

HOPE COMMUNITIES, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2025 AND 2024



Table of Contents

	Page
Independent Auditors' Report	1
 Consolidated Financial Statements	
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities	4
Consolidated Statements of Changes in Net Assets	5
Consolidated Statements of Cash Flows	6
Consolidated Statements of Functional Expenses	7
Notes to Financial Statements	8
 Supplemental Information	
Consolidating Information - Statement of Financial Position	21-25
Consolidating Information - Statement of Activities	26-30



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Hope Communities, Inc. and Subsidiaries

Opinion

We have audited the accompanying consolidated financial statements of Hope Communities, Inc. and Subsidiaries (a nonprofit organization) (the "Organization"), which comprise the consolidated statements of financial position as of December 31, 2025 and 2024, and the related consolidated statements of activities, changes in net assets, cash flows and functional expenses for the years then ended, and the related notes to the consolidated financial statements.

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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 the Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 the Organization's 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 the Organization's 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 Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information 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, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



Littleton, Colorado
April 16, 2026

Hope Communities, Inc. and Subsidiaries
Consolidated Statements of Financial Position
For the Years Ended December 31, 2025 and 2024

	2025	2024
ASSETS		
Current assets:		
Cash	\$ 3,558,078	\$ 3,276,163
Restricted cash	1,908,413	2,013,805
Accounts receivable, net of allowance of \$35,287 and \$23,462, respectively	135,139	197,729
Promises to give, net	250,000	25,750
Prepaid expenses	75,867	90,419
Total current assets	<u>5,927,497</u>	<u>5,603,866</u>
Long-Term assets:		
Promises to give, net	206,223	-
Property and equipment, net	5,639,801	10,082,892
Total long-term assets	<u>5,846,024</u>	<u>10,082,892</u>
Total assets	<u><u>\$ 11,773,521</u></u>	<u><u>\$ 15,686,758</u></u>
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	\$ 419,378	\$ 615,441
Deferred revenue	4,541	-
Refundable security deposits	157,435	191,070
Current portion of long-term debt	2,384,761	155,771
Total current liabilities	<u>2,966,115</u>	<u>962,282</u>
Long-Term liabilities:		
Long-term debt, net of current portion and unamortized loan costs of \$33,240 and \$45,655, respectively	3,371,133	8,105,048
Total long-term liabilities	<u>3,371,133</u>	<u>8,105,048</u>
Total liabilities	6,337,248	9,067,330
NET ASSETS		
Noncontrolling interests	(403)	(377)
Without donor restrictions	3,938,946	5,913,731
With donor restrictions	1,497,730	706,074
Total net assets	<u>5,436,273</u>	<u>6,619,428</u>
Total liabilities and net assets	<u><u>\$ 11,773,521</u></u>	<u><u>\$ 15,686,758</u></u>

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

Hope Communities, Inc. and Subsidiaries

Consolidated Statements of Activities For the Years Ended December 31, 2025 and 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains and Other Support						
Rental income	\$ 3,315,286	\$ -	\$ 3,315,286	\$ 3,323,598	\$ -	\$ 3,323,598
Contributions and grants	1,100,048	1,056,500	2,156,548	1,311,202	354,920	1,666,122
In-kind contributions	419,497	-	419,497	492,718	-	492,718
Interest income	88,354	-	88,354	117,356	-	117,356
Insurance proceeds	25,459	-	25,459	-	-	-
Other income	161,027	-	161,027	226,396	-	226,396
Net assets released from restriction	<u>264,844</u>	<u>(264,844)</u>	<u>-</u>	<u>694,473</u>	<u>(694,473)</u>	<u>-</u>
Total revenue, gains and other support	<u>5,374,515</u>	<u>791,656</u>	<u>6,166,171</u>	<u>6,165,743</u>	<u>(339,553)</u>	<u>5,826,190</u>
Expenses						
Affordable housing	3,751,767	-	3,751,767	3,529,943	-	3,529,943
Resident services	1,469,894	-	1,469,894	1,829,323	-	1,829,323
Housing Development	<u>54,055</u>	<u>-</u>	<u>54,055</u>	<u>17,423</u>	<u>-</u>	<u>17,423</u>
Total program services	5,275,716	-	5,275,716	5,376,689	-	5,376,689
Administrative	529,889	-	529,889	595,217	-	595,217
Fundraising	<u>247,087</u>	<u>-</u>	<u>247,087</u>	<u>274,715</u>	<u>-</u>	<u>274,715</u>
Total expenses	<u>6,052,692</u>	<u>-</u>	<u>6,052,692</u>	<u>6,246,621</u>	<u>-</u>	<u>6,246,621</u>
Change in net assets from operations	(678,177)	791,656	113,479	(80,878)	(339,553)	(420,431)
Non-Operating Activities						
Gain (loss) on sale of real estate	<u>(1,296,636)</u>	<u>-</u>	<u>(1,296,636)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	<u>\$ (1,974,813)</u>	<u>\$ 791,656</u>	<u>\$ (1,183,157)</u>	<u>\$ (80,878)</u>	<u>\$ (339,553)</u>	<u>\$ (420,431)</u>
Change in net assets attributable to noncontrolling interest	(28)	-	(28)	(22)	-	(22)
Change in net assets attributable to Hope	(1,974,785)	791,656	(1,183,129)	(80,856)	(339,553)	(420,409)

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

Hope Communities, Inc. and Subsidiaries
Consolidated Statements of Changes in Net Assets
For the Years Ended December 31, 2025 and 2024

	Net Assets Attributable to Hope		Net Assets Attributable to Noncontrolling Interests	Total	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance December 31, 2023	\$ 5,994,587	\$ 1,045,627	\$ (355)	\$ 5,994,232	\$ 1,045,627
Change in net assets	(80,856)	(339,553)	(22)	(80,878)	(339,553)
Balance December 31, 2024	\$ 5,913,731	\$ 706,074	\$ (377)	\$ 5,913,354	\$ 706,074
Change in net assets	(1,974,785)	791,656	(28)	(1,974,813)	791,656
Balance December 31, 2025	<u>\$ 3,938,946</u>	<u>\$ 1,497,730</u>	<u>\$ (405)</u>	<u>\$ 3,938,541</u>	<u>\$ 1,497,730</u>

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

Hope Communities, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2025 and 2024

	2025	2024
Cash Flows From Operating Activities		
Change in net assets attributable to Hope	\$ 113,507	\$ (420,409)
Change in net assets attributable to noncontrolling interest	(28)	(22)
Change in net assets	113,479	(420,431)
Items not requiring (providing) operating activities cash flows		
Depreciation and amortization	622,040	609,677
Changes in		
Accounts receivable	60,250	(71,637)
Promises to give	(430,473)	24,250
Prepaid expenses	14,552	(13,411)
Accounts payable and accrued expenses	138,708	(90,364)
Deferred revenue	4,541	(50,168)
Refundable security deposits	(33,635)	(416)
Net cash from operating activities	489,462	(12,500)
Cash Flows from Investing Activities		
Purchase of fixed assets	(423,508)	(222,410)
Proceeds from sale of real estate held by subsidiaries	293,581	-
Net cash from investing activities	(129,927)	(222,410)
Cash Flows from Financing Activities		
Principal payments on long-term debt	(183,012)	(135,143)
Net cash from financing activities	(183,012)	(135,143)
Net Change in Cash and Restricted Cash	176,523	(370,053)
Cash and Restricted Cash at Beginning of the Year	5,289,968	5,660,021
Cash and Restricted Cash at End of the Year	\$ 5,466,491	\$ 5,289,968
Cash paid for interest	\$ 404,729	\$ 318,610
Balance sheet accounts included in Cash and Restricted Cash:		
Cash	\$ 3,558,078	\$ 3,276,163
Restricted Cash	1,908,413	2,013,805
	\$ 5,466,491	\$ 5,289,968

The accompanying notes are an integral part of these statements.

Hope Communities, Inc. and Subsidiaries
Consolidated Statements of Functional Expenses
For the Years Ended December 31, 2024 and 2023

	2025						
	Affordable Housing	Resident Services	Housing Development	Total Program			Total
				Services	Administrative	Fundraising	
Salaries and benefits	\$ 803,626	\$ 909,420	\$ 54,055	\$ 1,767,101	\$ 139,148	\$ 212,522	\$ 2,118,771
Operating and maintenance	585,777	-	-	585,777	56,682	-	642,459
Administrative expenses	116,101	-	-	116,101	52,737	-	168,838
Legal and professional fees	161,865	-	-	161,865	39,670	-	201,535
Advertising, Marketing, and Fundraising	13,215	-	-	13,215	-	34,565	47,780
Utilities	364,338	-	-	364,338	20,794	-	385,132
Insurance & taxes	462,731	-	-	462,731	106,934	-	569,665
Resident programs	2,226	560,474	-	562,700	-	-	562,700
Interest expense	361,395	-	-	361,395	42,425	-	403,820
Repairs	116,553	-	-	116,553	1,134	-	117,687
Supplies	87,750	-	-	87,750	4,984	-	92,734
Credit losses	119,028	-	-	119,028	-	-	119,028
Other expenses	250	-	-	250	250	-	500
Total before depreciation and amortization	\$ 3,194,855	\$ 1,469,894	\$ 54,055	\$ 4,718,804	\$ 464,758	\$ 247,087	\$ 5,430,649
Depreciation and amortization	556,912	-	-	556,912	65,131	-	622,043
Total expenses	<u>\$ 3,751,767</u>	<u>\$ 1,469,894</u>	<u>\$ 54,055</u>	<u>\$ 5,275,716</u>	<u>\$ 529,889</u>	<u>\$ 247,087</u>	<u>\$ 6,052,692</u>

	2024						
	Affordable Housing	Resident Services	Housing Development	Total Program			Total
				Services	Administrative	Fundraising	
Salaries and benefits	\$ 803,277	\$ 987,413	\$ 17,423	\$ 1,808,113	\$ 148,777	\$ 235,294	\$ 2,192,184
Operating and maintenance	702,528	-	-	702,528	87,893	-	790,421
Administrative expenses	105,373	-	-	105,373	40,713	-	146,086
Legal and professional fees	75,989	-	-	75,989	38,450	-	114,439
Advertising, Marketing, and Fundraising	2,828	-	-	2,828	-	39,421	42,249
Utilities	312,575	-	-	312,575	21,090	-	333,665
Insurance & taxes	389,808	-	-	389,808	99,710	-	489,518
Resident programs	850	841,910	-	842,760	-	-	842,760
Interest expense	324,169	-	-	324,169	45,820	-	369,989
Repairs	123,954	-	-	123,954	33,278	-	157,232
Supplies	83,243	-	-	83,243	5,761	-	89,004
Credit losses	62,398	-	-	62,398	6,091	-	68,489
Total before depreciation and amortization	\$ 2,986,992	\$ 1,829,323	\$ 17,423	\$ 4,833,738	\$ 527,583	\$ 274,715	\$ 5,636,036
Depreciation and amortization	542,951	-	-	542,951	67,634	-	610,585
Total expenses	<u>\$ 3,529,943</u>	<u>\$ 1,829,323</u>	<u>\$ 17,423</u>	<u>\$ 5,376,689</u>	<u>\$ 595,217</u>	<u>\$ 274,715</u>	<u>\$ 6,246,621</u>

The accompanying notes are an integral part of these statements.

Hope Communities, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

1. Nature of Operations

Hope Communities, Inc. and subsidiaries (“Hope” or the “Organization”) was incorporated as a Colorado nonprofit corporation on August 14, 1980. Hope’s vision is a community in which everyone has a safe place to call home and the resources they need to thrive. The mission of Hope is to strengthen communities and provide pathways to economic and personal opportunity through affordable housing, educational programs and support services.

The Organization offers case management, programs and resources to support residents and people in need from surrounding neighborhoods gain the skills and resources they need to attain economic mobility and reach personal life goals.

2026 Strategic Goals for the Organization include:

Affordable Housing

- Expand and protect long-term affordable housing supply. Pursue opportunities to increase rental unit inventory through new construction, strategic acquisition/rehab, and land-banking to secure future development sites that meet community needs.
- Strengthen the financial sustainability of properties. Complete the refinancing of Hidden Brook by mid-year and evaluate a broader, integrated scatter-site financing strategy. This may include responsibly leveraging equity to address capital improvements and enhance long-term property viability.
- Maximize housing stability for residents. Improve occupancy and retention across all properties through proactive resident engagement, coordinated support services, and operational excellence.

Programs

- Deliver high-impact, resident-centered programs at all sites. Maintain and continuously strengthen comprehensive, customized programming that aligns with the priority framework shown. Serve a minimum of 6,000 individuals with housing, programs, services, and resources. Any program expansion, adaptation, or reduction will be evaluated using this priority order to ensure mission alignment and maximum impact.
 - Affordable Housing
 - Basic Needs
 - Economic Mobility
 - Community Integration
 - Health & Wellness
 - Youth Development & Resiliency
 - Community-Building

Hope Communities, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2025 and 2024 (continued)

1. Nature of Operations (continued)

Organizational Capacity

- Modernize technology to strengthen mission delivery. Complete organization-wide technology upgrades, including cloud server migration, Windows 11 transitions, enhanced cybersecurity for on-site and remote work, and full compliance with evolving security standards.
 - Expand organizational reach through enterprise models. Explore opportunities to scale Hope’s program model—and potentially its property management approach—through contractual partnerships, fee-for-service arrangements, or other enterprise strategies that extend our impact.
 - Grow and diversify revenue for long-term sustainability. Strengthen fundraising efforts to fully support programs and services, including achieving a 20% increase in total annual individual contributions from 2025 to 2026 and expanding diversified revenue streams.
 - Attract, invest in, and retain an exceptional team. Prioritize effective recruitment, competitive compensation, ongoing professional development, and supportive leadership practices to ensure a highly skilled and mission-aligned staff capable of delivering the greatest possible impact.
-

2. Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of Hope and its wholly and majority-owned subsidiaries. The consolidated financial statements also include certain properties owned and managed by Hope.

Wholly Owned Subsidiaries

- Kittyhawk, LLC (limited liability company)
- Hope Neighborhood Center, LLC (limited liability company)
- Hope Development, LLC (limited liability company)
- Carolton Corporation (for-profit corporation)
- The Gardens of Hope, LLC (limited liability company)
- Minute Spot, LLC (limited liability company)
- Welton Homes, LLC (limited liability company)
- Westerly Creek Homes, LLC (limited liability company)
- Denver Revitalization Partnership VIII, Ltd. (limited liability partnership)
- Kittyhawk/Canterbury Renovation LLLP (99.995% interest by Westerly Creek Homes, LLC)

All significant intercompany accounts and transactions have been eliminated in consolidation.

Basis of Presentation

The financial statements follow the Accounting Standards Codification (ASC) guidance for not-for-profit organizations. Hope is required to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of Hope’s board of directors.

Hope Communities, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2025 and 2024 (continued)

2. Summary of Significant Accounting Policies (continued)

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Hope or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Organization defines cash and cash equivalents as all cash on hand, demand deposits, and certificates of deposit accounts with an original maturity of three months or less. Cash consists of bank deposits in federally insured accounts. The Organization's cash deposits exceeded the Federal Deposit Insurance Corporation limits at various times during the fiscal year ended December 31, 2025 and 2024.

Restricted Cash

Certain cash balances are restricted to fund capital expenditures and/or maintenance for certain properties, debt service, operating reserves restricted by investors and security deposits paid by tenants.

Promises to Give

Promises to give are recorded as receivables and revenue when the promise is made. The Organization distinguishes between contributions received for each net asset category in accordance with donor-imposed restrictions. As of December 31, 2025 and 2024, promises to give amounted to \$456,223 and \$25,750, respectively. Amounts expected to be collected in future periods are recorded at the present value of estimated future cash flows using a discount rate commensurate with the risks involved, which was 3.74% as of December 31, 2025.

Promises to give consisted of the following as of December 31:

	<u>2025</u>	<u>2024</u>
Receivable in less than one year	\$ 250,000	\$ 25,750
Receivable in one to two years	250,000	-
Gross promises to give	500,000	25,750
Less: discount to present value	(43,777)	-
Net promises to give	<u>\$ 456,223</u>	<u>\$ 25,750</u>

Hope Communities, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2025 and 2024 (continued)

2. Summary of Significant Accounting Policies (continued)

The discount on promises to give is being amortized using the effective interest method over the collection period. Promises to give are classified as net assets with donor restrictions in the accompanying statement of activities.

Accounts Receivable and the Allowance for Credit Losses

Accounts receivable are stated at unpaid balances which is reduced by an allowance for credit losses that reflects the Organization's best estimate of the amounts that will not be collected. This allowance is primarily a calculation of ninety-five percent of outstanding receivables from former tenants. Rents are charged as of the first of the month and are receivables until they are collected. Receivables are considered late as of the ninth of the month. Late fees are assessed differently per property with some being a flat rate and some a per diem rate. Receivables are written off as a charge to the allowance for credit losses when, in management's estimation, it is probable that the receivable will not be collected.

Notes Receivable

Notes receivable are stated at their unpaid principal amount, less an allowance for uncollectible notes. Hope provides for losses on notes receivable using the allowance method. The allowance is based upon a review of outstanding receivables, historical collection information and existing economic conditions. Outstanding notes accrue interest based on the terms of the respective note agreements. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. Delinquent notes are written off based on individual credit evaluation and specific circumstances of the borrower.

Property and Equipment

Property and equipment acquisitions are recorded at cost and are depreciated over the estimated useful life of each asset. Annual depreciation is primarily computed using straight-line basis over the estimated useful life of 40 years for buildings and between five and 15 years for building improvements, furniture, and equipment.

Other Assets

Fees paid in connection with obtaining permanent financing are capitalized and amortized over the term of the respective debt.

Fair Value of Financial Instruments

GAAP requires disclosure of an estimate of fair value of certain financial instruments. Hope's significant financial instruments are cash, accounts receivable, and other short-term assets and liabilities. For these financial instruments, carrying values approximate fair value.

Revenue Recognition

Hope recognizes revenue when a tenant satisfies a performance obligation by transferring control of goods or services to a tenant. Revenue is measured in an amount that reflects the consideration that an entity expects to receive in exchange for those goods or services and excludes any incentives and amounts collected on behalf of a third party. Rental revenue is recognized as rents become due from tenants.

Rent payments received in advance are recognized as deferred revenue until earned. Tenant security deposits collected are recognized as revenue when forfeited. All leases between the Organization and the tenants of the property are operating leases.

Hope Communities, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2025 and 2024 (continued)

2. Summary of Significant Accounting Policies (continued)

Contributions and Grants

Contributions and grants of cash and other assets received without donor stipulations are reported as revenue and net assets without donor restrictions. Contributions and grants received with a donor stipulation that limits their use are reported as revenue and net assets with donor restrictions. When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions and grants that are originally restricted by the donor and for which the restriction is met in the same period are recorded as revenue without donor restrictions.

Contributions of land, buildings, equipment and other long-lived assets are reported as unrestricted revenue and net assets unless explicit donor stipulations specify how such assets must be used, in which case the gifts are reported as temporarily or permanently restricted revenue and net assets. Absent explicit donor stipulations for the time long-lived assets must be held, expirations of restrictions resulting in reclassification of temporarily restricted net assets as unrestricted net assets are reported when the long-lived assets are placed in service.

Impairment of Long-Lived Assets

Hope has reviewed long-lived assets to determine if the carrying value exceeds the undiscounted cash flows expected to be derived from the asset. If the carrying value exceeds the cash flows, recorded amounts of the assets will be reduced to their fair value. There was no asset impairment for the years ended December 31, 2025 and 2024.

Noncontrolling Interest

Noncontrolling interest represents noncontrolling interest in Hope's majority-owned entity by other investors.

Income Taxes

Hope is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. However, Hope is subject to federal income tax on any unrelated business taxable income. Hope files tax returns in the U.S. federal jurisdiction. Hope has support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the consolidated financial statements. The Organization's federal tax returns (Form 990) for 2025 is subject to examination by the IRS, generally for three years after the returns are filed.

Hope's for-profit subsidiaries are subject to federal and state income taxes at the applicable corporate rates.

Hope's majority-owned entity is not directly subject to income taxes under the provisions of the Internal Revenue Code and applicable state laws. Therefore, taxable income or loss is reported to the individual member/partner for inclusion in their respective tax return and no provision for federal and state income taxes has been included in the accompanying consolidated financial statements.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statement of activities. Certain costs have been allocated among the program, management and general and fund-raising categories. Such allocations are determined by management on an equitable basis.

Hope Communities, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2025 and 2024 (continued)

2. Summary of Significant Accounting Policies (continued)

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and benefits	Time and effort
Administrative expenses	Time and effort
Legal and professional fees	Time and effort
Advertising, Marketing, and Fundraising	Time and effort

Disposition of Real Estate Assets

During the year ended December 31, 2025, the Organization sold the real estate properties held by its wholly owned subsidiaries, Minute Spot, LLC and Welton Homes, LLC. The transactions were completed in November 2025. As a result, the Organization recognized a loss on the disposition of real estate held by subsidiaries of \$1,296,637 which is reflected in the accompanying consolidated statement of activities.

As of December 31, 2025, the subsidiaries retained certain assets and liabilities, primarily cash and accounts payable, related to final operating activities and close-out of the entities. Management expects these balances to be settled or transferred to the Organization during the subsequent fiscal year. Adjustments related to the elimination of intercompany balances and changes in Hope's investment in Minute Spot, LLC and Welton Homes, LLC were recorded directly to net assets and did not affect the change in net assets for the year.

Subsequent Events

The Organization has evaluated all events or transactions that occurred after December 31, 2025, through April 16, 2026, the date the consolidated financial statements were available to be issued. During this period, the Organization was not aware of any material recognizable subsequent events.

3. Deferred Revenue

In 2022, Gardens of Hope, LLC. suffered a fire casualty on the building. Insurance covered the replacement of the impacted assets, less a deductible of \$10,000. During 2022, the Organization received \$77,633. In 2024 the Organization received an additional \$25,076 in insurance proceeds for repair costs. Total costs incurred for the project in 2024 amounted to \$149,525. Upon completion of the project in 2024, the Organization recognized \$102,079 as income, recorded in other income and capitalized \$176,990 as a capital asset addition.

In 2025, Denver Revitalization Partnership VIII, Ltd (Carolton Arms Apartments) suffered a fire casualty to one of the building units. During the year, the Organization received \$30,000 in insurance proceeds to cover the replacement of the damaged assets. Renovation costs of \$25,459 were incurred during 2025, and the project is expected to be completed in 2026.

Hope Communities, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2025 and 2024 (continued)

4. Liquidity and Availability

The following represents Hope's financial assets available within one year of the balance sheet date for general expenditures:

	2025	2024
Financial assets at period end:		
Cash & cash equivalents	\$ 3,558,078	\$ 3,276,163
Accounts receivable	135,139	197,729
Promises to give	250,000	25,750
Total financial assets	3,943,217	3,499,642
Donor-imposed restrictions:		
Funds subject to time and purpose restrictions	(1,497,730)	(706,074)
Net financial assets after donor-imposed restrictions	2,445,487	2,793,568
Board designations:		
Housing development funds	(197,676)	(209,272)
Operating reserves	(991,146)	(957,997)
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,256,665	\$ 1,626,299

The Organization receives contributions restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Organization's board designated operating reserves can be made available to meet operating needs if necessary.

The Organization manages its liquidity and reserves following three guiding principles: Operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining enough reserves to provide reasonable assurance that long-term obligations will be discharged. To achieve these targets, the entity forecasts its future cash flows and monitors its liquidity quarterly and monitors its reserves annually.

Board designated housing development funds are savings to be used for pre-development activities related to the acquisition, renovation, and/or construction of affordable housing. The Board operating reserves, initially established as a safeguard after the Organization experienced severe hardship, may be used for true emergency situations when cash is depleted and expenditures cannot be prevented, reduced or deferred.

Hope Communities, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2025 and 2024 (continued)

5. Restricted Cash

As of December 31, 2025 and 2024, restricted cash consists of cash for the following purposes:

	2025	2024
Capital expenditures and maintenance	\$ 1,192,963	\$ 1,300,133
Operating reserves restricted by investors	210,432	209,179
Security deposits paid by tenants	158,392	193,830
Debt service and escrow	346,626	310,663
Total	\$ 1,908,413	\$ 2,013,805

6. Property and Equipment

Property and equipment at December 31, 2025 and 2024 consists of the following:

	2025	2024
Land	\$ 888,034	\$ 1,696,845
Buildings and building improvements	14,198,625	18,791,098
Furniture, fixtures, and equipment	1,123,232	1,260,015
Vehicles	22,793	22,793
CIP	42,983	-
Total property and equipment	\$ 16,275,667	\$ 21,770,751
Less: accumulated depreciation	(10,635,866)	(11,687,859)
Net property and equipment	\$ 5,639,801	\$ 10,082,892

Depreciation expense for the years ended December 31, 2025 and 2024 was \$615,645, and \$604,440, respectively.

7. Advances from Funding Sources

Hope has various interest-free loan agreements, which are payable in annual installments equal to 50% of surplus cash flow. In addition, certain notes are to be deferred and forgiven upon maturity provided certain obligations are met. These advances are included in long-term debt on the balance sheet. In 2024, a modification agreement was made between the City and County of Denver and Denver Revitalization Partners VIII, Ltd. (DRP VIII) stating that the expiration date of the 1% note that matured on March 1, 2024, was extended to March 1, 2049. The note therefore is classified as long-term debt on the Organization's statement of financial position as of December 31, 2025 and 2024.

Hope Communities, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2025 and 2024 (continued)

7. Advances from Funding Sources (continued)

Advances from funding sources at December 31, 2025 and 2024 consist of the following:

	2025	2024
Note payable to the City and County of Denver (CCOD) by Minute Spot, LLC; payable in annual installments equal to 50% of Minute Spot's available annual surplus cash; outstanding principal due June 1, 2027; secured by a deed of trust. This note was paid off as part of the sale of the Minute Spot, LLC property.	\$ -	\$ 906,450
Note payable to the CCOD by KittyHawk, LLC; payable in annual installments equal to 50% of KittyHawk's net cash flow; outstanding principal due September 2, 2029; secured by a deed of trust.	94,648	160,930
Note payable to the CCOD by KittyHawk, LLC; deferred and forgiven on September 2, 2029, provided that the use of four rental units have remained rental housing affordable to low-income residents living with AIDS and provided that KittyHawk is in compliance with the terms of the note discussed above; secured by a deed of trust.	240,000	240,000
Note payable to the CCOD by Denver Revitalization Partners VIII, Ltd. (DRP VIII has been converted into a performance-based loan, which is forgivable on March 1, 2049, contingent upon the maintenance of affordability restrictions. This loan is secured by a deed of trust.	524,157	524,157
Total advances from funding sources	\$ 858,805	\$ 1,831,537

8. Long-Term Debt

At December 31, 2025 and 2024 long-term debt consists of the following:

	2025	2024
Colorado Housing and Finance Authority (CHFA) (A)	\$ 2,327,983	\$ 2,378,652
CHFA (B)	-	1,048,087
1st Bank (C)	1,787,465	1,810,240
CCOD (D)	-	390,564
CCOD (E)	187,557	199,557
1st Bank (F)	627,324	647,837
	4,930,329	6,474,937
Less: unamortized loan fees	(33,240)	(45,655)
Less: Current portion	(2,384,761)	(155,771)
Total long-term notes payable	\$ 2,512,328	\$ 6,273,511

(A) Note payable by Kittyhawk/Canterbury Renovation LLLP; due August 1, 2026; payable \$17,473 monthly, including interest at 6.75%; secured by deed of trust.

Hope Communities, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2025 and 2024 (continued)

8. Long-Term Debt (continued)

- (B) Note payable by Welton Homes, LLC; due February 1, 2024; payable \$7,639 monthly, including interest at 6.15%; secured by deed of trust. During 2024, a fourth loan modification agreement was made between Colorado Housing and Finance Authority and Welton Homes LLC, stating that the expiration date of this note is extended to February 1, 2026 and no monthly payments are due under the note from October 1, 2024 through September 30, 2025. This note was paid off as part of the sale of the Welton Homes, LLC property.
- (C) Note payable by Gardens of Hope, LLC; due March 15, 2034; payable \$11,983 monthly including interest at 6.65% with a balloon payment due on March 15, 2034 ; secured by deed of trust.
- (D) Note payable by Minute Spot, LLC; due January 1, 2016; \$4,515 monthly including interest at 3.00%; secured by deed of trust. Note amended to suspend payments from January 1, 2014 through December 31, 2015; and maturity extended to July 1, 2032. This note was assumed by the buyer as part of the sale of the Minute Spot, LLC property.
- (E) Notes payable by Hope Development, LLC; due July 1, 2039; payable \$5,000 annually through 2019 and \$1,000 monthly through maturity; interest at 0%; unsecured. Note amended to suspend payments from January 1, 2020 through December 31, 2021. In 2022, monthly payments of \$1,000 resumed.
- (F) Note payable by Hope Neighborhood Center, LLC; due March 1, 2029; payable \$4,394 monthly including interest at 4.99% until March 1, 2026, after which time the rate changes to a variable rate based on the weekly average yield on U.S Treasury securities adjusted to a constant maturity of three years; secured by deed of trust.

Collective required principal payments of long-term debt at December 31, 2025:

	2025
2026	\$ 2,384,761
2027	59,358
2028	61,955
2029	603,806
2030	43,512
Thereafter	1,776,937
	\$ 4,930,329

Hope Communities, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2025 and 2024 (continued)

9. Net Assets

Net assets with donor restrictions as of December 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Home Investment Partnership Program (HOME)	\$ 425,000	\$ 425,000
Impact 100 Metro Denver	94,013	100,000
Colorado Health Foundation- Youth program support	-	40,000
Strear Family Foundation	-	22,500
Caring for Colorado	-	30,000
Colorado Health Foundation- Employee Wellness	-	5,000
Trailhead Institute	-	7,500
Mile High United Way	-	10,000
Neighborhood Development Collaborative	-	44,824
CHFA	-	15,000
Sam. S. Bloom Foundation	-	6,250
BMO	1,250	-
Colorado Health Foundation - Immigrant support	7,500	-
Colorado Health Foundation - Housing support	914,467	-
Cheryl and Donald Barbula	4,000	-
Steve Drucker	1,000	-
Anonymous donoation	50,000	-
Colorado Gives	500	-
	<u>\$ 1,497,730</u>	<u>\$ 706,074</u>

10. Pension and Other Postretirement Plans

Hope has a defined contribution pension plan covering substantially all employees. In 2019 Hope implemented a matching contribution of one percent. The matching contribution was 4% in 2024 and 2025. \$27,133 and \$31,556 in matching contributions were made to the plan during the years ending December 31, 2025 and 2024, respectively.

11. Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

General Litigation

Hope is subject to claims and lawsuits that arise primarily in the ordinary course of business. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the consolidated financial position, results of operations and cash flows of the Company.

Hope Communities, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2025 and 2024 (continued)

11. Significant Estimates and Concentrations (continued)

Flood accrual

During 2023, Welton Homes, LLC suffered flood damage. The estimated cost to fix the damages due to the flood was \$120,066 and was reflected in accounts payable and accrued expenses on the statement of net position. As of December 31, 2024, the costs to fix the damages were completed. Actual costs were \$107,967 and the change was reported as other income in the statement of activities.

12. Related Parties

Kittyhawk/Canterbury Renovation LLLP and Welton Homes, LLC, both carry notes payable with Colorado Housing Finance Authority (CHFA), of which one of the Hope board members is also an employee. The Welton Homes, LLC note was assumed by the buyer as part of the sale of the property.

Hope has cash deposits and two loan agreements at a financial institution of which one of the board members is also an employee. At December 31, 2025 and 2024, total cash deposits at this financial institution were \$2,356,028 and \$2,363,539, respectively and the outstanding loan balances were \$2,414,789 and \$2,458,077, respectively.

13. Contingencies

In May 2006, Hope Development received a forgivable loan of \$490,000 in federal “Home Program” funds from the City of Denver to be used toward the design and construction of ten single-family homes. The loan required that the homes be sold to moderate-income buyers and would be forgiven after twenty years. Hope has been advised that it has fulfilled its obligation by selling all ten homes to qualified moderate-income buyers, all transactions specifically subject to income restrictions contained in the City’s Inclusionary Housing Ordinance (IHO), recorded with each transaction. The City has noted that should any of these homes be transferred to subsequent owners who do not qualify as moderate-income, Hope Development may be subject to repayment for some of this loan.

In June 2015, Hope Development filed a Notification Regarding Limitations on Resale Price and Buyer Income Covenant with City of Denver, in connection with this loan. This filing requests notification of any events of default under any financing secured by the properties that could result in Hope Development being required to repay the loan balance.

14. In-Kind Contributions

The Organization’s consolidated financial statements include the following in-kind contributions revenue and support, and associated expense.

Professional Services

The Organization received donated professional services that would typically be purchased if not provided as an in-kind contribution. These services, which require specialized skills, are recognized as in-kind contributions at fair value when the pledge is made and are expensed when the services are rendered. The estimated fair value of these professional services is provided by the service provider, who estimates the fair value based on the date, time and market in which the service is rendered.

Hope Communities, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2025 and 2024 (continued)

14. In-Kind Contributions (continued)

Other

Other in-kind contributions consist primarily of food, gift card, clothing, household and other donations. These items are recognized as in-kind contributions at fair value, with a corresponding expense, as they are used. The Organization values these items at either face value or fair value on the date received depending on the nature of the item.

During the years ended, December 31, 2025 and 2024, the Organization received the following in-kind contributions:

	<u>2025</u>	<u>2024</u>
Professional services	\$ 29,788	\$ 34,985
Other	389,709	457,733
Total in-kind contributions	<u>\$ 419,497</u>	<u>\$ 492,718</u>

15. Volunteers

A substantial number of individuals have donated significant amounts of their time to the Organization's programs and supporting services. These volunteer contributions do not meet the criteria for financial statement recognition and, therefore, were not recorded. The estimated fair value of these donations were \$108,127 and \$109,802, respectively, at December 31, 2025 and 2024.

Hope Communities, Inc. and Subsidiaries

Supplementary Information

Hope Communities, Inc. and Subsidiaries
Consolidating Information—Statement of Financial Position
December 31, 2025

	Hope Communities, Inc.	Hope Development LLC	Hope Neighborhood Center LLC	Gardens of Hope, LLC	KittyHawk, LLC
ASSETS					
Cash and cash equivalents	\$ 2,358,218	\$ 364,749	\$ -	\$ 431,821	\$ -
Restricted cash	36,942	-	-	853,000	-
Accounts receivable, net	76,703	-	-	30,196	-
Promises to give, net	456,223	-	-	-	-
Prepaid expenses	22,536	-	-	11,933	-
Investments in subsidiaries	1,910,359	-	-	-	-
Property and equipment, net	-	-	776,012	970,850	-
Related party receivables					
Accounts receivable	1,054,477	-	961,026	5,000	20,630
Notes receivable	608,140	-	-	-	3,374,262
Developer fees	-	-	-	-	-
Total assets	<u>\$ 6,523,598</u>	<u>\$ 364,749</u>	<u>\$ 1,737,038</u>	<u>\$ 2,302,800</u>	<u>\$ 3,394,892</u>
Liabilities and Net Assets					
Liabilities					
Accounts payable, trade	\$ 15,516	\$ -	\$ -	\$ 14,854	\$ -
Accrued expenses	88,293	-	2,782	141,305	-
Long-term debt	-	187,557	625,751	1,763,521	334,648
Refundable security deposits	1,507	-	-	54,075	-
Related party payables					
Accounts payable	981,656	254,133	792,767	3,221	5,000
Notes payable	-	-	-	-	-
Developer fees	-	-	-	-	-
Total liabilities	<u>1,086,972</u>	<u>441,690</u>	<u>1,421,300</u>	<u>1,976,976</u>	<u>339,648</u>
NET ASSETS					
Noncontrolling interests	-	-	-	-	-
Without donor restrictions	3,938,896	(76,941)	315,738	325,824	3,055,244
With donor restrictions	<u>1,497,730</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total net assets	<u>5,436,626</u>	<u>(76,941)</u>	<u>315,738</u>	<u>325,824</u>	<u>3,055,244</u>
Total liabilities and net assets	<u>\$ 6,523,598</u>	<u>\$ 364,749</u>	<u>\$ 1,737,038</u>	<u>\$ 2,302,800</u>	<u>\$ 3,394,892</u>

Hope Communities, Inc. and Subsidiaries
Consolidating Information—Statement of Financial Position
December 31, 2025

	Westerly Creek Homes LLC	Kittyhawk/ Canterbury Renovation LLLP	Eliminations	Consolidated Westerly Creek Homes LLC
ASSETS				
Cash and cash equivalents	\$ -	\$ 41,198	\$ -	\$ 41,198
Restricted cash	-	833,174	-	833,174
Accounts receivable, net	-	23,111	-	23,111
Promises to give, net	-	-	-	-
Prepaid expenses	-	38,062	-	38,062
Investments in subsidiaries	(1,306,650)	-	1,306,650	-
Property and equipment, net	-	3,630,722	-	3,630,722
Related party receivables				
Accounts receivable	-	-	-	-
Notes receivable	-	-	-	-
Developer fees	-	-	-	-
Total assets	<u>\$ (1,306,650)</u>	<u>\$ 4,566,267</u>	<u>\$ 1,306,650</u>	<u>\$ 4,566,267</u>
Liabilities and Net Assets				
Liabilities				
Accounts payable, trade	\$ -	\$ 33,532	\$ -	\$ 33,532
Accrued expenses	-	51,565	-	51,565
Long-term debt	-	2,320,260	-	2,320,260
Refundable security deposits	-	89,345	-	89,345
Related party payables				
Accounts payable	-	4,356	-	4,356
Notes payable	-	3,374,262	-	3,374,262
Developer fees	-	-	-	-
Total liabilities	<u>-</u>	<u>5,873,320</u>	<u>-</u>	<u>5,873,320</u>
NET ASSETS				
Noncontrolling interests	-	(403)	-	(403)
Without donor restrictions	(1,306,650)	(1,306,650)	1,306,650	(1,306,650)
With donor restrictions	-	-	-	-
Total net assets	<u>(1,306,650)</u>	<u>(1,307,053)</u>	<u>1,306,650</u>	<u>(1,307,053)</u>
Total liabilities and net assets	<u>\$ (1,306,650)</u>	<u>\$ 4,566,267</u>	<u>\$ 1,306,650</u>	<u>\$ 4,566,267</u>

Hope Communities, Inc. and Subsidiaries
Consolidating Information—Statement of Financial Position
December 31, 2025

	Carolton Corporation	DRP VIII Carolton Arms Apartments	Eliminations	Consolidated Carolton Corporation
ASSETS				
Cash and cash equivalents	\$ -	\$ 24,131	\$ -	\$ 24,131
Restricted cash	-	43,159	-	43,159
Accounts receivable, net	-	4,278	-	4,278
Promises to give, net	-	-	-	-
Prepaid expenses	-	3,336	-	3,336
Investments in subsidiaries	(8,786)	-	8,786	-
Property and equipment, net	-	262,217	-	262,217
Related party receivables				
Accounts receivable	-	-	-	-
Notes receivable	-	-	-	-
Developer fees	-	-	-	-
Total assets	<u>\$ (8,786)</u>	<u>\$ 337,121</u>	<u>\$ 8,786</u>	<u>\$ 337,121</u>
Liabilities and Net Assets				
Liabilities				
Accounts payable, trade	\$ -	\$ 32,541	\$ -	\$ 32,541
Accrued expenses	-	33,835	-	33,835
Deferred revenue	-	4,541	-	4,541
Long-term debt	-	524,157	-	524,157
Refundable security deposits	-	12,508	-	12,508
Related party payables				
Accounts payable	-	-	-	-
Notes payable	-	608,140	-	608,140
Developer fees	-	-	-	-
Total liabilities	<u>-</u>	<u>1,215,722</u>	<u>-</u>	<u>1,215,722</u>
NET ASSETS				
Non-Controlling interest	-	-	-	-
Without donor restrictions	(8,786)	(878,601)	8,786	(878,601)
With donor restrictions	-	-	-	-
Total net assets	<u>(8,786)</u>	<u>(878,601)</u>	<u>8,786</u>	<u>(878,601)</u>
Total liabilities and net assets	<u>\$ (8,786)</u>	<u>\$ 337,121</u>	<u>\$ 8,786</u>	<u>\$ 337,121</u>

Hope Communities, Inc. and Subsidiaries
Consolidating Information—Statement of Financial Position
December 31, 2025

	Minute Spot, LLC	Welton Homes, LLC	Eliminations	Consolidated Minute Spot LLC
ASSETS				
Cash and cash equivalents	\$ 533	\$ 337,428	\$ -	\$ 337,961
Restricted cash	82,567	59,571	-	142,138
Accounts receivable, net	-	63	-	63
Promises to give, net	-	-	-	-
Prepaid expenses	-	-	-	-
Investments in subsidiaries	-	-	-	-
Property and equipment, net	-	-	-	-
Related party receivables				
Accounts receivable	-	-	-	-
Notes receivable	-	-	-	-
Developer fees	-	-	-	-
Total assets	<u>\$ 83,100</u>	<u>\$ 397,062</u>	<u>\$ -</u>	<u>\$ 480,162</u>
Liabilities and Net Assets				
Liabilities				
Accounts payable, trade	\$ 407	\$ 3,960	\$ -	\$ 4,367
Accrued expenses	-	-	-	-
Long-term debt	-	-	-	-
Refundable security deposits	-	-	-	-
Related party payables				
Accounts payable	-	-	-	-
Notes payable	-	-	-	-
Developer fees	-	-	-	-
Total liabilities	<u>407</u>	<u>3,960</u>	<u>-</u>	<u>4,367</u>
NET ASSETS				
Noncontrolling interests	-	-	-	-
Without donor restrictions	82,693	393,102	-	475,795
With donor restrictions	-	-	-	-
Total net assets	<u>82,693</u>	<u>393,102</u>	<u>-</u>	<u>475,795</u>
Total liabilities and net assets	<u>\$ 83,100</u>	<u>\$ 397,062</u>	<u>\$ -</u>	<u>\$ 480,162</u>

Hope Communities, Inc. and Subsidiaries
Consolidating Information—Statement of Financial Position
December 31, 2025

	Subtotal	Eliminations	Consolidated Totals
ASSETS			
Cash and cash equivalents	\$ 3,558,078	\$ -	\$ 3,558,078
Restricted cash	1,908,413	-	1,908,413
Accounts receivable, net	134,351	788	135,139
Promises to give, net	456,223	-	456,223
Prepaid expenses	75,867	-	75,867
Investments in subsidiaries	1,910,359	(1,910,359)	-
Property and equipment, net	5,639,801	-	5,639,801
Related party receivables			
Accounts receivable	2,041,133	(2,041,133)	-
Notes receivable	3,982,402	(3,982,402)	-
Developer fees	-	-	-
Total assets	<u>\$ 19,706,627</u>	<u>\$ (7,933,106)</u>	<u>\$ 11,773,521</u>
Liabilities and Net Assets			
Liabilities			
Accounts payable, trade	\$ 100,810	\$ 788	\$ 101,598
Accrued expenses	317,780	-	317,780
Deferred revenue	4,541	-	4,541
Long-term debt	5,755,894	-	5,755,894
Refundable security deposits	157,435	-	157,435
Related party payables			
Accounts payable	2,041,133	(2,041,133)	-
Notes payable	3,982,402	(3,982,402)	-
Developer fees	-	-	-
Total liabilities	<u>12,359,995</u>	<u>(6,022,747)</u>	<u>6,337,248</u>
NET ASSETS			
Noncontrolling interests	(403)	-	(403)
Without donor restrictions	5,849,305	(1,910,356)	3,938,946
With donor restrictions	1,497,730	-	1,497,730
Total net assets	<u>7,346,632</u>	<u>(1,910,356)</u>	<u>5,436,273</u>
Total liabilities and net assets	<u>\$ 19,706,627</u>	<u>\$ (7,933,106)</u>	<u>\$ 11,773,521</u>

Hope Communities, Inc. and Subsidiaries
Consolidating Information—Statement of Activities
For the Year Ended December 31, 2025

	Hope Communities, Inc.	Hope Development LLC	Hope Neighborhood Center LLC	Gardens of Hope, LLC	KittyHawk, LLC
Revenues Without Donor Restrictions					
Rental income	\$ 31,721	\$ -	\$ 30,000	\$ 1,211,921	\$ -
Interest income	75,874	5,245	-	31,619	225,599
Development and management fees	419,786	-	-	-	-
Gain (loss) on investment in subsidiaries	1,724,994	-	-	-	-
Contributions and grants	1,100,048	-	-	-	-
In-kind contributions	419,497	-	-	-	-
Insurance proceeds	-	-	-	-	-
Other income	129	-	-	21,600	-
Net assets released from restrictions	264,844	-	-	-	-
Total revenues without donor restrictions	<u>4,036,893</u>	<u>5,245</u>	<u>30,000</u>	<u>1,265,140</u>	<u>225,599</u>
Expenses					
Affordable housing	36,153	46	-	1,369,129	-
Resident services	1,469,894	-	-	-	-
Development	54,055	-	-	-	-
Total program services	1,560,102	46	-	1,369,129	-
Administrative	359,345	-	73,832	-	-
Fundraising	247,087	-	-	-	-
Total expenses (and losses)	<u>2,166,534</u>	<u>46</u>	<u>73,832</u>	<u>1,369,129</u>	<u>-</u>
Operating change in net assets without donor restrictions	<u>1,870,359</u>	<u>5,199</u>	<u>(43,832)</u>	<u>(103,989)</u>	<u>225,599</u>
Non-Operating Activities					
Gain (loss) on sale of real estate	-	-	-	-	-
Total non-operating activities	-	-	-	-	-
Change in Net Assets Without Donor Restrictions	1,870,359	5,199	(43,832)	(103,989)	225,599
Revenues With Donor Restrictions					
Contributions	1,056,500	-	-	-	-
Net assets released from restrictions	(264,844)	-	-	-	-
Change in net assets with donor restrictions	<u>791,656</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Assets	2,662,015	5,199	(43,832)	(103,989)	225,599
Change in Net Assets Attributable to Noncontrolling Interest					
	-	-	-	-	-
Change in Net Assets Attributable to Hope	<u>2,662,015</u>	<u>5,199</u>	<u>(43,832)</u>	<u>(103,989)</u>	<u>225,599</u>
Change in Net Assets	2,662,015	5,199	(43,832)	(103,989)	225,599
Net Assets, Beginning of Year	6,619,585	(82,140)	359,570	429,813	2,829,645
Net Assets, End of Year	<u>\$ 5,436,626</u>	<u>\$ (76,941)</u>	<u>\$ 315,738</u>	<u>\$ 325,824</u>	<u>\$ 3,055,244</u>

Hope Communities, Inc. and Subsidiaries
Consolidating Information—Statement of Activities
For the Year Ended December 31, 2025

	Westerly Creek Homes LLC	Kittyhawk/ Canterbury Renovation LLLP	Eliminations	Consolidated Westerly Creek Homes LLC
Revenues Without Donor Restrictions				
Rental income	\$ -	\$ 1,432,231	\$ -	\$ 1,432,231
Interest income	-	5,570	-	5,570
Development and management fees	-	-	-	-
Gain (loss) on investment in subsidiaries	(555,693)	-	555,693	-
Contributions and grants	-	-	-	-
In-kind contributions	-	-	-	-
Insurance proceeds	-	-	-	-
Other income	-	80,062	-	80,062
Net assets released from restrictions	-	-	-	-
Total revenues without donor restrictions	<u>(555,693)</u>	<u>1,517,863</u>	<u>555,693</u>	<u>1,517,863</u>
Expenses				
Affordable housing	-	2,073,582	-	2,073,582
Resident services	-	-	-	-
Development	-	-	-	-
Total program services	-	2,073,582	-	2,073,582
Administrative	-	-	-	-
Fundraising	-	-	-	-
Total expenses (and losses)	-	2,073,582	-	2,073,582
Operating change in net assets without donor restrictions	<u>(555,693)</u>	<u>(555,719)</u>	<u>555,693</u>	<u>(555,719)</u>
Non-Operating Activities				
Gain (loss) on sale of real estate held by subsidiaries	-	-	-	-
Total non-operating activities	-	-	-	-
Change in Net Assets Without Donor Restrictions	(555,693)	(555,719)	555,693	(555,719)
Revenues With Donor Restrictions				
Contributions	-	-	-	-
Net assets released from restrictions	-	-	-	-
Change in net assets with donor restrictions	-	-	-	-
Change in Net Assets	(555,693)	(555,719)	555,693	(555,719)
Change in Net Assets Attributable to Noncontrolling Interest	-	(28)	-	(28)
Change in Net Assets Attributable to Hope	<u>(555,693)</u>	<u>(555,691)</u>	<u>555,693</u>	<u>(555,691)</u>
Change in Net Assets	(555,693)	(555,719)	555,693	(555,719)
Net Assets, Beginning of Year	<u>(750,957)</u>	<u>(751,334)</u>	<u>750,957</u>	<u>(751,334)</u>
Net Assets, End of Year	<u>\$ (1,306,650)</u>	<u>\$ (1,307,053)</u>	<u>\$ 1,306,650</u>	<u>\$ (1,307,053)</u>

Hope Communities, Inc. and Subsidiaries
Consolidating Information—Statement of Activities
For the Year Ended December 31, 2025

	Carolton Corporation	DRP VIII Carolton Arms Apartments	Eliminations	Consolidated Carolton Corporation
Revenues Without Donor Restrictions				
Rental income	\$ -	\$ 237,879	\$ -	\$ 237,879
Interest income	-	327	-	327
Development and management fees	-	-	-	-
Gain (loss) on investment in subsidiaries	193	-	(193)	-
Contributions and grants	-	-	-	-
In-kind contributions	-	-	-	-
Insurance proceeds	-	25,459	-	25,459
Other income	-	26,593	-	26,593
Net assets released from restrictions	-	-	-	-
Total revenues without donor restrictions	<u>193</u>	<u>290,258</u>	<u>(193)</u>	<u>290,258</u>
Expenses				
Affordable housing	-	270,868	-	270,868
Resident services	-	-	-	-
Development	-	-	-	-
Total program services	-	<u>270,868</u>	-	<u>270,868</u>
Administrative	-	-	-	-
Fundraising	-	-	-	-
Total expenses (and losses)	-	<u>270,868</u>	-	<u>270,868</u>
Operating change in net assets without donor restrictions	<u>193</u>	<u>19,390</u>	<u>(193)</u>	<u>19,390</u>
Non-Operating Activities				
Gain (loss) on sale of real estate held by subsidiaries	-	-	-	-
Total non-operating activities	-	-	-	-
Change in Net Assets Without Donor Restrictions	193	19,390	(193)	19,390
Revenues With Donor Restrictions				
Contributions	-	-	-	-
Net assets released from restrictions	-	-	-	-
Change in net assets with donor restrictions	-	-	-	-
Change in Net Assets	193	19,390	(193)	19,390
Change in Net Assets Attributable to Noncontrolling Interest				
	-	-	-	-
Change in Net Assets Attributable to Hope	193	19,390	(193)	19,390
Change in Net Assets	193	19,390	(193)	19,390
Net Assets, Beginning of Year	<u>(8,979)</u>	<u>(897,991)</u>	<u>8,979</u>	<u>(897,991)</u>
Net Assets, End of Year	<u>\$ (8,786)</u>	<u>\$ (878,601)</u>	<u>\$ 8,786</u>	<u>\$ (878,601)</u>

Hope Communities, Inc. and Subsidiaries
Consolidating Information—Statement of Activities
For the Year Ended December 31, 2025

	Minute Spot, LLC	Welton Homes, LLC	Eliminations	Consolidated Minute Spot LLC
Revenues Without Donor Restrictions				
Rental income	\$ 7,300	\$ 394,234	\$ -	\$ 401,534
Interest income	15,193	3,116	-	18,309
Development and management fees	-	-	-	-
Gain (loss) on investment in subsidiaries	(27)	-	27	-
Contributions and grants	-	-	-	-
In-kind contributions	-	-	-	-
Insurance proceeds	-	-	-	-
Other income	-	32,643	-	32,643
Net assets released from restrictions	-	-	-	-
Total revenues without donor restrictions	<u>22,466</u>	<u>429,993</u>	<u>27</u>	<u>452,486</u>
Expenses				
Affordable housing	-	695,964	-	695,964
Resident services	-	-	-	-
Development	-	-	-	-
Total program services	-	695,964	-	695,964
Administrative	126,712	-	-	126,712
Fundraising	-	-	-	-
Total expenses (and losses)	<u>126,712</u>	<u>695,964</u>	<u>-</u>	<u>822,676</u>
Operating change in net assets without donor restrictions	<u>(104,246)</u>	<u>(265,971)</u>	<u>27</u>	<u>(370,190)</u>
Non-Operating Activities				
Gain (loss) on sale of real estate	<u>832,456</u>	<u>(2,129,092)</u>	<u>-</u>	<u>(1,296,636)</u>
Total non-operating activities	<u>832,456</u>	<u>(2,129,092)</u>	<u>-</u>	<u>(1,296,636)</u>
Change in Net Assets Without Donor Restrictions	<u>728,210</u>	<u>(2,395,063)</u>	<u>27</u>	<u>(1,666,826)</u>
Revenues With Donor Restrictions				
Contributions	-	-	-	-
Net assets released from restrictions	-	-	-	-
Change in net assets with donor restrictions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Assets	<u>728,210</u>	<u>(2,395,063)</u>	<u>27</u>	<u>(1,666,826)</u>
Change in Net Assets Attributable to Noncontrolling Interest				
	-	-	-	-
Change in Net Assets Attributable to Hope	<u>728,210</u>	<u>(2,395,063)</u>	<u>27</u>	<u>(1,666,826)</u>
Change in Net Assets	<u>728,210</u>	<u>(2,395,063)</u>	<u>27</u>	<u>(1,666,826)</u>
Net Assets, Beginning of Year	<u>(312,699)</u>	<u>(955,657)</u>	<u>(27)</u>	<u>(1,268,383)</u>
Net Assets, End of Year	<u>\$ 82,693</u>	<u>\$ 393,102</u>	<u>\$ -</u>	<u>\$ 475,795</u>

Hope Communities, Inc. and Subsidiaries
Consolidating Information—Statement of Activities
For the Year Ended December 31, 2025

	Subtotal	Eliminations	Consolidated Totals
Revenues Without Donor Restrictions			
Rental income	\$ 3,345,286	\$ (30,000)	\$ 3,315,286
Interest income	362,543	(274,189)	88,354
Development and management fees	419,786	(419,786)	-
Gain (loss) on investment in subsidiaries	1,724,994	(1,724,994)	-
Contributions and grants	1,100,048	-	1,100,048
In-kind contributions	419,497	-	419,497
Insurance proceeds	25,459	-	25,459
Other income	161,027	-	161,027
Net assets released from restrictions	264,844	-	264,844
Total revenues without donor restrictions	<u>7,823,484</u>	<u>-(2,448,969)</u>	<u>5,374,515</u>
Expenses			
Affordable housing	4,445,742	(693,975)	3,751,767
Resident services	1,469,894	-	1,469,894
Development	54,055	-	54,055
Total program services	5,969,691	(693,975)	5,275,716
Administrative	559,889	(30,000)	529,889
Fundraising	247,087	-	247,087
Total expenses (and losses)	<u>6,776,667</u>	<u>(723,975)</u>	<u>6,052,692</u>
Operating change in net assets without donor restrictions	<u>1,046,817</u>	<u>(1,724,994)</u>	<u>(678,177)</u>
Non-Operating Activities			
Gain (loss) on sale of real estate	<u>(1,296,636)</u>	-	<u>(1,296,636)</u>
Total non-operating activities	<u>(1,296,636)</u>	-	<u>(1,296,636)</u>
Change in Net Assets with Donor Restrictions	(249,819)	(1,724,994)	(1,974,813)
Revenues With Donor Restrictions			
Contributions	1,056,500	-	1,056,500
Net assets released from restrictions	<u>(264,844)</u>	-	<u>(264,844)</u>
Change in net assets with donor restrictions	<u>791,656</u>	-	<u>791,656</u>
Change in Net Assets	541,837	(1,724,994)	(1,183,157)
Change in Net Assets Attributable to			
Noncontrolling Interest	(28)	-	(28)
Change in Net Assets Attributable to Hope	<u>541,865</u>	<u>(1,724,994)</u>	<u>(1,183,129)</u>
Change in Net Assets	541,837	-(1,724,994)	(1,183,157)
Net Assets, Beginning of Year	<u>6,804,792</u>	<u>(185,365)</u>	<u>6,619,427</u>
Net Assets, End of Year	<u>\$ 7,346,632</u>	<u>\$ (1,910,356)</u>	<u>\$ 5,436,273</u>