoCal and HumanGood NorCal together constitute an obligated group (HumanGood California Obligated Group or COG). Through December 30, 2025, NorCal was the sole member of HumanGood Foundation West and SoCal was the sole member of HumanGood Foundation South. Effective December 31, 2025, Foundation South merged into Foundation West. Concurrent with the merger, Foundation West changed its name to HumanGood Foundation (the Foundation), and its corporate membership was transferred from HumanGood NorCal to HumanGood Cornerstone.

HumanGood Cornerstone, an affiliate of the Parent Organization, is a California non-profit public benefit tax-exempt corporation and, as the sole member, exercises its direction and control through the appointment of the Board of Directors of HumanGood Arizona, Inc. (dba Terraces of Phoenix, TOP), HumanGood Washington (dba Judson Park, JP), HumanGood Nevada (dba Las Ventanas), HumanGood Idaho (dba The Terraces of Boise, Boise), HumanGood East, HumanGood Affordable Housing, and West Valley Nursing Homes, Inc., (dba The Terrace at Summitview) including, effective May 1, 2023, its subsidiary, HG Hillside LLC (dba Hillside).

Effective February 1, 2024, HumanGood Cornerstone affiliated with Pleasant Spring Communities, the parent entity of Springhouse, Inc. (Springhouse) and Mount Pleasant Home (MPH), both located in Boston, Massachusetts.

During 2024, HumanGood Cornerstone, through its subsidiary entity, HG Perennial LLC, acquired a minority ownership interest in Perennial Advantage, a network of Medicare Advantage plans.

HumanGood Affordable Housing (the Corporation), HumanGood and HumanGood Cornerstone's Boards are composed of the same seven directors.

ORGANIZATION

The Corporation is a California non-profit public benefit tax-exempt corporation formed in December 1988. The Corporation was known as Carmel Senior Housing, Inc. (Carmel) prior to January 29, 2015. The Corporation provides quality housing and services for older adults and people with limited resources or disabilities in the states of California, Oregon, and Washington.

On January 1, 2015, NorCal purchased all outstanding membership interests in Beacon Development Group, LLC (Beacon Development or Beacon) and assigned its rights to the Corporation. NorCal then entered into an inter-affiliate note with Beacon Development to assign the cost of purchase to the acquired entity. Effective January 1, 2019, the Parent Organization assigned the member interest in Beacon Development to HumanGood Cornerstone, removing it as a consolidating subsidiary of the Corporation. In March 2021, HumanGood Cornerstone approved a resolution to transfer Beacon Development back to the Corporation as its sole member.

Also on January 1, 2015, the Corporation entered into a master transfer agreement with NorCal where NorCal affordable housing employees became employees of the Corporation and all operational activities, assets and liabilities associated with NorCal's affordable housing line of business were also transferred to the Corporation. The master transfer agreement details the form of two non-interest bearing inter-affiliate notes. See Note 9.

In 2015, following United States Department of Housing and Urban Development (HUD) approval, NorCal transferred its sole memberships in all of NorCal's owned affordable housing communities as well as the management agreements for all of its owned and managed communities to the Corporation.

SoCal is a California non-profit public benefit tax-exempt corporation which owns, operates and manages LPC's and rental housing communities, primarily in Southern California, in which housing, health care, and supportive services are provided for the elderly. SoCal served as the majority general partner and controlling organization for 12 low-income senior housing tax credit communities and as the sole corporate member of 14 wholly owned subsidiaries.

SoCal had provided non-interest-bearing advances to partially finance the construction of their low-income senior housing tax credit communities. Pursuant to a master transfer agreement dated December 31, 2018 between the Corporation and SoCal, these advances along with other assets and liabilities related to SoCal's affordable housing business line were all transferred from SoCal to the Corporation in 2018. Effective January 1, 2019, SoCal's community ownership interests and management contracts were also transferred to the Corporation.

Effective November 21, 2025, the Corporation affiliated with Sunnyvale Life, Inc. (Sunnyvale). As of the date of affiliation, Sunnyvale became an affiliated organization of the Corporation under applicable Treasury Regulations. In accordance with ASC 958-805-30, an inherent contribution of $48,448,350 was recognized as a result of the affiliation. Sunnyvale owns a minority general partner interest in two of the Corporation's low-income housing tax credit partnerships (Life's Garden and Morgan Hill), in which the Corporation's affiliate owns the controlling general partner interest in the tax credit partnerships.

The consolidated financial statements include the transactions and accounts of HumanGood Affordable Housing, Sunnyvale Life, Inc., 24 wholly owned affiliates, and 31 low-income housing tax credit partnerships in which the Corporation has the only or majority general partner interest:

Wholly owned subsidiaries

- Beacon Development Group, LLC
- Andres Duarte Terrace (d.b.a. Andres Duarte Terrace)
- Bandera Senior Housing Corporation (d.b.a. George McDonald Court)
- Beacon Senior Housing Corporation (d.b.a. Rosewood Court)
- Good Shepherd Senior Housing (d.b.a. Shepherd's Garden)
- Hillcrest Senior Housing Corporation (d.b.a. Hillcrest Gardens)
- Judson Terrace Lodge, Inc. (d.b.a. Judson Terrace Lodge)
- L.C. Hotchkiss Terrace (d.b.a. L.C. Hotchkiss Terrace)
- Lil Jackson Senior Community (d.b.a. Lil Jackson Senior Community)
- Oak Knolls Haven Corporation (d.b.a. Oak Knolls Haven)
- Redding Mountain Vistas II (d.b.a. Mountain Vistas II)
- Redlands Senior Housing, Inc. (d.b.a. Casa de la Vista)
- Redlands Senior Housing Two (d.b.a. Fern Lodge)
- Rose View Terrace (d.b.a. Rose View Terrace)
- Salishan Senior Housing, Inc. (d.b.a. Salishan Gardens)
- San Leandro Senior Housing, Inc. (d.b.a. Broadmoor Plaza)
- Senior Affordable Housing Corporation No. 1 (d.b.a. The Otto Gruber House)
- Senior Affordable Housing Corporation No. 3 (d.b.a. Hadley Villas)
- Senior Affordable Housing Corporation No. 4 (d.b.a. Mountain Vistas)
- Senior Affordable Housing Corporation No. 6 (d.b.a. William C. Arthur Terrace)
- Sierra Gateway Senior Residence (d.b.a. Sierra Gateway Senior Residence)
- Sierra Gateway Senior Residence II (d.b.a. Sierra Gateway Senior Residence II)
- Tahoe Senior Plaza, Inc. (d.b.a. Tahoe Senior Plaza)
- Venice Senior Housing Corporation (d.b.a. Adda & Paul Safran Senior Housing)

Low-income housing tax credit partnerships

- 333 Monterey Road LP (d.b.a. The Gardens)
- Andres Duarte Terrace II, LP (d.b.a. Andres Duarte Terrace II)
- Bay Vista Partners LLLP (d.b.a. The Pearl on Oyster Bay)
- Canterbury Village LP (d.b.a. Canterbury Village)
- Casa de la Paloma, LP (d.b.a. Casa de la Paloma)
- Castle Argyle, LP (d.b.a. Castle Argyle)
- Clark Terrace LP (d.b.a. Clark Terrace)
- Covenant Manor, LP (d.b.a. Covenant Manor)
- Ethiopian Village LLLP (d.b.a. Ethiopian Village)
- FD Haynes Apartments, LP (d.b.a. FD Haynes Apartments)
- Filipino Community Village LLLP (d.b.a. Filipino Community Village)
- Harborview Manor LLLP (d.b.a. Harborview Manor)
- Hope Heights LLLP (d.b.a. Hope Heights)
- Judson Terrace Homes Senior Housing, L.P. (d.b.a. Judson Terrace Homes)
- Miller Avenue Senior Housing LP (d.b.a. Miller Avenue Senior Housing)
- Morgan Hill Senior Housing, L.P. (d.b.a. Morgan Hill)
- Mt. Rubidoux Manor, L.P. (d.b.a. Mt. Rubidoux Manor)
- Northaven Three Northgate Limited Partnership (d.b.a. Northaven Three)
- Olive Plaza Senior Housing, Limited Partnership (d.b.a. Olive Plaza)
- Pacific Meadows Senior Housing, L.P. (d.b.a. Pacific Meadows)
- Palmer House, LP (d.b.a. Palmer House)
- Park Paseo, LP (d.b.a. Park Paseo)
- Rotary Plaza, LP (d.b.a. Rotary Plaza)
- Royal Vista Terrace Apartments, LP (d.b.a. Royal Vista Terrace)
- Sun Tower Partners, LLLP (d.b.a. Sun Tower)
- Sunnyvale Life, LP (d.b.a. Life's Garden)
- Sycamore Terrace Upland, LP (d.b.a. Sycamore Terrace)
- Tahoe Senior Housing II, L.P. (d.b.a. Kelly Ridge)
- Three Rivers Senior Housing LLLP (d.b.a. Three Rivers Village)
- Valley Vista Senior Housing, L.P. (d.b.a. Valley Vista)
- Westminster Court LP (d.b.a. Westminster Court)

Beacon Development is a professional services firm that consults in the development and construction of affordable housing communities. Beacon Development provides services to the Corporation, other non-profits, and housing authorities.

The other wholly owned affiliates are separately incorporated affordable housing entities in California and Washington. The affordable housing entities received HUD direct loans or grants to fund construction and receive HUD rental assistance to subsidize the residents' rents, and therefore, their operations are regulated by HUD.

The Corporation owns the only or majority general partner interests in the low-income housing tax credit partnerships noted above. Generally, the low-income housing tax credit is provided pursuant to Section 42 of the Internal Revenue Code and is computed as a percentage of the qualified basis of the property and is allowed annually during a period of ten years commencing with the year the buildings are placed in service. Capital contributed to the partnership from limited partners (as a result of the low-income housing tax credit) allows for the property to be developed and funded with lower debt service, which in turn, allows the owner to provide housing to low-income residents at below market rents. Each low-income housing tax credit partnership has executed regulatory agreements with state and/or local agencies which govern the operation of the properties.

Collectively, the wholly owned affordable housing entities and the low-income housing tax credit partnerships are referred to as Properties. The Corporation currently provides affordable housing management services to 14 properties owned or sponsored by unaffiliated organizations in addition to the affordable housing management services provided to the Properties.

In addition to the above, the Corporation also provides oversight to the HumanGood East affordable housing portfolio. HumanGood East is the sponsor and sole corporate member of 10 wholly owned affordable housing communities, a joint venture sponsor and the majority corporate member in one affordable housing community, and has five affiliate general partners and one affiliate limited partner with controlling interest in 10 low-income senior housing tax credit communities. HumanGood East is also the sole corporate member of HumanGood Pennsylvania. HumanGood Pennsylvania is the management agent for the 21 HumanGood East affordable housing communities as well as the 18 affordable housing communities owned or sponsored by unaffiliated organizations.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation of the consolidated financial statements

The consolidated financial statements are prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America, and are in conformity with the provisions required by the Not-for-Profit Entities Presentation of Financial Statements topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205. This topic established standards for external financial reporting for Not-for-Profit Organizations.

Consolidation

In accordance with FASB ASC 810, the consolidated financial statements include the accounts of the Corporation and its wholly owned operating entities, after elimination of all material intercompany accounts, transactions, and profits.

The financial statements also consolidate the assets, liabilities, and activities of the various low-income housing tax credit limited partnerships for which the Corporation is a general partner. The accounting guidance establishes the presumption that the general partner(s) in a limited partnership controls that limited partnership (or similar entity) regardless of the extent of the general partner's ownership interest in the Limited Partnership. The presumption of control by the general partner(s) can be overcome if the limited partners have either (i) kick-out rights - the substantive ability to dissolve or liquidate the partnership or otherwise remove the general partner(s) without cause or (ii) substantive participating rights - the ability to effectively participate in significant decisions made in the ordinary course of the limited partnership's business. If the presumption of control cannot be overcome, then the general partner is required to consolidate the limited partnership. The Corporation determined that the presumption of control for the limited partnerships in which the Corporation is the sole or majority general partner had not been overcome and as a result the Corporation is required to consolidate the limited partnerships. All material intercompany accounts and transactions have been eliminated in consolidation.

Non-controlling interest

FASB issued ASC Topic 958-810, Consolidation of Not-for-Profit Entities, which requires that a recognized non-controlling interest in another entity, whether a business or a not-for-profit entity, be measured at its fair value at the acquisition date. In addition, this statement also provides guidance on the presentation of non-controlling interest in a not-for-profit entity's financial statements. Non-controlling interest in net assets of consolidated subsidiaries are reported as a separate component of the appropriate class of net assets in the consolidated statements of activities and changes in net assets (deficit).

Net asset classification

The Corporation reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. They are described as follows:

Net assets without donor restrictions - Net assets for use in general operations and not subject to donor (or certain grantor) restrictions.

Net assets with donor restrictions - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time, purpose, or other events specified by the donor. Other donor- imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. The Corporation has no donor-imposed restrictions which are perpetual in nature. Net assets with donor restrictions primarily consist of grants awarded to the Properties. The grants are being released to net assets without donor restrictions on a straight-line basis over the compliance period of the applicable grant.

Cash

For the statements of cash flows, all unrestricted investments with original maturities of three months or less are cash equivalents. At December 31, 2025 and 2024, cash consists of unrestricted checking and savings accounts held at numerous banks.

Accounts receivable and bad debt policy

Accounts receivable consists of amounts due to the Properties from resident rents and amounts due to the Corporation from unaffiliated affordable housing properties for property management fees and reimbursable management services such as payroll. Rental income and property management fee income are typically due the first of the month. The Corporation and the Properties do not accrue interest on accounts receivable balances.

Accounts receivable are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the accounts by management. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not material to the financial statements for the years ended December 31, 2025 and 2024. Bad debts expense totaled $487,845 and $243,956 for the years ended December 31, 2025 and 2024, respectively.

Other receivables and bad debt policy

Other receivables are amounts due to the Corporation from the Properties or Beacon Development and are stated at unpaid balances less any applicable allowance for doubtful accounts. Other receivables due from the Properties consist of revenues from management fees, reimbursable management services such as payroll, development advances, and operating advances. Other receivables due from Beacon Development consist of reimbursable management services such as payroll. The Corporation does not accrue interest on the intercompany receivable balances.

Management periodically reviews intercompany receivables and uses an allowance for doubtful accounts to recognize bad debts. There was no bad debts expense for the years ended December 31, 2025 and 2024. The allowance for doubtful accounts totaled $0 and $0 as of December 31, 2025 and 2024, respectively.

Development fee revenue recognition, contract assets, receivables and liabilities

Beacon performs various development services in connection with the design, construction and development of affordable housing complexes. Development fee revenue is earned upon the satisfaction of the following performance obligations:

- Management's approval to proceed with development of the underlying property, admission of the investor limited partner and closing of the financing; and
- Completion of the development.

Beacon determined the first performance obligation is satisfied at a point in time because at that time the customer controls the asset and accepts the services provided. Beacon determined the second performance obligation is satisfied over time because the services create or enhance an asset that the customer controls.

Beacon is required under the provisions of ASC 606 Revenue from Contracts with Customers to estimate a standalone price when it is not directly observable. Beacon utilizes the expected cost plus a margin approach. In determining the allocation of the contract price to each performance obligation, management estimates the total employee hours it expects to incur on each performance obligation and allocates the transaction price based on the estimated hours spent to satisfy each performance obligation. The estimate of hours incurred is a significant judgment and actual hours incurred may differ from the estimate. Performance obligations which are completed, but are not contractually due at the time of completion are recognized as contract assets until they are contractually due, at which time they are recognized as contract receivables. Cash received for contracts with customers in advance for which performance obligations have not been satisfied are recognized as contract liabilities until the underlying performance obligation is satisfied.

Beacon typically is paid for services provided under the contracts at percentages agreed to with the customer. The terms often consider payment of a portion of the fee upon completion of the first performance obligation, and payment of a majority of the fee upon completion of the other performance obligations. Payments may be received sooner than completion dependent on development sources available. However, the state housing agency overseeing the low-income housing tax credit often requires a portion of Beacon's fee to be deferred and paid from the customer's cash flow. It is also possible the development is not completed within budget and a larger portion of Beacon's fee is deferred and payable from the customer's cash flow. In instances where the deferred portion is not subject to an interest rate comparable to market interest rates, Beacon's contract would contain a financing component. The financing component would be determined based on the projected payments from the customer's cash flow, which is variable and contingent on the customer's realization of cash flow. Development fees payable from cash flow of the consolidated Properties are eliminated in consolidation.

Investments

Investments include certain cash equivalents held by an investment manager. Investments are measured at fair value in the accompanying statements of financial position. See Note 6.

Net investment income or loss (including interest, dividends, and fees) realized gains and losses, and unrealized gains and losses on investments are included in changes in net assets. Interest income is measured as earned on the accrual basis. Dividends are measured based on the ex-dividend date. Purchases and sales of securities and realized gains and losses are recorded on a trade-date basis.

The Corporation's investments are comprised of a variety of financial instruments and are managed by investment advisors. The fair value reported is subject to various risks, including changes in the equity markets, the interest rate environment and general economic conditions. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the fair value of investment securities, it is reasonably possible that the amounts reported could change materially in the near term.

Notes receivable

The Corporation has reflected the receivables and payables in place with the majority of the low-income housing tax credit partnerships in notes receivable and notes and bonds payable, respectively, on the statements of financial position, however, all amounts related to consolidated Properties are eliminated in consolidation. See Notes 4 and 10.

Property and equipment

The Properties' land, buildings and improvements, and equipment and furnishings are recorded at cost. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives which are estimated to be between 3 and 40 years using the straight-line method. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred.

The Properties are subject to the provisions of the Impairment or Disposal of Long-Lived Assets topic of the FASB ASC 360-10. Impairment or Disposal of Long-Lived Assets has no retroactive impact on the Corporation's financial statements. The standard requires impairment losses to be recorded on long-lived assets when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets (excluding interest) are less than the carrying amount of the assets. In such cases, the carrying value of assets to be held and used are adjusted to their estimated fair value and assets held for sale are adjusted to their estimated fair value less selling expenses. No impairment loss was recognized during the years ended December 31, 2025 and 2024.

The Corporation is also subject to the provisions of FASB ASC 360-20-40 which addresses accounting for sales with gains with entities under common control. Accordingly, the Corporation eliminates the value of the Properties' land, buildings and equipment and the corresponding gain recognized in prior years. See Note 5.

Unamortized costs

Certain Properties incurred tax credit monitoring fees, which are being amortized over the 15 year compliance period using the straight-line method.

Leases

Under FASB ASU 2016-02, the Corporation determines if an arrangement is a lease at the inception of the contract. Operating leases with an initial term of 12 months or less are not recorded on the statements of financial position and continue to be expensed on a straight-line basis over the lease term. All finance leases and operating leases with lease terms greater than 12 months result in the recognition of a right-of-use asset and a lease liability at the lease commencement date based on the present value of the sum of the lease payments over the lease term. Lease term renewal options are evaluated and included in the lease term if the exercise of the renewal option is deemed to be reasonably certain. In determining if a lease is an operating or finance lease, the Corporation has elected to classify a lease as a finance lease if any of the following are met: the ownership of the asset is expected to be transferred or purchased by the Corporation at the end of the lease term, the lease term represents a major part or 75% of the asset's remaining life, the present value of the sum of the lease payments equals or exceeds substantially all or 90% of the fair value of the asset, or the asset is specialized and has no use to the lessor at the end of the lease term. The Corporation has elected to include both lease and non-lease components as a single component in accounting for the lease. As most of the Corporation's leases do not provide the information required to determine the implicit rate, The Corporation has elected to use the risk-free rate of return in determining the present value of the sum of the lease payments.

At inception of the leases, the Corporation determined the ground leases, except for the finance lease associated with Morgan Hill, should be accounted for as operating leases under ASC 840. The operating leases were determined to be as such as the land is the sole item of property leased, and the leases do not meet the transfer-of-ownership criteria or the bargain-purchase-option criteria. As a result, the Corporation has reflected right-of-use assets on the statements of financial position, net of accumulated amortization, and amortize the assets over the remaining term of the lease on a straight line basis. As further described, the Corporation has also recognized a lease liability based on the present value of the sum of the projected future lease payments over the terms of the leases.

The financing leases were determined to be as such under ASC 840-10, as the land is the sole item of property leased, and the present value of the sum of the lease payments equals or exceeds substantially all or 90% of the fair value of the asset.

As a result, the Corporation has reflected a right-to-use asset on the statements of financial position, net of accumulated amortization, and will continue to amortize the asset over the remaining term of the lease. As further described, the Partnership has also recognized a lease liability based on the present value of the sum of the projected future lease payments over the lease term.

The Corporation assesses the carrying value of its right-of-use assets whenever there are indications that a permanent impairment may have occurred. If the carrying value of a right-of-use asset exceeds the estimated value derived by management, the Corporation reduces its right-of-use asset (unless the impairment is considered to be temporary).

Goodwill

Under ASC 350 Intangibles - Goodwill and Other, an intangible asset with an indefinite useful life shall not be amortized. The intangible asset is evaluated for impairment annually and on an interim basis as events and circumstances warrant by comparing the fair value of the intangible asset with its carrying amount. No impairment loss was recognized during the years ended December 31, 2025 and 2024.

Investments in Properties, equity method

The Corporation does not consolidate the accounts and activities of Tower Park LP because the Corporation does not exercise control or meet the requirements for consolidation under ASC 810-10 Consolidation. The Corporation accounts for the investment in accordance with the equity method of accounting, under which the investment is carried at cost and is adjusted for the Corporation's share of net income or loss and by cash distributions received. The Corporation's equity investment balance represents the maximum exposure to loss in connection with such investments.

Debt issuance costs

The Corporation is subject to the provisions of the Interest-Imputation of Interest topic of the FASB ASC 835-30 which requires unamortized debt issuance costs to be presented as a reduction of the outstanding debt and the amortization of the debt issuance costs to be presented as a component of interest expense. Debt issuance costs are amortized on a straight-line basis over the term of the loans. Generally accepted accounting principles require that the effective yield method be used to amortize debt issuance costs; however, the effect of using the straight-line method is not material to the financial statements for the years ended December 31, 2025 and 2024.

Contributions

Syndication costs incurred in connection with generating contributions of the non-controlling interests are reported as a reduction of contributions received for financial reporting purposes.

Affordable housing fees and rents

The Properties' affordable housing rents are recognized as rents become due. Rental payments received in advance are deferred until earned. All leases between the Properties and the residents are operating leases under ASC 842 and are not within the scope of ASC 606.

The Corporation's management fee income is earned based on the terms outlined in the management agreements with the Properties and the unaffiliated affordable housing properties. Management fees are typically received monthly and based on previous month's collections. Management fees earned by the Corporation in management of consolidated Properties are eliminated in consolidation.

Grant and contribution revenue

Grant and contribution revenue is recognized when an unconditional promise to give a financial asset is received. Donor restricted contributions whose restrictions are met in the same reporting period are reported as revenue without donor restrictions in the period of receipt. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited based upon direct expenditures incurred or based upon time spent in the activities. See Note 13.

Advertising costs

Advertising costs incurred by the Properties are expensed as incurred and are included in marketing and advertising expenses in the statements of activities.

Property taxes

The Properties are exempt from some, but not all real property taxes. For those Properties that are required to pay property taxes, property taxes are expensed in the year of the lien on the property such that twelve months of expense are charged to operations each year.

Accounting for uncertainty in income taxes

The Corporation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and state income tax and has been classified as an other than private foundation. Accordingly, no provision for federal and state taxes on revenue and income has been recognized in the accompanying financial statements.

Even though the Corporation is recognized as tax exempt, it still may be liable for tax on its unrelated business income (UBI). The Corporation evaluates uncertain tax positions through its review of the sources of income to identify UBI and certain other matters, including those which may affect its tax exempt status. The effect of the uncertainty would be recorded if the outcome was considered probable and reasonably estimable. As of December 31, 2025 and 2024, the Corporation had no uncertain tax positions requiring accrual.

The low income housing tax credit limited partnerships and other disregarded entities are treated as a pass-through entity for income tax purposes and, as such, are not subject to income taxes. Rather, all items of taxable income, deductions and tax credits are passed through to and are reported by its owners on their respective income tax returns. The low income housing tax credit limited partnership's and other disregarded entities' federal tax status as a pass-through entity is based on its legal status as a limited partnership. Accordingly, the low income housing tax credit limited partnerships and other disregarded entities are not required to take any tax positions in order to qualify as a passthrough entity. The low income housing tax credit limited partnerships and are required to file and do file tax returns with the Internal Revenue Service and other taxing authorities. Accordingly, these financial statements do not reflect a provision for income taxes and the low income housing tax credit limited partnerships and other disregarded entities have no other tax positions which it must consider for disclosure.

Generally, the Federal and State tax filings are subject to examinations for three years after the later of the original or extended due date or the date filed with the applicable tax authorities.

Concentration of credit risk

The Corporation maintains various cash balances with various regional and national financial institutions. The balances in the accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. As of December 31, 2025 and 2024, the cash balances held at some of these financial institutions exceeded the FDIC insurance limit. The Corporation has not experienced any losses in such accounts. Management believes that the Corporation is not exposed to any significant credit risk on cash and cash equivalents.

The Corporation's operations are concentrated in the multifamily real estate market. In addition, the Corporation operates in a heavily regulated environment. The operations of the Corporation, specifically, the Properties, are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies. Such administrative directives, rules and regulations are subject to change. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, if any, to comply with a change.

Use of estimates in the preparation of consolidated financial statements

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

Derivatives

One of the Properties, Pacific Meadows Senior Housing L.P. entered into an interest rate swap agreement as a free standing derivative as allowed under the applicable accounting standard to appropriately reflect the prospective intentions of holding the interest rate swap. The fair value of the interest rate swap is reported on the statements of financial position. Changes in fair value are included in change in fair market value of interest rate swap in the statements of activities. The valuation technique is classified as Level 2 (see below) under the fair value measurements fair value hierarchy.

Fair value

The Corporation is subject to the provisions of the Fair Value Measurement topic of the FASB ASC 820-10 which provides guidance for assets and liabilities which are required to be measured at fair value and requires expanded disclosure for fair value measurement. The standard applies whenever other standards require or permit assets or liabilities to be measured at fair value and does not require any new fair value measurements. The standard establishes a fair value hierarchy based on three levels:

Level 1 - Quoted prices in active markets for identical assets or liabilities
Level 2 - Quoted prices for similar assets or liabilities in active markets
Level 3 - Unobservable inputs for the asset or liability based on the best available information

For instances in which the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the fair value measurement will fall within the lowest level input that is significant to the fair value measurement in its entirety. See Note 6.

Subsequent events

Management performed an evaluation of the Corporation's activity through April 23, 2026, the audit report date, and has concluded that there are no significant subsequent events other than Note 19 requiring disclosure through the date these consolidated financial statements were available to be issued.

NOTE 2-RESTRICTED CASH

The Properties have various cash balances which are segregated and restricted and consist of resident security deposits, tax and insurance escrow deposits, replacement reserves, and operating reserves which are required to be maintained by various operating, regulatory, or lending agreements.

The restricted cash balances held as of December 31, 2025 and 2024, consisted of the following:

	2025	2024
Resident security deposits	$ 2,197,272	$ 2,110,562
Tax and insurance escrow deposits	2,253,367	1,903,296
Replacement reserves	17,708,090	15,759,850
Operating reserves	17,798,464	20,732,533
Restricted construction escrow	-	2,479,812
Other reserves	7,570,963	7,751,954
	$47,528,156	**$50,738,007**

NOTE 3-LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Corporation manages its liquidity by completing annual operating budgets that provide sufficient funds for general expenditures, which includes operating expenses, capital replacements, and required debt service, in meeting liabilities and other obligations as they become due and maintains cash and cash equivalents that may be drawn upon as needed during the year to manage cash flow and make necessary expenditures. The Corporation's cash and cash equivalents are available within one year of the statements of financial position date to meet cash needs for general expenditures. There are restricted funds that may be drawn upon in the event of certain capital replacements, financial distress or an immediate liquidity need resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities with ownership approval.

The following reflects the Corporation's consolidated financial assets as of December 31, 2025 and 2024, reduced by amounts not available for general use within one year of December 31, 2025 and 2024 because of internal designations. Amounts not available include amounts set aside as collateral and investments designated by the Board of Directors as reserved for additional investments into the Properties. These amounts could be drawn upon if needed with approval from the Board of Directors. At December 31, 2025 and 2024 $2,264,459 and $1,786,134, respectively, were designated by the board to be held for resident services. In addition, at December 31, 2025 and 2024 $2,569,069 and $0, respectively, were held for the benefit of Life's Garden and Morgan Hill.

	2025	2024
Cash and cash equivalents	$ 56,661,946	$ 37,363,525
Accounts receivable and other receivables, net	4,339,114	4,789,163
Investments	16,238,507	10,364,943
Total	**$77,239,567**	**$52,517,631**

NOTE 4-NOTES RECEIVABLE

The Corporation, as general partner in Bay Vista Partners LLLP and Valley Vista Senior Housing, L.P. entered into capital advance agreements with HUD under Section 202 of the National Housing Act to assist in financing the affordable housing properties. As required by the capital advance program agreements, the Corporation loaned the proceeds from the capital advances to Bay Vista Partners LLLP and Valley Vista Senior Housing, L.P. Bay Vista Partners LLLP was loaned $9,769,000, and Valley Vista Senior Housing, L.P. was loaned $12,282,400. The notes bear no interest and mature on October 1, 2069 (Bay Vista) and March 1, 2067 (Valley Vista).

The Corporation also has outstanding notes receivable from eight properties, Janney Street, El Centro Columbia City, Mary Field, Mt. Vernon, CCHS Preservation, Riverside, Maple Village, and Buena Nueva, which do not eliminate in consolidation. The total outstanding notes receivable at December 31, 2025 and 2024 totaled $7,241,064 and $6,290,631, respectively.

The Corporation and Sunnyvale also have outstanding notes receivable from various other Properties which were typically necessary to fund development costs. Principal and interest payments on these notes are made from available net cash flows from these Properties annually, based on the individual partnerships' agreements on distribution of these cash flows. The Corporation's notes and interest receivable from these tax credit partnerships at December 31, 2025 and 2024 totaled $186,081,015 and $165,668,460, respectively.

The notes receivable balances by Property are as follows at December 31, 2025:

Property	Outstanding Principal	Outstanding Interest	Current Year Payments
333 Monterey Road LP	$ 19,176,392	$ 715,948	$ 918,060
Canterbury Village LP	10,500,000	453,289	558,190
Casa de la Paloma, LP	11,864,032	1,373,704	1,990,751
Castle Argyle, LP	25,138,224	1,609,313	-
Clark Terrace LP	5,087,500	343,524	-
Covenant Manor, LP	3,433,835	890,085	289,057
Ethiopian Village LLLP	850,000	36,946	-
Filipino Community Village LLLP	900,000	27,000	-
Harborview Manor LLLP	7,966,759	788,949	539,554
Judson Terrace Homes Senior Housing, L.P.	17,774,593	3,048,957	155,166
Morgan Hill Senior Housing, L.P.	1,600,000	91,615	-
Northaven Three Northgate L.P.	1,320,479	26,667	-
Olive Plaza Senior Housing, L.P.	18,608,130	2,316,292	-
Pacific Meadows Senior Housing L.P.	5,069,299	3,560,901	-
Park Paseo, LP	8,243,565	2,735,780	297,107
Royal Vista Terrace Apartments, LP	3,318,208	175,451	291,365
Sycamore Terrace Upland, LP	3,271,663	168,962	475,296
Tahoe Senior Housing II, L.P.	496,941	-	-
Three Rivers Senior Housing LLLP	198,614	230,951	95,030
Westminster Court, LP	2,683,961	194,373	49,776
Morgan Hill Senior Housing, L.P.	8,132,556	823,527	12,024,096
Sunnyvale Life, LP	10,329,864	504,166	798,856
	$ 165,964,615	**$ 20,116,400**	**$ 18,482,304**

All notes payable and receivable and interest balances eliminate in consolidation.

NOTE 5-PROPERTY AND EQUIPMENT

Property and equipment is recorded at cost and as of December 31, 2025 and 2024, consisted of the following:

	2025	2024
Land	$ 87,578,695	$ 86,781,754
Land improvements	34,351,962	32,555,874
Building and improvements	786,145,958	736,381,148
Furnishings and equipment	101,716,958	95,226,546
Construction in process	5,216,685	43,249,071
Total	**1,015,010,258**	**994,194,393**
Less: accumulated depreciation	(288,045,704)	(254,702,205)
Balance	**$ 726,964,554**	**$ 739,492,188**

Depreciation expense for the years ended December 31, 2025 and 2024 totaled $33,343,499 and $32,449,951, respectively.

During the years ended December 31, 2025 and 2024, property and equipment of $136,595,902 and $138,238,579, net of accumulated depreciation of $22,854,710 and $19,729,221, was eliminated against intercompany gains recognized in prior years, all respectively. During the year ended December 31, 2024, property and equipment was eliminated against an intercompany gain of $22,070,000 related to Mountain Park Terrace, Inc. and Senior Affordable Housing Corporation No. 2, selling Clark Terrace and Clark Terrace II, respectively, to Clark Terrace LP on January 31, 2024. The gains were generated by asset sales between entities under common control associated with the syndication of low-income housing tax credits.

As of December 31, 2025, construction contracts and commitments of approximately $20,687,000 exist with various counterparties for the development or redevelopment of Hope Heights, of which approximately $19,173,000 remains unspent as of December 31, 2025.

At December 31, 2025 and 2024, accounts payable - construction totaled $9,008,079 and $15,233,318, respectively.

NOTE 6-FAIR VALUE

FASB ASC Topic 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. FASB ASC Topic 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities.

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; or net asset value per share (or its equivalent) with the ability to redeem the investments in the near term.

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying consolidated financial statements, as well as the general classification of such instruments pursuant to the valuation hierarchy:

Investments - Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include cash and cash equivalents held for investment, commercial paper, mutual funds, and equity securities. Level 2 securities include corporate debt securities and U.S. government securities. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with identical characteristics, discounted cash flows, or net asset value as described below. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

Interest Rate Swap Agreements - The fair value is estimated by a third party using inputs that are observable or that can be corroborated by observable market data and, therefore, are classified within Level 2 of the valuation hierarchy.

The following tables present the fair value measurements of assets recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the FASB ASC Topic 820 fair value hierarchy in which the fair value measurements fall at December 31, 2025 and 2024:

	Level 1	Level 2	Level 3	Fair Value at December 31, 2025
Investments				
Cash	$ 15,135,691	$ -	$ -	$ 15,135,691
Mutual funds and ETF's	3,537,374	-	-	3,537,374
Municipal bonds	-	4,229,031	-	4,229,031
Domestic corporate debt	-	3,453,244	-	3,453,244
U.S. government securities and CDs	5,018,858	-	-	5,018,858
Total investments	**$23,691,923**	**$ 7,682,275**	**$ -**	**$ 31,374,198**
Interest rate swaps	**$ -**	**$(422,905)**	**$ -**	**$(422,905)**

	Level 1	Level 2	Level 3	Fair Value at December 31, 2024
Investments				
Cash	$ 54,839	$ -	$ -	$ 54,839
Mutual funds and ETF's	2,578,592	-	-	2,578,592
Municipal bonds	-	1,553,849	-	1,553,849
Domestic corporate debt	-	3,032,884	-	3,032,884
U.S. government securities	3,199,618	-	-	3,199,618
Total investments	**$ 5,833,049**	**$ 4,586,733**	**$ -**	**$10,419,782**
Interest rate swaps	**$ -**	**$(336,907)**	**$ -**	**$(336,907)**

NOTE 7-INVESTMENTS

Investments below with maturities of three months or less are cash equivalents. Investments at December 31, 2025 and 2024, consisted of the following at fair value:

	2025	2024
Cash	$ 81,748	$ 54,839
Mutual funds and ETF's	3,116,041	2,578,592
Municipal bonds	1,668,080	1,553,849
Domestic corporate debt	3,453,244	3,032,884
U.S. government securities	3,266,120	3,199,618
Total	**$11,585,233**	**$10,419,782**

Investment income, excluding any investment income of the Properties, for the year ended December 31, 2025 and 2024, is as follows:

	2025	2024
Dividend, interest, and other investment income	$ 818,088	$ 758,537
Net realized gain (loss) on investments	25,627	7,597
Net unrealized gain (loss) on investments	823,899	183,891
Total investment income	**$ 1,667,614**	**$ 950,025**

Realized investment income on the statements of activities is net of investment expenses of $31,601 and $29,552 for the years ended December 31, 2025 and 2024, respectively.

NOTE 8-OTHER ASSETS

Investments in Properties, equity method

The Corporation holds a 0.0049% ownership interest in Tower Park LP. Tower Park owns a 50 unit affordable housing community for seniors known as Tower Park in Modesto, California. The balance of the equity investment at December 31, 2025 and 2024 totaled $0 and $0, respectively.

The condensed balance sheet and statement of operations of Tower Park LP as of and for the years ended December 31, 2025 and 2024 are presented below:

BALANCE SHEET

ASSETS

	2025	2024
Property and equipment, net	$ 9,477,646	$ 9,831,844
Cash and cash equivalents	125,747	125,907
Restricted cash	839,859	894,462
Other	14,119	17,258
Total assets	**$10,457,371**	**$ 10,869,471**

LIABILITIES AND PARTNERS' EQUITY

	2025	2024
Notes payable and accrued interest, net of unamortized debt issuance costs	$ 5,366,379	$ 5,259,963
Current liabilities	63,403	154,326
Tenant security deposits	29,009	27,747
Other	50,000	25,000
Total liabilities	**5,508,791**	**5,467,036**
Members' equity (deficit)	4,948,580	5,402,435
Total liabilities and Members' equity (deficit)	**$ 10,457,371**	**$ 10,869,471**

STATEMENT OF OPERATIONS

	2025	2024
Revenue:		
Rents, net of vacancy loss	$ 526,785	$ 498,270
Other	19,412	21,178
Total revenue	**546,197**	**519,448**
Expenses:		
Administrative	$ 205,569	$ 195,172
Operating and maintenance	108,028	154,116
Utilities	39,245	49,873
Service expenses	38,976	39,658
Taxes and insurance	87,934	78,488
Interest	106,419	106,419
Depreciation and amortization	388,881	366,879
Entity expenses	25,000	25,000
Total expenses	**1,000,052**	**1,015,605**
Net income (loss)	**$(453,855)**	**$(496,157)**

Unamortized costs

Certain Properties incurred tax credit monitoring fees and other fees of $2,225,215 and $1,846,122 as of December 31, 2025 and 2024, respectively, in connection with the development of the affordable housing properties. Amortization expense for the years ended December 31, 2025 and 2024 totaled $133,124 and $124,642, respectively. Accumulated amortization at December 31, 2025 and 2024 totaled $953,943 and $820,819, respectively.

Ground leases

The Corporation rents the land underneath six of its communities through contractual commitments or noncancelable operating lease agreements with related and unrelated entities through Pacific Meadows Senior Housing, LP, FD Haynes Apartments, LP, Filipino Community Village LLLP, Northaven Three Northgate Limited Partnership, Salishan Senior Housing, and Hope Heights, LLC. The Corporation rents land under contractual commitments or noncancelable financing lease agreements with related entities through Morgan Hill Senior Housing, LP.

The lease term for Pacific Meadows is 90 years with an option to extend. The lease requires variable payments of the lesser of $60,000 or property residual receipts, as defined in the ground lease agreement. In the event there are insufficient residual receipts available, the shortfall shall be extinguished. Regardless of the amount of the property residual receipts, lease payments of $60,000 increasing by 3% per year shall begin to accrue after the earliest to occur: (1) Payment in full of the deferred developer fee; (2) The first day of the fourteenth year following the ground lease commencement date; or (3) Material change in the Property's financing, ownership, or ability to operate as a low-income housing complex as further described in the ground lease agreement. The remaining lease term as of December 31, 2025 and 2024 was 75 years and 76 years.

The lease term for FD Haynes Apartments is 65 years. The lease requires payments of $655,000 and shall be paid from available cash flow and shall accrue to the end of the lease if not paid in any given year. Outstanding payments are due and payable in 2077. All subsequent payments shall be due and payable annually in arrears. The remaining lease term as of December 31, 2025 and 2024 was 60 years and 61 years.

The lease term for Filipino Community Village is 75 years. The lease required a one-time payment of $935,750 and no annual rent payments. The remaining lease term as of December 31, 2025 and 2024 was 69 years and 70 years.

The lease term for Northaven Three Northgate is 85 years. The lease required a one-time payment of $260,000 and no annual rent payments. The remaining lease term as of December 31, 2025 and 2024 was 80 years and 81 years.

The lease term for Salishan Senior Housing is 50 years with an option to extend for an additional 25 years. The lease required a one-time payment of $1,070,000 and no annual rent payments. The remaining lease term as of December 31, 2025 and 2024 was 33 years and 34 years.

The lease term for Hope Heights, LLC. is 75 years and commenced November 24, 2025. The lease required a one-time payment of $800,000 and no annual rent payments. The remaining lease term as of December 31, 2025 was 75 years.

The lease term for Morgan Hill is 99 years. The lease requires annual payments of $10,000, increasing at 4.5% per annum, and shall be paid June 1st of each year, commencing the first fiscal year following construction completion. The remaining lease term as of December 31, 2025 and 2024 was 96 years and 97 years.

Lease costs for the years ended December 31, 2025 and 2024 were $994,946 and $842,873, respectively. The discount rate for the leases as of December 31, 2025 was 2.01%.

Future payments of the leases for each of the following five years and thereafter are as follows:

2026	$ 797,250
2027	729,574
2028	731,976
2029	734,456
2030	737,018
Thereafter	71,419,033
	$75,149,307

Goodwill

The Corporation recognized goodwill of $2,109,162 in connection with the acquisition of Beacon Development in 2015 related to the value of the expected synergies from combining operations, and its employees, industry specific knowledge and client relationships in place on the acquisition date.

Pacific Meadows Senior Housing, L.P. recognized goodwill totaling $4,355,202 in connection with the acquisition of the property and equipment in 2010.

Through December 31, 2025 and 2024, the Corporation has not identified any impairment losses in the carrying value of goodwill. As of December 31, 2025 and 2024, the goodwill value totaled $6,464,364 and $6,464,364, respectively.

NOTE 9-CORPORATION NOTES PAYABLE AND OTHER OBLIGATIONS

NorCal - Master Transfer Agreement

The Corporation entered into a master transfer agreement dated January 1, 2015 with NorCal in exchange for the transfer of affordable housing related assets and liabilities.

The master transfer agreement details the form of two non-interest bearing interaffiliate notes:

The first note payable to NorCal totaled $2,242,486 and calls for quarterly payments of $28,000 until September 30, 2034 and a final quarterly payment of $30,486 upon maturity on December 31, 2034. This note was repaid in full during the year ended December 31, 2025.

The second note payable to NorCal totaled $1,364,447 and calls for payments annually contingent upon the Corporation's ability to achieve certain levels of cash flow and operating margin. The second note payable to NorCal does not have a stated maturity date. This note was repaid in full during the year ended December 31, 2021.

Outstanding principal at December 31, 2025 and 2024 totaled $0 and $1,206,486, respectively.

NorCal - Beacon Development

Beacon Development entered into a promissory note payable to NorCal in an original amount of $2,350,000 and a term of 12 years maturing on January 1, 2027. The note bears interest at 4.5% per annum and requires annual principal payments of $200,000 plus accrued interest with unpaid principal due on the maturity date. Interest expense for the years ended December 31, 2025 and 2024 totaled $45,000 and $45,000, respectively. Outstanding principal at December 31, 2025 and 2024 totaled $1,000,000 and $1,000,000, respectively. Outstanding accrued interest at December 31, 2025 and 2024 totaled $241,313 and $196,313, respectively.

Scheduled maturities of corporation notes payable through maturity are approximately as follows:

2026	$ -
2027	1,000,000
	$ 1,000,000

NOTE 10-PROPERTIES' MORTGAGES AND LONG TERM DEBT

The following mortgage loans and notes payable are collateralized by various trust deeds covering the Properties' land, buildings, and improvements. The Corporation has elected to present servicing debt and non-servicing debt separately in the following tables. Servicing debt requires recurring monthly payments from operations or payments from other permanent sources (i.e. construction financing). Non-servicing debt either requires payments from the Properties' excess cash flow or has no near term payment obligations.

The following represents the debt terms and balances as of December 31, 2025:

Servicing Debt

Property Maturity	Face	Interest Rate	Long-Term Portion	Current Portion
333 Monterey Road LP				
2055	2,812,000	5.20%	2,529,472	104,530
Canterbury Village LP				
2055	3,866,000	5.16%	3,562,734	39,574
Casa de la Paloma, L.P.				
2030	8,000,000	4.81%	6,482,378	156,880
Castle Argyle, L.P.				
2040	16,654,000	2.87%	15,779,110	237,633
Clark Terrace LP				
2061	4,107,000	5.69%	4,065,618	38,288
Covenant Manor, L.P.				
2030	12,500,000	5.15%	10,815,683	200,992
Ethiopian Village LLLP				
2039	17,600,000	LIBOR 1 Month + 1.55%	5,675,834	67,535
FD Haynes Apartments, LP				
2053	45,000,000	2.67%	42,300,576	676,795
Filipino Community Village LLLP				
2037	6,662,757	3.80%	5,043,599	84,048
Harborview Manor LLLP				
2029	2,081,728	6.85%	1,047,856	115,748
Judson Terrace Homes Senior Housing, LP				
2036	6,500,000	5.13%	6,017,409	88,962
Miller Avenue Senior Housing LP				
2036	5,330,000	4.81%	4,821,850	81,032
Morgan Hill Senior Housing, L.P.				
2056	1,875,000	5.84%	1,862,881	12,119
Mt. Rubidoux Manor, L.P.				
2049	10,500,000	4.67%	9,369,067	162,165
Northaven Three Northgate Limited Partnership				
2038	5,000,000	3.34%	2,958,525	69,031
Oak Knolls Haven, Inc.				
2042	1,863,000	4.95%	1,262,780	49,897
Olive Plaza Senior Housing, Limited Partnership				
2059	6,220,000	6.06%	6,171,635	48,365
2059	6,000,000	2.07%	5,892,285	107,715
Pacific Meadows Senior Housing L.P.				
2047	10,953,360	Variable approximately 3.90%	5,623,889	111,287
Park Paseo, L.P.				
2035	15,324,000	4.73%	13,921,416	232,164
Redlands Senior Housing, Inc.				
2045	3,898,000	4.75%	2,797,149	92,381
Rotary Plaza LP				
2047	20,847,500	4.36%	17,871,667	374,248
Royal Vista Terrace Apartments, L.P.				
2032	6,045,000	5.04%	5,171,448	104,439
Sun Tower Partners, LLLP				
2056	1,334,006	1.00%	891,121	26,179
Sunnyvale Life, LP				
2049	34,900,000	3.65%	29,088,593	837,458
Sycamore Terrace Upland, L.P.				
2033	13,000,000	4.63%	7,228,406	141,173
Westminster Court, L.P.				
2034	7,100,000	4.19%	6,240,067	123,165
Total Servicing Debt			**$ 224,493,048**	**$ 4,383,803**

Non-Servicing Debt

Property Maturity	Face	Interest Rate	Long-Term Portion	Current Portion
Bay Vista Partners LLLP				
2069	9,769,000	0.00%	9,769,000	-
FD Haynes Apartments, LP				
2078	11,208,520	5% compounding annually	10,721,845	-
2078	351,610	0.00%	351,610	-
Filipino Community Village LLLP				
2071	8,648,046	1.00%	8,648,046	-
2071	5,000,000	1.00%	5,000,000	-
2071	1,000,000	1% compounding annually	1,000,000	-
Good Shepherd Senior Housing				
2050	5,077,587	0.00%	5,077,587	-
2050	1,999,629	0.00%	1,999,629	-
2050	462,453	0.00%	462,453	-
Hillcrest Senior Housing, Inc.				
2047	5,620,000	0.00%	5,620,000	-
2063	2,051,612	0.00%	2,048,898	-
2063	480,000	0.00%	479,349	-
2063	227,227	0.00%	222,307	-
2063	853,266	3.00%	852,180	-
2063	510,000	3.00%	509,349	-
2023	270,535	0.00%	270,535	-
Judson Terrace Lodge, Inc.				
2043	2,593,900	0.00%	2,593,900	-
2034	200,000	3.00%	200,000	-
2034	700,000	3.00%	700,000	-
2033	417,000	6.308%	417,000	-
Miller Avenue Senior Housing LP				
2074	1,500,000	3.00%	1,500,000	-
2074	952,000	3.00%	907,849	-
2074	12,250,000	0.35%	12,250,000	-
2072	810,000	0.00%	810,000	-
Mt. Rubidoux Manor, L.P.				
2074	10,368,688	2.6% compounding annually	10,206,737	-
2074	824,803	0.00%	824,803	-
2072	32,400	2.75% compounding annually	32,400	-
2072	200,000	2.75% compounding annually	200,000	-
Olive Plaza Senior Housing, Limited Partnership				
2079	321,032	4.54%	321,032	-
Pacific Meadows Senior Housing L.P.				
2047	3,100,000	3.00%	3,100,000	-
2065	625,334	3.00%	625,334	-
Redlands Senior Housing Two				
2039	4,889,200	0.00%	4,889,200	-
Rotary Plaza LP				
2072	23,465,741	2.67% compounding annually	12,554,258	-
Salishan Senior Housing, Inc.				
2051	7,647,299	0.00%	7,647,299	-
2039	200,000	0.00%	200,000	-
2049	200,000	0.00%	200,000	-
2049	1,000,000	0.00%	1,000,000	-
2051	2,250,000	0.00%	2,250,000	-
San Leandro Senior Housing, Inc.				
2044	5,647,700	0.00%	5,647,700	-
2061	887,538	3.00%	887,538	-
2064	1,000,000	3.00%	1,000,000	-
2062	541,642	3.00%	541,642	-

Property Maturity	Face	Interest Rate	Long-Term Portion	Current Portion
Sun Tower Partners, LLLP				
2056	5,763,959	7.00%	5,763,959	-
2056	886,800	1% compounding annually	886,800	-
Tahoe Senior Plaza, Inc.				
2039	3,576,000	0.00%	3,576,000	-
2037	952,381	0.00%	952,381	-
2037	75,000	0.00%	75,000	-
Tahoe Senior Housing II, L.P.				
2064	3,400,000	3.00%	3,399,997	-
2064	906,722	3.00%	906,722	-
Three Rivers Senior Housing LLLP				
2054	1,100,000	1% compounding quarterly	1,100,000	-
2054	800,000	1% compounding quarterly	800,000	-
Valley Vista Senior Housing, L.P.				
2067	12,282,400	0.00%	12,282,400	-
2066	5,500,000	3% - 30 years, 0% thereafter	5,500,000	-
2066	2,500,000	3% - 30 years, 0% thereafter	2,500,000	-
2065	945,000	0.00%	945,000	-
2065	725,000	0.00%	725,000	-
Andres Duarte Terrace				
2045	9,104,350	0.00%	9,104,350	-
2044	445,000	3.00%	445,000	-
Andres Duarte Terrace II, L.P.				
2056	7,013,000	0.00%	7,013,000	-
2070	1,200,000	0.00%	1,200,000	-
Adda and Paul Safran Senior Housing				
2042	5,806,800	0.00%	5,806,800	-
2041	3,662,069	0.00%	3,662,069	-
2041	165,000	0.00%	165,000	-
Ethiopian Village LLLP				
2078	6,417,567	1.00%	6,417,567	-
2078	3,400,000	1% compounding annually	3,400,000	-
2078	2,144,543	2.07% compounding annually	2,144,543	-
George McDonald Court				
2039	4,868,100	0.00%	4,868,100	-
2040	907,900	0.00%	907,900	-
Hadley Villas				
2045	9,577,400	0.00%	9,577,400	-
L.C. Hotchkiss Terrace				
2046	8,252,700	0.00%	8,252,700	-
2059	406,468	3.00%	406,468	-
Lil Jackson Senior Community				
2051	9,981,800	0.00%	9,981,800	-
2064	2,968,093	3.00%	2,968,093	-
2064	4,138,443	5.00%	4,138,443	-
Morgan Hill Senior Housing, L.P.				
2080	14,300,000	3.00%	14,300,000	-
Mountain Vistas				
2044	5,525,700	0.00%	5,525,700	-
2058	275,000	1.00%	275,000	-

Property Maturity	Face	Interest Rate	Long-Term Portion	Current Portion
Mountain Vistas II				
2047	4,918,000	0.00%	4,918,000	-
2060	450,000	1.00%	450,000	-
Northaven Three Northgate Limited Partnership				
2075	3,029,470	0.00%	3,029,470	-
2077	9,275,000	1.00%	9,275,000	-
The Otto Gruber House Apartments				
2039	3,192,200	0.00%	3,192,200	-
2040	1,076,071	0.00%	1,055,770	-
Palmer House				
2065	1,002,160	0.00%	1,000,132	-
Rose View Terrace, Inc.				
2052	8,425,400	0.00%	8,373,200	-
Rosewood Court				
2043	5,209,300	0.00%	5,209,300	-
2044	625,694	3.00%	625,694	-
2044	500,000	2.00%	500,000	-
Sierra Gateway Senior Residence				
2047	8,860,900	0.00%	8,860,900	-
2060	1,250,000	0.00%	1,250,000	-
Sierra Gateway Senior Residence II				
2052	9,409,500	0.00%	9,409,500	-
2070	990,000	0.00%	990,000	-
William C. Arthur Terrace				
2045	4,588,100	0.00%	4,588,100	-
2058	1,041,481	0.00%	1,041,481	-
Total Non-Servicing Debt			**$328,281,419**	**$ -**

Interest expense for the years ended December 31, 2025 and 2024 totaled $14,170,634 and $12,905,095, respectively. Interest capitalized for the years ended December 31, 2025 and 2024 totaled $1,710,387 and $2,697,301, respectively. Accrued interest at December 31, 2025 and 2024 totaled $29,134,946 and $29,340,276, respectively.

Scheduled maturities of mortgage loans and notes payable are approximately as follows:

2026	$ 4,383,803
2027	4,594,450
2028	4,789,653
2029	5,650,845
2030	20,735,866
Thereafter	517,003,653
Total	**$ 557,158,270**

Debt issuance costs

The Properties incurred financing costs totaling $10,724,717 and $9,670,912 as of December 31, 2025 and 2024, respectively, in connection with obtaining long term financing. These fees are being amortized using the straight-line method over the terms of agreements. Amortization expense for the years ended December 31, 2025 and 2024 totaled $435,948 and $428,267, respectively, and is included in interest on the statements of activities. Accumulated amortization at December 31, 2025 and 2024 totaled $2,935,072 and $2,499,124, respectively.

NOTE 11-FAIR MARKET VALUE OF INTEREST RATE SWAP

Pacific Meadows Senior Housing L.P. entered into an interest rate swap agreement converting the variable interest rate to a fixed rate of 4.36%. The agreement has an effective date of April 1, 2012 and matures April 1, 2030. The mark-to-market adjustments for the years ended December 31, 2025 and 2024 on this interest rate swap agreement resulted in an unrealized loss of $85,998 and unrealized gain of $216,723, respectively.

The net effect of this interest rate swap was an increase in interest expense totaling $99,237 and $61,847 for the years ended December 31, 2025 and 2024, respectively.

The activity and balance of the interest rate swap agreement as of and for the year ended December 31, 2025 and 2024 is as follows:

	2025	2024
Fair value of interest rate swap agreement, January 1	$ 336,907	$ 553,630
Decrease (increase) from fair value adjustment	(85,998)	216,723
Fair value of interest rate swap agreement, December 31	**$ 422,905**	**$ 336,907**

NOTE 12-RELATED PARTIES

The Corporation provides affordable housing management and development services in connection with the operation of the Properties. Fees earned under management and development contracts are typically regulated by HUD or state agencies.

The employees of Beacon Development and the Properties are employees of the Corporation. All payroll and related expenses are recorded and paid by the Corporation, and Beacon Development and the Properties reimburse the Corporation for these expenses throughout the year as they are incurred.

The Properties' insurance coverage is provided for under consolidated policies issued through conventional insurance providers and maintained by NorCal. The Properties reimburse the Corporation, who then reimburses NorCal for these expenses as premiums are incurred.

All material intercompany accounts and transactions have been eliminated in consolidation, except as described in Note 1.

Additionally, as part of the master transfer agreement described in Note 1, it was agreed that the Corporation would reimburse NorCal for its portion of corporate office rent, and on a contingent basis, would reimburse NorCal for certain costs incurred in support of the Corporation's operations dependent upon the Corporation's ability to achieve certain levels of cash flow and operating margin. As part of the SoCal master transfer agreement described in Note 1, the corporate office rent and the contingent operating cost reimbursement provisions of the NorCal master transfer agreement were superseded, and additional costs were permanently assigned to the Corporation. Amounts due to NorCal for reimbursements and other advances at December 31, 2025 and 2024 totaled $1,974,829 and $1,451,181, respectively. Amounts due to SoCal for reimbursements and other advances at December 31, 2025 and 2024 totaled $911,319 and $1,079,434, respectively.

NOTE 13-FUNCTIONAL EXPENSES

Management of the Corporation presents operating expenses in its accompanying statements of activities by natural class categories. Operating expenses classified by functional categories for the years ended December 31, 2025 and 2024 are as follows:

	Residential Services	General and Administrative	2025 Total
Salaries and wages	$ 14,715,046	$ 8,983,449	$ 23,698,495
Employee benefits	3,686,202	1,877,640	5,563,842
Supplies	2,173,475	31,156	2,204,631
Repairs and maintenance	8,871,382	2,282	8,873,664
Marketing and advertising	446,540	-	446,540
Purchased services	6,216,140	777,753	6,993,893
Utilities	6,442,230	-	6,442,230
Travel and related expenses	311,936	685,596	997,532
Leases and rents	307,595	164,681	472,276
Insurance	3,300,416	17,032	3,317,448
Other operating expenses	3,799,330	-	3,799,330
Total	**$50,270,292**	**$ 12,539,589**	**$62,809,881**

	Residential Services	General and Administrative	2024 Total
Salaries and wages	$ 13,816,491	$ 7,931,941	$ 21,748,432
Employee benefits	3,666,648	1,645,651	5,312,299
Supplies	1,801,127	26,842	1,827,969
Repairs and maintenance	6,950,609	59,931	7,010,540
Marketing and advertising	234,696	-	234,696
Purchased services	5,893,326	693,469	6,586,795
Utilities	5,822,691	-	5,822,691
Travel and related expenses	274,883	814,254	1,089,137
Leases and rents	355,804	167,606	523,410
Insurance	3,164,499	141	3,164,640
Other operating expenses	3,845,809	(153,562)	3,692,247
Total	**$45,826,583**	**$ 11,186,273**	**$57,012,856**

NOTE 14-MANAGEMENT OF AFFORDABLE HOUSING

The Corporation provides housing management services to affordable housing communities. The fee revenue for the services provided to properties owned or sponsored by unaffiliated organizations are included in affordable housing fees and rents on the statements of activities for the years ended December 31, 2025 and 2024:

	2025	2024
Allen Temple Arms I	$ 54,019	$ 100,311
Allen Temple Arms II	57,219	70,593
Allen Temple Arms III	45,410	48,949
Allen Temple Arms IV	18,602	19,277
El Bethel Arms	267,750	267,750
El Bethel Terrace	108,600	108,600
Girasol	7,037	-
Irene Cooper Terrace	41,491	35,040
Jardines Paloma Blanca	4,169	-
JL Richard	78,154	75,570
Las Golondrinas	5,967	-
Lomita Manor	53,130	53,130
Sojourner Truth Manor	82,234	79,523
Tower Park	40,332	40,332
Total fee revenue	**$ 864,114**	**$ 908,806**

The Corporation is due amounts for fee revenue for the services provided as well as reimbursable amounts such as payroll, insurance, benefits and other costs. Amounts owed by these properties are included in management and development accounts receivable on the statements of financial position and at December 31, 2025 and 2024:

	2025	2024
Allen Temple Arms I	$ 226,591	$ 75,769
Allen Temple Arms II	133,122	127,668
Allen Temple Arms III	302,198	299,297
Allen Temple Arms IV	27,814	233,418
El Bethel Arms	209,198	144,585
El Bethel Terrace	126,536	88,738
Girasol	45,800	-
Irene Cooper Terrace	89,972	124,954
Jardines Paloma Blanca	51,534	-
JL Richard	57,516	61,587
Las Golondrinas	121,929	-
Lomita Manor	43,127	85,352
Sojourner Truth Manor	85,659	231,518
Tower Park	19,006	25,750
Total receivables	**$ 1,591,530**	**$ 1,498,636**

NOTE 15-CDFI GRANT INCOME

In June 2022 and February 2021, the Corporation was awarded grants of $12,000,000 and $5,250,000, respectively, from the Community Development Financial Institutions Fund (CDFI), with funds made available through the Department of Treasury. The Corporation intends to utilize the grant proceeds to provide permanent loans for the preservation and development of affordable housing. As of December 31, 2025 and 2024, grant proceeds totaled $17,250,000 and $17,250,000, loans committed to certain Properties totaled $1,850,000 and $3,946,438, and loans to certain Properties totaled $14,537,500 and $12,441,062, all respectively. Total eligible administrative expenses, equal to 5% of the awards, totaled $862,500.

The Corporation recognizes revenue under the grant as net assets - with donor restrictions once the loans are committed and reclassifies the revenue to net assets - without donor restrictions once the loans are funded. As of December 31, 2025 and 2024, deferred revenue totaled $0 and $0, and net assets - with donor restrictions totaled $1,850,000 and $3,946,438, all respectively.

NOTE 16-RESIDENT SERVICES - CALAIM

The Department of Health Care Services (DHCS) in California is transforming Medi-Cal to ensure that residents of California get the care they need to live healthier lives through a program called California Advancing and Innovating Medi-Cal (CalAIM). CalAIM includes 7 factors of Enhanced Case Management and 14 Community Supports categories. HGAH qualifies under Housing Tenancy and Sustaining Services in the Community Supports category which is targeted to residents within HGAH communities to ensure they maintain safe and stable tenancy. During the years ended December 31, 2025 and 2024, HGAH applied for funding for this initiative through the Providing Access and Transforming Health (PATH) Capacity and Infrastructure Transition, Expansion and Development (CITED) Grant which would fund the first 18 months of the CalAim initiative. During the year ended December 31, 2024 total grants of $542,963 were awarded to the Corporation. During the years ended December 31, 2025 and 2024, revenue associated with these grants totaled $391,399 and $0, respectively.

NOTE 17-COMMITMENTS AND CONTINGENCIES

Guarantees

The Corporation, SoCal, and NorCal have issued guarantees to cover operating deficits and to ensure compliance with certain on-going aspects of the amended and restated limited partnership agreements of the low-income housing tax credit partnerships. Management periodically evaluates the potential exposure from these on-going guarantees. The Corporation has not provided support under these guarantees in the past and based on the current evaluation, management believes they cumulatively do not constitute a material future financial risk exposure for the Corporation.

The Corporation, SoCal, and/or NorCal, as guarantors, have also issued unconditional project completion guarantees for tax-credit financed affordable housing partnerships in which the Corporation serves as a general partner. These guarantees coincide with the completion of the Properties under construction as disclosed in Note 5.

Low-income housing tax credits

Certain Properties have received allocations of low-income housing tax credits. The tax credits are contingent on the applicable Properties' ability to maintain compliance with applicable sections of Section 42. Failure to maintain compliance with occupant eligibility, and/or unit gross rent, or to correct non-compliance within a specified time period could result in recapture of previously taken tax credits. In addition, such potential noncompliance may require adjustments as disclosed in the Properties' partnership agreements.

Use or regulatory agreements

Substantially all of the Properties have executed a use or regulatory agreement in connection with the financing. The agreements require the Properties to maintain certain affordability and rental restrictions.

NOTE 18-PRIOR PERIOD ADJUSTMENT

During the year ended December 31, 2024, the Corporation was assigned two notes receivable from an unrelated entity related to Olive Plaza Senior Housing, L.P. This was a non-reciprocal transfer of financial assets to the benefit of the Corporation. The Corporation elected to restate previously reported balances as of December 31, 2024 related to this transaction. Amounts previously reported and the restated financial statements are summarized as follows:

	Previously Reported December 31, 2024	Prior Period Adjustment	Restated December 31, 2024
Notes and bonds payable -			
Non-servicing debt	$349,186,863	$(14,405,311)	$334,781,552
Gain from assigned notes receivable	-	$ 14,405,311	$ 14,405,311
Accrued interest -			
Non-servicing debt	$ 29,230,414	$(851,774)	$ 28,378,640
Land, Building, and equipment, net	$740,343,962	$(851,774)	$739,492,188

The notes receivable balance was eliminated in consolidation. The change in net assets for the year ended December 31, 2024 was increased by $14,405,311 as a result of these adjustments.

NOTE 19-SUBSEQUENT EVENTS

On February 20, 2026, the Corporation assigned its interest in Pacific Meadows Senior Housing, L.P. to Housing Authority Limited Liability Company. In connection with the transfer of interest, the Partnership paid transfer fees of $149,850. In addition, the Corporation deemed the receivables due from Pacific Meadows Senior Housing, L.P. at December 31, 2025 totaling $11,180,925 to be uncollectible and were written off. All receivables at December 31, 2025 and 2024 were eliminated in consolidation.

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DECEMBER 31, 2025

	HumanGood Affordable Housing	Beacon Development Group, LLC	Sunnyvale Life, Inc.	Properties	Eliminations	Total
ASSETS						
Current assets						
Cash and cash equivalents	$ 20,360,493	$ 1,509,273	$ 2,578,357	$ 21,911,660	$ -	$ 46,359,783
Investments - cash equivalents	81,748	-	15,053,943	-	-	15,135,691
Total cash and investments	20,442,241	1,509,273	17,632,300	21,911,660	-	61,495,474
Resident and subsidy accounts receivable	-	-	-	1,338,293	-	1,338,293
Management and development accounts receivable	2,972,133	11,086,032	-	-	(11,057,344)	3,000,821
Development and operating advances receivable, net	86,621	-	-	-	-	86,621
Intercompany	4,145,749	-	-	-	(4,145,749)	-
Investments	11,503,485	-	4,735,022	-	-	16,238,507
Prepaid expenses, deposits, and other assets	19,284	-	-	138,428	(3,125)	154,587
Total current assets	**39,169,513**	**12,595,305**	**22,367,322**	**23,388,381**	**(15,206,218)**	**82,314,303**
Restricted cash	**-**	**9,980**	**-**	**47,518,176**	**-**	**47,528,156**
Land, building, and equipment, net	**-**	**28,084**	**-**	**863,532,372**	**(136,595,902)**	**726,964,554**
Long term and other assets						
Investments in properties, equity method	1,208,296	-	-	-	(1,208,296)	-
Development and operating advances receivable, net, long term	3,643,789	-	-	1,458,600	(4,859,038)	243,351
Notes receivable, net	189,271,995	-	23,510,923	15,578,758	(221,120,612)	7,241,064
Unamortized costs, net	-	-	-	1,271,272	-	1,271,272
Right-of-use assets	-	-	-	32,502,434	-	32,502,434
Goodwill	-	2,109,162	-	4,355,202	-	6,464,364
Total long term and other assets	**194,124,080**	**2,109,162**	**23,510,923**	**55,166,266**	**(227,187,946)**	**47,722,485**
Total assets	**$ 233,293,593**	**$ 14,742,531**	**$ 45,878,245**	**$ 989,605,195**	**$ (378,990,066)**	**$ 904,529,498**
LIABILITIES AND NET ASSETS						
Current liabilities						
Accounts payable and accrued expenses	$ 2,618,947	$ 962,971	$ -	$ 7,393,378	$ (1,751,371)	$ 9,223,925
Accrued interest - servicing debt	-	-	-	709,350	-	709,350
Accounts payable - construction	-	-	-	18,111,884	(9,103,805)	9,008,079
Due to affiliates - NorCal	1,978,385	(153,122)	-	-	(3,556)	1,821,707
Due to affiliates - SoCal	815,148	-	-	2,981,709	(2,885,538)	911,319
Intercompany	556,661	24,599	1,540	3,450,079	(4,032,879)	-
Notes and bonds payable - current portion	-	-	-	4,383,803	-	4,383,803
Notes payable, affiliates - current portion	-	-	-	-	-	-
Notes and bonds payable - non-servicing debt - current portion	-	-	-	-	-	-
Prepaid and deferred revenue	826,113	-	-	518,394	(1)	1,344,506
Total current liabilities	**6,795,254**	**834,448**	**1,540**	**37,548,597**	**(17,777,150)**	**27,402,689**
Deposits	**-**	**-**	**-**	**1,968,082**	**-**	**1,968,082**
Long term liabilities						
Notes and bonds payable - net of current portion	-	-	-	224,493,048	-	224,493,048
Notes payable, affiliates - net of current portion	-	-	-	-	-	-
Notes and bonds payable - non-servicing debt - net of current portion	22,051,400	1,000,000	-	509,246,033	(203,016,014)	329,281,419
Less: unamortized debt issuance costs	-	-	-	(7,789,645)	-	(7,789,645)
Accrued interest - non-servicing debt	-	241,313	-	49,638,166	(21,453,883)	28,425,596
Lease liability	-	-	-	39,012,502	(3,720,808)	35,291,694
Fair market value of interest rate swap	-	-	-	422,905	-	422,905
Total long term liabilities	**22,051,400**	**1,241,313**	**-**	**815,023,009**	**(228,190,705)**	**610,125,017**
Total liabilities	**28,846,654**	**2,075,761**	**1,540**	**854,539,688**	**(245,967,855)**	**639,495,788**
Net assets without donor restrictions of the controlling interest	**204,234,439**	**12,666,770**	**45,876,705**	**(48,009,963)**	**(133,022,211)**	**81,745,740**
Net assets with donor restrictions of the controlling interest	**212,500**	**-**	**-**	**2,901,393**	**-**	**3,113,893**
Net assets without donor restrictions of the non-controlling interest	**-**	**-**	**-**	**180,174,077**	**-**	**180,174,077**
	$ 233,293,593	**$ 14,742,531**	**$ 45,878,245**	**$ 989,605,195**	**$ (378,990,066)**	**$ 904,529,498**

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DECEMBER 31, 2024, RESTATED

	HumanGood Affordable Housing	Beacon Development Group, LLC	Properties	Eliminations	Total
ASSETS					
Current assets					
Cash and cash equivalents	$ 14,645,584	$ 755,871	$ 23,693,365	$ -	$ 39,094,820
Investments - cash equivalents	54,839	-	-	-	54,839
Total cash and investments	14,700,423	755,871	23,693,365	-	39,149,659
Resident and subsidy accounts receivable	-	-	1,994,436	-	1,994,436
Management and development accounts receivable	2,408,344	13,842,053	-	(13,455,670)	2,794,727
Development and operating advances receivable, net	86,621	-	-	-	86,621
Intercompany	4,862,528	-	-	(4,862,528)	-
Investments	10,364,943	-	-	-	10,364,943
Prepaid expenses, deposits, and other assets	19,261	-	277,188	-	296,449
Total current assets	**32,442,120**	**14,597,924**	**25,964,989**	**(18,318,198)**	**54,686,835**
Restricted cash	**-**	**9,980**	**50,728,027**	**-**	**50,738,007**
Land, building, and equipment, net	**-**	**66,270**	**877,664,497**	**(138,238,579)**	**739,492,188**
Long term and other assets					
Investments in properties, equity method	1,309,296	-	1,458,393	(2,767,689)	-
Development and operating advances receivable, net, long term	3,586,083	-	-	(2,435,883)	1,150,200
Notes receivable, net	196,917,036	-	15,000,000	(205,626,405)	6,290,631
Unamortized costs, net	-	-	1,025,303	-	1,025,303
Right-of-use assets	-	-	32,945,471	-	32,945,471
Goodwill	-	2,109,162	4,355,202	-	6,464,364
Total long term and other assets	**201,812,415**	**2,109,162**	**54,784,369**	**(210,829,977)**	**47,875,969**
Total assets	**$ 234,254,535**	**$ 16,783,336**	**$1,009,141,882**	**$(367,386,754)**	**$ 892,792,999**
LIABILITIES AND NET ASSETS					
Current liabilities					
Accounts payable and accrued expenses	$ 1,557,405	$ 907,654	$ 5,184,036	$ (615,931)	$ 7,033,164
Accrued interest - servicing debt	-	-	961,636	-	961,636
Accounts payable - construction	105,152	-	28,582,929	(13,454,763)	15,233,318
Due to affiliates - NorCal	1,089,468	365,268	-	(3,555)	1,451,181
Due to affiliates - SoCal	1,115,398	-	1,896,459	(1,932,423)	1,079,434
Intercompany	103,945	463,058	4,212,630	(4,779,633)	-
Notes and bonds payable - current portion	-	-	30,464,139	-	30,464,139
Notes payable, affiliates - current portion	112,000	-	-	-	112,000
Notes and bonds payable - non-servicing debt - current portion	-	-	12,039,444	-	12,039,444
Prepaid and deferred revenue	774,001	-	467,314	-	1,241,315
Deferred CDFI Grant	-	-	-	-	-
Total current liabilities	**4,857,369**	**1,735,980**	**83,808,587**	**(20,786,305)**	**69,615,631**
Deposits	**-**	**-**	**1,904,002**	**-**	**1,904,002**
Long term liabilities					
Notes and bonds payable - net of current portion	-	-	242,810,543	-	242,810,543
Notes payable, affiliates - net of current portion	1,094,486	-	-	-	1,094,486
Notes and bonds payable - non-servicing debt - net of current portion	22,051,400	1,000,000	497,832,235	(186,102,083)	334,781,552
Less: unamortized debt issuance costs	-	-	(7,171,788)	-	(7,171,788)
Accrued interest - non-servicing debt	-	196,313	44,695,060	(16,512,733)	28,378,640
Lease liability	-	-	38,498,195	-	38,498,195
Fair market value of interest rate swap	-	-	336,907	-	336,907
Total long term liabilities	**23,145,886**	**1,196,313**	**817,001,152**	**(202,614,816)**	**638,728,535**
Total liabilities	**28,003,255**	**2,932,293**	**902,713,741**	**(223,401,121)**	**710,248,168**
Net assets without donor restrictions of the controlling interest	**206,038,780**	**13,851,043**	**(43,875,385)**	**(143,985,633)**	**32,028,805**
Net assets with donor restrictions of the controlling interest	**212,500**	**-**	**3,817,534**	**-**	**4,030,034**
Net assets without donor restrictions of the non-controlling interest	**-**	**-**	**146,485,992**	**-**	**146,485,992**
	$ 234,254,535	**$ 16,783,336**	**$1,009,141,882**	**$(367,386,754)**	**$ 892,792,999**

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CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025

	HumanGood Affordable Housing	Beacon Development Group, LLC	Sunnyvale Life, Inc.	Properties	Eliminations	Total
Operating revenue						
Affordable housing fees and rents	$ 6,020,806	$ -	$ -	$ 80,475,221	$ (5,305,757)	$ 81,190,270
Affordable housing development	11,606	3,946,517	-	-	(699,592)	3,258,531
Contributions without donor restrictions	7,291	-	-	382,605	(143,853)	246,043
Other operating revenue	1,143,334	479,000	-	2,229,122	(817,870)	3,033,586
Total operating revenue	**7,183,037**	**4,425,517**	**-**	**83,086,948**	**(6,967,072)**	**87,728,430**
Operating expenses						
Salaries and wages	5,105,734	3,877,715	-	14,715,046	-	23,698,495
Employee benefits	1,104,758	772,882	-	3,686,202	-	5,563,842
Supplies	24,902	6,254	-	2,173,475	-	2,204,631
Repairs and maintenance	-	2,282	-	6,545,069	2,326,313	8,873,664
Marketing and advertising	-	-	-	465,449	(18,909)	446,540
Purchased services	470,063	306,150	1,540	11,525,158	(5,309,018)	6,993,893
Utilities	-	-	-	6,442,230	-	6,442,230
Travel and related expenses	518,629	166,967	-	311,936	-	997,532
Leases and rents	15,000	149,681	-	304,470	3,125	472,276
Insurance	4,951	12,081	-	3,300,416	-	3,317,448
Other operating expenses	123,021	230,781	129,910	4,252,325	(936,707)	3,799,330
Total operating expenses	**7,367,058**	**5,524,793**	**131,450**	**53,721,776**	**(3,935,196)**	**62,809,881**
Income (loss) before other operating income (expenses)	**(184,021)**	**(1,099,276)**	**(131,450)**	**29,365,172**	**(3,031,876)**	**24,918,549**
Other operating income (expenses)						
Interest	-	-	-	(10,603,318)	-	(10,603,318)
Interest - deferred	-	(45,000)	-	(9,201,199)	5,678,883	(3,567,316)
Interest attributable to amortization of debt issuance costs	-	-	-	(435,948)	-	(435,948)
Depreciation and amortization	-	(39,997)	-	(36,980,502)	3,125,488	(33,895,011)
Contribution income (expense)	-	-	(2,569,069)	-	2,569,069	-
Write-off expense	(11,180,925)	-	-	-	11,180,925	-
Interest and investment income, net	6,117,580	-	128,873	859,028	(5,884,223)	1,221,258
Income (loss) from operations before other changes in net assets	**(5,247,366)**	**(1,184,273)**	**(2,571,646)**	**(26,996,767)**	**13,638,266**	**(22,361,786)**
Other changes in net assets without donor restrictions						
Change in fair market value of interest rate swap	-	-	-	(85,998)	-	(85,998)
Unrealized gain (loss) on investments	823,899	-	-	-	-	823,899
Change in net assets	**(4,423,467)**	**(1,184,273)**	**(2,571,646)**	**(27,082,765)**	**13,638,266**	**(21,623,885)**
Change in net assets without donor restrictions of the non-controlling interest	**-**	**-**	**-**	**(24,991,529)**	**-**	**(24,991,529)**
Change in net assets of the controlling interest	**$ (4,423,467)**	**$ (1,184,273)**	**$ (2,571,646)**	**$ (2,091,236)**	**$ 13,638,266**	**$ 3,367,644**

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YEAR ENDED DECEMBER 31, 2024, RESTATED

	HumanGood Affordable Housing	Beacon Development Group, LLC	Properties	Eliminations	Total
Operating revenue					
Affordable housing fees and rents	$ 5,558,067	$ -	$ 76,079,945	$ (4,649,259)	$ 76,988,753
Affordable housing development	17,248	5,468,428	-	-	5,485,676
Contributions without donor restrictions	50,000	-	288,925	-	338,925
Other operating revenue	723,056	572,468	1,019,938	(574,515)	1,740,947
Total operating revenue	**6,348,371**	**6,040,896**	**77,388,808**	**(5,223,774)**	**84,554,301**
Operating expenses					
Salaries and wages	4,266,138	3,665,803	13,816,491	-	21,748,432
Employee benefits	933,446	712,205	3,666,648	-	5,312,299
Supplies	17,779	9,063	1,801,127	-	1,827,969
Repairs and maintenance	59,509	422	5,790,530	1,160,079	7,010,540
Marketing and advertising	-	-	234,696	-	234,696
Purchased services	413,441	280,028	10,646,133	(4,752,807)	6,586,795
Utilities	-	-	5,822,691	-	5,822,691
Travel and related expenses	576,054	238,200	274,883	-	1,089,137
Leases and rents	15,358	152,248	355,804	-	523,410
Insurance	(9,772)	9,913	3,164,499	-	3,164,640
Other operating expenses	(361,509)	207,947	3,791,748	54,061	3,692,247
Total operating expenses	**5,910,444**	**5,275,829**	**49,365,250**	**(3,538,667)**	**57,012,856**
Income (loss) before other operating income (expenses)	**437,927**	**765,067**	**28,023,558**	**(1,685,107)**	**27,541,445**
Other operating income (expenses)					
CDFI Grant with donor restrictions	3,400,000	-	-	-	3,400,000
Interest	-	-	(9,265,446)	-	(9,265,446)
Interest - deferred	-	(45,000)	(7,665,988)	4,071,339	(3,639,649)
Interest attributable to amortization of debt issuance costs	-	-	(428,267)	-	(428,267)
Depreciation and amortization	-	(4,305)	(35,477,868)	2,907,580	(32,574,593)
Contribution income	47,522,385	-	(47,522,385)	-	-
Interest and investment income, net	5,840,434	-	22,641,028	(27,057,130)	1,424,332
Income (loss) from operations before other changes in net assets	**57,200,746**	**715,762**	**(49,695,368)**	**(21,763,318)**	**(13,542,178)**
Other changes in net assets without donor restrictions					
Change in fair market value of interest rate swap	-	-	216,723	-	216,723
Unrealized gain (loss) on investments	183,891	-	-	-	183,891
Gain from assigned notes receivable	14,405,311	-	-	-	14,405,311
Change in net assets	**71,789,948**	**715,762**	**(49,478,645)**	**(21,763,318)**	**1,263,747**
Change in net assets without donor restrictions of the non-controlling interest	**-**	**-**	**(20,858,636)**	**-**	**(20,858,636)**
Change in net assets of the controlling interest	**$ 71,789,948**	**$ 715,762**	**$ (28,620,009)**	**$ (21,763,318)**	**$ 22,122,383**