

**Preservation of Affordable Housing, Inc.
and Subsidiaries**

**Consolidated Financial Statements
(with Supplementary Information)
and Independent Auditor's Report
and Single Audit Report**

December 31, 2025

Preservation of Affordable Housing, Inc. and Subsidiaries

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Independent Auditor's Report

To the Board of Directors
Preservation of Affordable Housing, Inc. and Subsidiaries

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Preservation of Affordable Housing, Inc. and Subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2025, and the related consolidated statements of activities, functional expenses, changes in net assets, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, based on our audit and the reports of the other auditors, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Preservation of Affordable Housing, Inc. and Subsidiaries as of December 31, 2025, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of certain Subsidiaries, whose statements reflect total assets of \$786,800,291 at December 31, 2025, and total revenues of \$78,685,972 for the year then ended. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Subsidiaries, is based solely on the reports of the other auditors.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Preservation of Affordable Housing, Inc. and Subsidiaries and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. The financial statements of certain Subsidiaries of Preservation of Affordable Housing, Inc. were not audited in accordance with *Government Auditing Standards*.

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 GAAS and *Government 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 consolidated financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Preservation of Affordable Housing, Inc. and Subsidiaries' 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Preservation of Affordable Housing, Inc. and Subsidiaries' 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.

Report on Summarized Comparative Information

We have previously audited Preservation of Affordable Housing, Inc. and Subsidiaries' December 31, 2024 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated June 29, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary consolidating information is presented for purposes of additional analysis of the consolidated financial statements and is not a required part of the consolidated financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the reports of the other auditors, the supplementary consolidating information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2026, on our consideration of Preservation of Affordable Housing, Inc. and Subsidiaries' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Preservation of Affordable Housing, Inc. and Subsidiaries' internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "CohnReznick LLP".

Bethesda, Maryland
June 30, 2026

Preservation of Affordable Housing, Inc. and Subsidiaries

**Consolidated Statement of Financial Position
December 31, 2025 With Comparative Totals for 2024**

Assets

	<u>2025</u>	<u>2024</u>
Current assets		
Cash and cash equivalents	\$ 89,052,709	\$ 79,063,928
Restricted cash	9,824,374	16,659,594
Reserves	5,376,347	5,175,259
Restricted reserves	2,899,774	2,699,564
Short-term investments	2,232,304	5,790,959
Accounts receivable		
Rental - tenants and subsidy	3,886,566	5,306,663
Grants receivable	512,444	231,936
Properties, net of allowance for credit losses of \$1,010,192 and \$1,021,631, respectively	687,000	362,516
Other	7,124,777	2,293,807
Restricted property reserves	98,725,715	60,952,441
Due from affiliates	398,153	348,611
Prepaid expenses	3,348,269	3,425,704
Predevelopment costs reimbursable, current	29,853,089	20,428,367
Total current assets	<u>253,921,521</u>	<u>202,739,349</u>
Other assets		
Tenant security deposits	5,797,939	5,339,779
Restricted property reserves, net of current	308,229,129	223,793,320
Notes receivable, net of discount, allowance, and current	20,065,750	20,065,750
Investment in partnerships	2,463,940	2,478,913
Predevelopment costs reimbursable, net of current	6,643,660	8,531,036
Other assets	7,473,975	7,263,561
Total other assets	<u>350,674,393</u>	<u>267,472,359</u>
Fixed assets		
Land and buildings	2,210,286,927	1,817,206,978
Rehabilitation in progress	221,398,952	363,974,967
Furniture, equipment and leasehold improvements	52,124,348	43,626,471
Right-of-use assets	41,379,650	26,035,017
Less: Accumulated depreciation	<u>(481,004,133)</u>	<u>(421,335,941)</u>
Total fixed assets	<u>2,044,185,744</u>	<u>1,829,507,492</u>
Total assets	<u><u>\$ 2,648,781,658</u></u>	<u><u>\$ 2,299,719,200</u></u>

Preservation of Affordable Housing, Inc. and Subsidiaries

**Consolidated Statement of Financial Position
December 31, 2025 With Comparative Totals for 2024**

Liabilities and Net Assets

	2025	2024
Liabilities		
Current liabilities		
Accounts payable	\$ 13,083,519	\$ 11,527,997
Accrued expenses	25,836,371	18,940,112
Accounts payable - development	57,594,503	63,054,894
Accrued interest	4,127,184	4,926,789
Mortgages payable - properties, current	46,379,312	38,482,235
Construction loans - properties, current	151,680,631	46,101,072
Loan payable, current	3,829,153	2,021,829
Line of credit, current	2,000,000	3,400,000
Tenant security deposits	5,250,820	4,934,928
Prepaid revenue	3,083,132	2,525,165
Deferred liabilities, current	-	9,212
Due to affiliates	1,327,503	180,634
Total current liabilities	314,192,128	196,104,867
Long-term liabilities		
Loans and notes payable, net of current	11,495,066	10,865,820
Line of credit, net of current	1,335,268	1,321,935
Accrued interest payable - notes payable	1,007,733	911,733
Bonds payable	74,323,011	74,225,133
Notes payable and accrued interest - properties	579,181,342	465,980,306
Mortgages payable - properties, net of current	980,510,039	815,900,669
Construction loans - properties, net of current	79,994,871	251,889,119
Interest rate swap	-	100,370
Other long-term liabilities	18,474,117	10,991,390
Deferred income	64,546,698	62,329,604
Total long-term liabilities	1,810,868,145	1,694,516,079
Total liabilities	2,125,060,273	1,890,620,946
Commitments and contingencies	-	-
Net assets		
Net assets without donor restrictions controlling	53,210,916	24,220,365
Net assets without donor restrictions noncontrolling	466,398,562	378,836,177
Total net assets without donor restrictions	519,609,478	403,056,542
Net assets with donor restrictions	4,111,907	6,041,712
Total net assets	523,721,385	409,098,254
Total liabilities and net assets	\$ 2,648,781,658	\$ 2,299,719,200

See Notes to Consolidated Financial Statements.

Preservation of Affordable Housing, Inc. and Subsidiaries

Consolidated Statement of Activities
For the year ended December 31, 2025 With Comparative Totals for 2024

	Without donor restrictions	With donor restrictions	Total 2025	Total 2024
Support and revenue				
Rental income	\$ 228,866,600	\$ -	\$ 228,866,600	\$ 210,546,499
Grant income	2,600,859	800,032	3,400,891	1,771,190
Grant income, capital investments	4,611,268	1,432,561	6,043,829	6,135,670
Contribution income	68,264	-	68,264	55,714
Developer fee revenue	6,608,615	-	6,608,615	2,414,539
State and local tax credit proceeds	22,400,000	-	22,400,000	12,175,000
Property management and related fees	311,761	-	311,761	432,557
Reimbursable salaries and expenses	1,696,521	-	1,696,521	1,947,056
Gain on debt forgiveness	3,555,723	-	3,555,723	574,311
Interest income	8,416,992	-	8,416,992	8,148,409
Loss on investment in partnership	(77,494)	-	(77,494)	(120,183)
Investment loss	(236,546)	-	(236,546)	(150,730)
Other income	11,577,346	118,688	11,696,034	5,178,946
	<u>290,399,909</u>	<u>2,351,281</u>	<u>292,751,190</u>	<u>249,108,978</u>
Net assets released from restrictions	4,281,086	(4,281,086)	-	-
Total support and revenue	<u>294,680,995</u>	<u>(1,929,805)</u>	<u>292,751,190</u>	<u>249,108,978</u>
Expenses				
Personnel	26,983,939	-	26,983,939	25,456,522
Development expense	8,393,922	-	8,393,922	4,431,017
Professional services	1,661,239	-	1,661,239	1,129,846
Contributions and grants made	2,738,373	-	2,738,373	700,766
Rental and utilities	1,596,123	-	1,596,123	1,581,945
Taxes and insurance	759,146	-	759,146	735,602
Travel and lodging	1,074,607	-	1,074,607	1,043,145
Interest expense	4,376,746	-	4,376,746	4,321,229
Reimbursable salaries and expenses	1,696,521	-	1,696,521	1,947,056
Property operations	161,458,746	-	161,458,746	142,763,424
Property mortgage interest	57,254,347	-	57,254,347	50,757,663
Office and administration	1,988,899	-	1,988,899	2,011,051
Loss on disposal/sale	4,066,501	-	4,066,501	1,431,564
Depreciation and amortization	55,582,496	-	55,582,496	47,103,228
Community impact	4,113,617	-	4,113,617	3,896,602
Bad debt expense	1,378	-	1,378	143,001
Miscellaneous	122,608	-	122,608	121,160
	<u>333,869,208</u>	<u>-</u>	<u>333,869,208</u>	<u>289,574,821</u>
Total expenses	<u>333,869,208</u>	<u>-</u>	<u>333,869,208</u>	<u>289,574,821</u>
Excess of expenses over revenue	<u>(39,188,213)</u>	<u>(1,929,805)</u>	<u>(41,118,018)</u>	<u>(40,465,843)</u>
Excess of expenses over revenue attributable to noncontrolling interests	<u>(42,850,849)</u>	<u>-</u>	<u>(42,850,849)</u>	<u>(31,447,405)</u>
Excess of revenue over expenses (expenses over revenue) attributable to the Company	<u>\$ 3,662,636</u>	<u>\$ (1,929,805)</u>	<u>\$ 1,732,831</u>	<u>\$ (9,018,438)</u>

See Notes to Consolidated Financial Statements.

Preservation of Affordable Housing, Inc. and Subsidiaries

**Consolidated Statement of Functional Expenses
For the year ended December 31, 2025 With Comparative Totals for 2024**

	2025			2024	
	Real estate ownership	Management and general	Fundraising	Total	Total
Personnel	\$ 24,723,703	\$ 2,164,411	\$ 95,825	\$ 26,983,939	\$ 25,456,522
Development expense	8,393,922	-	-	8,393,922	4,431,017
Professional services	1,661,239	-	-	1,661,239	1,129,846
Contributions and grants made	2,738,373	-	-	2,738,373	700,766
Rental and utilities	1,462,428	128,027	5,668	1,596,123	1,581,945
Taxes and insurance	695,558	60,892	2,696	759,146	735,602
Travel and lodging	988,412	86,195	-	1,074,607	1,043,145
Interest expense	4,376,746	-	-	4,376,746	4,321,229
Reimbursable salaries and expenses	1,696,521	-	-	1,696,521	1,947,056
Property operations	161,458,746	-	-	161,458,746	142,763,424
Property mortgage interest	57,254,347	-	-	57,254,347	50,757,663
Office and administration	1,822,304	159,532	7,063	1,988,899	2,011,051
Loss on disposal/sale	4,066,501	-	-	4,066,501	1,431,564
Depreciation and amortization	55,582,496	-	-	55,582,496	47,103,228
Community impact	4,039,029	-	74,588	4,113,617	3,896,602
Bad debt expense	1,378	-	-	1,378	143,001
Miscellaneous	112,338	9,835	435	122,608	121,160
	<u>\$ 331,074,041</u>	<u>\$ 2,608,892</u>	<u>\$ 186,275</u>	<u>\$ 333,869,208</u>	<u>\$ 289,574,821</u>

See Notes to Consolidated Financial Statements.

Preservation of Affordable Housing, Inc. and Subsidiaries

**Consolidated Statement of Changes in Net Assets
For the year ended December 31, 2025 With Comparative Totals for 2024**

	Net assets without donor restrictions			Net assets with donor restrictions	Net assets
	Controlling	Noncontrolling	Total	Controlling	Total
Beginning balance, January 1, 2024	\$ 30,721,172	\$ 351,313,263	\$ 382,034,435	\$ 5,641,265	\$ 387,675,700
Acquisition of ownership interest	139,150	-	139,150	-	139,150
Transfer of limited partnership interest to controlling	2,778,928	(2,778,928)	-	-	-
Capital contributions from noncontrolling interests	-	62,391,502	62,391,502	-	62,391,502
Distributions to noncontrolling interests	-	(467,255)	(467,255)	-	(467,255)
Noncontrolling interests' syndication costs	-	(175,000)	(175,000)	-	(175,000)
Excess of expenses over revenue attributable to noncontrolling interests	-	(31,447,405)	(31,447,405)	-	(31,447,405)
Excess of (expenses over revenue) revenue over expenses attributable to the Company	<u>(9,418,885)</u>	<u>-</u>	<u>(9,418,885)</u>	<u>400,447</u>	<u>(9,018,438)</u>
Ending balance, December 31, 2024	24,220,365	378,836,177	403,056,542	6,041,712	409,098,254
Acquisition of ownership interest	1,427,972	-	1,427,972	-	1,427,972
Transfer of limited partnership interest to noncontrolling	23,899,943	(23,899,943)	-	-	-
Capital contributions from noncontrolling interests	-	154,838,224	154,838,224	-	154,838,224
Distributions to noncontrolling interests	-	(435,047)	(435,047)	-	(435,047)
Noncontrolling interests' syndication costs	-	(90,000)	(90,000)	-	(90,000)
Excess of expenses over revenue attributable to noncontrolling interests	-	(42,850,849)	(42,850,849)	-	(42,850,849)
Excess of revenue over expenses (expenses over revenue) attributable to the Company	<u>3,662,636</u>	<u>-</u>	<u>3,662,636</u>	<u>(1,929,805)</u>	<u>1,732,831</u>
Ending balance, December 31, 2025	<u>\$ 53,210,916</u>	<u>\$ 466,398,562</u>	<u>\$ 519,609,478</u>	<u>\$ 4,111,907</u>	<u>\$ 523,721,385</u>

See Notes to Consolidated Financial Statements.

Preservation of Affordable Housing, Inc. and Subsidiaries

**Consolidated Statement of Cash Flows
For the year ended December 31, 2025 With Comparative Totals for 2024**

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities		
Excess of expenses over revenue	\$ (41,118,018)	\$ (40,465,843)
Adjustments to reconcile excess of expenses over revenue to net cash provided by operating activities		
Loss on investment in partnership	77,494	120,183
Investment (income) loss	(398,929)	855,415
Depreciation and amortization	55,582,496	47,103,228
Amortization of debt issuance costs	2,671,797	1,414,393
Change in fair market value of interest rate swaps	369,094	(497,865)
Loss on disposal/sale	(4,066,501)	(1,431,564)
Forgiveness of debt	(3,555,723)	(574,311)
Bad debt expense	1,378	849,869
Changes in		
Accounts receivable	(4,792,904)	(804,013)
Predevelopment costs reimbursable	(2,516,795)	(5,716,309)
Prepaid expenses and other assets	168,011	(223,162)
Accounts payable and accrued expenses	7,852,597	7,147,088
Prepaid and deferred revenues	9,877,487	16,777,945
Tenant security deposits	315,892	303,644
Due to affiliates, net	1,412,148	33,006
Net cash provided by operating activities	<u>21,879,524</u>	<u>24,891,704</u>
Cash flows from investing activities		
Escrow deposits and restricted reserves, net	(122,221,583)	(124,705,606)
Cash paid for fixed assets	(271,823,190)	(270,148,031)
Proceeds from sale of short term investments	3,558,655	7,413,770
Advances on notes receivable and accrued interest	(946,420)	(60,290)
Tax credit fees paid	(1,300,092)	(765,446)
Acquisition of assets	<u>(214,000)</u>	<u>(40,000)</u>
Net cash used in investing activities	<u>(392,946,630)</u>	<u>(388,305,603)</u>
Cash flows from financing activities		
Proceeds from line of credit	-	3,000,000
Payments on line of credit	(1,400,000)	(1,124,329)
Proceeds from notes and mortgages payable	404,445,962	426,831,949
Payment on notes and mortgages payable	(174,599,062)	(122,430,182)
Debt issuance costs paid	(7,679,952)	(3,217,731)
Syndication costs paid	(90,000)	(175,000)
Distributions paid to noncontrolling partners	(321,297)	(253,759)
Distributions to noncontrolling members	(113,750)	(213,496)
Noncontrolling partners' capital contributions received	<u>154,838,224</u>	<u>62,391,502</u>
Net cash provided by financing activities	<u>375,080,125</u>	<u>364,808,954</u>

Preservation of Affordable Housing, Inc. and Subsidiaries

**Consolidated Statement of Cash Flows
For the year ended December 31, 2025 With Comparative Totals for 2024**

	2025	2024
Net increase in cash, cash equivalents, and restricted cash	4,013,019	1,395,055
Cash, cash equivalents, and restricted cash, beginning of year	108,938,124	107,543,069
Cash, cash equivalents, and restricted cash, end of year	\$ 112,951,143	\$ 108,938,124
Supplemental disclosure of cash flow activities		
Cash paid for interest	\$ 44,724,371	\$ 39,994,782
Interest Capitalized	\$ 19,765,214	\$ 10,363,177
Schedule of noncash investing activities		
Fixed asset costs incurred	\$ 297,859,840	\$ 329,539,599
Fixed assets transferred in connection with common control transaction	(31,178,876)	(40,283,131)
Accounts payable - development, beginning of year	61,981,594	42,873,157
Accounts payable - development, end of year	(56,839,368)	(61,981,594)
Cash paid for fixed assets	\$ 271,823,190	\$ 270,148,031
Deferred liability included in residual receipts escrow	\$ 7,124	\$ 10,673
Additions to leased assets obtained from new lease liabilities	\$ 17,409,854	\$ 526,360

See Notes to Consolidated Financial Statements.

Preservation of Affordable Housing, Inc. and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2025 and 2024

Note 1 - Organization

Preservation of Affordable Housing, Inc., ("POAH" or the "Company") was created to do exactly what its name suggests, preserve affordable housing stock. The Company is dedicated to the acquisition of and long-term ownership and operation of existing affordable housing properties.

The Company conducts its development and property management business through Preservation of Affordable Housing LLC ("POAH LLC") and its wholly owned subsidiary, POAH Communities LLC ("POAHC LLC"). The Company is located in Boston, Massachusetts, Kansas City, Missouri, Chicago, Illinois, Washington, DC and Cincinnati, OH.

At December 31, 2025, POAH or affiliates of POAH hold General Partner, Managing Member or ownership interests in 197 entities that own, in the aggregate 14,127 units of affordable housing. POAH LLC is the managing member of POAH/Trinity Loan Holding Company, LLC ("PTLHC") and the sole member of POAH Woodlawn Station Master Tenant, LLC ("PWSMT"). At December 31, 2024, POAH or affiliates of POAH hold General Partner, Managing Member or ownership interests in 185 entities that own, in the aggregate 13,627 units of affordable housing.

Note 2 - Summary of significant accounting policies

Consolidation

The accompanying consolidated financial statements include the assets, liabilities, net assets, and financial activities of the Company and its core operating subsidiaries, POAH LLC, POAHC LLC, PTLHC and PWSMT. The statements include those 114 entities in which the Company has a 100% ownership interest ("Wholly Owned"). Additionally, in accordance with ASC-810-20, "Control of Partnership and Similar Entities", as described below, the statements include the assets, liabilities, net assets and financial activities of 76 entities in which POAH or affiliates serve as General Partner or Managing Member.

The accompanying 2025 and 2024 consolidated financial statements include the assets, liabilities, equity and financial activities of those limited partnerships and limited liability companies where the Company generally owns a .01 - 1% general partner or managing member interest and represent all properties in which POAH or affiliates act as general partner or managing member and in which third party investors have substantial economic interests ("LP"). All significant inter-company balances and transactions between the Company and the entities have been eliminated in consolidation. Net assets without donor restricted noncontrolling on the accompanying consolidated financial statements reflects the proportional share of equity and operations that is not attributable to the Company's interest in these entities. The limited partnerships and limited liability companies are detailed in note 21.

Net asset classification

The Company 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. The governing board may designate, from net assets without donor 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

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Notes to the Consolidated Financial Statements December 31, 2025 and 2024

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.

Cash and cash equivalents

The Company considers all highly liquid investments purchased with an original maturity of three months or less at the date of acquisition to be cash equivalents. Cash and cash equivalents are stated at cost, which approximates market value.

Depreciation

Fixed assets are stated at cost. Depreciation is computed using the straight-line method over the estimated asset lives. Maintenance and repairs are charged to operations when incurred. Betterments and renewals are capitalized.

Debt issuance costs

Debt issuance costs, net of accumulated amortization, are reported as direct deduction from the face amount of the permanent mortgage loan payable to which such costs relate. Amortization of the debt issuance costs is reported as a component of interest expense on the consolidated statement of activities and is computed using an imputed interest rate on the related loan.

Tax credit and in-place leases

Tax credit compliance monitoring fees are costs related to obtaining low-income housing tax credits, which are being amortized over the mandatory 15-year compliance period. In-place leases are amortized over one year. Unamortized tax credit fees and in-place leases are included in other assets on the consolidated statement of financial position. Amortization expense for the years ended December 31, 2025 and 2024 totaled \$443,550 and \$377,622, respectively. As of December 31, 2025 and 2024, accumulated amortization totaled \$4,145,403 and \$3,540,556, respectively.

Estimated amortization expense for each of the ensuing five years through December 31, 2030 is as follows:

Years	Wholly Owned	LP	Total
2026	\$ 32,814	\$ 415,181	\$ 447,995
2027	11,548	405,595	417,143
2028	7,775	361,028	368,803
2029	7,780	349,832	357,612
2030	2,795	349,400	352,195

Accounts receivable

Accounts receivable are reported net of an allowance for doubtful accounts. Management's estimate of the allowance is based on historical collection experience and a review of the current status of accounts receivable. It is reasonably possible that management's estimate of the allowance will change.

Grants receivable

Grants receivable represents grants committed but not yet received or costs incurred on cost reimbursable grants that will be billed after December 31, 2025. As of December 31, 2025, management has determined that all amounts are fully collectible and no allowance for doubtful accounts is necessary.

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Notes to the Consolidated Financial Statements December 31, 2025 and 2024

Predevelopment costs reimbursable

The Company carries all third-party costs associated with the potential acquisition of investment properties as predevelopment costs reimbursable. Costs associated with potential acquisitions that are not deemed probable to be recovered are expensed.

Notes receivable

Notes receivable are carried at unpaid principal balances net of discount and allowance of doubtful accounts. Interest accrues in accordance with the agreements. Payments on these loans are normally due annually based on available net cash flow. The Company has no policies requiring collateral or other security.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are recorded at their fair values in the consolidated statement of financial position. Realized and unrealized gains and losses are included in the change in net assets in the accompanying consolidated statement of activities.

Noncontrolling interests

Noncontrolling interest in POAH LLC represents the proportional share of equity and operations of PTLHC that is not attributable to POAH LLC's interest in the entity. At December 31, 2025 and 2024, the noncontrolling member's interest totals (\$1,065,752) and (\$937,227), respectively. Noncontrolling interest in the project limited partnerships and limited liability companies represents various investor limited partners' and members' proportionate share of equity in the project limited partnerships and limited liability companies. At December 31, 2025 and 2024, the noncontrolling partners'/members' interest in the project limited partnerships and limited liability companies were approximately 99.99% and total \$480,513,172 and \$392,822,262, respectively. Income is allocated to noncontrolling interest based on the noncontrolling partners'/members' ownership. At both December 31, 2025 and 2024, eliminations related to the noncontrolling interests total \$13,048,858.

Investment in partnerships

The Company's investment in limited partnerships are accounted for under the equity method of accounting as the Company does not exercise control or meet the requirements for consolidation. The Company increases its investment balance for capital contributions made and reduces it for any distributions received. Amounts contributed are carried at cost, adjusted for the Company's share of undistributed earnings or losses.

Tax status

The Company is exempt from federal income taxes under the provisions of the Internal Revenue Code Section 501(c)(3) and did not have any unrelated business income for the years ended December 31, 2025 and 2024. No provision or benefit for income taxes has been included in these consolidated financial statements for POAH LLC, POAHC LLC, PTLHC LLC, PWSMT, and the entities controlled by POAH or an affiliate since the limited liability companies are either disregarded entities of POAH and thus POAH is treated for tax purposes as having earned all of the income and incurred all of the losses directly of those limited liability companies, or the limited liabilities companies are treated as partnerships and thus all of their net taxable profit or loss is passed through to the partners, including POAH. The Company is required to file and does file tax returns with the IRS and other taxing authorities. Accordingly, these consolidated financial statements do not reflect a provision for income taxes and the Company has no other tax positions which must be considered for disclosure. While no income tax returns are currently being examined by the Internal Revenue Service, tax years since 2022 remain open.

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Notes to the Consolidated Financial Statements December 31, 2025 and 2024

Use of estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain 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.

Functional expenses

The costs of program and supporting service activities have been summarized on a functional basis in the consolidated statement of functional expenses. The consolidated statement of functional expenses presents the natural classification detail of expenses by function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Expenses are tracked using direct identification methodology of charging specific expenses as either program, management and general, or fundraising. The financial statement reports certain categories of expense that are attributable to one or more programs or supporting functions. Those expenses have been allocated based on estimates of time and effort.

Accounting for the impairment of long-lived assets

The Company reviews its rental property for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When recovery is reviewed, if the undiscounted cash flows estimated to be generated by the property are less than its carrying amount, management compares the carrying amount of the property to its fair value in order to determine whether an impairment loss has occurred. The amount of the impairment loss is equal to the excess of the asset's carrying value over its estimated fair value. No impairment loss has been recognized during the years ended December 31, 2025 and 2024.

Revenue recognition

Rental income is recognized as rentals become due. Rental payments received in advance are deferred until earned. All leases between the limited partnerships and the tenants of the properties are operating leases.

Rental income from leases on commercial space is recognized on a straight-line basis over the period of the commercial lease.

Revenue from development fees, property management and related fees, and other contractual services is recognized when control of the promised service is transferred to the Company's customers, in an amount that depicts the consideration the Company expects to be entitled to in exchange for those services. Revenue is not recognized unless collectability under the contract is considered probable, the contract has commercial substance and the contract has been approved. Additionally, the contract must contain payment terms, as well as the rights and commitments of both parties.

Contribution revenue is recognized when an unconditional promise to give a financial asset is received. 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.

See Note 10 for a further discussion of the Company's revenues.

Derivatives

Effective January 1, 2001, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended.

Preservation of Affordable Housing, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements December 31, 2025 and 2024

Effective January 1, 2010, this guidance was codified into ASC-815-10 "Derivatives and Hedging." The Company uses derivatives to manage risks related to interest rate movements. Interest rate swap contracts designated and qualifying as cash flow hedges are reported at fair value.

Fair value measurement

The Company determines the fair values of its financial assets and liabilities, as well as non-financial assets and liabilities that are recognized or disclosed at fair value on a recurring basis, based on the fair value hierarchy established in accordance with generally accepted accounting principles for *Fair Value Measurements* ASC 820 which requires disclosures about the inputs to fair value measurements, including their classification with a hierarchy that prioritizes the inputs to fair value measurements.

Summarized comparative information

The consolidated financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Company's financial statements for the year ended December 31, 2024 from which the summarized information was derived.

Leases

The Company recognizes a lease asset and a lease liability at the lease commencement date. The lease asset is measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred.

The lease liabilities are measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate ranging from 2.64% to 8.25%, and the risk-free rate of 2.016%. The Company determines the incremental borrowing rate using borrowing rates for collateralized financings of similar types of assets.

Total lease costs on an undiscounted basis are recognized as rent expense over the term of the lease on a straight-line basis. Annual rent expense comprises amortization of the lease asset plus interest on the lease liability adjusted for any variations in lease payment amounts.

Reclassifications

Certain items from the prior year financials have been reclassified to conform to the current year presentation.

Preservation of Affordable Housing, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements December 31, 2025 and 2024

Note 3 - Liquidity and availability

Financial assets available for general expenditure within one year as year-end consist of the following:

	December 31, 2025		December 31, 2024	
	Consolidated	Core Operating Companies	Consolidated	Core Operating Companies
Cash, cash equivalents, and restricted cash	\$ 98,877,083	\$ 26,950,599	\$ 95,723,522	\$ 43,389,043
Grants and pledges receivable	512,444	512,444	231,936	231,936
Accounts receivable	11,698,343	10,516,835	8,182,264	7,582,139
Development fee receivable - affiliates	-	17,726,801	-	20,353,544
Short-term investments	2,232,304	2,232,304	5,790,959	5,790,959
Undrawn lines of credit	11,311,252	11,311,252	13,193,392	13,193,392
Total financial assets	124,631,426	69,250,235	123,122,073	90,541,013
Less amounts not available to be used within one year				
Grant receivables, restricted cash, or donor imposed restrictions	(10,336,818)	(10,336,818)	(16,891,530)	(16,891,530)
Financial assets available to meet general expenditures over the next twelve months	\$ 114,294,608	\$ 58,913,417	\$ 106,230,543	\$ 73,649,483

The Company regularly monitors liquidity required to meet its operating needs and other contractual commitments. In addition to financial assets available to meet general expenditures over the next 12 months, the Company operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures. The Company has various sources of liquidity at its disposal including cash, a steady revenue stream from its developer fees, notes receivable, rental income, and various annual service fees.

Note 4 - Restricted property reserves

Escrow deposits

Certain subsidiaries make required monthly escrow deposits for taxes and insurance in separate bank accounts. The mortgagor for the subsidiary controls these escrow deposits.

Construction and bond escrows

Many POAH subsidiaries maintain construction and bond escrows during the construction period to hold bond proceeds and make related construction disbursements.

Reserves for replacements

Many POAH subsidiaries are required to make monthly deposits for replacement of project assets, such replacement reserve deposits are controlled by the Department of Housing and Urban Development ("HUD") or other financing authorities.

Other reserves

The Company and some of its subsidiaries maintain other reserves for the purpose of maintaining and replacing property and equipment, paying insurance, taxes, and various other purposes.

Preservation of Affordable Housing, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements December 31, 2025 and 2024

Operating reserves

The Company and some of its subsidiaries maintain an operating reserve for the purposes of meeting operating expenses in excess of operations for any given year.

Residual receipts

Certain subsidiaries are also required to make yearly deposits of surplus cash, if any, to residual receipts accounts controlled by project sponsors. Use of residual receipt funds is contingent on prior written approval of HUD.

Restricted property reserves are as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Tax and insurance escrows	\$ 23,707,809	\$ 20,412,914
Construction escrows	17,692,044	18,867,691
Bond escrows	257,638,498	146,687,606
Reserves for replacement	36,533,622	35,682,354
Other reserves	10,704,599	9,928,403
Resident service, lease up, stabilization reserves	2,500,102	2,289,078
Operating reserves	49,745,375	44,795,209
Debt service reserves	6,850,279	4,541,805
Capital needs reserves	512,109	486,386
Residual receipts reserves	1,070,407	1,054,315
Total Restricted property reserves	<u>\$ 406,954,844</u>	<u>\$ 284,745,761</u>

Note 5 - Notes receivable

The Company, as the sponsor of the entities that own the affordable housing developments, holds various notes receivable from the entities. Certain notes were contributed to the Company by HUD in connection with the Mark-to-Market restructuring. The notes bear interest at various rates, are generally secured but subordinate to the first mortgages on the properties and are payable from available cash flow. The notes, at the time of receipt by the Company, were recorded at a discount rate reflecting the present value of future projected cash flows. The discount rate was 17% for notes received prior to 2005 and 20% for notes received thereafter. The interest income that is received by the Company is recorded based on the amortization schedules at the discounted note values. Payments received in excess of the amortization schedules are recorded to income in the year of the excess payment.

Other loans have been originated by the Company and were funded by reserves or represent seller financing provided to the affordable housing development. These notes have been recorded simultaneously with a deferred gain (see Note 22).

Management has established an allowance for amounts deemed uncollectible in the amount of \$27,456,962 and \$27,726,962, respectively, as of December 31, 2025 and 2024.

Preservation of Affordable Housing, Inc. and Subsidiaries

**Notes to the Consolidated Financial Statements
December 31, 2025 and 2024**

A summary of the notes receivable and accrued interest is as follows:

	Balance at December 31, 2025	Balance at December 31, 2024
Mark-to-market loans, bearing interest from 1% to 5.5%, generally payable annually from the respective property's net cash flow, if any, to be repaid in full on various maturity dates through 2067, net of discount of \$9,601,311 for each year.	\$ 11,442,550	\$ 11,403,858
Resale loans, bearing interest from 4% to 5.15%, generally payable annually from the respective property's net cash flow, if any, to be repaid in full on various maturity dates through 2065, net of allowance of \$2,240,000 for each year.	31,103,488	35,989,981
Reserve loans, bearing interest from 0% to 6.75%, generally payable annually from the respective property's net cash flow, if any, to be repaid in full on various maturity dates through 2073, net of allowance of \$1,686,798 for each year.	28,495,147	29,480,468
State tax credit loans, bearing interest from 0% to 5%, generally payable annually from the respective property's net cash flow, if any, to be repaid in full on various maturity dates through 2073, net of allowance of \$5,004,245 for each year.	64,001,578	41,754,991
Grant fund loans, bearing interest from 0% to 8%, generally payable annually from the respective property's net cash flow, if any, to be repaid in full on various maturity dates through 2076, net of allowance of \$2,605,361 for each year.	60,258,796	54,162,815
Deferred developer fee loans, bearing interest from 1% to 5.5%, generally payable annually from the respective property's net cash flow, if any, to be repaid in full on various maturity dates through 2055, net of allowance of \$0 and \$270,000, respectively.	525,909	555,000
Other loans, bearing interest from 0% to 7.5%, generally payable annually from the respective property's net cash flow, if any, to be repaid in full on various maturity dates through 2066, net of allowance of \$15,920,558 for each year.	100,243,612	93,475,267
Seller loans, bearing interest from 3.72% to 5.09%, generally payable annually from the respective property's net cash flow, if any, to be repaid in full on various maturity dates through 2065.	4,956,524	4,999,463
Accrued interest	3,079,432	3,329,270
	\$ 304,107,036	\$ 275,151,113
Eliminated in consolidation	(284,041,286)	(255,085,363)
	<u>\$ 20,065,750</u>	<u>\$ 20,065,750</u>

Preservation of Affordable Housing, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements December 31, 2025 and 2024

The Company only records accrued interest receivable to the extent that payment is expected from the properties from available surplus cash. Interest of \$53,208,930 and \$46,379,551 for 2025 and 2024, respectively, has not been recorded in these consolidated financial statements because no assurance can be made that it will be paid.

In 2014, a change was implemented relating to properties purchased and controlled by entities wholly owned by the Company and subsequently sold to limited partnerships (“LP’s”) where the Company retains a general partner or controlling interest. Under common control accounting guidance, the acquired assets on the acquiring entity’s books are recorded at the net book value as reflected on the selling entity’s books at the date of the acquisition and not at the fair value as determined by an appraisal. The net book value is typically less than the fair value purchase price of the acquired assets.

In prior years the fair value gain on sale was recognized by the Company or POAH LLC as a seller note receivable and related deferred gain. The change in guidance, effective for the year ended December 31, 2014, precludes recording these notes and deferred gain on the Company’s consolidated statement of financial position or POAH LLC’s balance sheet.

At December 31, 2025 and 2024, notes receivable totaling \$114,165,010 and \$101,538,563, respectively, are assets of the Company, however, they are not reflected as a component of notes receivable on the consolidated statement of financial position because they represent notes receivable related to acquisitions under common control. The Company records cash payments on such notes receivable and interest income as a component of equity. At December 31, 2025 and 2024, interest income in the amount of \$688,041 and \$346,092, respectively, is recorded as a component of equity, and is eliminated in consolidation. At December 31, 2025 and 2024, principal payments in the amount of \$14,668 and \$333,990, respectively, is recorded as a component of equity, and is eliminated in consolidation.

A summary of these common control notes receivable and accrued interest at year end is as follows:

	Balance at December 31, 2025	Balance at December 31, 2024
Resale loans, bearing interest from 1.95% to 7%, generally payable annually from the respective property's net cash flow, if any, to be repaid in full on various maturity dates through 2073.	\$ 113,390,018	\$ 100,763,571
Reserve loans, bearing interest from 3.2% to 5%, generally payable annually from the respective property's net cash flow, if any, to be repaid in full on various maturity dates through 2055.	774,992	774,992
Accrued interest	803,077	491,852
	114,968,087	102,030,415
Common control assets not recorded	(114,165,010)	(101,538,563)
Eliminated in consolidation	(803,077)	(491,852)
	\$ -	\$ -

Preservation of Affordable Housing, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements December 31, 2025 and 2024

Note 6 - Loans and notes payable

Notes payable as of December 31, 2025 and 2024, include both secured and unsecured borrowings and consist of the following:

	As of December 31, 2025			Outstanding balance as of	
	Gross Capacity	Rate	Maturity Date	December 31, 2025	December 31, 2024
POAH INC					
Loans passed through to properties					
Arc Chicago, LLC	\$ 6,000,000	5.00%	4/1/2030	\$ 2,485,985	\$ 3,000,000
Great Cincinnati Foundation	1,000,000	2.50%	12/31/2030	1,000,000	1,000,000
Subtotal POAH INC debt				<u>3,485,985</u>	<u>4,000,000</u>
POAH LLC					
Corporate operating and predevelopment lines of credit					
Calvert Impact Capital, Inc.	10,000,000	6.80%	6/27/2029	5,000,000	5,000,000 (1)
Local Initiatives Support Corporation	7,750,000	4.75%	11/1/2026	3,799,640	815,500 (2)
Subtotal - Corporate operating and predevelopment lines of credit				<u>8,799,640</u>	<u>5,815,500</u>
Loans passed thru to properties					
Cambridge Affordable Housing Trust - Briston Arms	2,400,000	4.00%	6/30/2035	2,400,000	2,400,000
Subtotal - Loans passed thru to properties				<u>2,400,000</u>	<u>2,400,000</u>
Predevelopment Capital Magnet Fund loans					
POAH, Inc.		5.00%	varies	10,180,998	- (3)
Subtotal - Predevelopment Capital Magnet				<u>10,180,998</u>	<u>-</u>
Subtotal POAH LLC debt				<u>21,380,638</u>	<u>8,215,500</u>
PWSMT					
Chicago Community Loan Fund	700,000	6.00%	12/1/2028	692,314	692,314 (4)
Subtotal PWSMT debt				<u>692,314</u>	<u>692,314</u>
Total debt				<u>25,558,937</u>	<u>12,907,814</u>
Less: unamortized debt issuance costs				<u>(53,720)</u>	<u>(20,165)</u>
Debt, net of debt issuance costs				<u>25,505,217</u>	<u>12,887,649</u>
Less: Eliminated in consolidation				<u>(10,180,998)</u>	<u>-</u>
Total				<u>15,324,219</u>	<u>12,887,649</u>
Less: current portion				<u>(3,829,153)</u>	<u>(2,021,829)</u>
Noncurrent portion				<u>\$ 11,495,066</u>	<u>\$ 10,865,820</u>

(1) Unsecured, 6.80% and 4.38%, respectively, at December 31, 2025 and 2024

(2) Secured by mortgage note receivable from Blackstone

(3) Unsecured

(4) Unsecured, 6% and 5%, respectively, at December 31, 2025 and 2024

As of December 31, 2025 and 2024, accrued interest is \$1,234,195 and \$1,142,392, respectively. For the years ended December 31, 2025 and 2024, \$618,984 and \$626,668, respectively, of interest

Preservation of Affordable Housing, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements December 31, 2025 and 2024

expense was recorded on the consolidated statement of activities. For the years ended December 31, 2025 and 2024, amortization expense incurred was \$16,695 and \$20,828, respectively, and is included in interest expense on the consolidated statement of activities.

Annual maturities of debt, including voluntary prepayments, for the ensuing five years as of December 31, 2025 are as follows:

	INC	LLC	Elimination	Total
2026	\$ -	\$ 6,685,029	\$ (2,855,876)	\$ 3,829,153
2027	-	31,333	-	31,333
2028	333,333	631,468	-	964,801
2029	333,333	5,000,000	-	5,333,333
2030	2,819,319	-	-	2,819,319
Thereafter	-	9,725,122	(7,325,122)	2,400,000

Note 7 - Lines of credit

Citizens Bank

In July 2023, the Company entered into a \$650,000 bridge loan agreement with Citizens Bank, N.A. for the purpose of financing construction of the Meridian Point at Goulds Station in Miami, FL. Interest was determined based on the Secured Overnight Financing Rate with and a potential adjustment of 0.10% with the floor of 1% (5.34% at May 31, 2024) and was payable monthly. The outstanding principal balance was due in full with any accrued and unpaid interest on the Maturity date of April 05, 2024. In May 2024, the line was repaid and closed. During the years ended December 31, 2025 and 2024, interest expense of \$0 and \$18,726, respectively, was recorded on the consolidated statement of activities. At December 31, 2025 and 2024, \$0 was outstanding on the line, and accrued interest was \$0.

First Citizens Bank

POAH LLC entered an agreement for a revolving demand line of credit note ("RLOC") with First Citizens Bank and Trust Company with Eastern Bank as a participant in the amount of \$6,000,000 with a maturity date of March 29, 2022. The note accrues interest equal to the Prime Rate minus 25 basis points (6.50% and 7.25% at December 31, 2025 and 2024, respectively) and is payable monthly. The line is collateralized by the mortgage note receivable from Franklin. In April 2020, the line was temporarily increased to \$7,000,000 with the increase terminating on October 29, 2021.

In November 2020, the line was amended to add an organizational standby revolving line of credit ("OSRLOC") facility loan of \$2,000,000 for the purpose of providing standby letters of credit to support the Company's development activities and had a maturity date of November 2023. Each letter of credit shall have a term of no greater than five years.

In October 2021, the RLOC was permanently increased to \$7,000,000 and the maturity date was extended to October 29, 2024. In October 2024, the maturity date was extended to October 29, 2027. In June 2023, the OSRLOC was increased to \$4,000,000, the maturity date was extended to June 2026, and the mortgage note receivable from Kenmore was provided as additional collateral. During the years ended December 31, 2025 and 2024, interest expense of \$276,171 and \$169,425, respectively, was recorded on the consolidated income statements. At December 31, 2025, \$3,341,108 is outstanding on the RLOC, \$298,000 of undrawn standby letter of credits have been issued, and accrued interest is \$18,933. At December 31, 2024, \$4,741,108 is outstanding on the

Preservation of Affordable Housing, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements December 31, 2025 and 2024

RLOC, \$2,250,000 of undrawn standby letter of credits have been issued, and accrued interest is \$25,192.

As of December 31, 2025 and 2024, the outstanding principal on the line of credit less unamortized debt issuance costs was \$3,335,268 and \$4,721,935, respectively. As of December 31, 2025 and 2024, unamortized debt issuance cost of \$5,840 and \$19,173, respectively. During the years ended December 31, 2025 and 2024, amortization expense incurred was \$13,333 and \$15,272, respectively.

Annual maturities of debt, including voluntary prepayments, for the ensuing two years as of December 31, 2025 are as follows:

2026	\$	2,000,000
2027		1,341,108

Note 8 - Mortgages payable - properties

The Company receives financing for the affordable housing properties from various federal, state and local agencies and financial institutions. These loans are nonrecourse to the Company and are secured by mortgages on the properties. Some of the mortgages also require monthly remittances for escrows and reserves.

The entities in which the Company owns a general partner or managing member interest have outstanding mortgage loans and notes payable. Generally, the loans are secured by security interests and liens common to mortgage loans on the entities' real property and other assets and are nonrecourse to the Company. Such loans bear interest at rates ranging from approximately 0% to 8% per annum. The majority of the first mortgage loans require monthly payments of principal and interest, while some of the subordinate loans are only payable from available cash flow and/or deferred to maturity. The mortgages mature in years from 2026 to 2065. Forgiveness of certain loans was received in accordance with respective extinguishment of debt agreements. For the years ended December 31, 2025 and 2024, gain on debt forgiveness of \$3,555,723 and \$574,311, respectively, was recorded on the consolidated statement of activities. For those mortgages payable to POAH or an affiliate, the effect of the loan has been eliminated in the consolidation for each year.

A summary of the mortgages and notes payable at year-end is as follows:

	Balance at December 31, 2025	Balance at December 31, 2024
Permanent conventional loans, bearing compounded interest from 1.00% to 7.42%, generally with principal and interest due monthly, to be repaid in full on various maturity dates through 2058.	\$ 258,176,622	\$ 236,932,128
Federal, state and local agency loans, bearing interest from 0% to 6.50%, generally with principal and interest due monthly or payable from the respective property's net cash flow, if any, to be repaid in full on various maturity dates through 2051.	130,488,801	97,948,196
Other loans, bearing interest from 0% to 7.75%, generally payable annually from the respective property's net cash flow, if any, to be repaid in full on various maturity dates through 2065.	77,912,181	82,500,481

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**Notes to the Consolidated Financial Statements
December 31, 2025 and 2024**

	Balance at December 31, 2025	Balance at December 31, 2024
Accrued interest	<u>44,907,754</u>	<u>40,929,901</u>
Wholly owned entities	511,485,358	458,310,706
Entities controlled by POAH or affiliates	1,663,808,240	1,473,129,446
Unamortized debt issuance costs	<u>(22,028,153)</u>	<u>(17,093,859)</u>
	2,153,265,445	1,914,346,293
Mortgages and notes eliminated in consolidation	<u>(315,519,250)</u>	<u>(295,992,892)</u>
	<u><u>\$ 1,837,746,195</u></u>	<u><u>\$ 1,618,353,401</u></u>

During the years ended December 31, 2025 and 2024, amortization expense incurred on debt issuance costs was \$2,543,891 and \$1,280,415, respectively, and was included in property mortgage interest in the consolidated statement of activities. A summary of the mortgages payable and related deferred financing costs is as follows:

	Wholly Owned	LP	Total Balance at December 31, 2025	Wholly Owned	LP	Total Balance at December 31, 2024
Mortgages payable less unamortized debt issuance costs	\$ 264,488,153	\$ 774,009,052	\$ 1,038,497,205	\$ 247,286,640	\$ 618,826,264	\$ 866,112,904
Debt issuance costs	\$ 8,649,139	\$ 25,631,845	\$ 34,280,984	\$ 6,831,051	\$ 20,540,161	\$ 27,371,212
Less: accumulated amortization	<u>(6,014,235)</u>	<u>(6,238,596)</u>	<u>(12,252,831)</u>	<u>(3,933,885)</u>	<u>(6,343,468)</u>	<u>(10,277,353)</u>
Unamortized debt issuance costs	<u>\$ 2,634,904</u>	<u>\$ 19,393,249</u>	<u>\$ 22,028,153</u>	<u>\$ 2,897,166</u>	<u>\$ 14,196,693</u>	<u>\$ 17,093,859</u>

Annual maturities of debt for the ensuing five years are summarized as follows:

Years	Wholly Owned	LP	Total
2026	\$ 34,000,137	\$ 164,059,806	\$ 198,059,943
2027	7,528,271	49,618,117	57,146,388
2028	6,496,083	8,083,591	14,579,674
2029	9,069,620	8,471,064	17,540,684
2030	13,925,192	32,496,981	46,422,173

To minimize the effect of changes in interest on a mortgage note, POAH Support Corporation (“PSC”), entered into interest rate swap agreements with BMO Harris Bank under which PSC pays interest at a fixed rate of 1.31% and the banks pay the interest on the mortgage at a variable rate. The result is that the partnership pays interest at a fixed effective rate. In 2025, the balance was written off upon repayment of the related loan. Valued separately, the interest rate swap agreements represented a liability in the amount of \$0 and \$100,370, respectively as of December 31, 2025 and 2024, and were categorized as Level 2. This value represents the fair value of the current difference in the interest paid and received under the swap agreement over the remaining term of the agreement.

To minimize the effect of changes in interest on a mortgage note, Woodlawn Station Preservation Associates Limited Partnership (“WSPALP”), entered into interest rate swap agreements with the Bank of Montreal under which WSPALP pays interest at a fixed rate of 5.53% and the banks pay the

Preservation of Affordable Housing, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements December 31, 2025 and 2024

interest on the mortgage at a variable rate. The result is that the partnership pays interest at a fixed effective rate. Valued separately, the interest rate swap agreements represent an asset of \$144,009 and \$220,444, respectively, as of December 31, 2025 and 2024, included in other assets, and are categorized as Level 2. This value represents the fair value of the current difference in the interest paid and received under the swap agreement over the remaining term of the agreement.

To minimize the effect of changes in interest on a mortgage note, Hawthorne Place II Preservation Associates Limited Partnership (“HPIIPALP”), entered into two interest rate swap agreements with the Boston Private Bank & Trust under which HPIIPALP pays interest at a fixed rate of 4.35% and 4.385% and the banks pay the interest on the mortgage at a variable rate. The result is that the partnership pays interest at a fixed effective rate. Valued separately, the interest rate swap agreements represent an asset of \$1,207,043 and \$1,499,701, respectively, as of December 31, 2025 and 2024, included in other assets, and are categorized as Level 2. This value represents the fair value of the current difference in the interest paid and received under the swap agreement over the remaining term of the agreement.

Note 9 - Acquisitions of rental property

Acquisition of real property is accounted for as asset acquisitions and recorded at proportional fair value at the time of purchase as determined by an appraisal. During the years ended December 31, 2025 and 2024, the Company recorded the acquisition of real property totaling \$3,560,371 and \$13,898,959, respectively.

Note 10 - Revenue

Revenue is recognized when control of the promised service is transferred to the Company’s customers, in an amount that depicts the consideration the Company expects to be entitled to in exchange for those services.

Development fee

Most development fees earned are paid from the Project’s equity and debt proceeds at the completion of the construction of the Project. These fees are recognized over the development period beginning when the Project is assured of being constructed, as evidenced by the admission of an equity partner, and concluding with the approval of the cost certification of the respective housing credit agency.

The Company estimates whether it will be entitled to variable consideration under the terms of the development agreement and includes its estimate of variable consideration in the total development fee amount when it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur in accordance with the accounting guidance in *ASC Topic 606, Revenue from Contracts with Customers*, on constraining estimates of variable consideration, which typically includes the following factors:

- The susceptibility of the consideration amount to factors outside the Project’s influence, including insufficient equity and debt proceeds at the completion of the construction of the Project.
- Whether the uncertainty about the consideration amount is not expected to be resolved for a long period of time.
- The Company’s experience with similar types of agreements.
- Whether the Company expects to offer changes to payment terms.
- The range of possible consideration amounts.

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Notes to the Consolidated Financial Statements December 31, 2025 and 2024

The cumulative amount of development fees earned over the development agreement is updated at each reporting period based on the Company's estimate of the variable consideration using available information at the reporting date. Deferred development fees payable from property surplus cash are recognized at such time as there is available surplus cash.

Management service revenue

POAHC provides property management services on a contractual basis for owners of and investors in affordable housing properties. These services include management, marketing, building engineering, accounting, compliance, and financial services. POAHC is compensated for its services through a monthly management fee earned based on either a specified percentage of the monthly rental income, rental receipts generated from the property under management or a fixed fee. POAHC is also often reimbursed for its administrative and payroll costs directly attributable to the properties under management. Property management services represent a series of distinct daily services rendered over time. Consistent with the transfer of control for distinct, daily services to the customer, revenue is recognized at the end of each period for the fees associated with the services performed.

State and local tax credit proceeds

POAH INC receives State Low Income Housing Tax Credits, State Historic Tax Credits generated from limited partnership properties. Income is recognized upon satisfaction of the primary performance obligation which occurs at a point in time upon delivery of the respective credit certification. During the years ended December 31, 2025 and 2024, revenue of \$22,400,000 and \$12,175,000, respectively, were earned.

Other fee revenue from properties

The Company earns other fees from related affordable housing properties in accordance with property partnership agreements. These fees are only payable from property surplus cash or refinancing proceeds. Income is recognized upon satisfaction of the primary performance obligation which occurs at a point in time which is such time as there is available surplus cash or refinancing proceeds.

Note 11 - Bonds payable

The Company received an issuer credit rating from Standard & Poor's of A+ with a stable outlook with the intention to issue bonds to further its mission. In April 2022, the Company issued Series 2022 taxable bonds (Sustainability Bonds) in the amount of \$75,000,000. The bonds constitute unsecured general obligations of the Company. The proceeds of the bonds are to be used to (i) refinance certain existing debt obligations (ii) finance additional mission aligned affordable housing projects, and (iii) pay costs of issuance of the Bonds. The bonds bear interest at 4.479% and interest payments are payable semiannually on June 1 and December 1 of each year, commencing December 1, 2022. The bonds are subject to optional redemption by the Company in whole or in part, with principal due in full on December 1, 2032. During the years ended December 31, 2025 and 2024, interest expense of \$3,359,250 was recorded on the consolidated statement of activities. As of December 31, 2025 and 2024, the balance of the bonds payable is \$75,000,000, and accrued interest is \$270,606.

As of December 31, 2025 and 2024, the balance of the Bonds payable less unamortized debt issuance costs was \$74,323,011 and \$74,225,133, respectively. As of December 31, 2025, unamortized debt issuance costs related to the bonds total \$676,989 consist of issuance costs of \$1,044,031 less accumulated amortization of \$367,042. As of December 31, 2024, unamortized debt issuance costs related to the bonds total \$774,867 consist of issuance costs of \$1,044,031 less accumulated amortization of \$269,164. For the years ended December 31, 2025 and 2024, \$97,878 of amortization was incurred and is included in interest expense on the consolidated statement of activities.

Preservation of Affordable Housing, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements December 31, 2025 and 2024

Note 12 - Related party transactions

Notes and other receivables from affiliates

For the years ended December 31, 2025 and 2024, the Company's notes receivable and accounts receivable are amounts receivable from limited partnerships in which the Company is a general partner. The effect of these transactions has been eliminated in consolidation each year.

Administrative salaries and costs

The Company provides various services related to the administration of POAH LLC. For the years ended December 31, 2025 and 2024, POAH LLC incurred \$16,071,552 and \$15,129,909, respectively, for compensation, overhead, rent and storage from the Company.

Property management and related fees

Property management and related fees were earned by POAHC from related properties in 2025 in the amount of \$13,562,304, of which \$13,291,498 has been eliminated in consolidation, and in 2024 in the amount of \$12,312,235, of which \$12,031,155 has been eliminated in consolidation. At December 31, 2025 and 2024, \$7,813,040 and \$5,482,753, respectively, is due from related parties for services and advances net of an allowance for doubtful accounts which is estimated to be \$4,022,459 and \$3,402,597, respectively, all of which was eliminated in consolidation.

Development fee and other revenue from properties

For the years ended December 31, 2025 and 2024, the Company and POAH LLC earned development fee revenue and fees from properties as follows:

	2025	2024
Development fee paid from development sources	\$ 7,056,158	\$ 14,569,073
Development fee paid from cash flow	3,754,409	2,784,177
Other fee revenue	1,422,235	1,706,580
Proceeds from property refinancing	-	1,708,603
	<u>12,232,802</u>	<u>20,768,433</u>
Cash flow fees from certain related properties	2,992,177	2,546,724
	<u>\$ 15,224,979</u>	<u>\$ 23,315,157</u>
Development and cash flow fees eliminated in consolidation	<u>(8,616,364)</u>	<u>(20,900,618)</u>
	<u>\$ 6,608,615</u>	<u>\$ 2,414,539</u>

At December 31, 2025 and 2024, \$20,326,547 and \$23,241,897, respectively, is due from related properties for development and cash flow fees. The effect of these transactions has been eliminated in consolidation each year. At December 31, 2025 and 2024, development fees received but not yet earned are \$840,670 and \$688,616, respectively, and is shown as a component of deferred income on the consolidated statement of financial position.

Operating deficit funding

POAH LLC funds operating deficits on behalf of related properties. For the years ended December 31, 2025 and 2024, POAH LLC funded \$6,838,517 and \$4,556,826, respectively, of operating deficits, which is included in development expense in the accompanying consolidated schedule of activities, and have been eliminated in consolidation.

Reimbursable salaries and expenses

POAHC incurs costs related to payroll, technical support and other reimbursable expenses on behalf of the properties that it manages. In 2025, the costs incurred and the related reimbursement from

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Notes to the Consolidated Financial Statements December 31, 2025 and 2024

related properties totaled \$40,992,139 of which \$39,442,744 has been eliminated in consolidation, and in 2024, the costs incurred and the related reimbursement from related properties totaled \$36,509,862, of which \$34,938,817 has been eliminated in consolidation. The effect of these transactions has been eliminated in consolidation each year.

Ground and master tenant leases

For the years ended December 31, 2025 and 2024, certain entities that the Company is a general partner or sole member in have ground lease or master lease agreements with limited partnerships in which the Company is a general partner or other entities the Company owns/controls. The leases provide the LPs with the right to use the land upon which the project is located or master lease residential buildings or commercial space and are classified as operating leases. Base rent shall be due per the respective agreements. The effect of these transactions have been eliminated in consolidation each year.

Note 13 - Investment in partnerships

The Company, either as the sole member of the entity or the 100% owner of the general partner, has made capital contributions to some of the entities that own affordable housing developments. At December 31, 2025 and 2024, investment in properties is \$29,333,536 and \$26,573,757, respectively, of which \$27,855,329 and \$25,158,071, respectively, has been eliminated in consolidation.

In May 2018, the Company purchased a non-controlling general partner interest in seven properties located in Cincinnati, OH. In July 2022, the Company made an investment of a non-controlling interest in a property located in Chicago, IL. The investments are recorded using the equity method. The balance of this investment at December 31, 2025 and 2024 is \$1,478,207 and \$1,415,686, respectively. The investment balances of these properties are included in the investment in properties balances noted above.

In May 2018, the Company purchased the managing member general partner interest in Losantiville Apartments Limited Partnership ("LALP"). LALP is the limited partner in Elm St. Senior Housing, Ltd, an unrelated entity. The investment is recorded using the equity method. The balance of this investment at December 31, 2025 and 2024 is \$985,733 and \$1,063,227, respectively.

Certain financial information with respect to these investments at December 31, 2025 and 2024, and the years then ended, are as follows:

	2025	2024
Net investment in real estate	\$ 57,551,235	\$ 59,709,238
Total assets	63,795,786	66,526,509
Permanent financing (including accrued interest)	32,777,902	33,436,470
Total liabilities	41,706,373	40,531,156
Limited partner's equity	17,698,506	21,672,730
General partners' equity	4,390,907	4,322,623
Revenue	8,067,529	7,001,486
Expenses	14,568,722	12,802,993
Net loss	(6,501,193)	(5,801,507)

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Notes to the Consolidated Financial Statements December 31, 2025 and 2024

Note 14 - Investments

The Company invested Sustainability Bonds proceeds in a laddered bond portfolio until funds are deployed for mission driven investments. At December 31, 2025 and 2024, the Company had marketable debt securities that were recorded at fair value. These securities consisted of the following:

	December 31, 2025	December 31, 2024
Treasury bills	\$ 2,230,173	\$ 5,790,959
Mutual Funds	2,131	-
Total investments	<u>\$ 2,232,304</u>	<u>\$ 5,790,959</u>

The return on investments for the years ended December 31, 2025 and 2024 consisted of the following:

	2025	2024
Interest and dividends	\$ 263,124	\$ 569,557
Unrealized loss	(56,123)	(28,471)
Total return on investment	<u>\$ 207,001</u>	<u>\$ 541,086</u>

Note 15 - Fair value measurements

The Financial Accounting Standards Board's ("FASB") guidance on fair value measurements requires fair value to be determined based on the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for an asset or liability in an orderly transaction between market participants. FASB's guidance established a three-level valuation hierarchy based upon observable and non-observable inputs. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3).

Fair value is the price the Company would receive to sell an asset or pay to transfer a liability in an orderly transaction with a market participant at the measurement date. In the absence of active markets for the identical assets or liabilities, such measurements involve developing assumptions based on market observable data and, in the absence of such data, internal information that is consistent with what market participants would use in a hypothetical transaction that occurs at the measurement date. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's market assumptions. Preference is given to observable inputs.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. FASB's guidance requires the use of observable data if such data is available without undue costs and effort.

The fair value hierarchy under the guidance is as follows:

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

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- Level 2 - quoted prices for identical assets and liabilities in markets that are not active, quoted prices for similar assets and liabilities in active markets or financial instruments for which significant inputs are observable, either directly or indirectly; and
- Level 3 - prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

The fair value of the Company's investments that are reported in the accompanying consolidated statement of financial position at December 31, 2025 and 2024 were as follows:

	2025 Level 2	2024 Level 2
Treasury bills	\$ 2,230,173	\$ 5,790,959
Mutual Funds	2,131	-
Total investments	<u>\$ 2,232,304</u>	<u>\$ 5,790,959</u>

Note 16 - Leases

Office leases

In December 2019, the Company entered into a non-cancelable operating lease in Boston, MA that commenced in August 2020 and expires in October 2030. The lease liability at December 31, 2025 and 2024 of \$4,851,633 and \$5,698,898, respectively, is the present value of remaining scheduled lease payments discounted using the incremental borrowing rate of 3%. Rental expense, inclusive of operating costs, for the years ended December 31, 2025 and 2024 totaled \$1,013,740 and \$1,052,634, respectively. As of December 31, 2025 and 2024, the right-of-use asset totals \$4,491,610 and \$5,322,678, respectively.

In February 2023, the Company entered into a non-cancelable operating lease in Washington, DC which expired in December 2024. The lease liability at December 31, 2025 and 2024 of \$0 and \$10,000, respectively, was the present value of remaining scheduled lease payments discounted using the incremental borrowing rate of 7.50%. Rental expense, inclusive of operating costs, for the years ended December 31, 2025 and 2024 totaled \$0 and \$24,000, respectively. As of December 31, 2025 and 2024, the right-of-use asset totaled \$0.

POAH LLC leased office space under a non-cancelable operating lease in Chicago, Illinois. In September 2017, a lease extension was executed that commenced in May 2018 and expired in April 2025. The lease liability at December 31, 2025 and 2024 of \$0 and \$63,941, respectively, was the present value of remaining scheduled lease payments discounted using the incremental borrowing rate of 3%. As of December 31, 2025 and 2024, the right-of-use asset totals \$0 and \$56,052, respectively.

In December 2024, POAH LLC entered into a new operating lease agreement for office space in Chicago, Illinois, which commenced in June 2025 and expires in May 2032. The lease liability at December 31, 2025 of \$710,454, is the present value of remaining scheduled lease payments discounted using the incremental borrowing rate of 7.25%. As of December 31, 2025, the right-of-use asset totals \$679,009.

Rental expense, inclusive of operating costs, for the years ended December 31, 2025 and 2024 totaled \$194,107 and \$200,743, respectively.

POAH LLC leased office space under a non-cancelable operating lease in Washington, DC which expired in July 2022. In April 2022, the option to extend the lease was exercised with a

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commencement date in August 2022 and scheduled to end in December 2026. In July 2025, POAH ended the lease early. The lease liability at December 31, 2025 and 2024 of \$0 and \$157,803, respectively, was the present value of remaining scheduled lease payments discounted using the incremental borrowing rate of 5.25%. Rental expense, inclusive of operating costs, for the years ended December 31, 2025 and 2024 totaled \$43,533 and \$84,122, respectively. As of December 31, 2025 and 2024, the right-of-use asset totals \$0 and \$158,976, respectively.

POAHC leased office space under a non-cancelable operating lease in Kansas City, Missouri, which expired in March 2025, and continued on a month-to-month under the same terms through June 2025. The lease liability at December 31, 2025 and 2024 of \$0 and \$27,773, respectively, was the present value of remaining scheduled lease payments discounted using the incremental borrowing rate of 3%. As of December 31, 2025 and 2024, the right-of-use asset totals \$0 and \$53,801, respectively.

In October 2024, POAHC entered into a new operating lease agreement for office space in Kansas City, Missouri, which commenced in July 2025 and expires in November 2035. The lease liability at December 31, 2025 of \$2,062,352 is the present value of remaining scheduled lease payments discounted using the incremental borrowing rate of 7.25%. As of December 31, 2025, the right-of-use asset totals \$1,942,983.

Rental expense, inclusive of real estate taxes and operating costs, for the years ended December 31, 2025 and 2024 totaled \$251,679 and \$129,623, respectively.

The annual payment amounts are presented on an undiscounted basis along with a reconciliation to the lease liabilities on December 31, 2025, which are recorded on a present value basis and included in other long-term liabilities on the consolidated statement of financial position, are as follows:

	POAH INC	POAH LLC	POAHC	Total
December 31, 2026	\$ 1,025,995	\$ 110,127	\$ 269,564	\$ 1,405,686
2027	1,045,323	112,872	275,414	1,433,609
2028	1,064,651	128,720	284,263	1,477,634
2029	1,089,979	158,649	287,113	1,535,741
2030	1,009,888	162,621	292,963	1,465,472
Thereafter	-	236,849	1,525,257	1,762,106
	5,235,836	909,838	2,934,574	9,080,248
Less discount	(384,203)	(199,384)	(872,222)	(1,455,809)
Total	\$ 4,851,633	\$ 710,454	\$ 2,062,352	\$ 7,624,439

Ground and master tenant leases

Various properties have entered into ground leases or master tenant lease agreements, some of which are with affiliated entities. Leases expire ranging from 2028-2100. The lease liabilities at December 31, 2025, of \$31,393,990, of which \$20,871,062 is eliminated in consolidation, is the present value of remaining scheduled lease payments per the respective lease agreements discounted using the incremental borrowing rate ranging from 2.64% to 8.25% and the risk-free rate of 2.016%. The lease liabilities at December 31, 2024, of \$23,515,351, of which \$19,582,179 is eliminated in consolidation, is the present value of remaining scheduled lease payments per the respective lease agreements discounted using the incremental borrowing rate ranging from 2.64% to 8.25% and the risk-free rate of 2.016%. Rental expense, inclusive of any applicable real estate taxes and operating costs, for the year ended December 31, 2025 totaled \$2,277,917, of which \$1,078,876

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is eliminated in consolidation, and in 2024, totaled \$1,208,279, of which \$1,127,430 is eliminated in consolidation. As of December 31, 2025 and 2024, the right-of-use assets total \$51,701,959, of which \$17,435,911 was eliminated in consolidation and \$37,345,132, of which \$16,901,622 was eliminated in consolidation, respectively.

The annual payment amounts are presented on an undiscounted basis along with a reconciliation to the lease liability on December 31, 2025, which are recorded on a present value basis and included in other long-term liabilities on the consolidated statement of financial position, are as follows:

	Wholly Owned	LP	WSMT	Total
December 31, 2026	\$ 565,351	\$ 331,951	\$ 111,266	\$ 1,008,568
2027	568,588	335,490	113,491	1,017,569
2028	515,107	338,982	115,761	969,850
2029	348,065	342,577	118,076	808,718
2030	351,713	346,226	120,438	818,377
Thereafter	5,263,285	96,485,789	994,910	102,743,984
	<u>7,612,109</u>	<u>98,181,015</u>	<u>1,573,942</u>	<u>107,367,066</u>
Less discount	<u>(1,021,284)</u>	<u>(74,759,714)</u>	<u>(192,078)</u>	<u>(75,973,076)</u>
	6,590,825	23,421,301	1,381,864	31,393,990
Eliminated in consolidation	<u>(6,590,825)</u>	<u>(12,898,373)</u>	<u>(1,381,864)</u>	<u>(20,871,062)</u>
Total	<u>\$ -</u>	<u>\$ 10,522,928</u>	<u>\$ -</u>	<u>\$ 10,522,928</u>

Note 17 - Commitments and contingencies

The Company or its affiliates serve as the general partner or managing member for various entities that are the owners of the affordable housing properties. The investors and in some cases the lenders in these entities usually require guarantees from POAH entities on behalf of the general partner or managing member as a condition to their investment. Generally, these guarantees are for obligations such as construction and rehabilitation completion, funding of operating deficits and tax credit recapture price adjusters.

Management anticipates repayment of the construction debt using committed sources including proceeds from permanent debt and/or low-income housing tax credit equity. These planning actions are expected to enable the Company to continue operating and meeting its obligations as they come due.

A summary of the guarantees outstanding at December 31, 2025 is as follows. See Note 21 for a detail of these entities.

Entity	Guaranty	Construction guaranty maximum amount	Loan guarantee	Operating deficit expiration	Operating deficit maximum amount	Advances at December 31, 2025
Jefferson - 8330 On The River	(1)	N/A	N/A	December 2026	\$970,894	\$1,256,319
Driftwood - Water's Edge Apartment	(1)	N/A	N/A	None	420,705	None
Renaissance	(1), (3)	N/A	N/A	(7)	886,000	34,487
WCN - The Grant at Woodlawn Park	(1), (3), (6)	N/A	N/A	(7)	162,500	35,000
Central Annex	(3), (9)	N/A	N/A	N/A	N/A	N/A
Lafayette	(1), (3)	N/A	N/A	(7)	548,000	720,202

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Entity	Guaranty	Construction guaranty maximum amount	Loan guarantee	Operating deficit expiration	Operating deficit maximum amount	Advances at December 31, 2025
Briston Arms	(1), (3)	N/A	N/A	(7)	4,475,000	1,140,712
Newberry	(1), (3)	N/A	N/A	(7)	524,914	None
Billings Forge	(1), (3), (8)	N/A	N/A	(7)	620,000	10,000
Trianon	(3), (5), (9)	N/A	\$5,500,000	N/A	N/A	827,036
Woodlawn Roll Up - The Washington at Woodlawn Park	(1), (3)	N/A	N/A	(7)	1,232,956	1,286,917
Woodlawn Station	(1), (3), (5)	N/A	5,000,000	(7)	369,000	125,000
Oxford	(1), (3)	N/A	N/A	(7)	685,000	None
Whittier 1A-4	(1), (3)	N/A	N/A	(7)	532,000	50,000
Whittier 1A-9	(1), (3)	N/A	N/A	(7)	335,000	30,000
Bedford	(1), (3)	N/A	N/A	(7)	755,140	None
Greenwood	(1), (3)	N/A	N/A	(7)	928,300	None
JBL	(1), (3)	N/A	N/A	(7)	400,000	402,888
Abigail Apartments	(1), (3)	N/A	N/A	(7)	247,500	1,105,472
Abington Race & Pleasant	(1), (3)	N/A	N/A	(7)	286,030	951,502
Burnet Place	(1)	N/A	N/A	(7)	410,000	510,142
Losantville Buildings	(1), (3)	N/A	N/A	(7)	379,922	384,643
Losantville Evanston	(1), (3)	N/A	N/A	(7)	379,922	58,427
Magnolia Heights	(1)	N/A	N/A	(7)	328,584	1,809,396
North Rhine Heights	(1), (3)	N/A	N/A	(7)	264,352	1,040,046
Villas of the Valley	(1)	N/A	N/A	(7)	109,352	292,405
Villas of the Valley II	(1), (3)	N/A	N/A	(7)	101,632	321,623
WH Mainstrasse	(1), (3)	N/A	N/A	(7)	156,531	208,228
Helton Pointe	(1)	N/A	N/A	(7)	65,000	None
Whittier 2	(1), (3)	N/A	N/A	(7)	686,781	None
Sugar Hill	(5)	N/A	None	N/A	N/A	N/A
Gardner Terrace	(4), (5)	(2)	4,080,556	N/A	N/A	N/A
South Chicago Salud	(1), (3)	N/A	N/A	(7)	804,220	None
Mattapan 4	(1), (3)	N/A	N/A	(7)	1,028,587	None
Mattapan 9	(1), (3)	N/A	N/A	(7)	189,589	None
Farrell House	(1), (3)	N/A	N/A	(7)	612,000	None
Beachwinds II	(1), (3)	N/A	N/A	(7)	781,500	None
Hawthorne Place II	(1), (3)	N/A	N/A	(7)	3,050,000	None
Levy House	(5)	N/A	9,250,000	N/A	N/A	N/A
Brewster Woods	(1), (3)	N/A	N/A	(7)	212,500	None
Salem Heights II	(1), (3)	N/A	N/A	(7)	2,860,000	None
Bartlett Lot D - The Kenzi	(1), (3)	N/A	N/A	(7)	445,039	None
19 E 110th Place - Emil Jones	(1), (3)	N/A	N/A	(7)	405,040	None
5040 S Indiana - Fred C Matthews	(1), (3)	N/A	N/A	(7)	373,360	None
Terrapin Ridge	(1), (3)	N/A	N/A	(7)	224,121	None
Wing Schoolhouse	(1), (3)	N/A	N/A	December 2037	240,000	None
South Suburban	(1), (3)	N/A	N/A	(7)	1,296,000	None
Elgin Manor I	(1), (3)	N/A	N/A	(7)	1,032,000	None
Barry Farm 1B- The Asberry	(1), (3), (5)	N/A	None	(7)	786,000	None
Deerfield II	(1), (3)	N/A	N/A	(7)	245,234	None
LeClair	(1), (3), (5)	N/A	None	N/A	950,000	None
Whittier 3-4	(1), (3), (4), (5)	128,013,792	None	(7)	1,493,430	None
Whittier 3-9	(1), (3), (4), (5)	37,611,883	25,965,066	(7)	623,888	None
Clarendon	(1), (3), (4), (5)	115,874,614	None	(7)	1,561,413	None
Cutler Manor II - Meridian Point	(1), (3), (4), (5)	52,737,230	12,831,500	(7)	974,631	None
C40- Fifth City Commons	(1), (3), (4), (5)	58,649,983	2,191,270	(7)	231,000	None
Gardner Terrace I	(1), (3), (4), (5)	56,199,599	None	(7)	785,000	None
Cape View Way	(1), (3), (4), (5)	25,524,036	10,766,281	(7)	389,208	None

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Notes to the Consolidated Financial Statements December 31, 2025 and 2024

Entity	Guaranty	Construction guaranty maximum amount	Loan guarantee	Operating deficit expiration	Operating deficit maximum amount	Advances at December 31, 2025
Island Terrace 4	(1), (3), (4), (5)	89,596,305	17,427,812	(7)	1,940,000	None
Island Terrace 9	(1), (3), (4), (5)	27,574,684	15,906,503	(7)	600,000	None
Harvey II & III	(1), (3), (5)	N/A	None	(7)	907,650	None
Barry Farm 1A- The Edmonson	(1), (3), (4), (5)	129,668,531	None	(7)	1,104,000	None
Lawrence Hill	(1), (3), (4), (5)	34,583,616	15,027,692	(7)	462,234	None
Heart of Uptown	(1), (3), (4), (5)	56,074,746	20,870,557	(7)	951,142	None
The Ave	(1), (3), (4), (5)	44,311,600	4,229,439	(7)	313,222	None
Pocasset Manor II	(1), (3), (4), (5)	52,117,567	9,097,506	(7)	956,603	None
Sacred Heart	(1), (3), (4), (5)	44,539,006	None	(7)	661,500	None
Community Pendleton	(1), (3), (4), (5)	29,881,353	2,025,809	(7)	651,000	None
Lambert Woods North	(1), (3), (4), (5)	34,543,771	314,790	(7)	634,542	None
Barry Farm Flats I	(1), (3), (4), (5)	98,228,536	None	(7)	1,136,000	None
Corcoran I	(1), (3), (4), (5)	39,659,011	5,598,055	(7)	611,166	None
Hillside II	(1), (3), (4), (5)	44,323,645	3,818,468	(7)	576,236	None
18 properties	(3)	N/A	N/A	N/A	N/A	50,387

Types of guarantees

- (1) Operating deficits
- (2) Construction rehabilitation completion, per agreement there is no limit on the amount of this guarantee
- (3) Tax credit recapture price adjusters
- (4) Construction completion and/or construction loan guarantee
- (5) Loan guarantee
- (6) Financing coverage guarantee

Other

- (7) Two to five years from construction completion and/or breakeven.
- (8) Annual commercial income guarantee
- (9) Basic rent guarantee per Net Lease

Note 18 - Financial instruments

The Company and its subsidiaries maintain its cash and cash equivalents in bank deposit accounts, which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts, and monitors the credit-worthiness of the financial institutions with which it conducts business. Management believes it is not exposed to any significant credit risk on its cash, cash equivalents and other deposits at December 31, 2025 and 2024.

Note 19 - Rent subsidies

For most of the properties, tenants' rents are being subsidized by various federal and state programs. Generally, these programs restrict assistance to those residents who qualify by meeting certain established criteria, including maximum income limitations. A majority of the properties have entered into contracts with HUD to provide the federal subsidies. These contracts expire in years 2026 to 2064. Rent subsidies totaled \$157,199,246 and \$144,341,102 for 2025 and 2024, respectively.

Preservation of Affordable Housing, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements December 31, 2025 and 2024

Note 20 - Net assets with donor restrictions

The Company received the following grants which are included in net assets with donor restrictions at December 31, 2025 and 2024 for either time restrictions or restrictions related to specific program services:

	Balance at December 31, 2025	Balance at December 31, 2024
Home ownership assistance	\$ 644,389	\$ 644,389
Community resource center	125,000	-
Installation of artwork	15,000	15,000
Children savings accounts	67,555	67,555
Family Self Sufficiency	11,250	237,407
Community arts festival	9,945	9,945
Capital Magnet Fund	1,415,000	1,515,000
Rental assistance	4,326	4,326
Trauma-informed care	161,000	161,000
Capital grants	1,365,942	3,302,999
Digital Literacy program	-	75,000
Financial Opportunity Center	-	9,091
Project and Impact Support	142,500	-
POWER program	150,000	-
	\$ 4,111,907	\$ 6,041,712

Note 21 - Limited partnerships and limited liability companies

As of December 31, 2025, the Company owns a general partner or managing member interest in the following entities:

	Entity	Project Location	No. of Units
1)	Barry Farm Building 1B LLC	Washington, DC	108
2)	Driftwood Preservation Associates Limited Partnership	Narragansett, RI	32
3)	Beachwinds II Preservation Associates Limited Partnership	Narragansett, RI	104
4)	Cherry Briggs Preservation Associates Limited Partnership	Johnston & Providence, RI	160
5)	Oxford Preservation Associates Limited Partnership	Providence, RI	128
6)	POAH Hillside II LLC	Providence, RI	42
7)	POAH Pocasset II LLC	Providence, RI	82
8)	POAH DD Sugar Hill LLC	Detroit, MI	73
9)	Gardner Terrace I Preservation Associates Limited Partnership	Attleboro, MA	92
10)	Bedford Village Preservation Associates Limited Partnership	Bedford, MA	110
11)	Bartlett Lot D Preservation Associates Limited Partnership	Boston, MA	50
12)	Blackstone Preservation Associates Limited Partnership	Boston, MA	145
13)	Franklin Preservation Associates Limited Partnership	Boston, MA	193
14)	Kenmore Abbey Preservation Associates Limited Partnership	Boston, MA	200
15)	Whittier 1A-4 Preservation Associates Limited Partnership	Boston, MA	58
16)	Whittier 1A-9 Preservation Associates Limited Partnership	Boston, MA	34
17)	Whittier 2 Preservation Associates Limited Partnership	Boston, MA	52
18)	Whittier 3-4 Preservation Associates Limited Partnership	Boston, MA	119
19)	Whittier 3-9 Preservation Associates Limited Partnership	Boston, MA	58
20)	Mattapan Station 4 LLC	Boston, MA	114
21)	Mattapan Station 9 LLC	Boston, MA	21
22)	Kings Landing Preservation Associates Limited Partnership	Brewster, MA	108

Preservation of Affordable Housing, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements December 31, 2025 and 2024

Entity	Project Location	No. of Units
23) Brewster Woods Preservation Associates Limited Partnership	Brewster, MA	30
24) Canal Bluffs P3 Preservation Associates Limited Partnership	Bourne, MA	44
25) Cape View Way LLC	Bourne, MA	42
26) Briston Arms Preservation Associates Limited Partnership	Cambridge, MA	154
27) Dennis Community Housing Preservation Associates Limited Partnership	Dennis, MA	27
28) Peter's Grove Preservation Associates Limited Partnership	Hudson, MA	96
29) Founders Court Preservation Associates Limited Partnership	Hyannis, MA	33
30) Brandy Hill Preservation Associates Limited Partnership	E. Wareham, MA	132
31) Tribune Preservation Associates Limited Partnership	Framingham, MA	53
32) LeClair Village Preservation Associates Limited Partnership	Mashpee, MA	39
33) United Front Nine Preservation Associates Limited Partnership	New Bedford, MA	173
34) Rock Harbor Preservation Associates Limited Partnership	Orleans, MA	100
35) Central Annex Preservation Associates Limited Partnership	Pittsfield, MA	105
36) POAH Clarendon LLC	Somerville, MA	168
37) Salem Heights II Preservation Associates Limited Partnership	Salem, MA	281
38) Terrapin Ridge LLC	Sandwich, MA	30
39) SSAH LLC (100% owned by POAH, Inc.)	Weymouth, MA	20
40) Deerfield Village II Preservation Associates Limited Partnership	Carthage, MO	60
41) Hawthorne Place II Preservation Associates Limited Partnership	Independence, MO	749
42) 19 E 110th Place Preservation Associates Limited Partnership	Chicago, IL	60
43) 5040 S Indiana Preservation Associates Limited Partnership	Chicago, IL	60
44) C40 Preservation Associates Limited Partnership	Chicago, IL	43
45) Corcoran I LLC	Chicago, IL	94
46) Community Housing Partners XV Limited Partnership	Chicago, IL	30
47) Heart of Uptown Apartments LLC	Chicago, IL	103
48) Renaissance Preservation Associates Limited Partnership	Chicago, IL	117
49) WCN Preservation Associates Limited Partnership	Chicago, IL	33
50) Lafayette Terrace Preservation Associates Limited Partnership	Chicago, IL	95
51) Newberry Park Preservation Associates Limited Partnership	Chicago, IL	84
52) Woodlawn Station Preservation Associates Limited Partnership	Chicago, IL	70
53) Woodlawn Roll Up Preservation Associates Limited Partnership	Chicago, IL	196
54) Greenwood Park Preservation Associates Limited Partnership	Chicago, IL	123
55) JBL Preservation Associates Limited Partnership	Chicago, IL	106
56) Farrell House Preservation Associates I Limited Partnership	Chicago, IL	59
57) Island Terrace 4% Preservation Associates Limited Partnership	Chicago, IL	180
58) Island Terrace 9% Preservation Associates Limited Partnership	Chicago, IL	60
59) Viceroy Hotel Limited Partnership	Chicago, IL	91
60) Warren Asland Limited Partnership	Chicago, IL	75
61) South Chicago Salud Center Preservation Associates Limited Partnership	Chicago, IL	101
62) 6040 JPT LLC (not consolidated)	Chicago, IL	318
63) South Suburban Preservation Associates Limited Partnership	Harvey, IL	120
64) Harvey II & III LLC	Harvey, IL	120
65) Wing Schoolhouse Preservation Associates Limited Partnership	Elgin, IL	27
66) Elgin Manor Preservation Associates I Limited Partnership	Elgin, IL	100
67) POAH Cutler Manor II LLC	Miami, FL	113
68) Harbor City Towers LLLP	Melbourne, FL	192
69) Trinity Towers East Preservation Associates LLLP	Melbourne, FL	156
70) New Trinity Towers South Preservation Associates LLLP	Melbourne, FL	162
71) Torrington West Preservation Associates Limited Partnership	Torrington, CT	79
72) Billings Forge LLC		
73) Billings Forge Preservation Associates Limited Partnership	Hartford, CT	118
74) Old Middletown Preservation Associates Limited Partnership	Middletown, CT	65
75) Community Pendleton Preservation Associates Limited Partnership	Cincinnati, OH	61
76) Abigail Apartments Limited Partnership	Cincinnati, OH	73
77) Abington Race and Pleasant LLC (not consolidated)	Cincinnati, OH	50
78) Burnet Place Limited Partnership (not consolidated)	Cincinnati, OH	65
79) Losantiville Apartments Limited Partnership	Cincinnati, OH	87
80) Magnolia Heights Limited Partnership (not consolidated)	Cincinnati, OH	100
81) North Rhine Heights Limited Partnership (not consolidated)	Cincinnati, OH	66
82) Villas of the Valley Limited Partnership (not consolidated)	Lincoln Heights, OH	42
83) Villas of the Valley II Limited Partnership (not consolidated)	Lincoln Heights, OH	35

Preservation of Affordable Housing, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements December 31, 2025 and 2024

Entity	Project Location	No. of Units
84) WH Mainstrasse I, LLLP	Covington, KY	41
85) PMDP GA, LLC (100% owned by POAH, Inc.)	Washington, DC	83
86) Sugar River Preservation Associates Limited Partnership (100% owned by POAH, Inc.)	Claremont, NH	162
87) Cochecho Park Preservation Associates Limited Partnership (100% owned by POAH, Inc.)	Dover, NH	82
88) Riverview Residences Dover LLC (100% owned by POAH, Inc.)	Dover, NH	24
89) POAH Biltmore Hills LLC (100% owned by POAH, Inc.)	Raleigh, NC	50
90) New Horizons Preservation Associates Limited Partnership (100% owned by POAH, Inc.)	Miami, FL	100
91) POAH Southpoint Crossing LLC (100% owned by POAH, Inc.)	Florida, FL	123
92) POAH Aaron Briggs LLC (100% owned by POAH, Inc.)		
93) POAH Fieldstone Apartments LLC (100% owned by POAH, Inc.)		
94) POAH Old Middletown LLC (100% owned by POAH, Inc.)		
95) POAH Central Annex LLC (100% owned by POAH, Inc.)		
96) POAH Brandy Hill LLC (100% owned by POAH, Inc.)		
97) POAH Ventures LLC (100% owned by POAH, Inc.)		
98) BR Sugar River Limited Partnership (100% owned by POAH, Inc.)		
99) POAH Kings Landing LLC (100% owned by POAH, Inc.)		
100) POAH Cutler Meadows LLC (100% owned by POAH, Inc.)	Miami, FL	225
101) POAH Cutler Manor LLC (100% owned by POAH, Inc.)		-
102) POAH CM Landowner LLC (100% owned by POAH, Inc.)	Miami, FL	152
103) POAH Middletowne Apartments LLC (100% owned by POAH, Inc.)	Orange Park, FL	100
104) POAH Campbell Arms LLC (100% owned by POAH, Inc.)	Homestead, FL	201
105) POAH Austin Renaissance LLC (100% owned by POAH, Inc.)	Chicago, IL	71
106) POAH New Horizons LLC (100% owned by POAH, Inc.)		
107) POAH Trinity Towers East LLC (100% owned by POAH, Inc.)		
108) POAH Trinity Towers West LLC (100% owned by POAH, Inc.)		
109) Trinity Towers South Preservation Associates LLLP (100% owned by POAH, Inc.)		
110) POAH NSP Chicago LLC (100% owned by POAH, Inc.)		
111) POAH Grove Parc Apartments LLC (100% owned by POAH, Inc.)		
112) POAH Holdings LLC (100% owned by POAH, Inc.)		
113) POAH NMTC2 Title Holding Corporation (100% owned by POAH, Inc.)	Chicago, IL	25
114) POAH Support Corporation (100% owned by POAH, Inc.)		
115) POAH Support Corporation 2 (100% owned by POAH, Inc.)		
116) POAH Greenwood Park LLC (100% owned by POAH, Inc.)		
117) POAH JBL LLC (100% owned by POAH, Inc.)		
118) Community Housing Partners VI Limited Partnership (100% owned by POAH, Inc.)	Chicago, IL	55
119) Community Housing Partners X Limited Partnership (100% owned by POAH, Inc.)	Chicago, IL	59
120) Community Housing Partners XI Limited Partnership (100% owned by POAH, Inc.)		
121) Community Housing Partners XII Limited Partnership (100% owned by POAH, Inc.)		
122) Corcoran Preservation Associates Limited Partnership (100% owned by POAH, Inc.)		
123) POAH Roseland East 110th Place Hold Limited Partnership (100% owned by POAH, Inc.)		
124) POAH Washington Park Indiana Avenue Hold Limited Partnership (100% owned by POAH, Inc.)		
125) POAH Levy House LLC (100% owned by POAH, Inc.)	Chicago, IL	57
126) WCS Preservation Associates Limited Partnership (100% owned by POAH, Inc.)	Chicago, IL	67
127) WP Senior Preservation Associates Limited Partnership (100% owned by POAH, Inc.)	Chicago, IL	65
128) POAH Island Terrace LLC (100% owned by POAH, Inc.)		
129) Elgin Manor Preservation Associates Limited Partnership (100% owned by POAH, Inc.)		
130) Elgin Schoolhouse Preservation Associates Limited Partnership (100% owned by POAH, Inc.)		
131) POAH South Chicago Y Hold LLC (100% owned by POAH, Inc.)		
132) POAH South Suburban Y Hold LLC (100% owned by POAH, Inc.)		
133) POAH Harvey East 151st Street Hold Limited Partnership (100% owned by POAH, Inc.)		
134) POAH Harvey West 151st Street Hold Limited Partnership (100% owned by POAH, Inc.)		
135) Farrell House Preservation Associates Limited Partnership (100% owned by POAH, Inc.)		
136) Crestview Preservation Associates Limited Partnership (100% owned by POAH, Inc.)	Kankakee, IL	132
137) POAH Gardner Terrace LLC (100% owned by POAH, Inc.)	Attleboro, MA	52
138) POAH Hebronville Mill LLC (100% owned by POAH, Inc.)	Attleboro, MA	83
139) CB Rental Limited Partnership (100% owned by POAH, Inc.)	Bourne, MA	28
140) Clay Pond Preservation Associates Limited Partnership (100% owned by POAH, Inc.)	Bourne, MA	45
141) Dom Narodowy Polski Preservation Associates Limited Partnership (100% owned by POAH, Inc.)	Chicopee, MA	51
142) Northside Village LLC (100% owned by POAH, Inc.)	Dennis, MA	46
143) POAH Osprey Land LLC (100% owned by POAH, Inc.)	East Sandwich, MA	36

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Entity	Project Location	No. of Units
144) Cromwell Court Preservation Associates Limited Partnership (100% owned by POAH, Inc.)	Hyannis, MA	124
145) Chestnut Gardens Preservation Associates Limited Partnership (100% owned by POAH, Inc.)	Lynn, MA	66
146) Olympia Square LLC (100% owned by POAH, Inc.)	Lynn, MA	44
147) Oxford Lot LLC (100% owned by POAH, Inc.)	Lynn, MA	
148) Meadowbrook Preservation Associates Limited Partnership (100% owned by POAH, Inc.)	Northampton, MA	252
149) Bridle Path Preservation Associates Limited Partnership (100% owned by POAH, Inc.)	Randolph, MA	104
150) Eastgate Preservation Associates Limited Partnership (100% owned by POAH, Inc.)	Springfield, MA	148
151) Westport Senior Village Limited Partnership (100% owned by POAH, Inc.)	Westport, MA	48
152) POAH Master Tenant LLC (100% owned by POAH, Inc.)		
153) Mattapan Station Preservation Associates LLC (100% owned by POAH, Inc.)		
154) Salem Heights Preservation Associates Limited Partnership (100% owned by POAH, Inc.)		
155) Fairweather Preservation Associates Limited Partnership (100% owned by POAH, Inc.)	Beverly, Danvers, Peabody and Salem, MA	324
156) Washington Gardens Preservation Associates Limited Partnership (100% owned by POAH, Inc.)	Hagerstown, MD	100
157) Jefferson Maison East Limited Dividend Housing Association LLC (100% owned by POAH, Inc.)	Detroit, MI	281
158) Oakland Grand Haven Limited Dividend Housing Association LLC (100% owned by POAH, Inc.)	Troy, MI	298
159) Woodlen Place Associates Limited Partnership (100% owned by POAH, Inc.)	Kansas City, MO	60
160) Colony Plaza Associates Limited Partnership (100% owned by POAH, Inc.)	Excelsior Springs, MO	111
161) Country Club Village Associates Limited Partnership (100% owned by POAH, Inc.)	Springfield, MO	70
162) Glenwood Manor Associates Limited Partnership (100% owned by POAH, Inc.)	Springfield, MO	119
163) Highland Meadows Associates Limited Partnership (100% owned by POAH, Inc.)	Carthage, MO	44
164) Deerfield Village Associates Limited Partnership (100% owned by POAH, Inc.)		
165) Hawthorne Associates Limited Partnership (100% owned by POAH, Inc.)		
166) Country Club Village II Associates - I Limited Partnership (100% owned by POAH, Inc.)	Springfield, MO	28
167) Highland Acres Associates - I Limited Partnership (100% owned by POAH, Inc.)	Carthage, MO	35
168) Houston Plaza Associates - I Limited Partnership (100% owned by POAH, Inc.)	Adrian, MO	34
169) Maplewood Manor Associates - I Limited Partnership (100% owned by POAH, Inc.)	Web City, MO	60
170) Monroe Estates Associates - I Limited Partnership (100% owned by POAH, Inc.)	Lebanon, MO	74
171) Prairie Plains Associates - I Limited Partnership (100% owned by POAH, Inc.)	Lamar, MO	50
172) Crestview Village Associates - I Limited Partnership (100% owned by POAH, Inc.)	Liberty, MO	48
173) Terri Manor Associates LTD (100% owned by POAH, Inc.)	Cincinnati, OH	81
174) Community Manor Limited Partnership (100% owned by POAH, Inc.)		
175) Baymiller Manor Limited Partnership (100% owned by POAH, Inc.)	Cincinnati, OH	31
176) Fairview Estates Limited Partnership (100% owned by POAH, Inc.)	Cincinnati, OH	28
177) Kerper Development Limited Partnership (100% owned by POAH, Inc.)	Cincinnati, OH	42
178) Navarre Garrone Limited Partnership (100% owned by POAH, Inc.)	Cincinnati, OH	63
179) Pendleton Estates Limited Partnership (100% owned by POAH, Inc.)		
180) Wesley Estates Limited Partnership (100% owned by POAH, Inc.)	Cincinnati, OH	30
181) POAH Washington Park LLC (100% owned by POAH, Inc.)	Cincinnati, OH	37
182) Clinton Peabody Phase I LLC (100% owned by POAH, Inc.)	St. Louis, MO	
183) Blacklick Apartments LLC (100% owned by POAH, Inc.)	Blacklick, OH	176
184) Garfield Hills Preservation Associates Limited Partnership (100% owned by POAH, Inc.)	Washington, DC	94
185) Fieldstone Preservation Associates Limited Partnership (100% owned by POAH, Inc.)	Narragansett, RI	24
186) Heritage Preservation Associates Limited Partnership (100% owned by POAH, Inc.)	North Kingstown, RI	204
187) Grace Preservation Associates Limited Partnership (100% owned by POAH, Inc.)	Providence, RI	102
188) Hillcrest Preservation Associates Limited Partnership (100% owned by POAH, Inc.)	Providence, RI	130
189) Hillside Preservation Associates Limited Partnership (100% owned by POAH, Inc.)		
190) Pocasset Preservation Associates Limited Partnership (100% owned by POAH, Inc.)		
191) Barry Farm Redevelopment Associates Limited Partnership (100% owned by POAH, Inc.)		
192) Beachwood Preservation Associates Limited Partnership (100% owned by POAH, Inc.)		
193) Southwinds Preservation Associates Limited Partnership (100% owned by POAH, Inc.)		
194) POAH Landowner LLC (100% owned by POAH, Inc.)		
195) POAH TIF LLC (100% owned by POAH, Inc.)		
196) Barry Farm Building 1B Master Tenant (100% owned by POAH, Inc.)		
197) POAH West Fletcher LLC (100% owned by POAH, Inc.)		

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The majority of these properties qualify for the low-income tax credit in accordance with Section 42 of the Internal Revenue Code. Provisions of Section 42 regulate the use of the Project as to occupancy eligibility and unit gross rent, among other requirements, for 15 years. Most of the

Preservation of Affordable Housing, Inc. and Subsidiaries

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properties are subject to these provisions for additional terms in accordance with agreements entered into with the state tax credit agencies. The properties are also controlled by regulatory agreements with lenders and other funding and subsidy sources.

The limited partners or investor members generally own between 99 to 99.99% interest in the properties. Capital contributions are due from these partners or members in installments upon each property's satisfaction of specified conditions, as defined, and are subject to adjustment based on the actual low-income tax credits delivered. These contributions are recorded by the entities when received.

Note 22 - Deferred gain

The Company has purchased various properties and then sold those properties to limited partnerships in which an affiliate of the Company serves as general partner. This related party sale results in a deferred gain.

As part of the purchase of certain of these properties, the Company acquired reserve funds. The Company then used those reserve funds to either fund general partner capital contributions or provide loans to related limited partnerships. The deferred gains and related notes receivable are eliminated in consolidation.

The following is a summary of the deferred gains and related notes receivable:

Property	Deferred Gain	Resale Note Receivable	General Partner Contribution	Reserve Note Receivable	
Pocasset Manor Apartments	\$ 4,589,201	\$ 2,340,000	\$ 1,067,857	\$ 1,181,344	(1), (8)
Hillcrest Village Apartments	300,000	300,000	-	-	
Bridle Path Apartments	2,613,236	844,160	-	1,769,076	(2)
Chestnut Garden Apartments	1,727,285	1,727,285	-	-	
Dom Narodowy Polski Apartments	965,490	912,273	-	53,217	(2)
Eastgate Apartments	6,242,014	3,196,804	-	3,045,210	(2)
Heritage Village II Apartments	4,668,132	1,639,308	-	3,028,824	(3)
New Horizons	200,000	200,000	-	-	
Cromwell Court	872,000	872,000	-	-	
Blackstone	16,658,507	12,485,719	-	4,172,788	(4)
Franklin	16,676,301	16,676,301	-	-	
Kenmore Abbey	17,722,502	12,182,798	-	5,539,704	(5)
Peter's Grove	626,994	626,994	-	-	
Rock Harbor	355,416	355,416	-	-	
King's Landing	3,345,829	3,345,829	-	-	
Grace	157,646	-	-	157,646	
Cherry Hill	444,276	-	-	444,276	(6)
Aaron Briggs	114,098	-	-	114,098	(6)
Tribune	175,800	-	-	175,800	
Brandy Hill	1,356,610	-	-	1,356,610	
South Chicago	1,415,213	-	-	1,415,213	
Hawthorne	291,408	-	-	-	
Beachwood	939,807	-	-	939,807	(7)
Oxford	403,051	-	-	403,051	
Elgin Schoolhouse	75,000	-	-	75,000	
Greenwood	788,322	-	-	788,322	
Farrell House	788,354	-	-	788,354	
Elgin Manor	450,000	-	-	450,000	
Salem Heights	640,698	-	-	640,698	
South Suburban	794,484	-	-	794,484	
Elgin Manor	469,299	-	-	469,299	

Preservation of Affordable Housing, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements December 31, 2025 and 2024

Property	Deferred Gain	Resale Note Receivable	General Partner Contribution	Reserve Note Receivable
Wing Schoolhouse	132,705	-	-	132,705
Emil Jones	1,100,715	-	-	1,100,715
Fred Matthews	1,425,327	-	-	1,425,327
C40	656,990	-	-	656,990
Hawthorne II	2,610,848	-	-	2,610,848
Deerfield II	94,357	-	-	94,357
Gardner Terrace I	323,353	-	-	323,353
	<u>93,211,268</u>	<u>57,704,887</u>	<u>1,067,857</u>	<u>34,147,116</u>
Gain recognized from receipt of principal payments in prior years	<u>(26,359,905)</u>	<u>(19,114,908)</u>	<u>-</u>	<u>(7,244,997)</u>
Deferred gain at December 31, 2024	66,851,363	38,589,979	1,067,857	26,902,119
Cocoran	1,626,797	45,720	-	1,581,077
Pocasset II	2,121,865	1,705,763	-	416,102
Pocasset	(1,032,801)	-	(1,032,801)	-
Gain recognized from receipt of principal payment in 2025	<u>(9,574,755)</u>	<u>(6,592,255)</u>	<u>-</u>	<u>(2,982,500)</u>
Deferred gain at December 31, 2025	<u>\$ 59,992,469</u>	<u>\$ 33,749,207</u>	<u>\$ 35,056</u>	<u>\$ 25,916,798</u>

- (1) Funds loaned to Pocasset, Hillside and Hillcrest
- (2) Funds loaned to Fairweather, Chestnut Gardens and Dom Narodowy
- (3) Funds loaned to Heritage and Fieldstone
- (4) Funds loaned to Franklin and Rock Harbor
- (5) Funds loaned to Franklin and Peter's Grove
- (6) Funds loaned to Cherry Briggs
- (7) Funds loaned to Beachwinds II
- (8) Funds loaned to Pocasset II

Note 23 - Deferred grant revenue

The Company has received Capital Magnet Fund ("CMF") grant awards from the Community Development Financial Institutions Fund. The grant funds are to be used to acquire and fund eligible projects over a five-year period with program compliance restrictions per the grant agreement. If all program compliance restrictions are met the funds become unrestricted at the end of the grant period. The grants are recorded as deferred income until all conditions of the grant have been satisfied. At December 31, 2025 and 2024, deferred grant revenue is \$40,134,935 is included in deferred income on the consolidated statements of financial position.

In 2023, the Company received a COVID-19 Affordable Housing Grant from Illinois Housing Development Authority. The grant funds are providing gap financing for eligible, qualified development costs for Island Terrace 4% Preservation Associates LP. The grant is recorded as deferred income until all conditions of the grant have been satisfied. At December 31, 2025 and 2024, deferred grant revenue is \$11,175,000 is included in deferred income on the consolidated statements of financial position.

In 2024, the Company received a grant from JP Morgan Chase Foundation to develop and scale programs supporting low-to-moderate income residents of its affordable housing properties, with the goal of promoting financial stability and wealth building. At December 31, 2025 and 2024, deferred grant revenue is \$728,835 and \$470,000, respectively, and is included in deferred income on the consolidated statement of financial position.

Preservation of Affordable Housing, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements December 31, 2025 and 2024

In 2025, the Company received a grant from Chicago Community Trust for general operating support to assist low-income renters through individualized financial coaching, credit building, and asset building. At December 31, 2025, deferred grant revenue is \$250,000 is included in deferred income on the consolidated statement of financial position.

Note 24 - Consolidated statement of cash flows

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the consolidated statement of financial position as of December 31, 2025 and 2024 that sum to the total of the same amounts in the consolidated statement of cash flows:

	2025	2024
Cash and cash equivalents	\$ 89,052,709	\$ 79,063,928
Restricted cash	9,824,374	16,659,594
Reserves	5,376,347	5,175,259
Restricted reserves	2,899,774	2,699,564
Tenant security deposits	5,797,939	5,339,779
Total cash, cash equivalents, and restricted cash shown in the consolidated statement of cash flows	\$ 112,951,143	\$ 108,938,124

The amount included in restricted cash consists of security deposits and family self-sufficiency escrows held in trust for the future benefit of tenants, grant funds received but not yet expended, and Company reserves for operations and capital investments.

Note 25 - GP Acquisitions

In July 2024, the Company completed the acquisition of a group of entities representing 212 rental units together. As a result of the acquisition, the Company obtained a controlling interest in three properties, and expanded the Company's property activities in Illinois and Massachusetts. In August 2025, the Company completed the acquisition of an entity in Washington, D.C. representing 83 rental units, further expanding the Company's property portfolio. The acquisitions qualify as acquisitions of assets. The following table summarizes the acquisition cost and the cost of assets acquired and liabilities assumed recognized at the acquisition date.

	Harvest Commons	Warren Ashland	Westport	The Avenue	Total
Acquisition payments	\$ 23,256	\$ 83,058	\$ 33,836	\$ 1,461,581	\$ 1,601,731
Assumed liabilities	5,498,112	4,717,114	1,998,414	11,134,825	23,348,465
Total cost of assets acquired	\$ 5,521,368	\$ 4,800,172	\$ 2,032,250	\$ 12,596,406	\$ 24,950,196
Financial assets	\$ 1,610,149	\$ 943,294	\$ 325,466	\$ 1,487,806	\$ 4,366,715
Property and fixed assets	4,148,255	4,383,058	1,758,836	11,312,698	21,602,847
Financial liabilities	(237,036)	(526,180)	(52,052)	(204,098)	(1,019,366)
	\$ 5,521,368	\$ 4,800,172	\$ 2,032,250	\$ 12,596,406	\$ 24,950,196
Units	89	75	48	83	295

Preservation of Affordable Housing, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements December 31, 2025 and 2024

Note 26 - Subsequent events

Events that occur after the consolidated statement of financial position date but before the consolidated financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the consolidated statement of financial position date are recognized in the accompanying consolidated financial statements. Subsequent events which provide evidence about conditions that existed after the consolidated statement of financial position date require disclosure in the accompanying notes to the consolidated financial statements. Management evaluated the activity of the Company through June 30, 2026 (the date the consolidated financial statements were available to be issued) and concluded that except for the event disclosed below, no subsequent events have occurred that would require recognition in the consolidated financial statements or disclosure in the notes to the consolidated financial statements.

On February 26, 2026, the Company issued \$30,000,000 of 10-year taxable social bonds priced at 5.435%.

Supplementary Information

Preservation of Affordable Housing, Inc. and Subsidiaries

Supplementary Information
Consolidating Schedule of Financial Position
December 31, 2025

	<u>Assets</u>					
	Core Operating Companies	Wholly Owned	LP	Subtotal	Elimination	Total
Current assets						
Cash and cash equivalents	\$ 17,126,225	\$ 19,478,148	\$ 52,448,336	\$ 89,052,709	\$ -	\$ 89,052,709
Restricted cash	9,824,374	-	-	9,824,374	-	9,824,374
Reserves	5,376,347	-	-	5,376,347	-	5,376,347
Restricted reserves	1,417,876	618,283	863,615	2,899,774	-	2,899,774
Short-term investments	2,232,304	-	-	2,232,304	-	2,232,304
Accounts receivable						
Rental - tenants and subsidy	-	1,230,773	2,655,793	3,886,566	-	3,886,566
Grants receivable	512,444	-	-	512,444	-	512,444
Properties, net of allowance for credit losses	9,159,620	-	-	9,159,620	(8,472,620)	687,000
Development fees	17,726,801	-	-	17,726,801	(17,726,801)	-
Other	1,357,215	4,543,281	1,627,838	7,528,334	(403,557)	7,124,777
Restricted property reserves	-	11,295,217	87,430,498	98,725,715	-	98,725,715
Due from affiliates	4,462,197	2,816,991	177,680	7,456,868	(7,058,715)	398,153
Prepaid expenses	1,141,463	1,076,302	1,130,504	3,348,269	-	3,348,269
Note receivable, current	8,017,155	-	-	8,017,155	(8,017,155)	-
Interest on notes receivable, net of allowance	3,697,680	184,829	-	3,882,509	(3,882,509)	-
Predevelopment costs reimbursable, current	30,618,707	9,793,268	-	40,411,975	(10,558,886)	29,853,089
Total current assets	112,670,408	51,037,092	146,334,264	310,041,764	(56,120,243)	253,921,521
Other assets						
Tenant security deposits	20,484	2,479,163	3,298,292	5,797,939	-	5,797,939
Restricted property reserves, net of current	-	30,692,907	277,536,222	308,229,129	-	308,229,129
Notes receivable, net of discount, allowance, and current	228,334,996	54,494,455	-	282,829,451	(262,763,701)	20,065,750
Investment in partnerships	29,996,688	(663,152)	985,733	30,319,269	(27,855,329)	2,463,940
Predevelopment costs reimbursable, net of current	6,643,660	-	-	6,643,660	-	6,643,660
Other assets	285,738	390,298	6,797,939	7,473,975	-	7,473,975
Total other assets	265,281,566	87,393,671	288,618,186	641,293,423	(290,619,030)	350,674,393
Fixed assets						
Land and buildings	938,747	583,479,882	1,982,875,678	2,567,294,307	(357,007,380)	2,210,286,927
Rehabilitation in progress	-	6,635,967	214,762,985	221,398,952	-	221,398,952
Furniture, equipment and leasehold improvements	1,243,273	9,832,752	41,048,323	52,124,348	-	52,124,348
Right-of-use assets	8,390,051	8,921,802	41,503,708	58,815,561	(17,435,911)	41,379,650
Less: Accumulated depreciation	(1,172,282)	(204,457,660)	(368,303,478)	(573,933,420)	92,929,287	(481,004,133)
Total fixed assets	9,399,789	404,412,743	1,911,887,216	2,325,699,748	(281,514,004)	2,044,185,744
Total assets	\$ 387,351,763	\$ 542,843,506	\$ 2,346,839,666	\$ 3,277,034,935	\$ (628,253,277)	\$ 2,648,781,658

Preservation of Affordable Housing, Inc. and Subsidiaries

Supplementary Information
Consolidating Schedule of Financial Position
December 31, 2025

Liabilities and Net Assets

	Core Operating Companies	Wholly Owned	LP	Subtotal	Elimination	Total
Liabilities						
Current liabilities						
Accounts payable	\$ 1,936,967	\$ 10,791,394	\$ 10,771,867	\$ 23,500,228	\$ (10,416,709)	\$ 13,083,519
Accrued expenses	7,518,831	9,420,888	8,906,652	25,846,371	(10,000)	25,836,371
Accounts payable - development	755,135	7,065,728	160,017,437	167,838,300	(110,243,797)	57,594,503
Accrued interest	516,001	1,474,111	2,293,731	4,283,843	(156,659)	4,127,184
Mortgages payable - properties, current	-	34,000,137	12,379,175	46,379,312	-	46,379,312
Construction loans - properties, current	-	-	151,680,631	151,680,631	-	151,680,631
Loan payable, current	3,829,153	-	-	3,829,153	-	3,829,153
Line of credit, current	2,000,000	-	-	2,000,000	-	2,000,000
Tenant security deposits	24,237	2,160,804	3,065,779	5,250,820	-	5,250,820
Prepaid revenue	-	1,303,772	1,779,360	3,083,132	-	3,083,132
Due to affiliates	645,585	13,272,753	5,060,262	18,978,600	(17,651,097)	1,327,503
Total current liabilities	17,225,909	79,489,587	355,954,894	452,670,390	(138,478,262)	314,192,128
Long-term liabilities						
Loans and notes payable, net of current	11,495,066	-	-	11,495,066	-	11,495,066
Line of credit, net of current	1,335,268	-	-	1,335,268	-	1,335,268
Accrued interest payable - notes payable	1,007,733	-	-	1,007,733	-	1,007,733
Bonds payable	74,323,011	-	-	74,323,011	-	74,323,011
Notes payable and accrued interest - properties	-	244,362,301	638,730,437	883,092,738	(303,911,396)	579,181,342
Mortgages payable - properties, net of current	-	230,488,016	761,629,877	992,117,893	(11,607,854)	980,510,039
Construction loans- properties, net of current	-	-	79,994,871	79,994,871	-	79,994,871
Other long-term liabilities	9,336,303	14,491,225	24,972,229	48,799,757	(30,325,640)	18,474,117
Deferred income	113,219,200	62,715,780	8,670,800	184,605,780	(120,059,082)	64,546,698
Total long-term liabilities	210,716,581	552,057,322	1,513,998,214	2,276,772,117	(465,903,972)	1,810,868,145
Total liabilities	227,942,490	631,546,909	1,869,953,108	2,729,442,507	(604,382,234)	2,125,060,273
Commitments and contingencies	-	-	-	-	-	-
Net assets						
Net assets without donor restrictions controlling	156,363,118	(88,703,403)	(3,626,614)	64,033,101	(10,822,185)	53,210,916
Net assets without donor restrictions noncontrolling	(1,065,752)	-	480,513,172	479,447,420	(13,048,858)	466,398,562
Total net assets without donor restrictions	155,297,366	(88,703,403)	476,886,558	543,480,521	(23,871,043)	519,609,478
Net assets with donor restrictions	4,111,907	-	-	4,111,907	-	4,111,907
Total net assets	159,409,273	(88,703,403)	476,886,558	547,592,428	(23,871,043)	523,721,385
Total liabilities and net assets	\$ 387,351,763	\$ 542,843,506	\$ 2,346,839,666	\$ 3,277,034,935	\$ (628,253,277)	\$ 2,648,781,658

See Independent Auditor's Report.

Preservation of Affordable Housing, Inc. and Subsidiaries

Supplementary Information
Consolidating Schedule of Activities
Year ended December 31, 2025

	Core Operating Companies	Wholly Owned	LP	Subtotal	Elimination	Total
Support and revenue						
Rental income	\$ 343,066	\$ 78,198,645	\$ 151,194,421	\$ 229,736,132	\$ (869,532)	\$ 228,866,600
Grant income	1,182,197	1,098,787	1,119,907	3,400,891	-	3,400,891
Grant income, capital investments	6,043,829	-	-	6,043,829	-	6,043,829
Contribution income	68,264	-	-	68,264	-	68,264
Developer fee revenue	12,232,802	-	-	12,232,802	(5,624,187)	6,608,615
Cash flow from properties	2,992,177	-	-	2,992,177	(2,992,177)	-
State and local tax credit proceeds	8,900,000	13,500,000	-	22,400,000	-	22,400,000
Property management and related fees	13,603,259	-	-	13,603,259	(13,291,498)	311,761
Reimbursable salaries and expenses	41,139,265	-	-	41,139,265	(39,442,744)	1,696,521
Gain on receipt of mortgage note	9,574,755	-	-	9,574,755	(9,574,755)	-
Gain on debt forgiveness	-	3,555,723	-	3,555,723	-	3,555,723
Interest income	6,121,717	1,236,749	6,365,547	13,724,013	(5,307,021)	8,416,992
Loss on investment in partnership	-	-	(77,494)	(77,494)	-	(77,494)
Investment income (loss)	3,045,934	(560,407)	-	2,485,527	(2,722,073)	(236,546)
Other income	1,330,790	3,396,443	7,136,405	11,863,638	(167,604)	11,696,034
	<u>106,578,055</u>	<u>100,425,940</u>	<u>165,738,786</u>	<u>372,742,781</u>	<u>(79,991,591)</u>	<u>292,751,190</u>
Net assets released from restrictions	-	-	-	-	-	-
Total support and revenue	<u>106,578,055</u>	<u>100,425,940</u>	<u>165,738,786</u>	<u>372,742,781</u>	<u>(79,991,591)</u>	<u>292,751,190</u>
Expenses						
Personnel	26,983,939	-	-	26,983,939	-	26,983,939
Development expense	13,686,264	-	-	13,686,264	(5,292,342)	8,393,922
Professional services	1,661,239	-	-	1,661,239	-	1,661,239
Contributions and grants made	2,738,373	-	-	2,738,373	-	2,738,373
Rental and utilities	1,596,123	-	-	1,596,123	-	1,596,123
Taxes and insurance	759,146	-	-	759,146	-	759,146
Travel and lodging	1,074,607	-	-	1,074,607	-	1,074,607
Interest expense	4,376,746	-	-	4,376,746	-	4,376,746
Reimbursable salaries and expenses	41,139,265	-	-	41,139,265	(39,442,744)	1,696,521
Property operations	230,687	67,182,092	109,397,492	176,810,271	(15,351,525)	161,458,746
Property mortgage interest	35,191	16,207,063	46,319,114	62,561,368	(5,307,021)	57,254,347
Office and administration	1,988,899	-	-	1,988,899	-	1,988,899
Loss on disposal/sale	-	6,637,573	-	6,637,573	(2,571,072)	4,066,501
Depreciation and amortization	156,018	13,507,252	52,862,538	66,525,808	(10,943,312)	55,582,496
Community impact	4,113,617	-	-	4,113,617	-	4,113,617
Bad debt expense	1,014,639	-	-	1,014,639	(1,013,261)	1,378
Miscellaneous	122,608	-	-	122,608	-	122,608
Total expenses	<u>101,677,361</u>	<u>103,533,980</u>	<u>208,579,144</u>	<u>413,790,485</u>	<u>(79,921,277)</u>	<u>333,869,208</u>
Excess of revenue over expenses (expenses over revenue)	<u>4,900,694</u>	<u>(3,108,040)</u>	<u>(42,840,358)</u>	<u>(41,047,704)</u>	<u>(70,314)</u>	<u>(41,118,018)</u>
Excess of expenses over revenue attributable to noncontrolling	<u>(14,775)</u>	<u>-</u>	<u>(42,836,074)</u>	<u>(42,850,849)</u>	<u>-</u>	<u>(42,850,849)</u>
Excess of revenue over expenses (expenses over revenue) attributable to the Company	<u>\$ 4,915,469</u>	<u>\$ (3,108,040)</u>	<u>\$ (4,284)</u>	<u>\$ 1,803,145</u>	<u>\$ (70,314)</u>	<u>\$ 1,732,831</u>

See Independent Auditor's Report.

Preservation of Affordable Housing, Inc. and Subsidiaries

Supplementary Information
Consolidating Schedule of Changes in Net Assets
Year ended December 31, 2025

	Net assets without donor restrictions									Net assets	Net assets	
	Controlling				Noncontrolling							
	Core Operating Companies	Wholly Owned	LP	Eliminations	Subtotal	Core Operating Companies	LP	Eliminations	Subtotal	Total	Controlling	Total
Beginning balance, January 1, 2025	\$ 148,815,135	\$ (108,934,242)	\$ 11,191,922	\$ (26,852,450)	\$ 24,220,365	\$ (937,227)	\$ 392,822,262	\$ (13,048,858)	\$ 378,836,177	\$ 403,056,542	\$ 6,041,712	\$ 409,098,254
Acquisition of ownership interest	-	1,427,972	-	-	1,427,972	-	-	-	-	1,427,972	-	1,427,972
Transfer of limited partnership interest to noncontrolling	-	23,899,943	-	-	23,899,943	-	(23,899,943)	-	(23,899,943)	-	-	-
Capital contributions from noncontrolling interests	-	-	-	-	-	-	154,838,224	-	154,838,224	154,838,224	-	154,838,224
Capital contributions from the Company	-	764,309	160,800	(925,109)	-	-	-	-	-	-	-	-
Distributions to noncontrolling interests	-	-	-	-	-	(113,750)	(321,297)	-	(435,047)	(435,047)	-	(435,047)
Distributions to the Company	-	(2,630,216)	(415,478)	3,045,694	-	-	-	-	-	-	-	-
Noncontrolling interests' syndication costs	-	-	-	-	-	-	(90,000)	-	(90,000)	(90,000)	-	(90,000)
Other changes in equity	702,709	(123,129)	(14,559,574)	13,979,994	-	-	-	-	-	-	-	-
Excess of expenses over revenue attributable to noncontrolling interests	-	-	-	-	-	(14,775)	(42,836,074)	-	(42,850,849)	(42,850,849)	-	(42,850,849)
Excess of revenue over expenses (expenses over revenue) attributable to the Company	6,845,274	(3,108,040)	(4,284)	(70,314)	3,662,636	-	-	-	-	3,662,636	(1,929,805)	1,732,831
Ending balance, December 31, 2025	<u>\$ 156,363,118</u>	<u>\$ (88,703,403)</u>	<u>\$ (3,626,614)</u>	<u>\$ (10,822,185)</u>	<u>\$ 53,210,916</u>	<u>\$ (1,065,752)</u>	<u>\$ 480,513,172</u>	<u>\$ (13,048,858)</u>	<u>\$ 466,398,562</u>	<u>\$ 519,609,478</u>	<u>\$ 4,111,907</u>	<u>\$ 523,721,385</u>

See Independent Auditor's Report.

Preservation of Affordable Housing, Inc. and Subsidiaries

**Supplementary Information
Consolidating Schedule of Cash Flows
Year ended December 31, 2025**

	Core Operating Companies	Wholly Owned	LP	Subtotal	Elimination	Total
Cash flows from operating activities						
Excess of revenue over expenses (expenses over revenue)	\$ 4,900,694	\$ (3,108,040)	\$ (42,840,358)	\$ (41,047,704)	\$ (70,314)	\$ (41,118,018)
Adjustments to reconcile excess of revenue over expenses (expenses over revenue) to net cash provided by (used in) operating activities						
Loss on investment in partnership	-	-	77,494	77,494	-	77,494
Investment (income) loss	(3,121,002)	-	-	(3,121,002)	2,722,073	(398,929)
Depreciation and amortization	156,018	13,507,252	52,862,538	66,525,808	(10,943,312)	55,582,496
Amortization of debt issuance costs	127,906	428,205	2,115,686	2,671,797	-	2,671,797
Change in fair market value of interest rate swaps	-	-	369,094	369,094	-	369,094
Gain (loss) on disposal/sale	-	(6,637,573)	-	(6,637,573)	2,571,072	(4,066,501)
Forgiveness of debt	-	(3,555,723)	-	(3,555,723)	-	(3,555,723)
Distribution from partnerships	1,322,061	-	-	1,322,061	(1,322,061)	-
Bad debt expense	1,014,639	-	-	1,014,639	(1,013,261)	1,378
Changes in						
Accounts receivable	(1,365,688)	(2,462,974)	11,138	(3,817,524)	(975,380)	(4,792,904)
Predevelopment costs reimbursable	(7,265,860)	1,967,946	-	(5,297,914)	2,781,119	(2,516,795)
Prepaid expenses and other assets	83,450	(91,423)	175,984	168,011	-	168,011
Accounts payable and accrued expenses	2,872,692	3,945,452	3,759,676	10,577,820	(2,725,223)	7,852,597
Prepaid and deferred revenues	803,226	3,705,030	780,119	5,288,375	4,589,112	9,877,487
Tenant security deposits	3,930	(45,503)	357,465	315,892	-	315,892
Due to affiliates, net	(607,078)	4,858,924	2,047,880	6,299,726	(4,887,578)	1,412,148
Net cash provided by (used in) operating activities	(1,075,012)	12,511,573	19,716,716	31,153,277	(9,273,753)	21,879,524
Cash flows from investing activities						
Escrow deposits and restricted reserves, net	-	4,090,824	(126,312,407)	(122,221,583)	-	(122,221,583)
Cash paid for fixed assets	(79,490)	7,586,341	(272,751,455)	(265,244,604)	(6,578,586)	(271,823,190)
Proceeds from sale of short term investments	3,558,655	-	-	3,558,655	-	3,558,655
Advances on notes receivable and accrued interest	(30,439,771)	(13,336,816)	-	(43,776,587)	42,830,167	(946,420)
Repayments of notes receivable and accrued interest	23,744,017	-	-	23,744,017	(23,744,017)	-
Purchase of limited partner interest	(1,056,866)	-	-	(1,056,866)	1,056,866	-
Tax credit fees paid	-	-	(1,300,092)	(1,300,092)	-	(1,300,092)
Acquisition of assets	(214,000)	-	-	(214,000)	-	(214,000)
Contributions to partnerships	(2,033,181)	-	-	(2,033,181)	2,033,181	-
Net cash (used in) provided by investing activities	(6,520,636)	(1,659,651)	(400,363,954)	(408,544,241)	15,597,611	(392,946,630)
Cash flows from financing activities						
Payments on line of credit	(1,400,000)	-	-	(1,400,000)	-	(1,400,000)
Proceeds from notes and mortgages payable	3,799,640	20,617,998	380,028,324	404,445,962	-	404,445,962
Payment on notes and mortgages payable	(1,329,515)	(28,218,365)	(125,524,824)	(155,072,704)	(19,526,358)	(174,599,062)
Deferred income	(9,574,755)	-	-	(9,574,755)	9,574,755	-
Debt issuance costs paid	(50,250)	(111,943)	(7,517,759)	(7,679,952)	-	(7,679,952)
Syndication costs paid	-	-	(90,000)	(90,000)	-	(90,000)
Acquisition costs and fees paid as a component of general partner equity	-	-	(1,507,160)	(1,507,160)	1,507,160	-
Distributions paid to partners	-	(2,630,216)	(736,775)	(3,366,991)	3,045,694	(321,297)
Distributions to members	(113,750)	-	-	(113,750)	-	(113,750)
Partners capital contributions received	-	764,309	154,999,024	155,763,333	(925,109)	154,838,224
Net cash (used in) provided by financing activities	(8,668,630)	(9,578,217)	399,650,830	381,403,983	(6,323,858)	375,080,125

Preservation of Affordable Housing, Inc. and Subsidiaries

**Supplementary Information
Consolidating Schedule of Cash Flows
Year ended December 31, 2025**

	Core Operating Companies	Wholly Owned	LP	Subtotal	Elimination	Total
Net (decrease) increase in cash, cash equivalents, and restricted cash	(16,264,278)	1,273,705	19,003,592	4,013,019	-	4,013,019
Cash, cash equivalents, and restricted cash, beginning of year	50,029,584	21,301,889	37,606,651	108,938,124	-	108,938,124
Cash, cash equivalents, and restricted cash, end of year	<u>\$ 33,765,306</u>	<u>\$ 22,575,594</u>	<u>\$ 56,610,243</u>	<u>\$ 112,951,143</u>	<u>\$ -</u>	<u>\$ 112,951,143</u>
Supplemental disclosure of cash flow activities						
Cash paid for interest	<u>\$ 4,168,861</u>	<u>\$ 10,955,384</u>	<u>\$ 29,600,126</u>	<u>\$ 44,724,371</u>	<u>\$ -</u>	<u>\$ 44,724,371</u>
Interest Capitalized	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,765,214</u>	<u>\$ 19,765,214</u>	<u>\$ -</u>	<u>\$ 19,765,214</u>
Schedule of noncash investing activities						
Fixed asset costs incurred	\$ 79,490	\$ 22,173,135	\$ 281,803,426	\$ 304,056,051	\$ (6,196,211)	\$ 297,859,840
Fixed assets transferred in connection with common control transaction	-	(31,178,876)	-	(31,178,876)	-	(31,178,876)
Accounts payable - development, beginning of year	-	8,485,128	150,965,466	159,450,594	(97,469,000)	61,981,594
Accounts payable - development, end of year	-	(7,065,728)	(160,017,437)	(167,083,165)	110,243,797	(56,839,368)
Cash paid for fixed assets	<u>\$ 79,490</u>	<u>\$ (7,586,341)</u>	<u>\$ 272,751,455</u>	<u>\$ 265,244,604</u>	<u>\$ 6,578,586</u>	<u>\$ 271,823,190</u>
Transfer of fixed assets	<u>\$ -</u>	<u>\$ 23,899,943</u>	<u>\$ (23,899,943)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Deferred liability included in residual receipts escrow	<u>\$ -</u>	<u>\$ 4,129</u>	<u>\$ 2,995</u>	<u>\$ 7,124</u>	<u>\$ -</u>	<u>\$ 7,124</u>
Increase in interest on notes receivable for acquisitions under common control	<u>\$ 688,041</u>	<u>\$ -</u>	<u>\$ (688,041)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Contribution of notes receivable	<u>\$ 12,641,114</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,641,114</u>	<u>\$ (12,641,114)</u>	<u>\$ -</u>
Additions to leased assets obtained from new lease liabilities	<u>\$ 2,772,806</u>	<u>\$ -</u>	<u>\$ 15,849,006</u>	<u>\$ 18,621,812</u>	<u>\$ (1,211,958)</u>	<u>\$ 17,409,854</u>

See Independent Auditor's Report.

Preservation of Affordable Housing, Inc. and Subsidiaries

**Supplementary Information
Consolidating Schedule of Financial Position - Core Operating Companies
December 31, 2025**

Assets

	POAH INC	POAH LLC	Subtotal	Elimination	Total
Current assets					
Cash and cash equivalents	\$ 7,197,124	\$ 9,929,101	\$ 17,126,225	\$ -	\$ 17,126,225
Restricted cash	9,824,374	-	9,824,374	-	9,824,374
Reserves	5,376,347	-	5,376,347	-	5,376,347
Restricted reserves	1,417,876	-	1,417,876	-	1,417,876
Short-term investments	2,232,304	-	2,232,304	-	2,232,304
Accounts receivable					
Grants receivable	512,444	-	512,444	-	512,444
Properties, net of allowance for credit losses	561,616	8,598,004	9,159,620	-	9,159,620
Development fees	-	17,726,801	17,726,801	-	17,726,801
Other	617,438	739,777	1,357,215	-	1,357,215
Due from affiliates	4,883,234	6,582,246	11,465,480	(7,003,283)	4,462,197
Prepaid expenses	247,244	894,219	1,141,463	-	1,141,463
Note receivable, current	7,073,391	3,799,640	10,873,031	(2,855,876)	8,017,155
Interest on notes receivable, net of allowance	371,432	3,326,248	3,697,680	-	3,697,680
Predevelopment costs reimbursable, current	11,581,606	19,037,101	30,618,707	-	30,618,707
Total current assets	51,896,430	70,633,137	122,529,567	(9,859,159)	112,670,408
Other assets					
Tenant security deposits	-	20,484	20,484	-	20,484
Notes receivable, net of discount, allowance, and current	135,984,475	99,675,643	235,660,118	(7,325,122)	228,334,996
Investment in companies	77,755,057	-	77,755,057	(77,755,057)	-
Investment in partnerships	26,867,177	3,129,511	29,996,688	-	29,996,688
Predevelopment costs reimbursable, net of current	6,643,660	-	6,643,660	-	6,643,660
Other assets	225,813	59,925	285,738	-	285,738
Total other assets	247,476,182	102,885,563	350,361,745	(85,080,179)	265,281,566
Fixed assets					
Land and buildings	-	938,747	938,747	-	938,747
Furniture, equipment and leasehold improvements	813,101	430,172	1,243,273	-	1,243,273
Right-of-use assets	4,491,610	3,898,441	8,390,051	-	8,390,051
Less: Accumulated depreciation	(413,990)	(758,292)	(1,172,282)	-	(1,172,282)
Total fixed assets	4,890,721	4,509,068	9,399,789	-	9,399,789
Total assets	\$ 304,263,333	\$ 178,027,768	\$ 482,291,101	\$ (94,939,338)	\$ 387,351,763

Preservation of Affordable Housing, Inc. and Subsidiaries

**Supplementary Information
Consolidating Schedule of Financial Position - Core Operating Companies
December 31, 2025**

Liabilities and Net assets

	POAH INC	POAH LLC	Subtotal	Elimination	Total
Liabilities					
Current liabilities					
Accounts payable	\$ 985,111	\$ 951,856	\$ 1,936,967	\$ -	\$ 1,936,967
Accrued expenses	1,145,911	6,372,920	7,518,831	-	7,518,831
Accounts payable - development	-	755,135	755,135	-	755,135
Accrued interest	407,240	108,761	516,001	-	516,001
Loan payable, current	-	6,685,029	6,685,029	(2,855,876)	3,829,153
Line of credit, current	-	2,000,000	2,000,000	-	2,000,000
Tenant security deposit	3,930	20,307	24,237	-	24,237
Due to affiliates	3,570,260	4,078,608	7,648,868	(7,003,283)	645,585
Total current liabilities	<u>6,112,452</u>	<u>20,972,616</u>	<u>27,085,068</u>	<u>(9,859,159)</u>	<u>17,225,909</u>
Long-term liabilities					
Loans and notes payable, net of current	3,483,775	15,336,413	18,820,188	(7,325,122)	11,495,066
Line of credit, net of current	-	1,335,268	1,335,268	-	1,335,268
Accrued interest payable - notes payable	-	1,007,733	1,007,733	-	1,007,733
Bonds payable	74,323,011	-	74,323,011	-	74,323,011
Other long-term liabilities	5,181,633	4,154,670	9,336,303	-	9,336,303
Deferred income	54,687,437	58,531,763	113,219,200	-	113,219,200
Total long-term liabilities	<u>137,675,856</u>	<u>80,365,847</u>	<u>218,041,703</u>	<u>(7,325,122)</u>	<u>210,716,581</u>
Total liabilities	<u>143,788,308</u>	<u>101,338,463</u>	<u>245,126,771</u>	<u>(17,184,281)</u>	<u>227,942,490</u>
Net assets					
Net assets without donor restrictions controlling	156,363,118	77,755,057	234,118,175	(77,755,057)	156,363,118
Net assets without donor restrictions noncontrolling	-	(1,065,752)	(1,065,752)	-	(1,065,752)
Total net assets without donor restrictions	<u>156,363,118</u>	<u>76,689,305</u>	<u>233,052,423</u>	<u>(77,755,057)</u>	<u>155,297,366</u>
Net assets with donor restrictions	4,111,907	-	4,111,907	-	4,111,907
Total net assets	<u>160,475,025</u>	<u>76,689,305</u>	<u>237,164,330</u>	<u>(77,755,057)</u>	<u>159,409,273</u>
Total liabilities and net assets	<u>\$ 304,263,333</u>	<u>\$ 178,027,768</u>	<u>\$ 482,291,101</u>	<u>\$ (94,939,338)</u>	<u>\$ 387,351,763</u>

See Independent Auditor's Report.

Preservation of Affordable Housing, Inc. and Subsidiaries

**Supplementary Information
Consolidating Schedule of Activities - Core Operating Companies
Year ended December 31, 2025**

	POAH INC without donor restrictions	POAH INC with donor restriction	POAH LLC	Subtotal	Elimination	Total
Support and revenue						
Rental income	\$ 99,537	\$ -	\$ 243,529	\$ 343,066	\$ -	\$ 343,066
Grant income	382,165	800,032	-	1,182,197	-	1,182,197
Grant income, capital investments	4,611,268	1,432,561	-	6,043,829	-	6,043,829
Contribution income	68,264	-	-	68,264	-	68,264
Developer fee revenue	-	-	12,232,802	12,232,802	-	12,232,802
Cash flow from properties	955,941	-	2,036,236	2,992,177	-	2,992,177
State and local tax credit proceeds	8,900,000	-	-	8,900,000	-	8,900,000
Property management and related fees	-	-	13,603,259	13,603,259	-	13,603,259
Reimbursable salaries and expenses	-	-	41,139,265	41,139,265	-	41,139,265
Gain on receipt of mortgage note	-	-	9,574,755	9,574,755	-	9,574,755
Interest income	2,211,963	-	3,909,754	6,121,717	-	6,121,717
Investment (loss) income	(171,432)	-	1,711,585	1,540,153	1,505,781	3,045,934
Other income	1,160,156	118,688	51,946	1,330,790	-	1,330,790
	<u>18,217,862</u>	<u>2,351,281</u>	<u>84,503,131</u>	<u>105,072,274</u>	<u>1,505,781</u>	<u>106,578,055</u>
Net assets released from restrictions	4,281,086	(4,281,086)	-	-	-	-
Total support and revenue	<u>22,498,948</u>	<u>(1,929,805)</u>	<u>84,503,131</u>	<u>105,072,274</u>	<u>1,505,781</u>	<u>106,578,055</u>
Expenses						
Personnel	2,100,911	-	24,883,028	26,983,939	-	26,983,939
Development expense	716,531	-	12,969,733	13,686,264	-	13,686,264
Professional services	653,702	-	1,007,537	1,661,239	-	1,661,239
Contributions and grants made	2,732,334	-	6,039	2,738,373	-	2,738,373
Rental and utilities	213,145	-	1,382,978	1,596,123	-	1,596,123
Taxes and insurance	572,911	-	186,235	759,146	-	759,146
Travel and lodging	202,929	-	871,678	1,074,607	-	1,074,607
Interest expense	3,636,185	-	740,561	4,376,746	-	4,376,746
Reimbursable salaries and expenses	-	-	41,139,265	41,139,265	-	41,139,265
Property operations	-	-	230,687	230,687	-	230,687
Property mortgage interest	-	-	35,191	35,191	-	35,191
Office and administration	168,307	-	1,820,592	1,988,899	-	1,988,899
Depreciation and amortization	81,538	-	74,480	156,018	-	156,018
Community impact	4,113,617	-	-	4,113,617	-	4,113,617
Bad debt expense	377,239	-	637,400	1,014,639	-	1,014,639
Miscellaneous	84,325	-	38,283	122,608	-	122,608
Total expenses	<u>15,653,674</u>	<u>-</u>	<u>86,023,687</u>	<u>101,677,361</u>	<u>-</u>	<u>101,677,361</u>
Excess of revenue over expenses (expenses over revenue)	<u>6,845,274</u>	<u>(1,929,805)</u>	<u>(1,520,556)</u>	<u>3,394,913</u>	<u>1,505,781</u>	<u>4,900,694</u>
Excess of expenses over revenue attributable to noncontrolling interests	-	-	14,775	14,775	-	14,775
Excess of revenue over expenses (expenses over revenue) attributable to the Company	<u>\$ 6,845,274</u>	<u>\$ (1,929,805)</u>	<u>\$ (1,505,781)</u>	<u>\$ 3,409,688</u>	<u>\$ 1,505,781</u>	<u>\$ 4,915,469</u>

See Independent Auditor's Report.

Preservation of Affordable Housing, Inc. and Subsidiaries

**Supplementary Information
Consolidating Schedule of Changes in Net Assets - Core Operating Companies
Year ended December 31, 2025**

	Net assets without donor restrictions						Net assets with donor restrictions	
	Controlling				Noncontrolling		Controlling	
	POAH INC	POAH LLC	Eliminations	Subtotal	POAH LLC	Total	POAH INC	Total
Beginning balance, January 1, 2025	\$ 148,815,135	\$ 77,558,129	\$ (77,558,129)	\$ 148,815,135	\$ (937,227)	\$ 147,877,908	\$ 6,041,712	\$ 153,919,620
Contribution from the member	-	1,000,000	(1,000,000)	-	-	-	-	-
Distributions to noncontrolling member	-	-	-	-	(113,750)	(113,750)	-	(113,750)
Other changes in equity	702,709	702,709	(702,709)	702,709	-	702,709	-	702,709
Excess of expenses over revenue attributable to noncontrolling interest	-	-	-	-	(14,775)	(14,775)	-	(14,775)
Excess of revenue over expenses (expenses over revenue) attributable to the Company	<u>6,845,274</u>	<u>(1,505,781)</u>	<u>1,505,781</u>	<u>6,845,274</u>	<u>-</u>	<u>6,845,274</u>	<u>(1,929,805)</u>	<u>4,915,469</u>
Ending balance, December 31, 2025	<u>\$ 156,363,118</u>	<u>\$ 77,755,057</u>	<u>\$ (77,755,057)</u>	<u>\$ 156,363,118</u>	<u>\$ (1,065,752)</u>	<u>\$ 155,297,366</u>	<u>\$ 4,111,907</u>	<u>\$ 159,409,273</u>

See Independent Auditor's Report.

Preservation of Affordable Housing, Inc. and Subsidiaries

**Supplementary Information
Consolidating Schedule of Cash Flows - Core Operating Companies
Year ended December 31, 2025**

	POAH, Inc	POAH LLC	Subtotal	Elimination	Total
Cash flows from operating activities					
Excess of revenue over expenses (expenses over revenue)	\$ 4,915,469	\$ (1,520,556)	\$ 3,394,913	\$ 1,505,781	\$ 4,900,694
Adjustments to reconcile excess of revenue over expenses (expenses over revenue) to net cash provided by (used in) operating activities					
Investment loss (income)	96,364	(1,711,585)	(1,615,221)	(1,505,781)	(3,121,002)
Depreciation and amortization	81,538	74,480	156,018	-	156,018
Amortization of debt issuance costs	98,434	29,472	127,906	-	127,906
Distributions from partnerships	576,335	745,726	1,322,061	-	1,322,061
Bad debt expense	377,239	637,400	1,014,639	-	1,014,639
Changes in					
Accounts receivable	(932,690)	(432,998)	(1,365,688)	-	(1,365,688)
Predevelopment costs reimbursable	16,729	(7,282,589)	(7,265,860)	-	(7,265,860)
Prepaid expenses and other assets	115,547	(32,097)	83,450	-	83,450
Accounts payable and accrued expenses	(106,690)	2,979,382	2,872,692	-	2,872,692
Prepaid and deferred revenues	473,426	329,800	803,226	-	803,226
Tenant security deposits liabilities	3,930	-	3,930	-	3,930
Due to affiliates, net	1,224,878	(1,831,956)	(607,078)	-	(607,078)
Net cash provided by (used in) operating activities	<u>6,940,509</u>	<u>(8,015,521)</u>	<u>(1,075,012)</u>	<u>-</u>	<u>(1,075,012)</u>
Cash flows from investing activities					
Cash paid for fixed assets	-	(79,490)	(79,490)	-	(79,490)
Proceeds from sale of short term investments	3,558,655	-	3,558,655	-	3,558,655
Advances on notes receivable and accrued interest	(28,161,493)	(7,438,725)	(35,600,218)	5,160,447	(30,439,771)
Repayments of notes receivable and accrued interest	10,026,777	13,717,240	23,744,017	-	23,744,017
Purchase of limited partner interest	-	(1,056,866)	(1,056,866)	-	(1,056,866)
Acquisition of assets	(214,000)	-	(214,000)	-	(214,000)
Contributions to partnerships	(2,033,181)	-	(2,033,181)	-	(2,033,181)
Contribution to subsidiary	(1,000,000)	-	(1,000,000)	1,000,000	-
Net cash (used in) provided by investing activities	<u>(17,823,242)</u>	<u>5,142,159</u>	<u>(12,681,083)</u>	<u>6,160,447</u>	<u>(6,520,636)</u>
Cash flows from financing activities					
Proceeds from line of credit	-	-	-	-	-
Payments on line of credit	-	(1,400,000)	(1,400,000)	-	(1,400,000)
Proceeds from notes and mortgages payable	-	8,960,087	8,960,087	(5,160,447)	3,799,640
Payment on notes and mortgages payable	(514,015)	(815,500)	(1,329,515)	-	(1,329,515)
Deferred income	-	(9,574,755)	(9,574,755)	-	(9,574,755)
Debt issuance costs	-	(50,250)	(50,250)	-	(50,250)
Contributions from member	-	1,000,000	1,000,000	(1,000,000)	-
Distributions to members	-	(113,750)	(113,750)	-	(113,750)
Net cash (used in) provided by financing activities	<u>(514,015)</u>	<u>(1,994,168)</u>	<u>(2,508,183)</u>	<u>(6,160,447)</u>	<u>(8,668,630)</u>
Net decrease in cash, cash equivalents, and restricted cash	<u>(11,396,748)</u>	<u>(4,867,530)</u>	<u>(16,264,278)</u>	<u>-</u>	<u>(16,264,278)</u>
Cash, cash equivalents, and restricted cash, December 31, 2024	<u>35,212,469</u>	<u>14,817,115</u>	<u>50,029,584</u>	<u>-</u>	<u>50,029,584</u>
Cash, cash equivalents, and restricted cash, December 31, 2025	<u>\$ 23,815,721</u>	<u>\$ 9,949,585</u>	<u>\$ 33,765,306</u>	<u>\$ -</u>	<u>\$ 33,765,306</u>

Preservation of Affordable Housing, Inc. and Subsidiaries
Supplementary Information
Consolidating Schedule of Cash Flows - Core Operating Companies
Year ended December 31, 2025

	POAH, Inc	POAH LLC	Subtotal	Elimination	Total
Supplemental disclosure of cash flow activities					
Cash paid for interest	\$ 3,546,751	\$ 622,110	\$ 4,168,861	\$ -	\$ 4,168,861
Schedule of noncash investing activities					
Increase in interest on notes receivable for acquisitions under common control	\$ 688,041	\$ 688,041	\$ 1,376,082	\$ (688,041)	\$ 688,041
Contribution of notes receivable	\$ -	\$ 12,641,114	\$ 12,641,114	\$ -	\$ 12,641,114
Additions to leased assets obtained from new lease liabilities	\$ -	\$ 2,772,806	\$ 2,772,806	\$ -	\$ 2,772,806

See Independent Auditor's Report.

Preservation of Affordable Housing, Inc. and Subsidiaries

Supplementary Information
 Consolidating Schedule of Financial Position - POAH LLC
 December 31, 2025

Assets

	POAH LLC	POAHC	PTLHC	PWSMT	Eliminations	Total
Current assets						
Cash and cash equivalents	\$ 9,673,674	\$ 217,753	\$ 100	\$ 37,574	\$ -	\$ 9,929,101
Accounts receivable						
Properties, net of allowance for credit losses	2,038,130	6,822,233	-	17,741	(280,100)	8,598,004
Development fees	17,726,413	-	388	-	-	17,726,801
Other	713,521	26,256	-	-	-	739,777
Due from affiliates	7,601,103	173,533	-	-	(1,192,390)	6,582,246
Prepaid expenses	706,673	187,546	-	-	-	894,219
Note receivable, current	3,799,640	-	-	-	-	3,799,640
Interest on notes receivable, net of allowance	3,285,553	-	40,695	-	-	3,326,248
Predevelopment costs reimbursable	19,037,101	-	-	-	-	19,037,101
Total current assets	64,581,808	7,427,321	41,183	55,315	(1,472,490)	70,633,137
Other assets						
Tenant security deposits	-	-	-	20,484	-	20,484
Notes receivable, net of discount, allowance, and current	95,219,275	-	4,456,368	-	-	99,675,643
Investment in companies	9,469,717	-	-	-	(9,469,717)	-
Investment in partnerships	2,464,325	-	-	-	665,186	3,129,511
Other assets	33,115	26,810	-	-	-	59,925
Total other assets	107,186,432	26,810	4,456,368	20,484	(8,804,531)	102,885,563
Fixed assets						
Land and buildings	-	-	-	938,747	-	938,747
Furniture, equipment and leasehold improvements	252,640	177,532	-	-	-	430,172
Right-of-use assets	679,009	1,942,983	-	1,276,449	-	3,898,441
Less: Accumulated depreciation	(179,236)	(177,124)	-	(401,932)	-	(758,292)
Total fixed assets	752,413	1,943,391	-	1,813,264	-	4,509,068
Total assets	\$ 172,520,653	\$ 9,397,522	\$ 4,497,551	\$ 1,889,063	\$ (10,277,021)	\$ 178,027,768

Preservation of Affordable Housing, Inc. and Subsidiaries

Supplementary Information
Consolidating Schedule of Financial Position - POAH LLC
December 31, 2025

Liabilities and Net Assets

	POAH LLC	POAHC	PTLHC	PWSMT	Eliminations	Total
Liabilities						
Current liabilities						
Accounts payable	\$ 534,937	\$ 383,330	\$ -	\$ 33,589	\$ -	\$ 951,856
Accrued expenses	4,739,612	1,633,308	-	-	-	6,372,920
Development costs payable	749,335	-	-	5,800	-	755,135
Accrued interest	105,780	-	-	2,981	-	108,761
Loan payable, current	6,655,516	-	-	29,513	-	6,685,029
Line of credit, current	2,000,000	-	-	-	-	2,000,000
Tenant security deposits	-	-	-	20,307	-	20,307
Due to affiliates	3,818,627	1,034,727	280,100	417,644	(1,472,490)	4,078,608
Total current liabilities	18,603,807	3,051,365	280,100	509,834	(1,472,490)	20,972,616
Long-term liabilities						
Loans and notes payable, net of current	14,673,862	-	-	662,551	-	15,336,413
Line of credit, net of current	1,335,268	-	-	-	-	1,335,268
Accrued interest payable - loans and notes payable	1,007,733	-	-	-	-	1,007,733
Other long-term liabilities	710,454	2,062,352	-	1,381,864	-	4,154,670
Deferred income	58,434,472	97,291	-	-	-	58,531,763
Total long-term liabilities	76,161,789	2,159,643	-	2,044,415	-	80,365,847
Total liabilities	94,765,596	5,211,008	280,100	2,554,249	(1,472,490)	101,338,463
Net assets						
Net assets without donor restrictions controlling	77,755,057	4,186,514	5,283,203	(665,186)	(8,804,531)	77,755,057
Net assets without donor restrictions noncontrolling	-	-	(1,065,752)	-	-	(1,065,752)
Total net assets without donor restrictions	77,755,057	4,186,514	4,217,451	(665,186)	(8,804,531)	76,689,305
Total liabilities and net assets	\$ 172,520,653	\$ 9,397,522	\$ 4,497,551	\$ 1,889,063	\$ (10,277,021)	\$ 178,027,768

See Independent Auditor's Report.

Preservation of Affordable Housing, Inc. and Subsidiaries

**Supplementary Information
Consolidating Schedule of Activities - POAH LLC
Year ended December 31, 2025**

	POAH LLC	POAHC	PTLHC	PWSMT	Eliminations	Total
Support and revenue						
Rental income	\$ -	\$ -	\$ -	\$ 243,529	\$ -	\$ 243,529
Development and other fee revenue from properties	12,232,802	-	-	-	-	12,232,802
Cash flow from properties	2,176,063	-	-	-	(139,827)	2,036,236
Property management and related fees	-	13,603,259	-	-	-	13,603,259
Reimbursable salaries and expenses	-	41,139,265	-	-	-	41,139,265
Gain on receipt of mortgage note	9,574,755	-	-	-	-	9,574,755
Interest income	3,804,379	11	105,298	66	-	3,909,754
Investment income (loss)	2,075,258	-	-	-	(363,673)	1,711,585
Other income	-	51,946	-	-	-	51,946
Total support and revenue	29,863,257	54,794,481	105,298	243,595	(503,500)	84,503,131
Expenses						
Personnel	14,693,854	10,189,174	-	-	-	24,883,028
Development expense	12,969,733	-	139,827	-	(139,827)	12,969,733
Professional services	784,534	223,003	-	-	-	1,007,537
Contributions and grants made	6,039	-	-	-	-	6,039
Rental and utilities	929,819	453,159	-	-	-	1,382,978
Taxes and insurance	1,055	185,180	-	-	-	186,235
Travel and lodging	295,677	576,001	-	-	-	871,678
Interest expense	740,561	-	-	-	-	740,561
Reimbursable salaries and expenses	-	41,139,265	-	-	-	41,139,265
Property operations	-	-	-	230,687	-	230,687
Property mortgage interest	-	-	-	35,191	-	35,191
Office and administration	914,079	906,513	-	-	-	1,820,592
Depreciation and amortization	6,917	4,980	-	62,583	-	74,480
Bad debt expense	-	637,400	-	-	-	637,400
Miscellaneous	26,770	11,513	-	-	-	38,283
Total expenses	31,369,038	54,326,188	139,827	328,461	(139,827)	86,023,687
Excess of (expenses over revenue) revenue over expenses	(1,505,781)	468,293	(34,529)	(84,866)	(363,673)	(1,520,556)
Excess of expenses over revenue attributable to noncontrolling interests	-	-	14,775	-	-	14,775
Excess of (expenses over revenue) revenue over expenses attributable to the Company	\$ (1,505,781)	\$ 468,293	\$ (19,754)	\$ (84,866)	\$ (363,673)	\$ (1,505,781)

See Independent Auditor's Report.

Preservation of Affordable Housing, Inc. and Subsidiaries
Supplementary Information
Consolidating Schedule of Changes in Net Assets - POAH LLC
Year ended December 31, 2025

	Controlling					Subtotal	Noncontrolling	Total
	POAH LLC	POAHC	PTLHC	PWSMT	Eliminations		PTLHC	
Balance at January 1, 2025	\$ 77,558,129	\$ 3,718,221	\$ 5,296,748	\$ (580,320)	\$ (8,434,649)	\$ 77,558,129	\$ (937,227)	\$ 76,620,902
Contributions from the member	1,000,000	-	-	-	-	1,000,000	-	1,000,000
Distributions to noncontrolling member	-	-	-	-	-	-	(113,750)	(113,750)
Other changes in equity								
Common control - interest	688,041	-	6,209	-	(6,209)	688,041	-	688,041
Common control - principal	14,668	-	-	-	-	14,668	-	14,668
Excess of expenses over revenue attributable to noncontrolling interest	-	-	-	-	-	-	(14,775)	(14,775)
Excess of (expenses over revenue) revenue over expenses income attributable to the Company	(1,505,781)	468,293	(19,754)	(84,866)	(363,673)	(1,505,781)	-	(1,505,781)
Balance at December 31, 2025	<u>\$ 77,755,057</u>	<u>\$ 4,186,514</u>	<u>\$ 5,283,203</u>	<u>\$ (665,186)</u>	<u>\$ (8,804,531)</u>	<u>\$ 77,755,057</u>	<u>\$ (1,065,752)</u>	<u>\$ 76,689,305</u>

See Independent Auditor's Report.

Preservation of Affordable Housing, Inc. and Subsidiaries

**Supplementary Information
Consolidating Statement of Cash Flows - POAH LLC
Year ended December 31, 2025**

	POAH LLC	POAHC	PTLHC	PWSMT	Eliminations	Total
Cash flows from operating activities						
Excess of (expenses over revenue) revenue over expenses	\$ (1,505,781)	\$ 468,293	\$ (34,529)	\$ (84,866)	\$ (363,673)	\$ (1,520,556)
Adjustments to reconcile excess of (expenses over revenue) revenue over expenses to net cash (used in) provided by operating activities						
Investment (income) loss	(2,075,258)	-	-	-	363,673	(1,711,585)
Depreciation and amortization	6,917	4,980	-	62,583	-	74,480
Amortization of debt issuance costs	29,472	-	-	-	-	29,472
Distributions from partnerships	745,726	-	-	-	-	745,726
Bad debt expense	-	637,400	-	-	-	637,400
Changes in						
Accounts receivable	2,510,638	(2,936,350)	-	(7,286)	-	(432,998)
Predevelopment costs reimbursable	(7,282,589)	-	-	-	-	(7,282,589)
Prepaid expenses and other assets	(433,628)	401,531	-	-	-	(32,097)
Accounts payable and accrued expenses	3,951,358	(999,686)	-	27,710	-	2,979,382
Prepaid revenue and deferred liabilities	176,783	145,397	-	7,620	-	329,800
Due to affiliates, net	(2,112,905)	176,122	139,827	(35,000)	-	(1,831,956)
Net cash (used in) provided by operating activities	<u>(5,989,267)</u>	<u>(2,102,313)</u>	<u>105,298</u>	<u>(29,239)</u>	<u>-</u>	<u>(8,015,521)</u>
Cash flows from investing activities						
Cash paid for fixed assets	(79,490)	-	-	-	-	(79,490)
Advances on notes receivable and accrued interest	(7,333,427)	-	(105,298)	-	-	(7,438,725)
Repayment of notes receivable and accrued interest	13,603,490	-	113,750	-	-	13,717,240
Purchase of limited partner interest	(1,056,866)	-	-	-	-	(1,056,866)
Net cash provided by investing activities	<u>5,133,707</u>	<u>-</u>	<u>8,452</u>	<u>-</u>	<u>-</u>	<u>5,142,159</u>
Cash flows from financing activities						
Payments on line of credit	(1,400,000)	-	-	-	-	(1,400,000)
Proceeds from notes payable	8,960,087	-	-	-	-	8,960,087
Payments on notes payable	(815,500)	-	-	-	-	(815,500)
Deferred income	(9,574,755)	-	-	-	-	(9,574,755)
Debt issuance costs	(50,000)	-	-	(250)	-	(50,250)
Contribution from member	1,000,000	-	-	-	-	1,000,000
Distributions to member	-	-	(113,750)	-	-	(113,750)
Net cash used in financing activities	<u>(1,880,168)</u>	<u>-</u>	<u>(113,750)</u>	<u>(250)</u>	<u>-</u>	<u>(1,994,168)</u>
Net decrease in cash, cash equivalents, and restricted cash	<u>(2,735,728)</u>	<u>(2,102,313)</u>	<u>-</u>	<u>(29,489)</u>	<u>-</u>	<u>(4,867,530)</u>
Cash, cash equivalents, and restricted cash, beginning	<u>12,409,402</u>	<u>2,320,066</u>	<u>100</u>	<u>87,547</u>	<u>-</u>	<u>14,817,115</u>
Cash, cash equivalents, and restricted cash, ending	<u>\$ 9,673,674</u>	<u>\$ 217,753</u>	<u>\$ 100</u>	<u>\$ 58,058</u>	<u>\$ -</u>	<u>\$ 9,949,585</u>

Preservation of Affordable Housing, Inc. and Subsidiaries

**Supplementary Information
Consolidating Statement of Cash Flows - POAH LLC
Year ended December 31, 2025**

	POAH LLC	POAHC	PTLHC	PWSMT	Eliminations	Total
Supplemental disclosure of cash flow activities						
Cash paid for interest	\$ 587,015	\$ -	\$ -	\$ 35,095	\$ -	\$ 622,110
Schedule of noncash investing activities						
Increase in interest on notes receivable for acquisitions under common control	\$ 688,041	\$ -	\$ 6,209	\$ -	\$ (6,209)	\$ 688,041
Contribution of notes receivable	\$ 12,641,114	\$ -	\$ -	\$ -	\$ -	\$ 12,641,114
Additions to leased assets obtained from new lease liabilities	\$ 710,454	\$ 2,062,352	\$ -	\$ -	\$ -	\$ 2,772,806

See Independent Auditor's Report.

Preservation of Affordable Housing, Inc. and Subsidiaries

**Schedule of Expenditures of Federal Awards
Year Ended December 31, 2025**

Federal Agency/ (Pass-through Agency)/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Expenditures			
			From			Passed
			Pass-through Awards	From Direct Awards	Total Expenditures	through to Subrecipients
U.S. Department of the Treasury						
Community Development Financial Institutions Fund						
Capital Magnet Fund - 2016	21.011	N/A	\$ -	\$ 1,415,000	\$ 1,415,000	\$ -
Capital Magnet Fund - 2018	21.011	N/A	-	3,634,935	3,634,935	-
Capital Magnet Fund - 2020	21.011	N/A	-	8,000,000	8,000,000	-
Capital Magnet Fund - 2021	21.011	N/A	-	12,000,000	12,000,000	-
Capital Magnet Fund - 2023	21.011	N/A	-	12,000,000	12,000,000	-
Capital Magnet Fund - 2024	21.011	N/A	-	4,500,000	4,500,000	-
Total Community Development Financial Institutions Fund			-	41,549,935	41,549,935	-
Passed through City of St. Louis, Community Development Administration						
Coronavirus State and Local Fiscal Recovery Funds	21.027	101316	682,156	-	682,156	-
Passed through City of Chicago						
Coronavirus State and Local Fiscal Recovery Funds	21.027	301144	99,607	-	99,607	-
Total Coronavirus State and Local Fiscal Recovery Funds			781,763	-	781,763	-
Total U.S. Department of Treasury			781,763	41,549,935	42,331,698	-
Total expenditures of federal awards			\$ 781,763	\$ 41,549,935	\$ 42,331,698	\$ -

See Notes to Schedule of Expenditure of Federal Awards

Preservation of Affordable Housing, Inc. and Subsidiaries

Notes to Schedule of Expenditures of Federal Awards Year Ended December 31, 2025

Note 1 - Basis of presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Preservation of Affordable Housing, Inc. and Subsidiaries under various programs of the federal government for the year ended December 31, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of Preservation of Affordable Housing, Inc. and Subsidiaries, it is not intended to and does not present the consolidated financial position, changes in net assets, or cash flows of Preservation of Affordable Housing, Inc. and Subsidiaries.

Note 2 - Summary of significant accounting policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance where certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 - Indirect cost rate

Preservation of Affordable Housing, Inc. and Subsidiaries has elected not to use the de minimis indirect cost rate allowed under the Uniform Guidance.

Independent Auditor's Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

Board of Directors
Preservation of Affordable Housing, Inc. and Subsidiaries

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the consolidated financial statements of Preservation of Affordable Housing, Inc. and Subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2025, and the related consolidated statements of activities, functional expenses, changes in net assets, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated June 30, 2026. The financial statements of certain Subsidiaries were not audited in accordance with Government Auditing Standards, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with those Subsidiaries.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Preservation of Affordable Housing, Inc. and Subsidiaries' internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Preservation of Affordable Housing, Inc. and Subsidiaries' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Preservation of Affordable Housing, Inc. and Subsidiaries' internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2025-002 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Preservation of Affordable Housing, Inc. and Subsidiaries' consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Preservation of Affordable Housing, Inc. and Subsidiaries' Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on Preservation of Affordable Housing, Inc. and Subsidiaries' response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. Preservation of Affordable Housing, Inc. and Subsidiaries' response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "CohnReznick LLP".

Bethesda, Maryland
June 30, 2026

Independent Auditor's Report on Compliance for the Major Federal Program and Report
on Internal Control over Compliance in Accordance with the Uniform Guidance

Board of Directors
Preservation of Affordable Housing, Inc. and Subsidiaries

Report on Compliance for the Major Federal Program

Qualified Opinion

We have audited Preservation of Affordable Housing, Inc. and Subsidiaries' compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on Preservation of Affordable Housing, Inc. and Subsidiaries' major federal program for the year ended December 31, 2025. Preservation of Affordable Housing, Inc. and Subsidiaries' major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Qualified Opinion on the Major Federal Program

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion section of our report, Preservation of Affordable Housing, Inc. and Subsidiaries complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended December 31, 2025.

Basis for Qualified Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Preservation of Affordable Housing, Inc. and Subsidiaries and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion on compliance for the major federal program. Our audit does not provide a legal determination of Preservation of Affordable Housing, Inc. and Subsidiaries' compliance with the compliance requirements referred to above.

Matter Giving Rise to Qualified Opinion on the Major Federal Program

As described in the accompanying schedule of findings and questioned costs, Preservation of Affordable Housing, Inc. and Subsidiaries did not comply with requirements regarding Assistance Listing No. 21.011 Capital Magnet Fund as described in finding number 2025-001 for Program Income.

Compliance with such requirements is necessary, in our opinion, for Preservation of Affordable Housing, Inc. and Subsidiaries to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Preservation of Affordable Housing, Inc. and Subsidiaries' federal program.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Preservation of Affordable Housing, Inc. and Subsidiaries' compliance based on our audit. 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Preservation of Affordable Housing, Inc. and Subsidiaries' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Preservation of Affordable Housing, Inc. and Subsidiaries' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Preservation of Affordable Housing, Inc. and Subsidiaries' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Preservation of Affordable Housing, Inc. and Subsidiaries' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matter

Government Auditing Standards requires the auditor to perform limited procedures on Preservation of Affordable Housing, Inc. and Subsidiaries' response to the noncompliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Preservation of Affordable Housing, Inc. and Subsidiaries' response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2025-001 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on Preservation of Affordable Housing, Inc. and Subsidiaries' response to the internal control over compliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Preservation of Affordable Housing, Inc. and Subsidiaries' response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Bethesda, Maryland
June 30, 2026

Preservation of Affordable Housing, Inc. and Subsidiaries

Schedule of Findings and Questioned Costs
December 31, 2025

A. Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with generally accepted accounting principles: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? X Yes None reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? X Yes None reported

Type of auditor's report issued on compliance for major federal programs: Qualified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? X Yes No

Identification of major federal programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.011	Capital Magnet Fund

Dollar threshold used to distinguish between Type A and Type B programs: \$ 1,269,951

Auditee qualified as low-risk auditee Yes X No

Preservation of Affordable Housing, Inc. and Subsidiaries

**Schedule of Findings and Questioned Costs
December 31, 2025**

B. Financial Statement Findings

Finding No. 2025-002 – Inaccurate SEFA (Significant Deficiency)

Criteria

In accordance with 2 CFR 200.302 (Financial Management), a grant recipient's financial management system must be sufficient to permit the preparation of reports required by general and program-specific terms and conditions; the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the federal statutes, regulations, and the terms and conditions of the federal award.

In addition, 2 CFR 200.510 (Financial Statements), states in part that the auditee must prepare a schedule of expenditures of Federal awards ("SEFA") for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with 2 CFR 200.502. At a minimum, the schedule must include:

- All individual Federal programs by Federal agency.
- For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.
- Provide total Federal awards expended for each individual Federal program and the Assistance Listings Number or other identifying number when the Assistance Listings information is not available.
- Include the total amount provided to subrecipients from each Federal program.

Condition

Management's review and approval process did not detect the following errors that were identified during the audit procedures performed:

- \$781,763 of Coronavirus State and Local Fiscal Recovery Funds federal expenditures were missing from the SEFA.

Cause

The entity's internal controls over the preparation and review of the SEFA were not operating effectively.

Effect or Potential Effect

Inadequate controls over the preparation of the SEFA could result in financial misstatements or potential noncompliance.

Recommendation

We recommend the entity strengthen its policies, procedures, and controls for the identification of federal awards to ensure a complete and accurate SEFA is prepared in a timely manner.

Views of Responsible Officials

Management will change its procedures for grant management tracking to include additional checklist requirements and management review to ensure that all federal grant awards are identified and included in the SEFA.

Preservation of Affordable Housing, Inc. and Subsidiaries

**Schedule of Findings and Questioned Costs
December 31, 2025**

C. Federal Award Findings and Questioned Costs

Finding No. 2025-001 – Program Income (Significant Deficiency)

Name of Federal Agency: U.S. Department of the Treasury, Community Development Financial Institutions Fund

Federal Program Name and Assistance Listing Number: Capital Magnet Fund, ALN No. 21.011

Federal Award Identification Number and Year: 181CM050459, 2018

Criteria

In accordance with 3.4(d) of the FY2018 Capital Magnet Fund Assistance Agreement, with respect to project(s) financed/supported by Program Income Reinvestment, the entity must achieve Project Completion within 36 months of commitment deadline or by the Investment Period End Date, whichever is later.

Condition

The entity did not achieve project completion for three projects financed by Program Income Reinvestment.

Cause

Receipt of leveraged funding and tax credits were delayed by regulatory agencies.

Effect or Potential Effect

The entity is not in compliance with the fiscal year 2018 Capital Magnet Fund Assistance Agreement.

Questioned Costs: Not applicable.

Context

Temple Landing II, Columbia Crossing, and Terri Manor, three of five projects tested, did not achieve project completion. CDFI Fund provided a one-year cure period to March 31, 2027.

Identification as a Repeat Finding: No

Recommendation

Management should complete construction on the projects and submit required documentation to the Community Development Financial Institutions Fund within the cure period.

Views of Responsible Officials

Temple Landing II was funded with PRI with a completion deadline of March 2024. The project applied several times for LIHTC from the Massachusetts EOHLIC. With the project unfunded, Management notified CDFI of the delays in the project and the missed completion deadline in April 2025 and again in March 2026. The project has since been awarded 9% LIHTC and is scheduled to close in August 2026.

Columbia Crossing was funded with PRI with a completion deadline of April 2025. The project applied several times for LIHTC from the Massachusetts EOHLIC. Management notified CDFI of the delays in the project and the missed completion deadline in March 2026. The project was awarded 9% LIHTC and gap financing from MA EOHLIC and closed in April 2026.

Preservation of Affordable Housing, Inc. and Subsidiaries

**Schedule of Findings and Questioned Costs
December 31, 2025**

Terri Manor was funded with PRI with a completion deadline of April 2025. The project applied several times for gap financing from the Ohio state HFA. Management notified CDFI of the delays in the project and the missed completion deadline in March 2026. The project won a funding award from HUD's GRRP program and after delays in program funding is scheduled to close in December 2026.

On April 20, 2026, CDFI Fund provided a one-year cure period to March 31, 2027 for all three projects. While it is expected that all three projects will have closings in 2026, construction will not be completed on Temple Landing II and Columbia Crossing until 2027 and Terri Manor until 2028.



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