



AND AFFILIATES

**COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

THE HOUSING PARTNERSHIP NETWORK, INC. AND AFFILIATES

Contents
December 31, 2025 and 2024

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Independent Auditor's Report

To the Board of Directors of
The Housing Partnership Network, Inc. and Affiliates:

Opinion

We have audited the combined financial statements of The Housing Partnership Network, Inc. (a Massachusetts corporation, not for profit) and Affiliates (collectively, the Network), which comprise the combined statements of financial position as of December 31, 2025 and 2024, and the related combined statements of activities without donor restrictions, changes in net assets, cash flows and functional expenses for the years then ended, and the related notes to the combined financial statements.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the combined financial position of The Housing Partnership Network, Inc. and Affiliates as of December 31, 2025 and 2024, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined 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 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 combined financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

In performing an audit in accordance with GAAS, we:

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

AAFCPA, Inc.

Boston, Massachusetts
April 21, 2026

THE HOUSING PARTNERSHIP NETWORK, INC. AND AFFILIATES

Combined Statements of Financial Position
December 31, 2025 and 2024

| Assets | 2025 | 2024 |
|--|-----------------------|-----------------------|
| Current Assets: | | |
| Cash and cash equivalents | \$ 39,044,194 | \$ 25,967,133 |
| Accounts and contracts receivable, net of allowance for credit losses of \$300,000 as of December 31, 2025 and 2024 | 667,363 | 615,961 |
| Grants receivable | 659,197 | 1,862,497 |
| Current portion of loans receivable, net of allowance for credit losses of \$2,156,541 and \$2,783,353 as of December 31, 2025 and 2024, respectively | 18,721,377 | 35,862,762 |
| Interest receivable | 959,533 | 1,182,496 |
| Prepaid expenses and other | 1,374,769 | 768,136 |
| Total current assets | <u>61,426,433</u> | <u>66,258,985</u> |
| Loans Receivable, net of current portion and allowance for credit losses of \$1,610,725 and \$1,862,622 as of December 31, 2025 and 2024, respectively | 123,247,228 | 86,413,880 |
| Restricted Deposits | 362,861 | 595,180 |
| Investments in Affiliates | 8,212,625 | 9,105,798 |
| Capitalized Costs | 32,953 | 77,286 |
| Total assets | <u>\$ 193,282,100</u> | <u>\$ 162,451,129</u> |
| Liabilities and Net Assets | | |
| Current Liabilities: | | |
| Current portion of loans payable | \$ 11,618,182 | \$ 568,182 |
| Current portion of equity equivalent loans payable | 1,000,000 | - |
| Current portion of accounts payable and accrued expenses | 3,827,986 | 3,540,638 |
| Accrued interest | 668,069 | 598,268 |
| Conditional advances | 2,009,000 | 1,768,528 |
| Deferred income | 148,670 | 148,670 |
| Total current liabilities | <u>19,271,907</u> | <u>6,624,286</u> |
| Loan Escrows Liability | 362,861 | 595,180 |
| Loans Payable, net of current portion | 109,446,868 | 97,606,364 |
| Equity Equivalent Loans Payable, net of current portion | 11,500,000 | 11,500,000 |
| Accounts Payable and Accrued Expenses, net of current portion | - | 127,500 |
| Credit Loss Liability - Unfunded Commitments | 157,175 | 192,924 |
| Total liabilities | <u>140,738,811</u> | <u>116,646,254</u> |
| Net Assets: | | |
| Without donor restrictions: | | |
| Operating | 9,860,989 | 10,378,684 |
| Lending | 19,361,074 | 17,877,249 |
| Affiliate investments | 8,212,625 | 9,105,798 |
| Total without donor restrictions | <u>37,434,688</u> | <u>37,361,731</u> |
| With donor restrictions | 15,108,601 | 8,443,144 |
| Total net assets | <u>52,543,289</u> | <u>45,804,875</u> |
| Total liabilities and net assets | <u>\$ 193,282,100</u> | <u>\$ 162,451,129</u> |

THE HOUSING PARTNERSHIP NETWORK, INC. AND AFFILIATES

Combined Statements of Activities Without Donor Restrictions
For the Years Ended December 31, 2025 and 2024

| | <u>2025</u> | <u>2024</u> |
|---|-------------------|---------------------|
| Operating Revenues: | | |
| Earned income: | | |
| Homebuyer education course fees | \$ 2,468,425 | \$ 2,867,351 |
| Program service fees | 1,979,969 | 308,018 |
| Membership fees | 1,637,439 | 1,729,950 |
| Management fees | 1,378,129 | 871,374 |
| Share of income of affiliates | 481,724 | 536,683 |
| Other revenue | 459,141 | 668,154 |
| Net earned income | <u>8,404,827</u> | <u>6,981,530</u> |
| Financial and related revenue: | | |
| Interest on loans, net | 7,350,810 | 6,367,226 |
| Loan fees | 1,071,410 | 1,130,997 |
| Recovery of (provision for) credit losses - funded loans | 878,709 | (1,323,071) |
| Investment income | 632,210 | 984,265 |
| Recovery of credit losses - unfunded loans | 35,749 | 152,621 |
| Less - interest expense | (4,116,981) | (2,949,229) |
| Net financial and related revenue | <u>5,851,907</u> | <u>4,362,809</u> |
| Public support: | | |
| Grants and contributions | 2,061,278 | 2,798,111 |
| Government grants and contracts | 969,932 | 1,664,337 |
| Net assets released from purpose restrictions | 3,985,743 | 4,963,788 |
| Less - awards to grantees | (787,000) | (1,683,500) |
| Total public support | <u>6,229,953</u> | <u>7,742,736</u> |
| Net operating revenues | <u>20,486,687</u> | <u>19,087,075</u> |
| Operating Expenses | | |
| Program services | 15,162,283 | 14,460,682 |
| General and administrative | 4,317,221 | 4,135,210 |
| Fundraising and communication | 451,529 | 326,764 |
| Total operating expenses | <u>19,931,033</u> | <u>18,922,656</u> |
| Changes in net assets without donor restrictions from operations | <u>555,654</u> | <u>164,419</u> |
| Non-Operating Expenses: | | |
| Lease termination fee | - | (763,926) |
| Write-off of investments in affiliates | (482,697) | - |
| Total non-operating expenses | <u>(482,697)</u> | <u>(763,926)</u> |
| Changes in net assets without donor restrictions | <u>\$ 72,957</u> | <u>\$ (599,507)</u> |

THE HOUSING PARTNERSHIP NETWORK, INC. AND AFFILIATESCombined Statements of Changes in Net Assets
For the Years Ended December 31, 2025 and 2024

| | <u>2025</u> | <u>2024</u> |
|---|----------------------|----------------------|
| Net Assets , beginning of year | \$ 45,804,875 | \$ 45,907,671 |
| Changes in net assets without donor restrictions | <u>72,957</u> | <u>(599,507)</u> |
| Changes in net assets with donor restrictions: | | |
| Grants and contributions | 10,651,200 | 5,460,499 |
| Net assets released from restrictions | <u>(3,985,743)</u> | <u>(4,963,788)</u> |
| Total changes in net assets with donor restrictions | <u>6,665,457</u> | <u>496,711</u> |
| Changes in net assets | <u>6,738,414</u> | <u>(102,796)</u> |
| Net Assets , end of year | <u>\$ 52,543,289</u> | <u>\$ 45,804,875</u> |

THE HOUSING PARTNERSHIP NETWORK, INC. AND AFFILIATES

Combined Statements of Cash Flows
For the Years Ended December 31, 2025 and 2024

| | <u>2025</u> | <u>2024</u> |
|--|----------------------|----------------------|
| Cash Flows from Operating Activities: | | |
| Changes in net assets | \$ 6,738,414 | \$ (102,796) |
| Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities: | | |
| Depreciation and amortization | 44,333 | 92,262 |
| Provision for (recovery of) credit losses - funded loans | (878,709) | 1,323,071 |
| Recovery of credit losses - unfunded loans | (35,749) | (152,621) |
| Share of income of affiliates | (481,724) | (536,683) |
| Write-off of investments in affiliates | 482,697 | - |
| Lease termination fee | - | 763,926 |
| Changes in operating assets and liabilities: | | |
| Accounts and contracts receivable | (51,402) | 173,662 |
| Grants receivable | 1,203,300 | (630,042) |
| Interest receivable | 222,963 | (551,744) |
| Prepaid expenses and other | (606,633) | (79,978) |
| Accounts payable and accrued expenses | 347,348 | 125,466 |
| Accrued interest | 69,801 | 74,836 |
| Conditional advances | 240,472 | (3,225,611) |
| Loan escrows liability | (232,319) | 232,303 |
| Net cash provided by (used in) operating activities | <u>7,062,792</u> | <u>(2,493,949)</u> |
| Cash Flows from Investing Activities: | | |
| Principal collections on loans receivable | 51,396,126 | 29,607,700 |
| Issuance of loans receivable | (70,209,380) | (59,068,774) |
| Distributions from affiliates | 1,148,415 | 422,010 |
| Cash investments in affiliates | (256,215) | (2,763,034) |
| Net cash used in investing activities | <u>(17,921,054)</u> | <u>(31,802,098)</u> |
| Cash Flows from Financing Activities: | | |
| Lease termination fee | (187,500) | (448,926) |
| Proceeds from loans payable | 44,458,686 | 29,500,000 |
| Principal payments on loans payable | (21,568,182) | (9,568,181) |
| Proceeds from equity equivalent payable | 1,000,000 | 4,000,000 |
| Net cash provided by financing activities | <u>23,703,004</u> | <u>23,482,893</u> |
| Net Change in Cash, Cash Equivalents and Restricted Cash | 12,844,742 | (10,813,154) |
| Cash, Cash Equivalents and Restricted Cash: | | |
| Beginning of year | <u>26,562,313</u> | <u>37,375,467</u> |
| End of year | <u>\$ 39,407,055</u> | <u>\$ 26,562,313</u> |
| Reconciliation of Cash, Cash Equivalents and Restricted Cash Reported Within the Combined Statements of Financial Position: | | |
| Cash and cash equivalents | \$ 39,044,194 | \$ 25,967,133 |
| Restricted deposits | <u>362,861</u> | <u>595,180</u> |
| Total cash, cash equivalents and restricted cash | <u>\$ 39,407,055</u> | <u>\$ 26,562,313</u> |
| Supplemental Disclosure of Cash Flow Information: | | |
| Cash paid for interest | <u>\$ 4,047,810</u> | <u>\$ 2,874,393</u> |
| Lease termination fee included in accounts payable and accrued expenses | <u>\$ 127,500</u> | <u>\$ 315,000</u> |

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

THE HOUSING PARTNERSHIP NETWORK, INC. AND AFFILIATES

Combined Statement of Functional Expenses

For the Year Ended December 31, 2025

(With Summarized Comparative Totals for the Year Ended December 31, 2024)

| | 2025 | | | | | | | | | | | 2024 | | |
|---|--------------------------|---------------------|---------------------|------------------------|--------------------------|-------------------|---------------------|--------------------------------------|------------------------|----------------------------|-------------------------------|------------------------|----------------------|----------------------|
| | Program Services | | | | | | | Support Services | | | | Total | Total | |
| | Counseling and Education | Peer Exchange | Capital Markets | Multifamily Operations | Single Family Operations | Platform Services | Innovation | Homeowner-ship and Economic Mobility | Total Program Services | General and Administrative | Fundraising and Communication | Total Support Services | Total | Total |
| Personnel and Related Costs: | | | | | | | | | | | | | | |
| Salaries | \$ 418,937 | \$ 1,960,047 | \$ 2,039,950 | \$ 807,133 | \$ 48,628 | \$ 365,405 | \$ 1,154,585 | \$ 1,256,452 | \$ 8,051,137 | \$ 2,507,398 | \$ 327,226 | \$ 2,834,624 | \$ 10,885,761 | \$ 9,857,470 |
| Fringe benefits | 66,037 | 310,349 | 321,489 | 124,541 | 7,873 | 58,360 | 183,689 | 254,743 | 1,327,081 | 412,229 | 50,988 | 463,217 | 1,790,298 | 1,582,196 |
| Payroll taxes | 27,788 | 131,713 | 135,934 | 51,902 | 3,883 | 24,833 | 78,830 | 121,948 | 576,831 | 174,171 | 22,159 | 196,330 | 773,161 | 734,226 |
| Total personnel and related costs | 512,762 | 2,402,109 | 2,497,373 | 983,576 | 60,384 | 448,598 | 1,417,104 | 1,633,143 | 9,955,049 | 3,093,798 | 400,373 | 3,494,171 | 13,449,220 | 12,173,892 |
| Other: | | | | | | | | | | | | | | |
| Consulting and service contracts | 128,442 | 295,199 | 294,268 | 43,316 | 10 | 295,586 | 907,367 | 55,896 | 2,020,084 | 631,905 | 30,008 | 661,913 | 2,681,997 | 2,260,096 |
| Direct program costs - homeownership | - | - | - | - | - | - | - | 961,246 | 961,246 | - | - | - | 961,246 | 1,046,262 |
| Professional fees | 9,073 | 80,259 | 251,543 | 28,891 | 1,100 | 8,080 | 52,333 | 137,254 | 568,533 | 179,002 | 7,173 | 186,175 | 754,708 | 759,193 |
| Conferences and meetings | 2,633 | 546,825 | 7,590 | 18,634 | - | 2,153 | 29,847 | 16,673 | 624,355 | 74,028 | 6 | 74,034 | 698,389 | 688,332 |
| Travel | 29,845 | 114,650 | 91,354 | 58,779 | 11,754 | 14,422 | 62,895 | 50,865 | 434,564 | 109,743 | 8,159 | 117,902 | 552,466 | 620,896 |
| Office supplies and support | 1,516 | 31,729 | 27,112 | 87,327 | 8,845 | 1,602 | 6,423 | 36,243 | 200,797 | 39,134 | 1,242 | 40,376 | 241,173 | 248,440 |
| Other | - | 1,690 | 52,203 | 84,235 | - | - | 238 | 31,326 | 169,692 | 27,544 | - | 27,544 | 197,236 | 359,394 |
| Staff development | - | - | - | 600 | - | - | 152 | 6,234 | 6,986 | 118,961 | - | 118,961 | 125,947 | 108,342 |
| Insurance | 20,431 | 6,883 | 35,696 | 2,866 | 170 | 1,285 | 4,063 | 13,911 | 85,305 | 8,843 | 1,141 | 9,984 | 95,289 | 108,577 |
| Dues and publications | - | 23,681 | 27,684 | 17 | 750 | 54 | 6,265 | - | 58,451 | 3,229 | - | 3,229 | 61,680 | 56,283 |
| Depreciation and amortization | 1,922 | 8,999 | 9,370 | 3,671 | 229 | 1,679 | 5,310 | 88 | 31,268 | 11,575 | 1,490 | 13,065 | 44,333 | 92,262 |
| Occupancy | 1,691 | 8,151 | 8,543 | 3,224 | 218 | 1,490 | 4,769 | 67 | 28,153 | 10,309 | 1,337 | 11,646 | 39,799 | 375,887 |
| Communications | 1,400 | 5,000 | 5,750 | 1,000 | - | 2,200 | 2,450 | - | 17,800 | 9,150 | 600 | 9,750 | 27,550 | 24,800 |
| Total operating expenses before general and administrative allocation | 709,715 | 3,525,175 | 3,308,486 | 1,316,136 | 83,460 | 777,149 | 2,499,216 | 2,942,946 | 15,162,283 | 4,317,221 | 451,529 | 4,768,750 | 19,931,033 | 18,922,656 |
| General and Administrative Allocation | 400,319 | 1,278,790 | 1,924,712 | 769,175 | 46,144 | (777,149) | 1,108,098 | 18,661 | 4,768,750 | (4,317,221) | (451,529) | (4,768,750) | - | - |
| Total operating expenses | <u>\$ 1,110,034</u> | <u>\$ 4,803,965</u> | <u>\$ 5,233,198</u> | <u>\$ 2,085,311</u> | <u>\$ 129,604</u> | <u>\$ -</u> | <u>\$ 3,607,314</u> | <u>\$ 2,961,607</u> | <u>\$ 19,931,033</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 19,931,033</u> | <u>\$ 18,922,656</u> |

THE HOUSING PARTNERSHIP NETWORK, INC. AND AFFILIATES

Combined Statement of Functional Expenses
For the Year Ended December 31, 2024

| | Program Services | | | | | | | Support Services | | | | Total | |
|---|--------------------------|---------------|-----------------|------------------------|--------------------------|-------------------|--------------|--------------------------------------|------------------------|----------------------------|-------------------------------|--------------|------------------------|
| | Counseling and Education | Peer Exchange | Capital Markets | Multifamily Operations | Single Family Operations | Platform Services | Innovation | Homeowner-ship and Economic Mobility | Total Program Services | General and Administrative | Fundraising and Communication | | Total Support Services |
| Personnel and Related Costs: | | | | | | | | | | | | | |
| Salaries | \$ 441,337 | \$ 2,026,222 | \$ 1,626,232 | \$ 438,089 | \$ 17,140 | \$ 395,584 | \$ 1,039,339 | \$ 1,405,826 | \$ 7,389,769 | \$ 2,226,543 | \$ 241,158 | \$ 2,467,701 | \$ 9,857,470 |
| Fringe benefits | 70,288 | 326,783 | 258,733 | 68,059 | 2,466 | 63,762 | 167,073 | 223,547 | 1,180,711 | 362,214 | 39,271 | 401,485 | 1,582,196 |
| Payroll taxes | 27,600 | 126,543 | 100,106 | 26,064 | 917 | 24,526 | 64,138 | 113,611 | 483,505 | 235,587 | 15,134 | 250,721 | 734,226 |
| Total personnel and related costs | 539,225 | 2,479,548 | 1,985,071 | 532,212 | 20,523 | 483,872 | 1,270,550 | 1,742,984 | 9,053,985 | 2,824,344 | 295,563 | 3,119,907 | 12,173,892 |
| Other: | | | | | | | | | | | | | |
| Consulting and service contracts | 106,992 | 419,153 | 119,387 | 142,640 | - | 61,775 | 743,444 | 62,380 | 1,655,771 | 604,325 | - | 604,325 | 2,260,096 |
| Direct program costs - homeownership | - | - | - | - | - | - | - | 1,046,262 | 1,046,262 | - | - | - | 1,046,262 |
| Professional fees | 11,115 | 64,837 | 307,753 | 16,778 | 516 | 9,306 | 64,393 | 142,815 | 617,513 | 136,024 | 5,656 | 141,680 | 759,193 |
| Conferences and meetings | 28,166 | 617,319 | 4,343 | 10,854 | - | 125 | 16,128 | 5,162 | 682,097 | 6,235 | - | 6,235 | 688,332 |
| Travel | 26,008 | 190,089 | 95,382 | 45,937 | 1,360 | 14,275 | 52,423 | 54,071 | 479,545 | 134,346 | 7,005 | 141,351 | 620,896 |
| Office supplies and support | 2,530 | 35,405 | 56,051 | 8,777 | 7,830 | - | 8,186 | 68,097 | 186,876 | 61,488 | 76 | 61,564 | 248,440 |
| Other | - | 20,800 | 101,971 | 55,260 | - | - | 7,291 | 10,032 | 195,354 | 164,040 | - | 164,040 | 359,394 |
| Staff development | 210 | 5,912 | 1,860 | - | - | 1,349 | 599 | 10,910 | 20,840 | 87,502 | - | 87,502 | 108,342 |
| Insurance | 25,997 | 8,497 | 31,519 | 1,777 | 81 | 1,667 | 4,342 | 23,846 | 97,726 | 9,819 | 1,032 | 10,851 | 108,577 |
| Dues and publications | 12 | 27,385 | 18,566 | 3,380 | - | 29 | 604 | - | 49,976 | 4,708 | 1,599 | 6,307 | 56,283 |
| Depreciation and amortization | 4,556 | 22,063 | 17,369 | 5,170 | 151 | 4,376 | 11,766 | 208 | 65,659 | 24,054 | 2,549 | 26,603 | 92,262 |
| Occupancy | 13,807 | 118,015 | 51,967 | 20,005 | 93 | 26,386 | 61,526 | 1,029 | 292,828 | 70,375 | 12,684 | 83,059 | 375,887 |
| Communications | 1,800 | 4,300 | 5,350 | 600 | - | 2,400 | 1,800 | - | 16,250 | 7,950 | 600 | 8,550 | 24,800 |
| Total operating expenses before general and administrative allocation | 760,418 | 4,013,323 | 2,796,589 | 843,390 | 30,554 | 605,560 | 2,243,052 | 3,167,796 | 14,460,682 | 4,135,210 | 326,764 | 4,461,974 | 18,922,656 |
| General and Administrative Allocation | 455,872 | 1,532,341 | 1,679,588 | 448,664 | 15,658 | (605,560) | 911,263 | 24,148 | 4,461,974 | (4,135,210) | (326,764) | (4,461,974) | - |
| Total operating expenses | \$ 1,216,290 | \$ 5,545,664 | \$ 4,476,177 | \$ 1,292,054 | \$ 46,212 | \$ - | \$ 3,154,315 | \$ 3,191,944 | \$ 18,922,656 | \$ - | \$ - | \$ - | \$ 18,922,656 |

THE HOUSING PARTNERSHIP NETWORK, INC. AND AFFILIATES

Notes to Combined Financial Statements
December 31, 2025 and 2024

1. OPERATIONS AND TAX STATUS

The Housing Partnership Network, Inc. (HPN) is a Massachusetts not-for-profit corporation established in 1990, which serves as a peer network and business alliance for some of the nation's top-performing nonprofit housing developers, owners, lenders, and housing counselors. HPN helps these strong, accomplished organizations increase production and impact through a unique member-driven cooperative that shares knowledge and innovation, pools resources to access the capital markets more efficiently, and shapes policy that reflects and enhances their practice. HPN's mission is defined as follows:

"To leverage the individual strengths and mobilize the collective power of our member organizations to bring innovative solutions to America's affordable housing and community development sectors. We do this through practitioner-driven peer exchange to deliver creative housing policy, programs, and financing to our network members."

Combined Affiliates

The Housing Partnership Fund, Inc. (HPF) is a Massachusetts not-for-profit corporation, which was established in 1999 to provide financing to members of HPN for the purchase, rehabilitation and development of housing that is affordable to lower-income families. HPF is the lending affiliate of HPN. Both HPN and HPF have been granted status as Community Development Financial Institutions (CDFI) by the U.S. Department of the Treasury (the Treasury), each qualifying for certain awards and loan support from the Treasury (see Note 2).

Housing Partnership Ventures, Inc. (HPV) is a Massachusetts not-for-profit corporation, which was established in 2004 to support the members of HPN by developing and offering loan products and funding alternatives, including working capital loans, for existing business activities and funds to expand or originate new business lines. HPV is the investing affiliate of HPN. HPV established a single-member limited liability company, HPV Holdings, LLC (HPV Holdings), to hold special assets. HPV Holdings has elected to be disregarded as a separate entity from HPV for tax purposes. HPV Holdings held no assets and had no activity as of and for the years ended December 31, 2025 or 2024.

Framework Homeownership, LLC (Framework) is a Delaware limited liability company, which was formed by HPN and one of its members. Framework was established to meet increasing demand for online homeowner counseling and education services; increase the sustainability of HPN member counseling; and achieve a broader vision of embedding homebuyer education into the home purchase process. HPN holds a controlling 99.99% interest in Framework with HPV holding the remaining 0.01% ownership interest.

HPF FlexCap Fund I, LLC (FlexCap) is a Massachusetts limited liability company, with HPF as its sole member. FlexCap was established in May 2024 to provide financing and support the work of HPF. FlexCap has elected to be disregarded as a separate entity from HPF for tax purposes. FlexCap held no assets and had no activity as of and for the year ended December 31, 2024.

HPN, HPF and HPV share a majority of common directors, while Framework and FlexCap are controlled by HPN and HPF, respectively (see above). HPN performs all program and administrative functions for HPF, HPV and FlexCap. All significant intercompany balances and transactions between HPN, HPF, HPV, Framework and FlexCap (collectively, the Network) have been eliminated from the accompanying combined financial statements.

THE HOUSING PARTNERSHIP NETWORK, INC. AND AFFILIATES

Notes to Combined Financial Statements
December 31, 2025 and 2024

1. OPERATIONS AND TAX STATUS (Continued)

Program Services

The Network's program services consist of the following:

Counseling and Education

The Network's counseling and education work includes a community of practice and the creation of new businesses to help its members enhance their housing counseling work. Since 1995, HPN has been a pass-through intermediary of Federal Housing and Urban Development's (HUD) Housing Counseling and National Foreclosure Mitigation Counseling Program funds.

Peer Exchange

The Network's peer exchange opportunities include, but are not limited to, two national member meetings per year, several member virtual meetings for community of practice areas including chief executive officers (CEOs), chief financial officers (CFOs), chief operating officers (COOs), HR professionals, multifamily developers and other areas of focus, access to the International Housing Partnership, and financial and capital-related peer exchange through Strength Matters. Peer Exchange provides knowledge transfer and sharing of best practices in areas of common interest to our members in both virtual, biannual in-person meetings.

Capital Markets

The Network's capital markets team raises grants, debt and equity to support the Network's social enterprises, research and development, and policy innovation among other projects and functions, primarily from corporate investors and corporate and private foundations. This team deploys investment capital through its CDFI lending business and New Markets Tax Credit (NMTC) program.

Multifamily Operations

Various member organizations of the Network develop and manage multifamily affordable housing properties. Through peer exchange, capital raise, and social enterprise development, the Network provides support for those members in areas including lending, purchasing, and resident services, among others.

Single Family Operations

The Network's single family programming focuses on creating and expanding access to financing for members' single family for-sale and rental programs, including facilitating the use of New Markets Tax Credits (NMTC) allocations (see Note 3) to expand homeownership opportunities in distressed markets.

Platform Services

The Network provides platform services to its business lines and in support of its emerging social enterprises including philanthropy, raising capital, marketing communications, finance, human resources, and information systems and technology. Services are contracted with individual social enterprises for a fee (see Note 8).

Innovation

The Network's research and development program that launches and builds social enterprises that increase members' capacities to fulfill their missions.

THE HOUSING PARTNERSHIP NETWORK, INC. AND AFFILIATES

Notes to Combined Financial Statements
December 31, 2025 and 2024

1. OPERATIONS AND TAX STATUS (Continued)

Program Services (Continued)

Homeownership and Economic Mobility

The Network's homeownership program is designed to help further the mission of its members by promoting and advancing successful homeownership throughout the country. The program is designed to make sure that both first time homebuyers and repeat homebuyers are making the best financial and housing decisions for their lives.

Tax Status

HPN, HPF, and HPV are individually exempt from Federal income taxes as organizations formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC) and are also exempt from state income taxes. Donors may deduct contributions made to these entities within the requirements of the IRC. FlexCap is a disregarded entity for tax purposes and its activity is reported by HPF, as its sole member.

Framework is taxed as a partnership for income tax purposes. Items of income, loss, credits, or deductions arising from the partnership are reported by the partners on their respective informational tax returns (both partners are tax-exempt entities); accordingly, the accompanying combined financial statements do not reflect any provisions or credits for income taxes for this entity.

2. SIGNIFICANT ACCOUNTING POLICIES

The Network's combined financial statements have been prepared in accordance with accounting standards and principles generally accepted in the United States of America (U.S. GAAP). References to U.S. GAAP in these notes are to the FASB Accounting Standards Codification (ASC).

Cash and Cash Equivalents and Concentration of Credit Risk

The Network considers all checking, money market, and savings accounts and certificates of deposit with an initial maturity of three months or less to be cash and cash equivalents. Those highly liquid resources that are generally not available for current operations or otherwise restricted are classified as restricted deposits (see Note 4).

The Network maintains its cash balances in high credit quality financial institutions. The Federal Deposit Insurance Corporation (FDIC) insures balances at each financial institution up to certain amounts. At certain times during the year, cash balances may exceed the insured amounts. The Network has not experienced any losses in such accounts. The Network periodically assesses the financial condition of these financial institutions and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

Grants Receivables and Allowance

Unconditional promises to give that are expected to be collected within one year are recorded at the date the promise is received and are included in grants receivable. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows net of an allowance for doubtful accounts. An allowance for doubtful grants receivable is recorded based on management's analysis of specific accounts and their estimate of amounts that may be uncollectible. There was no allowance deemed necessary as of December 31, 2025 and 2024.

THE HOUSING PARTNERSHIP NETWORK, INC. AND AFFILIATES

Notes to Combined Financial Statements
December 31, 2025 and 2024

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts and Contracts Receivable and Allowance for Credit Losses

Accounts and contracts receivable are presented net of the Network's allowance for credit losses as of December 31, 2025 and 2024. The Network accounts for credit losses under Topic 326, using an expected credit loss impairment model for financial instruments. The Network's expected credit allowance methodology for accounts receivable is developed using historical experience, present economic conditions, and other relevant factors management considers relevant to estimate expected credit losses. Management performs ongoing evaluations of the Network's existing and potential customer's creditworthiness. The Network had an allowance for credit losses of \$300,000 as of December 31, 2025 and 2024 (see Note 8).

Loans Receivable

Loans receivable are presented net of allowances for credit losses (see below and Note 5) and third party loan participations qualifying as note sales under ASC Topic 860, *Accounting for Transfers and Servicing of Assets and Liabilities*. Loan participations qualify as loan sales if the Network surrenders control over the participated portion of the loan receivable and the participation agreement meets certain other criteria. All of the Network's loan participations qualify for treatment as loan sales (see Note 5).

Below-Market Rate Loans

U.S. GAAP requires nonprofit organizations to record interest expense and contribution revenue in connection with loans payable that are interest free or that have below-market interest rates. Likewise, funds loaned to borrowers at below-market interest rates should also result in imputed revenue and contribution expense. Interest rates on loans payable are disclosed in Note 6. Interest rates on loans receivable are disclosed in Note 5.

The Network believes that the benefits derived from below-market rate loans received are passed through to the borrowers via below-market rate loans made, and that there is no material difference between community development finance market rates and the stated rates of loans in their portfolios. Consequently, no adjustments have been made to the accompanying combined financial statements to reflect rate differentials.

Allowance for Credit Losses

Allowance for Credit Losses – General

The allowance for credit losses represents management's judgement of an estimated amount of lifetime expected losses that may be incurred on outstanding loans at the combined statement of financial position date. This estimate is based on the risk characteristics of the loan portfolio, historical losses and defaults, an expectation of supportable future economic conditions, and payment performance of the Network's borrowers. The allowance is measured and recorded upon the initial recognition of a financial asset. The allowance is then reduced by charge-offs (net of recoveries of previous losses), and is increased and decreased by a provision (recovery) for credit losses, which is recorded as a current period expense (revenue). Such allowance is based on credit losses over the contractual term of the loan adjusted for expected prepayments.

The Network made an accounting policy election to exclude interest receivable from the measurement of the allowance for credit losses and implemented a non-accrual policy to reverse any accrued, uncollected interest income as loans are moved to non-accrual status. The Network considers the length of time without payment from the borrower and other triggering events when determining that a loan should be moved to nonaccrual status and no longer recognize interest revenue on the loan.

THE HOUSING PARTNERSHIP NETWORK, INC. AND AFFILIATES

Notes to Combined Financial Statements
December 31, 2025 and 2024

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Allowance for Credit Losses (Continued)

Allowance for Credit Losses – Performing Loans

The methodology for estimating the allowance for loans that are deemed to be performing includes a collective quantified reserve, a collective qualitative reserve, and individual allowances on specific credits. Loans are pooled into segments based on similar characteristics of borrowers, contract terms, collateral types, types of associated industries, and business purposes of the loans. Management of the Network has concluded that all performing loans will be characterized as one pool when calculating allowance for credit losses as they are deemed to have similar risk characteristics. The Network utilizes applicable data available to recognize expected losses based on changes in the behavior of the portfolio in response to interest rates and economic conditions, the composition of the loan portfolio and the financial condition of the respective borrowers, future additions to the allowance may be necessary.

The Network applies the weighted-average remaining life to maturity (WARM) method to estimate the collective quantified component of the allowance. The WARM methodology utilizes the Network historical default and loss experience adjusted for future economic forecasts. The Network has elected to utilize a fifteen-year lookback period for the WARM method calculation based on a lending portfolio that is comprised of amortizing loans to borrowers with maturities up to fifteen years from the date of issuance. The reasonable and supportable forecast period represents a one year economic outlook for the applicable economic variables. At the end of the one-year reasonable and supportable forecast period, assumption variables start to revert to the historical values over the lifetime of the loans. Management of the Network considered significant factors that could affect the expected future collectability of the amortized cost basis of the portfolio and determined that the primary factors are Federal interest rate fluctuation and changes to the Consumer Pricing Index. See Note 5 for disclosure of the Network's qualitative reserve factor as of December 31, 2025 and 2024.

Collateral Dependent Financial Assets

Loans that do not share the risk characteristics of performing loans (see previous page) are evaluated on an individual basis and are considered to be collateral dependent financial assets. When management determines that the borrower is experiencing financial difficulty at the reporting date and repayment is expected to be provided substantially through the operation or sale of the collateral, expected credit losses are based on the fair value of the collateral at the reporting date, adjusted for selling costs as appropriate. There were three loans evaluated on an individual basis as of December 31, 2025 and 2024 (see Note 5).

Off-Balance Sheet Credit Exposures

Unfunded lending commitments are reviewed to determine if they are considered unconditionally cancellable. The Network establishes reserves for unfunded commitments that do not meet that criteria as a liability in the combined statement of financial position. Changes to the liability are reflected as recovery of (provision for) credit losses - unfunded loans in the accompanying combined statements of activities without donor restrictions. The allowance for credit losses for unfunded lending commitments is estimated using the same methodologies as portfolio loans, taking into consideration management's assumption of the likelihood that funding will occur. See Note 5 for a summary of unfunded loan commitments and the related credit loss liability.

THE HOUSING PARTNERSHIP NETWORK, INC. AND AFFILIATES

Notes to Combined Financial Statements
December 31, 2025 and 2024

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in Affiliates

The Network maintains equity investments in affiliates where they exercise significant influence over the affiliates' operations (see Note 3). The Network accounts for these investments using the equity method. Whether or not the Network exercises significant influence with respect to an affiliate depends on an evaluation of several factors including, among others, representation on the affiliate's Board of Directors, significance of ownership in the voting securities of the affiliate, and participation in management activities significant to the investee. Under the equity method, the investment is initially recorded at cost and then increased or decreased by the share of income or loss of the affiliate. Distributions of cash reduce the carrying value of the investment.

All other closely held affiliate investments are recorded using the cost method. Under the cost method, an investment is carried at its original cost and cash distributions of profits are reported as income and distributions of the original capital invested reduce the carrying value of the investment.

The Network periodically assesses the carrying balance of all investments in affiliates for possible impairment. There were no impaired investments as of December 31, 2025 and 2024.

Capitalized Costs

Capitalized costs include website development costs related to the design and implementation of the Knowledge Center and Ecoguide websites that are used in connection with other social enterprises of the Network. Also included in capitalized costs are the costs incurred in connection with the design and implementation of new financial systems. All costs pertaining to these projects were capitalizable and are included in the totals noted below.

Capitalized costs, which are amortized using the straight-line method over the following estimated useful lives, consist of the following as of December 31:

| | Estimated Useful Lives | 2025 | 2024 |
|---------------------------------|-----------------------------------|------------------|------------------|
| Select Ecoguide website | 3 years | \$ 376,801 | \$ 376,801 |
| Financial systems | 5 years | 221,722 | 221,722 |
| Knowledge Center website | 5 years | <u>176,400</u> | <u>176,400</u> |
| | | 774,923 | 774,923 |
| Less - accumulated amortization | | <u>(741,970)</u> | <u>(697,637)</u> |
| Net capitalized costs | | <u>\$ 32,953</u> | <u>\$ 77,286</u> |

Amortization expense related to capitalized costs for the years ended December 31, 2025 and 2024, was \$44,333 and \$60,801, respectively.

Property and Equipment and Depreciation

The Network capitalizes at cost all significant expenditures for property and equipment with useful lives in excess of one year. Renewals and betterments are capitalized as additions to the related asset accounts, while repairs and maintenance are expensed as incurred.

THE HOUSING PARTNERSHIP NETWORK, INC. AND AFFILIATES

Notes to Combined Financial Statements
December 31, 2025 and 2024

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment and Depreciation (Continued)

Property and equipment, which was depreciated using the straight-line method over three to five years, became depreciated and was written off during 2024. Depreciation expense for the year ended December 31, 2024, totaled \$31,461.

Leases

The Network assesses whether an arrangement qualifies as a lease (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration) at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. Leases with an initial term of twelve months or less are not recorded on the combined statements of financial position. Lease expense is recognized by the Network on a cash basis which approximates the straight-line basis over the lease term.

Right-of-use (ROU) assets represent the Network's right to use an underlying asset for the lease term and lease liabilities represent the Network's obligation to make lease payments arising from the lease. Operating ROU lease assets and operating lease liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The Network uses the implicit rate when it is readily determinable. Since the Network's operating lease does not provide an implicit rate, to determine the present value of lease payments, management uses the risk-free rate at lease commencement. The operating lease ROU assets also include any lease payments made and exclude lease incentives. The Network's lease terms may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised.

For leases where it is the lessee, the Network accounts for lease payments (lease component) and common area expense reimbursements (non-lease component) as one lease component under Topic 842. The Network also includes the non-components of its leases, such as the reimbursement of utilities, insurance, and real estate taxes, within this lease component. These amounts are included in occupancy in the accompanying combined statements of functional expenses (see Note 7).

Estimates

The preparation of combined financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that may affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the combined financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

THE HOUSING PARTNERSHIP NETWORK, INC. AND AFFILIATES

Notes to Combined Financial Statements
December 31, 2025 and 2024

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets

Net assets without donor restrictions include those net resources of the Network that bear no external restrictions and are generally available for use by the Network. The Network has grouped its net assets without donor restrictions into the following categories:

- *Operating* - represents net assets that are available for operations and bear no external restrictions. Operating net assets also include property and equipment and capitalized costs.
- *Lending* - represents net assets that are available to support HPF lending as lending that takes place at HPN and HPF is primarily funded with liabilities that source the issuance of loans receivable and, as a result, there is no equity generated by the lending activities of these entities.
- *Affiliate investments* - represent the portion of net assets invested in affiliates (see Note 3).

Net assets with donor restrictions are unexpended financial resources restricted by donors as to the purpose or timing of expenditure. Net assets with donor restrictions as of December 31, 2025 and 2024, are restricted for the following:

| | <u>2025</u> | <u>2024</u> |
|--|----------------------|---------------------|
| Programmatic purpose restricted: | | |
| Tulsa initiatives | \$ 7,183,000 | \$ 43,000 |
| Counseling and Education | 660,600 | 203,001 |
| Innovation | 455,001 | 2,174,643 |
| Homeownership and Economic Mobility | 75,000 | - |
| Multifamily operations | - | 37,500 |
| Total programmatic purpose restricted | <u>8,373,601</u> | <u>2,458,144</u> |
| Lending purpose restricted: | | |
| Revolving Loan Capital - CDFI Capital Magnet | <u>6,735,000</u> | <u>5,985,000</u> |
| | <u>\$ 15,108,601</u> | <u>\$ 8,443,144</u> |

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or other events specified by the donors as follows for the years ended December 31:

| | <u>2025</u> | <u>2024</u> |
|--|---------------------|---------------------|
| Programmatic purpose restricted: | | |
| Innovation | \$ 2,352,643 | \$ 2,147,733 |
| Tulsa Initiative | 805,200 | - |
| Counseling and Education | 690,400 | 947,850 |
| Multifamily operations | 137,500 | 1,011,005 |
| Peer exchange | - | 288,942 |
| Total programmatic purpose restricted | <u>3,985,743</u> | <u>4,395,530</u> |
| Lending purpose restricted: | | |
| Loan Capital - CDFI Equitable Recovery Program (ERP) | <u>-</u> | <u>568,258</u> |
| | <u>\$ 3,985,743</u> | <u>\$ 4,963,788</u> |

THE HOUSING PARTNERSHIP NETWORK, INC. AND AFFILIATES

Notes to Combined Financial Statements
December 31, 2025 and 2024

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets (Continued)

Net assets with donor restrictions (Continued)

Revolving loan capital consists of CDFI Fund Capital Magnet awards that are used to make loans to qualified projects. These grants require that the proceeds be revolved for recurring use during the investment term of the agreements. Accordingly, the expended grant proceeds plus applicable donor-designated accumulations remain in net assets with donor restrictions until depleted by loan losses or until the investment period expires. The investment period was set to expire in March 2024 for the 2019 award but was extended to March 2027. The investment periods for the 2024 and 2022 awards are set to expire in January 2030 and October 2027, respectively.

The Network records the amount of proceeds of the Capital Magnet award which it has not committed to qualifying projects as conditional advances as mandated by the agreement. During 2019, the Network received Capital Magnet proceeds totaling \$2,250,000, of which 5% or \$112,500 was recognized as net assets without donor restrictions during 2019. During 2022, the Network received another Capital Magnet Fund award of \$4,050,000, of which 5% or \$202,500 was recognized as net assets without donor restrictions during 2022. During 2025, the Network received a third Capital Magnet Fund award of \$1,500,000, of which 5% or \$75,000 was recognized as net assets without donor restrictions during 2025. Total available funds remaining of \$675,000 were not committed to qualifying projects as of December 31, 2025, and are included in conditional advances in the accompanying 2025 combined statement of financial position. All remaining funds were committed to qualifying projects as of December 31, 2024. During 2025 and 2024, the Network committed \$750,000 and \$2,547,500, respectively, to qualifying projects and such amounts were added to net assets with donor restrictions in the accompanying combined statements of financial position.

The Network was awarded \$3,718,258 under the CDFI Fund's Equitable Recovery Program (ERP). During 2024, the Network expended the final unspent balance of \$568,258 by utilizing the funds as capital for issuing loans receivable to borrowers as prescribed in the agreement.

Fair Value Measurements

The Network follows the accounting and disclosure standards pertaining to ASC Topic 820, *Fair Value Measurements*, for qualifying assets and liabilities. Fair value is defined as the price that the Network would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

The Network uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of the Network. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the financial instrument developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available.

THE HOUSING PARTNERSHIP NETWORK, INC. AND AFFILIATES

Notes to Combined Financial Statements
December 31, 2025 and 2024

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.

Level 2 - Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 - Inputs that are unobservable and which require significant judgment or estimation.

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement.

Revenue Recognition

The Network generally measures revenue for qualifying exchange transactions based on the amount of consideration the Network expects to be entitled for the transfer of goods or services to a customer, then recognizes this revenue when or as the Network satisfies its performance obligations under a contract, except in transactions where U.S. GAAP provides other applicable guidance. The Network evaluates its management, program service and membership fees (fee revenue) and homebuyer education course revenue based on the five-step model under Topic 606: (1) Identify the contract with the customer; (2) Identify the performance obligations in the contract; (3) Determine the transaction price; (4) Allocate the transaction price to separate performance obligations; and (5) Recognize revenue when (or as) each performance obligation is satisfied.

Fee revenue is recognized by the Network for services provided to its members (see Notes 1 and 8) and various third parties. All services are generally provided on an annual basis incident to separate agreements, some of which renew annually at the election of the parties or under aspects of the respective agreements. These agreements specify the compensation for each annual period. Each service is considered a single performance obligation as each service is distinct. The performance obligations under these agreements are satisfied evenly over the year as members or third parties receive the benefits provided as the Network performs the services. Contracts are generally renewable on a calendar-year cycle. Compensation is generally fixed under the relevant agreement, but may contain variable components in the case of certain management services. Fee revenue is only recognized as revenue when collection is assured. Fee revenue received in advance of services being provided is recorded as deferred income in the accompanying combined statements of financial position. Deferred income of \$148,670 as of December 31, 2025, 2024 and 2023, relates to fee revenue.

Homebuyer education course fees are derived from selling homebuyer education to consumers and through contracts with several companies. Each contract is considered a single performance obligation as each service is distinct. The performance obligations under these contracts are satisfied upon the transfer of control, which is at the point of sale. Homebuyer education course fees received in advance of the transfer of control are recorded as deferred income in the accompanying combined statements of financial position. There was no deferred income related to homebuyer education course fees as of December 31, 2025, 2024 and 2023.

THE HOUSING PARTNERSHIP NETWORK, INC. AND AFFILIATES

Notes to Combined Financial Statements
December 31, 2025 and 2024

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Financial and related revenue is generally recognized as revenue without donor restrictions as earned or when services are provided. Interest on loans is presented net of amounts collected on behalf of loan participants. Where significant, the Network generally amortizes loan origination fees for loans with terms greater than one year in length over the term of the loans. Unamortized deferred loan fees are included as an adjustment to the carrying value of loans receivable in the accompanying combined statements of financial position. Net loan origination fees of the Network that are not significant are not amortized, but are instead recognized when the loan closes.

Other revenue is recognized when deemed earned.

In accordance with ASC Subtopic 958-605, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, the Network must determine whether a contribution (or a promise) is conditional or unconditional for transactions deemed to be a contribution. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include measurable performance-related barriers or other measurable barriers, a stipulation that limits discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of the agreement. Topic 958 prescribes that the Network should not consider probability of compliance with the barrier when determining if such awards are conditional and should be reported as conditional advance liabilities until such conditions are met. See Note 10 for disclosures of the Network's conditional grants. Government grants and contracts are generally within the scope of Topic 958 as described above.

Contributions and grants without donor restrictions are recognized as revenue when unconditionally received or pledged. Donor restricted grants and contributions with time or purpose restrictions are transferred to net assets without donor restrictions as such gifts are used in accordance with donor restrictions. Net assets with donor capital restrictions are transferred to net assets without donor restrictions once the capital assets are placed into service.

Awards to Grantees

Awards to grantees represent amounts received from HUD, NeighborWorks® America and other funders which are passed through to the Network's member organizations under the Network's housing counseling and other programs. These grants are reflected as reductions of public support revenues in the accompanying combined statements of activities without donor restrictions.

Expense Allocation

The costs of providing program and other activities have been summarized on a functional basis in the combined statements of functional expenses. The combined statements of functional expenses present the natural classification detail of expenses by function, including supporting services. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include salaries, fringe benefits and payroll taxes, consulting and service contracts, professional fees, conferences and meetings, occupancy, travel, office supplies and support, communications, depreciation, insurance, and dues and publications, which are allocated based on level of employee effort for each function as based on timesheets.

THE HOUSING PARTNERSHIP NETWORK, INC. AND AFFILIATES

Notes to Combined Financial Statements
December 31, 2025 and 2024

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Network accounts for uncertainty in income taxes in accordance with ASC Topic 740, *Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the combined financial statements regarding a tax position taken or expected to be taken in a tax return. The Network has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the combined financial statements at December 31, 2025 and 2024. The Network's information returns are subject to examination by the Federal and state jurisdictions.

Combined Statements of Activities Without Donor Restrictions

Transactions deemed by management to be ongoing, major, or central to the provision of program services are reported as operating revenues and expenses in the accompanying combined statements of activities without donor restrictions. All other transactions are presented as non-operating revenues (expenses).

Subsequent Events

Subsequent events have been evaluated through April 21, 2026, which is the date the combined financial statements were available to be issued. There were no events that met the criteria for recognition or disclosure in the combined financial statements.

3. INVESTMENTS IN AFFILIATES

The Network has made investments in and engaged in transactions with certain affiliated entities which were created, with the Network's participation, to carryout mission-related initiatives of the Network and its members. The Network does not maintain a controlling financial interest in any of these affiliates, other than Framework (see Note 1). Therefore, the financial statements of the affiliates are not consolidated or combined with those of the Network. These investments are accounted for on the equity or cost methods (see Note 2) based upon whether the Network exercises significant influence over the operations of the investee affiliate.

THE HOUSING PARTNERSHIP NETWORK, INC. AND AFFILIATES

Notes to Combined Financial Statements
December 31, 2025 and 2024

3. INVESTMENTS IN AFFILIATES (Continued)

HPN’s Investments in Affiliates

HPN’s investments in affiliates are as follows:

| | <u>HPIEx</u> | <u>HPET</u> | <u>Framework</u> | <u>NCST</u> | <u>Sub CDEs</u> | <u>ProdigyLink</u> | <u>RET Ventures III</u> | <u>CAG Rose City</u> | <u>Total</u> |
|-----------------------------------|---------------------|-------------|---------------------|-------------------|------------------|--------------------|-----------------------------|--------------------------|---------------------|
| Net investment, December 31, 2023 | \$ 821,614 | \$ 245,389 | \$ 3,577,427 | \$ 200,000 | \$ 16,500 | \$ - | \$ - | \$ - | \$ 4,860,930 |
| Cash investment | - | - | - | - | - | 763,034 | - | - | 763,034 |
| Share of income (loss) | 707,160 | (12,800) | (147,661) | - | - | - | - | - | 546,699 |
| Distribution received | - | - | (1,402,127) | - | - | - | - | - | (1,402,127) |
| Net investment, December 31, 2024 | 1,528,774 | 232,589 | 2,027,639 | 200,000 | 16,500 | 763,034 | - | - | 4,768,536 |
| Cash investment | - | - | - | - | 6,000 | - | 193,965 | 56,250 | 256,215 |
| Share of income (loss) | 465,054 | - | (384,493) | - | - | - | - | - | 80,561 |
| Write-off of investments | - | (32,529) | - | - | (3,000) | - | - | - | (35,529) |
| Distribution received | (75,000) | (200,060) | (100,000) | - | - | - | - | - | (375,060) |
| Net investment, December 31, 2025 | <u>\$ 1,918,828</u> | <u>\$ -</u> | <u>\$ 1,543,146</u> | <u>\$ 200,000</u> | <u>\$ 19,500</u> | <u>\$ 763,034</u> | <u>\$ 193,965</u> | <u>\$ 56,250</u> | <u>\$ 4,694,723</u> |

Housing Partnership Insurance Exchange

Housing Partnership Insurance Exchange (HPIEx) is a for-profit association captive insurance company organized as a reciprocal insurer. HPN is entitled to 10% of income, losses and distributions of HPIEx. HPN also holds one seat on the Board of Directors. HPN operates HPIEx as its Attorney-in-Fact, but may be removed by a majority of other members. HPN accounts for its investment in HPIEx using the equity method (see Note 2).

Housing Partnership Equity Trust

Housing Partnership Equity Trust (a Delaware limited liability company) (HPET) was established to acquire and operate multifamily properties by making joint venture investments with its non-profit members. HPET operated through a controlled subsidiary, Housing Partnership Equity Trust REIT I, LLC (HPET REIT I) that elected Real Estate Investment Trust (REIT) status with the IRC.

THE HOUSING PARTNERSHIP NETWORK, INC. AND AFFILIATES

Notes to Combined Financial Statements
December 31, 2025 and 2024

3. INVESTMENT IN AFFILIATES (Continued)

HPN's Investments in Affiliates (Continued)

Housing Partnership Equity Trust (Continued)

HPET's Board voted to sell its remaining interest in HPET REIT I to an unrelated third party. Upon winding down HPET, during 2025, HPN received a final liquidating distribution of \$200,060. HPN's remaining investment balance in HPET totaling \$32,529, after this final liquidating distribution, was written off and is included in write-off of investments in affiliates in the accompanying 2025 combined statement of activities without donor restrictions. HPN held a 20% equity interest and was the general manager of HPET under a management contract (see Note 8). The management services provided to HPET included coordinating meetings with their members and facilitating the wind down of the entity. HPN accounted for its investment in HPET using the equity method (see Note 2).

Framework Homeownership, LLC

HPN and one of its members formed Framework Homeownership, LLC (a Delaware limited liability company (Framework)). Framework was established to meet increasing demand for online ownership counseling and education services; increase the sustainability of HPN member counseling; and achieve a broader vision of embedded homebuyer education to the home purchase process.

On January 1, 2023, HPN acquired the remaining 50% interest in Framework and simultaneously assigned 0.01% of their interest in Framework to HPV. HPN now holds a controlling 99.99% interest in Framework and, as a result, Framework is included in the combined financial statements of the Network. The balance of HPN's investment in Framework is eliminated in the accompanying combined statements of financial position.

National Community Stabilization Trust, LLC

HPN and three other non-profit organizations established the National Community Stabilization Trust, LLC (a Delaware limited liability company) (NCST). NCST was established to provide support services to state and local Neighborhood Stabilization Programs (NSP's) to ensure efficient transfer of foreclosed and abandoned properties from financial institutions, in order to promote productive property reuse and neighborhood revitalization. NCST works to stabilize targeted communities through aggregating capital from national, private and philanthropic sources and make financing available to support local efforts focused on the objective of stabilizing communities. HPN holds a Class A 33% interest in NCST and is one of six Board members but has no authority to appoint other Board members. HPN accounts for its investment in NCST using the cost method (see Note 2).

THE HOUSING PARTNERSHIP NETWORK, INC. AND AFFILIATES

Notes to Combined Financial Statements
December 31, 2025 and 2024

3. INVESTMENT IN AFFILIATES (Continued)

HPN's Investments in Affiliates (Continued)

SubCDEs

HPN applied for and received NMTC allocations totaling \$225,000,000 from the CDFI Fund (see Note 1), all of which has been assigned to the SubCDEs (see below). The NMTC provides economic benefits to tax credit motivated investors through Community Development Entities (CDEs). A CDE is an organization designated by the United States Department of the Treasury to provide investment capital to low-income communities or persons. As part of the NMTC program, HPN received CDE status and established eleven sub-CDEs, HPN NMTC I, LLC (SubCDE 1), HPN NMTC II, LLC (SubCDE 2), HPN NMTC III, LLC (SubCDE 3), HPN NMTC IV, LLC (SubCDE 4), HPN NMTC V, LLC (SubCDE 5), HPN NMTC VI, LLC (SubCDE 6), HPN NMTC VII, LLC (SubCDE 7), HPN NMTC VIII, LLC (SubCDE 8), HPN NMTC IX, LLC (SubCDE 9), HPN NMTC X, LLC (SubCDE 10) and HPN NMTC XI, LLC (SubCDE 11) (collectively, the SubCDEs), all Delaware limited liability companies formed for the purpose of making loans to or equity investments in companies formed to acquire, rehabilitate and operate real estate development projects. HPN is the managing member of the SubCDEs but has granted material participating rights to the investor of each SubCDE. HPN accounts for its investments in the SubCDEs using the cost method (see Note 2). During 2025, the NMTC compliance period ended for SubCDE 1 and SubCDE 2 resulting in an unwind of the related tax credit structure, at which time the related investments were written off by HPN. The write-off of SubCDE 1's and SubCDE 2's investments totaling \$3,000 are included in write-off of investments in affiliates in the accompanying 2025 combined statement of activities without donor restrictions.

HPN made capital contributions as follows in exchange for a 0.01% membership interest in each of the respective SubCDEs noted below:

| | |
|------------------------------------|------------------|
| SubCDE 1 (written off during 2025) | \$ 1,500 |
| SubCDE 2 (written off during 2025) | 1,500 |
| SubCDE 3 | 1,000 |
| SubCDE 4 | 3,000 |
| SubCDE 5 | 1,300 |
| SubCDE 6 | 900 |
| SubCDE 7 | 2,800 |
| SubCDE 8 | 2,400 |
| SubCDE 9 | 2,100 |
| SubCDE 10 | 2,700 |
| SubCDE 11 | <u>3,300</u> |
| | <u>\$ 22,500</u> |

The SubCDEs have used the proceeds of an unrelated entity's Qualified Equity Investments (QEIs) to make loans to qualified active low-income community businesses (QALICBs). In addition, the SubCDEs paid one-time fees (3% of QEI) to HPN totaling \$1,800,000 (SubCDEs 10 and 11) for its sub-allocation of NMTCs during the year ended December 31, 2025, which is included in program service fees in the accompanying 2025 combined statement of activities without donor restrictions (see Note 8). There were no sub-allocation fees earned by HPN during 2024.

THE HOUSING PARTNERSHIP NETWORK, INC. AND AFFILIATES

Notes to Combined Financial Statements
December 31, 2025 and 2024

3. INVESTMENT IN AFFILIATES (Continued)

HPN's Investments in Affiliates (Continued)

SubCDEs (Continued)

HPN assigned its NMTC allocations to the SubCDEs as follows:

| | |
|-----------|-----------------------|
| SubCDE 1 | \$ 15,000,000 |
| SubCDE 2 | 15,000,000 |
| SubCDE 3 | 10,000,000 |
| SubCDE 4 | 30,000,000 |
| SubCDE 5 | 13,000,000 |
| SubCDE 6 | 9,000,000 |
| SubCDE 7 | 28,000,000 |
| SubCDE 8 | 24,000,000 |
| SubCDE 9 | 21,000,000 |
| SubCDE 10 | 27,000,000 |
| SubCDE 11 | <u>33,000,000</u> |
| | <u>\$ 225,000,000</u> |

The terms of the agreements with the SubCDEs' investor members require HPN and the SubCDEs to maintain certain covenants to avoid recapture of the NMTC. As of December 31, 2025 and 2024, HPN and the SubCDEs were in compliance with all covenants that would cause a recapture of NMTC and management expects to maintain compliance throughout the seven-year life of each respective NMTC transaction.

The Investment Funds associated with the SubCDEs described on page 22 (Investment Funds) entered into option agreements with HPN and the respective investor members of the Investment Funds, whereby the investor members have the option to sell their respective investor interests in the Investment Funds to HPN for a purchase price of \$1,000 (each transaction), in addition to all income taxes and closing costs associated with exercising the options. The investor members have the right to exercise these options at any time during a six-month period beginning at the end of each seven-year NMTC compliance period which ends at various dates through 2032. In the event that the investor members do not elect to exercise the put options, HPN has a call option to purchase the interest from the investor members at fair market value as determined by mutual agreements among the parties, at any time during the six-month period following the respective put option period expirations.

ProdigyLink Solutions LLC

ProdigyLink Solutions LLC (ProdigyLink) (a Maryland limited liability company) was formed to significantly reduce water costs and damage in affordable housing by delivering pragmatic, impactful solutions in a comprehensive way. During 2024, HPN made an initial capital contribution of \$750,000 to acquire 11 units of the 111 membership units outstanding which equates to a 10% equity interest in ProdigyLink. As part of the initial capital contribution, HPN incurred and paid fees of \$13,034 which were capitalized as part of the initial contribution. HPN accounts for its investment in ProdigyLink using the cost method (see Note 2). During 2025, HPN received a dividend payment of \$31,666, which is included in other revenue in the accompanying 2025 combined statement of activities without donor restrictions.

THE HOUSING PARTNERSHIP NETWORK, INC. AND AFFILIATES

Notes to Combined Financial Statements
December 31, 2025 and 2024

3. INVESTMENT IN AFFILIATES (Continued)

HPN's Investments in Affiliates (Continued)

RET Ventures III

RET Ventures Affiliates Fund III, L.P. (RET Ventures III) (a Delaware limited partnership) is a venture capital fund focused on early and growth-stage technology companies that serve the real estate sector, with an emphasis on innovation relevant to housing operations, resident experience, and property management. During 2025, HPN committed \$500,000 in capital contributions to acquire approximately 0.05% equity interest in RET Ventures III. During 2025, HPN contributed capital totaling \$193,965 to RET Ventures III. HPN accounts for its investment in RET Ventures III using the cost method (see Note 2).

CAG Rose City

CAG MM Invest LLC (a Delaware limited liability company) (CAG Rose City) was formed as a special purpose entity (managing member), which has a 42.86% interest in Rose City Fund LLC (operating entity), that was created to increase the affordable housing supply, expand opportunities for homeownership and rental housing, and revitalize communities. HPN committed and paid total capital of \$56,250 to acquire a 3.75% equity interest in CAG Rose City, and holds one of three voting seats on the Board of Managers. HPN accounts for its investment in CAG Rose City using the cost method as it is not deemed exercise significant influence over CAG Rose City (see Note 2).

HPF's Investment in Affiliates

CAG Members Fund I LLC

CAG Members Fund I LLC (CAG I) (a Delaware limited liability company) was formed as a special purpose entity (holding company), that serves as the sole member of CAG National Fund I LLC (operating entity), that was created to increase the affordable housing supply, expand opportunities for homeownership and rental housing, and revitalize communities. HPF committed total capital of \$1,500,000 to acquire a 17% equity interest in CAG I and holds one of four voting seats on the Board of Managers. HPF made an initial capital contribution of \$1,356,472. The initial capital raised by CAG I is entitled to a preferred annual return of 7% payable based on available cash flow, cumulative from the date of issuance, and is compounded monthly. HPF received a preferred distribution of \$370,020 during 2025. There was no preferred distribution received in 2024. During 2024, HPF recognized its share of loss of \$84,072, which is included in share of income of affiliates in the accompanying 2024 combined statement of activities without donor restrictions. There was no share of income or loss recognized during 2025 as there was no material profit or loss activity. HPF accounts for its investment in CAG I using the equity method (see Note 2). HPF's investment in CAG I was \$1,021,522 and \$1,391,542 as of December 31, 2025 and 2024, respectively.

THE HOUSING PARTNERSHIP NETWORK, INC. AND AFFILIATES

Notes to Combined Financial Statements
December 31, 2025 and 2024

3. INVESTMENT IN AFFILIATES (Continued)

HPV's Investments in Affiliates

HPV's investments in affiliates are as follows:

| | <u>CSFP</u> | <u>HPNP</u> | <u>DDEIF</u> | <u>CAG II</u> | <u>CAG III</u> | <u>CAG IV</u> | <u>CAG MN I</u> | <u>CAG MN II</u> | <u>Total</u> |
|-----------------------------------|---------------------|-------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------|
| Net investment, December 31, 2023 | \$ 1,036,713 | \$ 216,097 | \$ 395,461 | \$ 1,525,000 | \$ 295,703 | \$ - | \$ - | \$ - | \$ 3,468,974 |
| Cash investment | - | - | - | - | - | 400,000 | 850,000 | 750,000 | 2,000,000 |
| Share of income (loss) | 21,127 | (77,068) | (17,664) | - | - | - | - | - | (73,605) |
| Distribution received | - | (96,552) | - | (325,458) | - | - | - | - | (422,010) |
| Net investment, December 31, 2024 | 1,057,840 | 42,477 | 377,797 | 1,199,542 | 295,703 | 400,000 | 850,000 | 750,000 | 4,973,359 |
| Share of income (loss) | 34,553 | - | (17,883) | - | - | - | - | - | 16,670 |
| Write-off of investments | - | (29,459) | - | (417,709) | - | - | - | - | (447,168) |
| Distribution received | - | (13,018) | - | (490,317) | - | - | - | - | (503,335) |
| Net investment, December 31, 2025 | <u>\$ 1,092,393</u> | <u>\$ -</u> | <u>\$ 359,914</u> | <u>\$ 291,516</u> | <u>\$ 295,703</u> | <u>\$ 400,000</u> | <u>\$ 850,000</u> | <u>\$ 750,000</u> | <u>\$ 4,039,526</u> |

Charter School Financing Partnership, LLC

HPV established the Charter School Financing Partnership, LLC (a Delaware limited liability company) (CSFP), which is designed to encourage, facilitate, and assist charter schools with financing and all educational related activities. CSFP was formed with Class A and Class B unit investments. Five companies are Class A members of CSFP, while HPV is the Class B member. HPV operates CSFP as its general manager (see Note 8), but may be removed by a majority of Class A members. HPV holds a 50% equity interest in CSFP and holds one seat on the Board of Managers. HPV accounts for its investment in CSFP using the equity method (see Note 2).

THE HOUSING PARTNERSHIP NETWORK, INC. AND AFFILIATES

Notes to Combined Financial Statements
December 31, 2025 and 2024

3. INVESTMENT IN AFFILIATES (Continued)

HPV's Investments in Affiliates (Continued)

HPNP, LLC

HPNP, LLC (formerly, HPN Select, LLC) (a Massachusetts limited liability company) (HPNP) was formed to provide group procurement services to its members throughout the United States. HPV committed to make original capital contributions totaling \$1,650,000 to acquire approximately 37% of equity interests of HPNP, of which \$1,000,000 resulted from the conversion of a loan and \$650,000 was cash. HPNP initiated a raise of a preferred round of capital, whereby HPV made additional contributions totaling \$50,000. This preferred capital earned annual interest of 4.5%, cumulative from the date of issuance, and is compounded annually. All preferred capital and related interest earned were repaid as distributions during 2021. HPV held one seat on the Board of Members, but may have been removed by a majority of members. HPV accounted for its investment in HPNP using the equity method (see Note 2).

During 2021, HPNP sold its active contracts, accounts receivable and other assets for a total maximum purchase price of \$6.5 million, of which \$2.5 million (net of a purchase price adjustment of \$314,186 that was agreed to be remitted back to the buyer) was paid at closing. In October 2021, HPNP received an additional \$221,537 that reflected a post-closing revenue adjustment, as defined in the sale agreement. The remaining \$4 million was contingent consideration based on meeting revenue targets through 2023. During 2025 and 2024, HPV received distributions of \$13,018 and \$96,552, respectively. HPNP was dissolved in May 2025 and the remaining investment balance of \$29,459 was written off and is included in write-off of investments in affiliates in the accompanying 2025 combined statement of activities without donor restrictions.

Develop Detroit Equity Investment Fund, LLC

Develop Detroit Equity Investment Fund, LLC (DDEIF) (a Delaware limited liability company) was formed to provide equity capital to certain Detroit-based housing and real estate development activities. DDEIF operates in conjunction with Develop Detroit (see Note 8), which controls DDEIF, through an affiliate as its managing member. HPV made a capital contribution of \$500,000 to acquire 49.98% of equity interest in DDEIF. HPV accounts for its investment in DDEIF using the equity method (see Note 2).

CAG Members Fund II LLC

CAG Members Fund II LLC (CAG II) (a Delaware limited liability company) was formed as a special purpose entity (holding company), that serves as the sole member of CAG National Fund II LLC (operating entity), that was created to increase the affordable housing supply, expand opportunities for homeownership and rental housing, and revitalize communities. HPV committed total capital of \$1,618,265 to acquire a 30% equity interest in CAG II and holds one of three voting seats on the Board of Managers. HPV made an initial capital contribution of \$1,525,000. The initial capital raised by CAG II is entitled to a preferred annual return of 8% payable based on available cash flow, cumulative from the date of issuance, and is compounded monthly. There was no share of income or loss recognized during 2025 or 2024 as there was no material profit or loss activity in either year. There were no preferred distributions due in 2026 or 2025 based on 2025 and 2024 cash flow. During 2025 and 2024, HPV received distributions (return of initial capital) of \$490,317 and \$325,458, respectively. The Board of Managers elected to wind down CAG II during 2025 and a final distribution of approximately \$291,000 is expected to be received in 2026. During 2025, HPV wrote-off \$417,709 of the investment balance, to bring the carrying value down to the expected final distribution amount, which is included in write-off of investments in affiliates in the accompanying 2025 combined statement of activities without donor restrictions.

THE HOUSING PARTNERSHIP NETWORK, INC. AND AFFILIATES

Notes to Combined Financial Statements
December 31, 2025 and 2024

3. INVESTMENT IN AFFILIATES (Continued)

HPV's Investments in Affiliates (Continued)

CAG Members Fund II LLC (Continued)

HPN holds a 5% interest in one of the three members of CAG II (Community Aggregators Group II LLC, who has a 28% interest in CAG II) and accounts for this investment using the cost method (see Note 2). HPN made an initial capital contribution of \$5.

CAG Members Fund III LLC

CAG Members Fund III LLC (CAG III) (a Delaware limited liability company) was formed as a special purpose entity (holding company), that serves as the sole member of CAG National Fund III LLC (operating entity), that was created to increase the affordable housing supply, expand opportunities for homeownership and rental housing, and revitalize communities. HPV committed total capital of \$350,000 to acquire an 8.17% equity interest in CAG III and holds one of three voting seats on the Board of Managers. During 2023, HPV made an initial capital contribution of \$295,703. The initial capital raised by CAG III is entitled to a preferred annual return of 8% payable based on available cash flow, cumulative from the date of issuance, and is compounded monthly. There was no share of income or loss recognized during 2025 and 2024 as there was no material profit or loss activity. There was no preferred distribution due in 2026 or 2025 based on 2025 and 2024 cash flow. HPV accounts for its investment in CAG III using the equity method as it is deemed to exercise significant influence over CAG III (see Note 2).

CAG Members Fund IV LLC

CAG Members Fund IV LLC (CAG IV) (a Delaware limited liability company) was formed as a special purpose entity (holding company), that serves as the sole member of CAG National Fund IV LLC (operating entity), that was created to increase the affordable housing supply, expand opportunities for homeownership and rental housing, and revitalize communities. HPV committed total capital of \$519,471 to acquire an 14.95% equity interest in CAG IV and holds one of three voting seats on the Board of Managers. During 2024, HPV made an initial capital contribution of \$400,000. The initial capital raised by CAG IV is entitled to a preferred annual return of 8% payable based on available cash flow, cumulative from the date of issuance, and is compounded monthly. There was no share of income or loss recognized during 2025 and 2024 as there was no material profit or loss activity. There was no preferred distribution due in 2026 or 2025 based on 2025 and 2024 cash flow. HPV accounts for its investment in CAG IV using the equity method as it is deemed to exercise significant influence over CAG IV (see Note 2).

CAG Minnesota Fund I LLC

CAG Minnesota Fund I LLC (CAG MN I) (a Delaware limited liability company) was formed as a special purpose entity that was created to increase the affordable housing supply, expand opportunities for homeownership and rental housing, and revitalize communities. HPV committed total capital of \$850,000 to acquire an 14.28% equity interest in CAG MN I and holds one of three voting seats on the Board of Managers. During 2024, HPV made an initial capital contribution equal to their full commitment of \$850,000. The initial capital raised by CAG MN I is entitled to a preferred annual return of 8% payable based on available cash flow, cumulative from the date of issuance, and is compounded monthly. There was no share of income or loss recognized during 2025 and 2024 as there was no material profit or loss activity. There was no preferred distribution due in 2026 or 2025 based on 2025 and 2024 cash flow. HPV accounts for its investment in CAG MN I using the equity method as it is deemed to exercise significant influence over CAG MN I (see Note 2).

THE HOUSING PARTNERSHIP NETWORK, INC. AND AFFILIATES

Notes to Combined Financial Statements
December 31, 2025 and 2024

3. INVESTMENT IN AFFILIATES (Continued)

HPV's Investments in Affiliates (Continued)

CAG Minnesota Members Fund II LLC

CAG Minnesota Members Fund II LLC (CAG MN II) (a Delaware limited liability company) was formed as a special purpose entity (holding company), that serves as the sole member of CAG Minnesota Fund II LLC (operating entity), that was created to increase the affordable housing supply, expand opportunities for homeownership and rental housing, and revitalize communities. HPV committed total capital of \$750,000 to acquire a 5.26% equity interest in the common units of CAG MN II as a common member. HPV holds one of eight voting seats on the Board of Managers. During 2024, HPV made an initial capital contribution equal to their full commitment of \$750,000. HPV accounts for its investment in CAG MN II under the cost method (see Note 2).

Financial Information for Equity Method Investee Affiliates

In accordance with the disclosure standards pertaining to ASC Topic 323, *Investment - Equity Method and Joint Ventures*, the following financial information relates to investee entities for which the Network maintains its investments on the equity method:

| Entity | 2025 | | | | |
|----------|---------------|-------------------|---------------|---------------|----------------|
| | Total Assets | Total Liabilities | Total Equity | Total Revenue | Total Expenses |
| HPIEx | \$ 88,973,775 | \$ 67,661,050 | \$ 21,312,725 | \$ 60,858,267 | \$ 56,207,741 |
| CSFP | \$ 17,154,396 | \$ 12,884 | \$ 17,141,512 | \$ 732,445 | \$ 128,313 |
| DDEIF | \$ 817,672 | \$ 169,674 | \$ 647,998 | \$ - | \$ 35,766 |
| CAG I | \$ 5,532,965 | \$ 74,811 | \$ 5,458,154 | \$ 4,347,143 | \$ 5,110,644 |
| CAG II | \$ 2,392,271 | \$ 9,429 | \$ 2,382,842 | \$ - | \$ - |
| CAG III | \$ 6,840,737 | \$ 3,223,058 | \$ 3,617,679 | \$ - | \$ - |
| CAG IV | \$ 6,415,491 | \$ 3,739,634 | \$ 2,675,857 | \$ - | \$ - |
| CAG MN I | \$ 11,091,086 | \$ 4,015,345 | \$ 7,075,741 | \$ - | \$ - |
| Entity | 2024 | | | | |
| | Total Assets | Total Liabilities | Total Equity | Total Revenue | Total Expenses |
| HPIEx | \$ 65,596,369 | \$ 49,666,786 | \$ 15,929,583 | \$ 50,444,001 | \$ 43,372,383 |
| HPET | \$ 952,291 | \$ - | \$ 952,291 | \$ 43,273 | \$ 107,401 |
| CSFP | \$ 16,578,047 | \$ 22,416 | \$ 16,555,631 | \$ 799,421 | \$ 118,563 |
| HPNP | \$ 122,724 | \$ 52,557 | \$ 70,167 | \$ - | \$ 210,182 |
| DDEIF | \$ 818,142 | \$ 134,378 | \$ 683,764 | \$ - | \$ 35,328 |
| CAG I | \$ 9,246,498 | \$ 811,667 | \$ 8,434,831 | \$ 9,389,010 | \$ 9,889,144 |
| CAG II | \$ 4,033,461 | \$ 2,305 | \$ 4,031,156 | \$ - | \$ - |
| CAG III | \$ 9,779,275 | \$ 6,160,596 | \$ 3,618,679 | \$ - | \$ - |
| CAG IV | \$ 8,786,644 | \$ 6,110,787 | \$ 2,675,857 | \$ - | \$ - |
| CAG MN I | \$ 11,091,086 | \$ 4,015,345 | \$ 7,075,741 | \$ - | \$ - |

HPET and HPNP are not included in the 2025 table noted above as both entities were liquidated and dissolved and the Network no longer held an investment in either entity as of December 31, 2025.

THE HOUSING PARTNERSHIP NETWORK, INC. AND AFFILIATES

Notes to Combined Financial Statements
December 31, 2025 and 2024

4. RESTRICTED DEPOSITS

Restricted deposits consist of cash and cash equivalents of the Network, which are restricted for use in connection with certain financing agreements of the Network.

Loan Escrow Liability

Pursuant to the various loan receivable agreements, the Network has the right to hold back a portion of the principal drawdowns in escrow on behalf of the borrowers. Loan escrows liability consists of cash held by the Network that is restricted in connection with these certain financing agreements. The entire balance of restricted cash consisted of loan escrow funds held for borrowers as of December 31, 2025 and 2024.

5. LOANS RECEIVABLE AND ALLOWANCE FOR CREDIT LOSSES

HPN

HPN generally lends to Network members or affiliates and has made intercompany loans to HPF (see Note 6), as well as single family NMTC source loans, construction, enterprise and predevelopment loans. HPN's loans receivable consist of the following as of December 31:

| Lender | Loan Description | Security | Interest Rate | Maturity (Various Dates Through) | 2025 | | | 2024 | | |
|--------|---|-----------|---------------|--|--------------------------|----------------|------------------------|--------------------------|----------------|------------------------|
| | | | | | Gross Loan Receivable | Participations | Net Loan Receivable | Gross Loan Receivable | Participations | Net Loan Receivable |
| HPN | HPF | Unsecured | 2.75 - 3.63% | September 2029 | \$ 13,112,441 | \$ - | \$ 13,112,441 | \$ 2,612,441 | \$ - | \$ 2,612,441 |
| HPN | Enterprise | Unsecured | 5.5 - 6.50% | June 2026 | 8,000,000 | - | 8,000,000 | 5,250,000 | - | 5,250,000 |
| HPN | Predevelopment | Unsecured | 5.55% | June 2026 | 500,000 | - | 500,000 | 500,000 | - | 500,000 |
| HPN | NMTC source loans | Secured | 6.25 - 6.50% | April 2026 | - | - | - | 5,516,304 | - | 5,516,304 |
| HPN | Construction | Secured | 6.50% | November 2025 | - | - | - | 6,272,318 | - | 6,272,318 |
| | | | | | <u>21,612,441</u> | <u>-</u> | <u>21,612,441</u> | <u>20,151,063</u> | <u>-</u> | <u>20,151,063</u> |
| | Less - allowance for credit losses | | | | (109,650) | - | (109,650) | (370,065) | - | (370,065) |
| | Less - current portion (net of allowance for credit losses) | | | | <u>(4,441,950)</u> | <u>-</u> | <u>(4,441,950)</u> | <u>(6,629,423)</u> | <u>-</u> | <u>(6,629,423)</u> |
| | Total HPN long-term portion | | | | <u>17,060,841</u> | <u>-</u> | <u>17,060,841</u> | <u>13,151,575</u> | <u>-</u> | <u>13,151,575</u> |

HPF

HPF generally lends to members and affiliated entities of HPN and offers various types of loans, including real estate acquisition and bridge loans, single family NMTC source loans, enterprise loans, construction loans, predevelopment loans, lines of credit, green bridge loans, permanent loans, and other. Loans receivable of HPF consist of the following as of December 31:

| Lender | Loan Description | Security | Interest Rate | Maturity (Various Dates Through) | 2025 | | | 2024 | | |
|--------|---|-----------------------|---------------|--|--------------------------|---------------------|------------------------|--------------------------|---------------------|------------------------|
| | | | | | Gross Loan Receivable | Participations | Net Loan Receivable | Gross Loan Receivable | Participations | Net Loan Receivable |
| HPF | Enterprise | Unsecured | 4.5 - 7.5% | August 2031 | \$ 74,448,487 | \$ 8,530,000 | \$ 65,918,487 | \$ 94,324,603 | \$ 19,101,419 | \$ 75,223,184 |
| HPF | Real estate acquisition and bridge | Secured | 5.20 - 8.90% | December 2028 | 31,876,386 | 13,252,375 | 18,624,011 | 56,852,435 | 38,182,371 | 18,670,064 |
| HPF | Predevelopment | Secured | 2 - 7% | December 2027 | 6,467,655 | - | 6,467,655 | 3,827,776 | - | 3,827,776 |
| HPF | FlexCap program loans | Secured and unsecured | 5.27 - 6.02% | December 2028 | 37,593,601 | 32,458,686 * | 5,134,915 | - | - | - |
| HPF | NMTC source loans | Secured | 6.57 - 7% | August 2028 | 9,374,700 | 6,202,328 | 3,172,372 | 1,306,971 | - | 1,306,971 |
| HPF | Develop Detroit | Secured and unsecured | 4 - 7.18% | June 2026 | 6,664,387 | 4,752,415 | 1,911,972 | 7,633,199 | 5,487,415 | 2,145,784 |
| HPF | Construction | Secured | 6.07 - 8.05% | January 2026 | 1,841,388 | - | 1,841,388 | 5,606,089 | - | 5,606,089 |
| HPF | Permanent | Unsecured | 0.25% | January 2042 | 420,000 | - | 420,000 | 420,000 | - | 420,000 |
| HPF | Green bridge | Secured | 7.00% | July 2028 | 239,435 | 119,717 | 119,718 | 934,920 | 467,460 | 467,460 |
| HPF | Line of credit | Unsecured | 1.5 - 4.5% | July 2025 | - | - | - | 550,000 | - | 550,000 |
| HPF | Other | Unsecured | 1.50% | December 2039 | 15,000,000 | 15,000,000 | - | 15,000,000 | 15,000,000 | - |
| | | | | | <u>183,926,039</u> | <u>80,315,521</u> | <u>103,610,518</u> | <u>186,455,993</u> | <u>78,238,665</u> | <u>108,217,328</u> |
| | Less - allowance for credit losses | | | | (3,223,884) | - | (3,223,884) | (4,251,316) | - | (4,251,316) |
| | Less - current portion (net of allowance for credit losses) | | | | <u>(25,211,542)</u> | <u>(11,754,790)</u> | <u>(13,456,752)</u> | <u>(67,703,290)</u> | <u>(38,959,411)</u> | <u>(28,743,879)</u> |
| | Total HPF long-term portion | | | | <u>155,490,613</u> | <u>68,560,731</u> | <u>86,929,882</u> | <u>114,501,387</u> | <u>39,279,254</u> | <u>75,222,133</u> |

* All loan participations were purchased by FlexCap (see page 31).

5. LOANS RECEIVABLE AND ALLOWANCE FOR CREDIT LOSSES (Continued)

HPV

HPV generally lends to members. Loans receivable of HPV consist of the following as of December 31:

| Lender | Loan Description | Security | Interest Rate | Maturity (Various Dates Through) | 2025 | | | 2024 | | |
|--------|---|-----------|---------------|--|--------------------------|----------------|------------------------|--------------------------|----------------|------------------------|
| | | | | | Gross Loan Receivable | Participations | Net Loan Receivable | Gross Loan Receivable | Participations | Net Loan Receivable |
| HPV | Develop Detroit | Unsecured | 5.00% | December 2027 | \$ 1,166,667 | \$ - | \$ 1,166,667 | \$ 1,166,667 | \$ - | \$ 1,166,667 |
| | Less - allowance for credit losses | | | | (15,015) | - | (15,015) | (24,594) | - | (24,594) |
| | Less - current portion (net of allowance for credit losses) | | | | (822,675) | - | (822,675) | (489,460) | - | (489,460) |
| | Total HPV long-term portion | | | | 328,977 | - | 328,977 | 652,613 | - | 652,613 |

FlexCap

FlexCap acts as a participant in loans originated by HPF. Loans receivable of FlexCap consist of the following as of December 31:

| Lender | Loan Description | Security | Interest Rate | Maturity (Various Dates Through) | 2025 | | | 2024 | | |
|---------|---|-----------------------|---------------|--|--------------------------|----------------|------------------------|--------------------------|----------------|------------------------|
| | | | | | Gross Loan Receivable | Participations | Net Loan Receivable | Gross Loan Receivable | Participations | Net Loan Receivable |
| FlexCap | Loan participations purchased | Secured and unsecured | 5.02 - 5.77% | December 2028 | \$ 32,458,686 | \$ - | \$ 32,458,686 | \$ - | \$ - | \$ - |
| | Less - allowance for credit losses | | | | (418,717) | - | (418,717) | - | - | - |
| | Less - current portion (net of allowance for credit losses) | | | | - | - | - | - | - | - |
| | Total Flex Fund long-term portion | | | | 32,039,969 | - | 32,039,969 | - | - | - |
| | Total Network | | | | 239,163,833 | 80,315,521 | 158,848,312 | 207,773,723 | 78,238,665 | 129,535,058 |
| | Less - eliminations | | | | (13,112,441) | - | (13,112,441) | (2,612,441) | - | (2,612,441) |
| | Less - allowance for credit losses | | | | (3,767,266) | - | (3,767,266) | (4,645,975) | - | (4,645,975) |
| | Less - current portion (net of allowance for credit losses) | | | | (30,476,167) | (11,754,790) | (18,721,377) | (74,822,173) | (38,959,411) | (35,862,762) |
| | Total Network long-term portion | | | | \$ 191,807,959 | \$ 68,560,731 | \$ 123,247,228 | \$ 125,693,134 | \$ 39,279,254 | \$ 86,413,880 |

Interest on loans is presented net of interest collected on behalf of loan participants (see Note 2) of \$5,110,813 and \$3,781,464, in 2025 and 2024, respectively.

THE HOUSING PARTNERSHIP NETWORK, INC. AND AFFILIATES

Notes to Combined Financial Statements
December 31, 2025 and 2024

5. LOANS RECEIVABLE AND ALLOWANCE FOR CREDIT LOSSES

Loan Commitments

The Network had unfunded loan commitments totaling \$13,564,425 and \$9,143,313 as of December 31, 2025 and 2024, respectively. In accordance with Topic 326, the Network has recorded credit loss liabilities related to these unfunded commitments, which are summarized as follows:

| | <u>HPN</u> | <u>HPF</u> | <u>Total</u> |
|--|-----------------|-------------------|-------------------|
| Credit loss liability - unfunded commitments, December 31, 2023 | \$ 99,900 | \$ 245,645 | \$ 345,545 |
| Recovery of credit losses - unfunded loans | <u>(41,713)</u> | <u>(110,908)</u> | <u>(152,621)</u> |
| Credit loss liability - unfunded commitments, December 31, 2024 | 58,187 | 134,737 | 192,924 |
| Provision for (recovery of) credit losses - unfunded loans | <u>(58,187)</u> | <u>22,438</u> | <u>(35,749)</u> |
| Credit loss liability - unfunded commitments, December 31, 2025 | <u>\$ -</u> | <u>\$ 157,175</u> | <u>\$ 157,175</u> |

Schedule of Repayments

Scheduled principal repayments of gross loans receivable, net of amounts owed to participants as of December 31, 2025, are as follows:

| <u>Year</u> | <u>HPN</u> | <u>HPF</u> | <u>HPV</u> | <u>FlexCap</u> | <u>Eliminations</u> | <u>Total</u> |
|-------------|----------------------|-----------------------|---------------------|----------------------|------------------------|-----------------------|
| 2026 | \$ 4,500,000 | \$ 15,544,585 | \$ 833,333 | \$ - | \$ - | \$ 20,877,918 |
| 2027 | - | 13,501,782 | 333,334 | - | - | 13,835,116 |
| 2028 | 2,000,000 | 35,019,392 | - | 32,458,686 | - | 69,478,078 |
| 2029 | 15,112,441 | 13,624,759 | - | - | (13,112,441) | 15,624,759 |
| 2030 | - | 12,500,000 | - | - | - | 12,500,000 |
| Thereafter | <u>-</u> | <u>13,420,000</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>13,420,000</u> |
| Total | <u>\$ 21,612,441</u> | <u>\$ 103,610,518</u> | <u>\$ 1,166,667</u> | <u>\$ 32,458,686</u> | <u>\$ (13,112,441)</u> | <u>\$ 145,735,871</u> |

Scheduled principal repayments of gross loans receivable, net of amounts owed to participants as of December 31, 2024, were as follows:

| | | | | | | |
|-------|----------------------|-----------------------|---------------------|-------------|-----------------------|-----------------------|
| Total | <u>\$ 20,151,063</u> | <u>\$ 108,217,328</u> | <u>\$ 1,166,667</u> | <u>\$ -</u> | <u>\$ (2,612,441)</u> | <u>\$ 126,922,617</u> |
|-------|----------------------|-----------------------|---------------------|-------------|-----------------------|-----------------------|

THE HOUSING PARTNERSHIP NETWORK, INC. AND AFFILIATES

Notes to Combined Financial Statements
December 31, 2025 and 2024

5. LOANS RECEIVABLE AND ALLOWANCE FOR CREDIT LOSSES (Continued)

Nonaccrual Loans

A loan receivable is placed on nonaccrual status at the time any principal or interest payments become more than 90 days delinquent (no payments received by the Network). Interest accrued but not received for a loan receivable placed on nonaccrual is reversed against interest revenue. There were no loans on nonaccrual status as or past due (when factoring in extensions) as of December 31, 2025 or 2024.

Allowance for Credit Losses

The allowance for credit losses is a valuation account that is deducted from the loans' amortized cost basis to present the net amount expected to be collected on the loans. Loans are charged-off against the allowance when management believes the lack of collectability of a loan balance is confirmed.

Management estimates the allowance balance using relevant available information, from internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts. Historical credit loss experience provides the basis for the estimation of expected credit losses. Adjustments to historical loss information are made for differences in current risk characteristics such as differences in underwriting standards, portfolio mix, delinquency level, or term as well as for changes in environmental conditions, such as changes in interest rates or other relevant factors. After the reasonable and supportable forecast period, the Network's model reverts to historical loss trends. As described below and on page 33, management has analyzed its loan portfolio into two groups of (1) performing loans and (2) loans considered collateral dependent financial assets. Each group utilizes a different method of arriving at its allowance for credit losses.

Current Loans under WARM Method

The Network's historical average annual loss rate for the most recent fifteen-year period is 0.33% and 0.50% as of December 31, 2025 and 2024, respectively. The historical credit loss rate already factors in prepayment history, which management expects to remain unchanged. Based on the historical average annual loss rates, the Network's lifetime historical loss rate before any qualitative adjustments is calculated at 1.07% and 1.71% as of December 31, 2025 and 2024, respectively (see page 34). To adjust the lifetime loss rate to reflect the effects of changes in current economic conditions and forecasted changes in portfolio performance, management had applied a positive 22 and 40 basis-point qualitative reserve factor (Q-Factor) to the quantified lifetime loss rate as of December 31, 2025 and 2024, respectively (see page 34).

Management believes this methodology most faithfully reflects the expected credit losses for the segment of the loan portfolio which is performing without any signs of weakness or deterioration. Management is using a loss rate method adjusted for prepayments that are probable. This assessment is an estimation technique that is most practical and relevant to the Network's current circumstances.

THE HOUSING PARTNERSHIP NETWORK, INC. AND AFFILIATES

Notes to Combined Financial Statements
December 31, 2025 and 2024

5. LOANS RECEIVABLE AND ALLOWANCE FOR CREDIT LOSSES (Continued)

Allowance for Credit Losses (Continued)

Current Loans under WARM Method (Continued)

Based on the various accounting policy elections made by the Network in connection with the application of the WARM method (see Note 2), the rate used to calculate the allowance for credit losses applied to the amortized cost basis of loans receivable was comprised of the following inputs:

| | <u>December 31, 2025</u> | <u>December 31, 2024</u> |
|---|--------------------------|--------------------------|
| Average Annual Loss Rate | <u>0.33%</u> | <u>0.50%</u> |
| Lifetime Historical Loss Rate (before Q-Factor) | 1.07% | 1.71% |
| Q-Factor Adjustment | <u>.22</u> | <u>.40</u> |
| Allowance for Credit Losses - Rate | <u>1.29%</u> | <u>2.11%</u> |

Credit Loss Activity

A summary of the activity within the allowance for credit losses is follows for the years ended December 31:

| | <u>HPN</u> | <u>HPF</u> | <u>HPV</u> | <u>FlexCap</u> | <u>Total</u> |
|---|-------------------|---------------------|------------------|-------------------|---------------------|
| Allowance for loan losses, December 31, 2023 | \$ 66,600 | \$ 3,226,704 | \$ 29,600 | \$ - | \$ 3,322,904 |
| Provision for (recovery of) credit losses - funded loans | <u>303,465</u> | <u>1,024,612</u> | <u>(5,006)</u> | <u>-</u> | <u>1,323,071</u> |
| Allowance for credit losses, December 31, 2024 | 370,065 | 4,251,316 | 24,594 | - | 4,645,975 |
| Provision for (recovery of) credit losses - funded loans | <u>(260,415)</u> | <u>(1,027,432)</u> | <u>(9,579)</u> | <u>418,717</u> | <u>(878,709)</u> |
| Allowance for credit losses, December 31, 2025 | <u>\$ 109,650</u> | <u>\$ 3,223,884</u> | <u>\$ 15,015</u> | <u>\$ 418,717</u> | <u>\$ 3,767,266</u> |

The Network had no write-offs of loan principal during 2025 or 2024.

Collateral Dependent Financial Assets

The Network monitors credit quality indicators on an on-going basis to determine if any of their loans need to be evaluated separately. Once a loan is over 120 days past due or significant concessions have been made to the borrower and collection from traditional methods is deemed unlikely, each asset is assessed individually under the practical expedient for collateral dependent financial assets. When incorporating extensions granted to lenders, there were no material past due loans as of December 31, 2025 or 2024. The credit quality indicators assessed by management include security of the loan, debt service coverage, current and leverage ratios of the borrower, customer concentrations of the borrower, credit history of ownership of the borrower, and collateral coverage.

THE HOUSING PARTNERSHIP NETWORK, INC. AND AFFILIATES

Notes to Combined Financial Statements
December 31, 2025 and 2024

5. LOANS RECEIVABLE AND ALLOWANCE FOR CREDIT LOSSES (Continued)

Allowance for Credit Losses (Continued)

As of December 31, 2025 and 2024, there were three loans with collective balances totaling \$1,911,972 and \$2,034,673, respectively, that were evaluated on an individual basis by borrower and an allowance for credit losses of \$1,911,972 and \$2,010,862, respectively, was recorded to correctly present these loans at the value that the Network anticipates that they will collect. Although these loans required the Network to make concessions to the borrowers, interest payments have been current and, as a result, these loans are not on nonaccrual status. Included in the summary table of credit loss activity (see page 34) is provision for (recovery of) credit losses – funded loans of \$(98,890) and \$816,107, respectively, related to these individually evaluated loans and the remaining amounts of \$(779,819) and \$506,964 pertain to current loans with credit losses calculated under the WARM method for the years ended December 31, 2025 and 2024, respectively.

Credit Quality Indicators

Allowance for credit losses is measured on a collective (pool) basis when similar risk characteristics exist. The loan products offered by the Network that are deemed to be performing are measured on one collective pool basis to determine the allowance for credit losses. The summary table on the previous page is presented on an entity-by-entity basis despite the same allowance for credit loss rate being applied to each entity's loans (absent the three individually evaluated loans described previously). The Network monitors credit quality indicators on a quarterly basis to determine if any of their loans need to be evaluated separately from their core loan pool. The credit quality indicators assessed by management include security of the loan, debt service coverage, current and leverage ratios of the borrower, customer concentrations of the borrower, credit history of ownership of the borrower, and collateral coverage.

HOUSING PARTNERSHIP NETWORK, INC. AND AFFILIATES

Notes to Combined Financial Statements
December 31, 2025 and 2024

6. LONG-TERM DEBT

Loans Payable

Loans payable consists of the following at December 31:

| Entity | Lender | Interest Rate | Security | Maturity | 2025 | | 2024 | |
|---------|---|--|-----------|----------------|-----------------------|------------------|-----------------------|------------------|
| | | | | | Outstanding Principal | Accrued Interest | Outstanding Principal | Accrued Interest |
| HPN | US Bank | 2.72% | Unsecured | December 2026 | \$ 6,000,000 | \$ 14,060 | \$ 7,000,000 | \$ 16,396 |
| HPN | US Bank | 5.37% | Unsecured | August 2028 | 4,000,000 | 18,497 | 4,000,000 | 18,497 |
| HPN | US Bank | 6.27% | Unsecured | June 2026 | 5,000,000 | 27,008 | - | - |
| HPN | Calvert Social Impact Foundation | 6.85% | Unsecured | December 2028 | 2,000,000 | 350 | 2,000,000 | 10,275 |
| HPN | Opportunity Finance Network | 3.00% | Unsecured | October 2027 | 1,136,364 | - | 1,704,546 | - |
| | Total HPN | | | | <u>18,136,364</u> | <u>59,915</u> | <u>14,704,546</u> | <u>45,168</u> |
| HPF | Chase New Markets Corporation | 2.00% | Unsecured | June 2031 | 20,000,000 | 102,222 | 20,000,000 | 102,222 |
| | | 3.5% for first \$12,000,000 (through December 31, 2024) and the remainder at the Federal fund rate plus 1%, but subject to a floor of 4% and a cap of 5.25%. | | | | | | |
| HPF | Charles Schwab | | Unsecured | July 2030 | 14,000,000 | 135,844 | 27,000,000 | 348,396 |
| HPF | HPN | 3.63% | Unsecured | September 2029 | 10,612,441 | 99,003 | 112,441 | 1,044 |
| HPF | HSBC Bank USA | 2.50% | Unsecured | February 2029 | 6,000,000 | 12,917 | 6,000,000 | 12,917 |
| HPF | Opportunity Finance Network | 3.00% | Unsecured | February 2032 | 5,000,000 | - | 5,000,000 | - |
| HPF | Bank of America | 3.00% | Unsecured | March 2032 | 5,000,000 | 37,808 | 5,000,000 | 37,705 |
| HPF | Laura and John Arnold Foundation | 0.00% | Unsecured | June 2032 | 5,000,000 | - | 5,000,000 | - |
| HPF | Third-party family office | 2.00% | Unsecured | April 2030 | 5,000,000 | - | 5,000,000 | - |
| HPF | Laura and John Arnold Foundation | 2.00% | Unsecured | November 2034 | 3,000,000 | 167 | 3,000,000 | 9,000 |
| HPF | Kresge Foundation | 2.00% | Unsecured | July 2028 | 3,000,000 | - | 3,000,000 | - |
| HPF | HPN | 2.75% | Unsecured | September 2029 | 2,500,000 | 17,187 | 2,500,000 | 17,187 |
| HPF | Woodforest National Bank | Prime rate minus 1.75% | Unsecured | March 2027 | 2,000,000 | 4,653 | 2,000,000 | 6,733 |
| HPF | Amalgamated Bank | 5.00% | Unsecured | March 2028 | 2,000,000 | 5,821 | 2,000,000 | 1,389 |
| HPF | CommonBond Communities | 0.00% | Unsecured | January 2042 | 420,000 | - | 420,000 | - |
| HPF | Unrelated third-party | 1.75% | Unsecured | June 2026 | 50,000 | 441 | 50,000 | 441 |
| | Total HPF | | | | <u>83,582,441</u> | <u>416,063</u> | <u>86,082,441</u> | <u>537,034</u> |
| FlexCap | Charles Schwab | 5.02% | Unsecured | July 2030 | 2,805,626 | 35,993 | - | - |
| FlexCap | Charles Schwab | 5.77% | Unsecured | July 2030 | 7,738,060 | 114,102 | - | - |
| FlexCap | Charles Schwab | 5.02% | Unsecured | July 2030 | 11,000,000 | 21,475 | - | - |
| FlexCap | Charles Schwab | 5.07% | Unsecured | July 2030 | 10,915,000 | 63,025 | - | - |
| | Total FlexCap | | | | <u>32,458,686</u> | <u>234,595</u> | <u>-</u> | <u>-</u> |
| | Total Network | | | | 134,177,491 | 710,573 | 100,786,987 | 582,202 |
| | Less - eliminations | | | | (13,112,441) | (116,190) | (2,612,441) | (18,231) |
| | Less - current portion (net of eliminations) | | | | <u>(11,618,182)</u> | <u>(594,383)</u> | <u>(568,182)</u> | <u>(563,971)</u> |
| | Total loans payable and accrued interest, net | | | | <u>\$ 109,446,868</u> | <u>\$ -</u> | <u>\$ 97,606,364</u> | <u>\$ -</u> |

Certain loans payable contain financial and non-financial covenants with which the Network must comply. As of December 31, 2025, the Network was in compliance with all covenants when considering a one-time waiver obtained by HPN.

The Network had a total available credit of \$39,541,314 and \$13,887,559 as of December 31, 2025 and 2024, respectively.

6. LONG-TERM DEBT (Continued)

Equity Equivalent Loans Payable

The Network holds various equity equivalent loans payable and utilizes the proceeds to support the lending activities of HPF and HPV and to make loans to member organizations for the purchase, rehabilitation and development of affordable housing. HPN may prepay these loans in whole or in part at any time without penalty. The balances of the remaining equity equivalent loans payable (EQ2) were as follows at December 31:

| Entity | Lender | Interest Rate | Security | Maturity | 2025 | | 2024 | |
|--------|---|---------------|-----------|----------------|-----------------------|------------------|-----------------------|------------------|
| | | | | | Outstanding Principal | Accrued Interest | Outstanding Principal | Accrued Interest |
| HPN | PNC Bank | 2.75% | Unsecured | September 2029 | \$ 2,500,000 | \$ 17,187 | \$ 2,500,000 | \$ 17,187 |
| HPN | Wells Fargo | 2.00% | Unsecured | June 2034 | 2,000,000 | 10,000 | 2,000,000 | 10,000 |
| HPN | Wells Fargo | 2.00% | Unsecured | December 2028 | 1,500,000 | 2,583 | 1,500,000 | 2,583 |
| HPN | First Citizens | 2.00% | Unsecured | September 2030 | 1,000,000 | 5,555 | - | - |
| HPN | US Bank | 3.00% | Unsecured | September 2026 | 1,000,000 | 83 | 1,000,000 | 83 |
| | Total HPN | | | | <u>8,000,000</u> | <u>35,408</u> | <u>7,000,000</u> | <u>29,853</u> |
| HPF | PNC Bank | 3.50% | Unsecured | December 2029 | 4,000,000 | 35,778 | 4,000,000 | 1,944 |
| HPF | KeyBank National Association | 2.00% | Unsecured | June 2035 | 500,000 | 2,500 | 500,000 | 2,500 |
| | Total HPF | | | | <u>4,500,000</u> | <u>38,278</u> | <u>4,500,000</u> | <u>4,444</u> |
| | Total Network | | | | 12,500,000 | 73,686 | 11,500,000 | 34,297 |
| | Less - current portion | | | | <u>(1,000,000)</u> | <u>(73,686)</u> | <u>-</u> | <u>(34,297)</u> |
| | Total equity equivalent loans payable and accrued interest, net | | | | <u>\$ 11,500,000</u> | <u>\$ -</u> | <u>\$ 11,500,000</u> | <u>\$ -</u> |

Total Maturities of Long-Term Debt

Maturities of all long-term debt as of December 31, 2025, are as follows:

| | Equity Equivalent Loans Payable | Loans Payable | Eliminations | Total |
|------------|---------------------------------|-----------------------|------------------------|-----------------------|
| 2026 | \$ 1,000,000 | \$ 11,618,182 | \$ - | \$ 12,618,182 |
| 2027 | 750,000 | 2,568,182 | - | 3,318,182 |
| 2028 | 750,000 | 15,500,000 | - | 16,250,000 |
| 2029 | 6,500,000 | 20,612,441 | (13,112,441) | 14,000,000 |
| 2030 | 1,000,000 | 51,458,686 | - | 52,458,686 |
| Thereafter | 2,500,000 | 38,420,000 | - | 40,920,000 |
| Total | <u>\$ 12,500,000</u> | <u>\$ 140,177,491</u> | <u>\$ (13,112,441)</u> | <u>\$ 139,565,050</u> |

THE HOUSING PARTNERSHIP NETWORK, INC. AND AFFILIATES

Notes to Combined Financial Statements
December 31, 2025 and 2024

7. OPERATING LEASE

The Network had a lease agreement for office space located in Boston, Massachusetts that was set to expire in May 2027. The monthly base rent ranged from \$36,809 to \$41,447. The Network was obligated to make monthly rental payments and is also responsible for its share of real estate taxes and utilities under this operating lease agreement (CAM charges). In accordance with Topics 842, *Leases*, the Network recorded rent expense for the operating lease on a cash basis which approximated the straight-line basis over the term of the lease. CAM charges were variable and were \$18,782 for the year ended December 31, 2024. Base rent of \$357,105 was recognized for the year ended December 31, 2024, and was included with CAM charges as occupancy expense in the accompanying 2024 combined statement of functional expenses.

During 2024, the Network entered into a termination agreement with the third-party lessor to end this lease agreement effective September 30, 2024. There was a termination fee of \$750,000, which was partially paid with the forfeiture of the Network's security deposit of \$60,000. Upon execution of the termination agreement, the Network paid the lessor \$375,000, forfeited their security deposit of \$60,000, and the remaining termination fee of \$315,000 was due in two payments of \$187,500 due in January 2025 and \$127,500 due in January 2026, which are included in accounts payable and accrued expenses in the accompanying combined statements of financial position. The termination fee of \$750,000 together with legal and related costs totaling \$13,926 are reflected as lease termination fee in the accompanying 2024 combined statement of activities without donor restrictions.

As of December 31, 2025, there were no material leases that have been executed by the Network but did not yet commence.

8. RELATED PARTY TRANSACTIONS

Management Agreements

Certain affiliates (see Note 3 and below) engaged the Network for management services based on various agreements and terms, renewable annually. The majority of the amounts is earned on a cost recovery basis. Management fees earned by the Network are as follows:

| | <u>2025</u> | <u>2024</u> |
|--|---------------------|--------------------|
| Combined Affiliates: | | |
| HPF | \$ 3,746,356 | \$ 3,509,523 |
| Uncombined Affiliates: | | |
| HPIEx | 750,000 | 750,000 |
| THIF (see page 39) | 471,469 | - |
| Other | 77,113 | - |
| CSFP | 50,623 | 45,782 |
| HPNP | 18,924 | 58,842 |
| DDEIF | 10,000 | 10,000 |
| HPET | - | 6,750 |
| | <u>5,124,485</u> | <u>4,380,897</u> |
| Total management fees | | |
| Less - eliminations | <u>(3,746,356)</u> | <u>(3,509,523)</u> |
| Total management fees, net of eliminations | <u>\$ 1,378,129</u> | <u>\$ 871,374</u> |

THE HOUSING PARTNERSHIP NETWORK, INC. AND AFFILIATES

Notes to Combined Financial Statements
December 31, 2025 and 2024

8. RELATED PARTY TRANSACTIONS (Continued)

Contracted Services and Organizing Sponsor Fees - Develop Detroit

Develop Detroit Inc. (Develop Detroit) is a non-profit real estate development company designed to play a major role in the stabilization and revitalization of neighborhoods and communities weakened by the decades-long economic decline in Detroit, Michigan. Sponsored by HPN, Develop Detroit is structured and capitalized as an independent nonprofit. Develop Detroit operates in key neighborhoods and is staffed and governed locally. HPN provides business and financial support to Develop Detroit and does not hold an equity investment in Develop Detroit. The Network provided various loans to Develop Detroit for a variety of capital and working capital needs (see Note 5).

Develop Detroit has an agreement to pay HPN sponsor fees for its efforts and investment in organizing Develop Detroit. This agreement contains a fixed and variable component, whereby Develop Detroit was charged a quarterly fee of \$62,500 through December 31, 2018 (the Fixed Fee), and Develop Detroit is also charged an annual payment equal to 25% of Develop Detroit's operating net income (the Variable Fee). There were no sponsor fees earned by the Network in 2025 or 2024.

Develop Detroit was required to make payments under the Variable Fee agreement until the sum of the Fixed Fee and Variable Fee cumulatively reach \$1,800,000 or until December 31, 2025, whichever comes first. Cumulative variable and fixed fees totaled \$1,333,480 as of December 31, 2025 and 2024.

Contracted Services - Tulsa Housing Impact Fund

Tulsa Housing Impact Fund (THIF) is a nonprofit organization focused on raising and deploying capital for affordable housing development and preservation in Tulsa, Oklahoma, led by a majority of local Board of Directors (independent from that of the Network) and managed by HPN. HPN provides business and financial support including fundraising to support THIF (see Note 2) and does not hold an equity investment in THIF. Management fees charged to THIF during 2025 include \$370,125 of fees for HPN's support in setting up THIF's operations.

Program Services Fees

Sub-allocation fees (see Note 3) and other fee agreements are reported as program service fees in the accompanying combined statements of activities without donor restrictions and were as follows for the years ended December 31:

| | <u>2025</u> | <u>2024</u> |
|---|---------------------|-------------------|
| Sub-allocation fees - NMTC (see Note 3) | \$ 1,800,000 | \$ - |
| Other third-party program service fees | <u>179,969</u> | <u>308,018</u> |
| Total program service fees | <u>\$ 1,979,969</u> | <u>\$ 308,018</u> |

THE HOUSING PARTNERSHIP NETWORK, INC. AND AFFILIATES

Notes to Combined Financial Statements
December 31, 2025 and 2024

8. RELATED PARTY TRANSACTIONS (Continued)

Accounts and Contracts Receivable

Amounts owed to the Network for management and program service fees and contracts are included as accounts and contracts receivable in the accompanying combined statements of financial position and are as follows as of December 31:

| | <u>2025</u> | <u>2024</u> |
|--|-------------------|-------------------|
| Uncombined Affiliates: | | |
| THIF | \$ 471,469 | \$ - |
| Develop Detroit | 307,290 | 307,290 |
| CSFP | 9,395 | 12,206 |
| HPIEx | <u>-</u> | <u>187,500</u> |
| | 788,154 | 506,996 |
| Third parties | <u>179,209</u> | <u>408,965</u> |
| | 967,363 | 915,961 |
| Less - allowance for credit losses | <u>(300,000)</u> | <u>(300,000)</u> |
| Accounts and contracts receivable, net | <u>\$ 667,363</u> | <u>\$ 615,961</u> |

Based on the lack of historical loss data available related to the Network's accounts and contracts receivable under Topic 326, the Network relied on a forgiveness event in 2023 to determine that an allowance for credit losses related to the remaining balance owed from the customer that received the forgiveness was necessary as of December 31, 2025 and 2024. The Network determined that the \$300,000 allowance for credit losses as of December 31, 2025 and 2024, approximates the remaining balance owed from this customer. In addition, as a result of a detailed assessment of collection history by customer, the Network determined that no further adjustment was needed to the allowance for credit losses, therefore, no provision for credit losses related to accounts and contracts receivable was recorded during 2025 or 2024.

9. RETIREMENT PLAN

The Network participates in a group retirement plan for its employees qualified under IRC Section 401(k) (401k Plan). The Network makes discretionary contributions to eligible employees' retirement funds. The employer matching contribution was 100% of the first 3% contributed by each employee. The Network also contributed a qualified non-elective employer contribution of 5% per payroll to HPN's 401k Plan. Employees are eligible when they reach twenty-one years of age and complete three consecutive months of employment. The Network's contribution totaled \$753,481 and \$655,240 for 2025 and 2024, respectively, and is included in fringe benefits in the accompanying combined statements of functional expenses.

10. CONDITIONAL AWARDS

Employee Retention Tax Credit

The Employee Retention Tax Credit (ERTC) was first established by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and was extended and expanded by the Consolidated Appropriations Act (CAA) and American Rescue Plan (ARP). ERTC provides a refundable tax credit against certain employment taxes equal to 70% of the first \$10,000, per quarter, in qualified wages paid to each employee between January 1, 2021 and December 31, 2021 (2021 ERTC).

THE HOUSING PARTNERSHIP NETWORK, INC. AND AFFILIATES

Notes to Combined Financial Statements
December 31, 2025 and 2024

10. CONDITIONAL AWARDS (Continued)

Employee Retention Tax Credit (Continued)

The Network qualified for the 2021 ERTC and submitted all necessary paperwork to request the funds, and therefore, accounted for it as conditional grants under ASC Subtopic 958-605. These grants were conditional upon certain performance requirements and meeting certain eligibility criteria of the Federal program. In the opinion of management, these conditions were met as of December 31, 2022, and therefore, \$659,197 of 2021 ERTC was recognized at that time. As of December 31, 2025 and 2024, the full amount has not been received and, therefore, is included in grants receivable in the accompanying combined statements of financial position.

Conditional Advances

The Network received grants and contributions that contained donor-imposed conditions that represent barriers that must be overcome as well as a right of return of the assets transferred (see Note 2). The Network recognizes these grants and contributions only when donor-imposed conditions are substantially met. Accordingly, the ending balance of conditional advances included in the accompanying combined statements of financial position pertains to cash received by the Network in advance of meeting the necessary conditions.

Conditional advances consist of the following as of December 31:

| | <u>2025</u> | <u>2024</u> |
|--|---------------------|---------------------|
| Other conditional awards | \$ 1,334,000 | \$ 1,768,528 |
| CDFI Capital Magnet award (see Note 2) | <u>675,000</u> | <u>-</u> |
| Conditional advances | <u>\$ 2,009,000</u> | <u>\$ 1,768,528</u> |

Committed Government Grants and Contracts

The Network maintains contracts with the U.S. Department of Housing and Urban Development (HUD) and NeighborWorks America (NWA) that are renewable annually. During 2025 and 2024, the Network received awards that contained cost reimbursement conditions that represent a barrier that must be overcome in order to recognize revenue. The Network recognizes these government grants when qualifying costs are incurred. During the years ended December 31, 2025 and 2024, the Network recognized \$894,932 and \$764,337, respectively, of these government grant awards upon incurring qualifying expenses, which are included in government grants and contracts in the accompanying combined statements of activities without donor restrictions. There was no remaining conditional commitment under the contracts at December 31, 2025 and 2024.

11. FUNDING AND CONCENTRATIONS

Funding

Contract income from governmental agencies is subject to audit by the respective governmental authorities. In the opinion of management, the results of such audits, if any, will not have a material effect on the combined statements of financial position of the Network as of December 31, 2025 and 2024, or on the combined statements of activities without donor restrictions for the years then ended.

THE HOUSING PARTNERSHIP NETWORK, INC. AND AFFILIATES

Notes to Combined Financial Statements
December 31, 2025 and 2024

11. FUNDING AND CONCENTRATIONS (Continued)

Concentrations

As of December 31, 2025, amounts due from the Federal government through the ERTC program (see Note 10) represent all of the Network's grants receivables. As of December 31, 2024, amounts due from the Federal government through the ERTC program represent and the CDFI Fund represented 84% of the Network's grants receivable.

As of December 31, 2025 and 2024, approximately 81% and 96% of the Network's gross accounts and contracts receivable (see Note 8) are due from two and four payers, respectively.

12. LIQUIDITY

Financial assets available for general operating use, that is, without donor or other restrictions limiting their use (see Note 2), within one year of the combined statements of financial position date, comprise the following at December 31:

| | <u>2025</u> | <u>2024</u> |
|--|----------------------|----------------------|
| Cash and cash equivalents | \$ 39,044,194 | \$ 25,967,133 |
| Accounts and contracts receivable | 667,363 | 615,961 |
| Grants receivable | 659,197 | 1,862,497 |
| Current portion of loans receivable | 18,721,377 | 35,862,762 |
| Interest receivable | <u>959,533</u> | <u>1,182,496</u> |
| | 60,051,664 | 65,490,849 |
| Less - cash and grants receivable with donor programmatically purpose restrictions (see Note 2) | (8,373,601) | (2,458,144) |
| Less - conditional advance held in cash (see Note 10) | <u>(2,009,000)</u> | <u>(1,768,528)</u> |
| Total | <u>\$ 49,669,063</u> | <u>\$ 61,264,177</u> |

The Network's cash management objectives are to ensure that it has sufficient liquidity and resources to carry out the Network's mission. Effective cash management enhances the Network's capacity to increase access to capital for the benefit of low and moderate-income people through the partnerships with its member organizations and businesses, government, and philanthropic institutions.

As part of the Network's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Network aims to maintain working capital balances of at least three months of operating expenses. Management regularly monitors the availability of resources required to manage liquidity, using a variety of reports and practices to manage asset-liability matching and to identify liquidity concerns.

The Network is substantially supported through and generates liquid resources from management fees, program fees, financial revenues related to lending activities, and its share of affiliate distributions. Philanthropic grants and contributions are utilized by the Network to fund innovation initiatives and programs and these costs can be controlled based on the annual yield of capital raised.

To supplement liquidity for mission-related financing, the Network currently has a committed line of credit which it could further draw upon in the amount of \$39,541,314 as December 31, 2025 (see Note 6). The liquidity generated from this committed line of credit, combined with the collection of loans receivable due in 2026, is available to fund loan commitments of \$13,564,425 that were unfunded as of December 31, 2025 (see Note 5), in addition to future loan commitments made by the Network.