

RURAL NEIGHBORHOODS, INC. AND ITS AFFILIATES

CONSOLIDATED FINANCIAL STATEMENTS  
(WITH SUPPLEMENTAL INFORMATION)  
AND INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2024 AND 2023



Rural Neighborhoods, Inc. and Its Affiliates

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Rural Neighborhoods, Inc. and Its Affiliates

### Report on the Consolidated Financial Statements

#### Opinion

We have audited the accompanying consolidated financial statements of Rural Neighborhoods, Inc. (a nonprofit organization) and Its Affiliates, which comprise the consolidated statements of financial position as of December 31, 2024 and 2023, and the related consolidated statements of activities, changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Rural Neighborhoods, Inc. and Its Affiliates, as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Rural Neighborhoods, Inc. and Its Affiliates and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### Responsibilities of Management for the Consolidated Financial Statements

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

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

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

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Rural Neighborhoods, Inc. and Its Affiliates' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Rural Neighborhoods, Inc. and Its Affiliates' ability to continue as a going concern for a reasonable period of time.

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

## Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplemental information on pages 71 through 79 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. That information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplemental information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

The accompanying other information on page 88 has not been subject to auditing procedures applied in the audits of the consolidated financial statements, and accordingly, we do not express any opinion or provide any assurance on it.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 5, 2025, on our consideration of Rural Neighborhoods, Inc. and Its Affiliates' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Rural Neighborhoods, Inc. and Its Affiliates' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Rural Neighborhoods, Inc. and Its Affiliates' internal control over financial reporting and compliance.

*Tidwell Group, LLC*

Atlanta, Georgia  
June 5, 2025

Rural Neighborhoods, Inc. and Its Affiliates

CONSOLIDATED STATEMENTS OF  
FINANCIAL POSITION

December 31, 2024 and 2023

	<u>ASSETS</u>	
	2024	2023
CURRENT ASSETS		
Cash and cash equivalents	\$ 20,788,214	\$ 19,554,887
Accounts receivable - tenants	24,811	78,806
Rental assistance receivables	376,987	316,688
Miscellaneous receivables	27,910	662
Grant receivables	4,499,750	587,967
Prepaid expenses	1,686,903	1,146,098
Total current assets	27,404,575	21,685,108
RESTRICTED DEPOSITS AND FUNDED RESERVES		
Tenant security deposits	926,604	911,014
Mortgage escrows	2,824,060	2,419,043
Replacement reserve	3,228,852	4,418,328
Debt service reserve	3,525,416	2,372,936
Operating reserve	1,048,680	1,034,161
Other reserves	2,543,658	202,390
Total restricted deposits and funded reserves	14,097,270	11,357,872
PROPERTY AND EQUIPMENT		
Land	16,817,363	17,134,645
Land improvements	12,887,769	12,686,459
Buildings and improvements	194,958,678	193,287,945
Furniture and equipment	7,687,660	7,030,822
Construction in progress	11,519,896	6,932,715
Total property and equipment	243,871,366	237,072,586
Less accumulated depreciation	(85,598,976)	(79,565,439)
Total property and equipment, net	158,272,390	157,507,147
OTHER ASSETS		
Deposits	104,508	122,284
Tax credit monitoring fees, net	388,533	202,915
Right of use asset, net	2,722,701	2,765,778
Investment in debt securities	2,006,975	-
Other assets	41,007	32,943
Total other assets	5,263,724	3,123,920
Total assets	\$ 205,037,959	\$ 193,674,047

(continued)

Rural Neighborhoods, Inc. and Its Affiliates

CONSOLIDATED STATEMENTS OF  
FINANCIAL POSITION - CONTINUED

December 31, 2024 and 2023

LIABILITIES AND NET ASSETS

	2024	2023
CURRENT LIABILITIES		
Accounts payable	\$ 335,358	\$ 161,045
Accrued expenses	714,479	747,678
Accrued interest payable	1,581,089	1,244,553
Related party fees payable	86,250	84,039
Construction costs payable	1,654	995,652
Loss contingency - current	250,000	1,005,911
Current portion of mortgages payable	4,189,510	3,262,084
Total current liabilities	7,158,340	7,500,962
DEPOSITS AND PREPAID LIABILITY		
Tenant security deposits	926,604	910,814
Prepaid rent	311,396	277,950
Total deposits and prepaid liability	1,238,000	1,188,764
LONG-TERM LIABILITIES		
Developer fee payable	723,033	2,422,181
Loss contingency - long term	250,000	500,000
Deferred revenue	13,368,096	13,194,153
Mortgages payable, net of current portion	106,241,058	101,552,708
Total long-term liabilities	120,582,187	117,669,042
Total liabilities	128,978,527	126,358,768
NET ASSETS		
Without donor restrictions - non-controlling interest	10,713,143	10,841,957
Without donor restrictions - controlling interest	65,346,289	56,473,322
Net assets without donor restrictions	76,059,432	67,315,279
Total net assets	76,059,432	67,315,279
Total liabilities and net assets	\$ 205,037,959	\$ 193,674,047

See notes to consolidated financial statements.

Rural Neighborhoods, Inc. and Its Affiliates

CONSOLIDATED STATEMENT OF ACTIVITIES

Year ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
RENTAL REVENUE			
Potential rental revenue	\$ 21,044,250	\$ -	\$ 21,044,250
Less vacancies and concessions	(1,075,192)	-	(1,075,192)
Total rental revenue	19,969,058	-	19,969,058
OTHER REVENUE			
Application fees	78,897	-	78,897
Laundry and vending	149,223	-	149,223
Interest income	533,956	-	533,956
Tenant charges	166,866	-	166,866
Developer fee income	1,126,910	-	1,126,910
Grant revenue	9,649,530	-	9,649,530
Miscellaneous revenue	402,815	-	402,815
Total other revenue	12,108,197	-	12,108,197
EXPENSES			
Operating and maintenance	4,966,415	-	4,966,415
Utilities	1,858,745	-	1,858,745
Project administration expenses	4,876,756	-	4,876,756
Management fees	164,066	-	164,066
Taxes and insurance	4,504,958	-	4,504,958
Bad debt expense	79,953	-	79,953
Total expenses	16,450,893	-	16,450,893
Income from operations	15,626,362	-	15,626,362
NON-OPERATING EXPENSES (INCOME)			
Interest on mortgages payable	1,370,764	-	1,370,764
Gain on sale of real property	(337,053)	-	(337,053)
Related party fees	22,000	-	22,000
Income from forgiveness of debt	(572,919)	-	(572,919)
Depreciation expense	6,332,835	-	6,332,835
Amortization expense	30,482	-	30,482
Total non-operating expenses (income)	6,846,109	-	6,846,109
Change in net assets before non-controlling interest	8,780,253	-	8,780,253
Non-controlling interest in earnings of subsidiaries	92,718	-	92,718
Change in net assets attributable to Rural Neighborhoods, Inc.	\$ 8,872,971	\$ -	\$ 8,872,971

See notes to consolidated financial statements.



Rural Neighborhoods, Inc. and Its Affiliates

CONSOLIDATED STATEMENT OF ACTIVITIES

Year ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
RENTAL REVENUE			
Potential rental revenue	\$ 18,696,664	\$ -	\$ 18,696,664
Less vacancies and concessions	(1,388,719)	-	(1,388,719)
Total rental revenue	17,307,945	-	17,307,945
OTHER REVENUE			
Application fees	60,739	-	60,739
Laundry and vending	142,054	-	142,054
Interest income	167,464	-	167,464
Tenant charges	158,750	-	158,750
Developer fee income	268,145	-	268,145
Grant revenue	1,728,321	-	1,728,321
Miscellaneous revenue	292,570	-	292,570
Total other revenue	2,818,043	-	2,818,043
EXPENSES			
Operating and maintenance	4,891,640	-	4,891,640
Utilities	1,685,895	-	1,685,895
Project administration expenses	5,686,177	-	5,686,177
Management fees	207,039	-	207,039
Taxes and insurance	3,702,008	-	3,702,008
Bad debt expense	99,966	-	99,966
Total expenses	16,272,725	-	16,272,725
Income from operations	3,853,263	-	3,853,263
NON-OPERATING EXPENSES (INCOME)			
Interest on mortgages payable	1,395,664	-	1,395,664
Gain on sale of real property	(206,614)	-	(206,614)
Related party fees	17,790	-	17,790
Income from forgiveness of debt	(572,919)	-	(572,919)
Professional services fee	1,505,911	-	1,505,911
Depreciation expense	5,735,574	-	5,735,574
Amortization expense	21,169	-	21,169
Total non-operating expenses (income)	7,896,575	-	7,896,575
Change in net assets before non-controlling interest	(4,043,312)	-	(4,043,312)
Non-controlling interest in earnings of subsidiaries	566,441	-	566,441
Change in net assets attributable to Rural Neighborhoods, Inc.	\$ (3,476,871)	\$ -	\$ (3,476,871)

See notes to consolidated financial statements.

Rural Neighborhoods, Inc. and Its Affiliates

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Years ended December 31, 2024 and 2023

	Net Assets Without Donor Restrictions			Net Assets With Donor Restrictions	Total Net Assets
	Controlling Interest	Non-controlling Interest	Total		
Balance, December 31, 2022	\$ 53,909,906	\$ 9,006,075	\$ 62,915,981	\$ -	\$ 62,915,981
Contributions	-	8,475,584	8,475,584	-	8,475,584
Distributions	(3)	(32,971)	(32,974)	-	(32,974)
Transfer of interest	6,040,290	(6,040,290)	-	-	-
Change in net assets	<u>(3,476,871)</u>	<u>(566,441)</u>	<u>(4,043,312)</u>	<u>-</u>	<u>(4,043,312)</u>
Balance, December 31, 2023	56,473,322	10,841,957	67,315,279	-	67,315,279
Distributions	(4)	(36,096)	(36,100)	-	(36,100)
Change in net assets	<u>8,872,971</u>	<u>(92,718)</u>	<u>8,780,253</u>	<u>-</u>	<u>8,780,253</u>
Balance, December 31, 2024	<u>\$ 65,346,289</u>	<u>\$ 10,713,143</u>	<u>\$ 76,059,432</u>	<u>\$ -</u>	<u>\$ 76,059,432</u>

See notes to consolidated financial statements.

Rural Neighborhoods, Inc. and Its Affiliates

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31, 2024 and 2023

	2024	2023
Cash flows from operating activities		
Change in net assets	\$ 8,780,253	\$ (4,043,312)
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation	6,332,835	5,735,574
Amortization	30,482	21,169
Amortization of debt issuance costs	98,996	86,932
Gain on sale of fixed assets	(337,053)	-
Developer fee income - forgiveness	(1,126,910)	-
Casualty gain	(607,798)	-
Deferred revenue - loan forgiveness	(572,919)	(572,919)
Loss on write-off of fixed assets	194,140	-
Loss contingency	-	1,505,911
Changes in:		
Tenant accounts receivable	53,995	(55,960)
Due from affiliates	-	82,877
Rental assistance receivable	(60,299)	(23,944)
Miscellaneous receivables	(27,248)	353,347
Grant receivables	(3,911,783)	(191,539)
Prepaid expenses	(540,805)	(310,152)
Deposits	17,776	21,700
Other assets	(8,064)	25,131
Accounts payable	174,313	(218,637)
Accrued expenses	(33,199)	(108,882)
Accrued interest payable	226,909	226,028
Accrued investor services management fee	2,211	10,226
Tenant security deposits liability	15,790	41,114
Prepaid rents	33,446	418
Net cash provided by operating activities	<u>8,735,068</u>	<u>2,585,082</u>
Cash flows from investing activities:		
Investment in rental property	(8,423,791)	(10,704,787)
Proceeds from sale of rental property	744,010	-
Tax credit fees paid	(18,113)	(58,793)
Payments on developer fee	(127,631)	(122,001)
Construction costs payable	(994,195)	-
Insurance proceeds	69,133	-
Investment in debt securities	(2,006,975)	-
Payment on right of use asset	-	(280,000)
Net cash used in investing activities	<u>(10,757,562)</u>	<u>(11,165,581)</u>

(continued)

Rural Neighborhoods, Inc. and Its Affiliates

CONSOLIDATED STATEMENTS OF CASH FLOWS -  
CONTINUED

Years ended December 31, 2024 and 2023

	2024	2023
Cash flows from financing activities:		
Proceeds from mortgages payable	\$ 9,059,480	\$ 7,590,446
Principal payments on mortgages	(1,961,755)	(9,717,931)
Contingent liability payments	(1,005,911)	-
Debt issuance costs paid	(60,495)	(302,000)
Non-controlling interest distributions	(36,096)	(32,971)
Non-controlling interest capital contributions	-	8,475,584
Controlling interest distributions	(4)	(3)
	<u>5,995,219</u>	<u>6,013,125</u>
Net cash provided by financing activities		
	<u>3,972,725</u>	<u>(2,567,374)</u>
Net increase in cash, cash equivalents, and restricted cash		
	<u>30,912,759</u>	<u>33,480,133</u>
Cash, cash equivalents, and restricted cash, beginning		
	<u>\$ 34,885,484</u>	<u>\$ 30,912,759</u>
Cash, cash equivalents, and restricted cash, ending		
	<u>\$ 34,885,484</u>	<u>\$ 30,912,759</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest, net of amounts capitalized	<u>\$ 1,002,932</u>	<u>\$ 1,149,906</u>
Supplemental schedule of non-cash investing and financing activities:		
Disposal of fixed asset	\$ (92,732)	\$ -
Investment in rental property, net	(93,203)	(63,353)
Capitalized developer fee payable	510,254	(147,915)
Deferred insurance proceeds	(185,057)	-
Write-off of accumulated depreciation	(299,299)	-
Construction costs payable	-	126,769
Capitalized accrued interest payable	109,627	20,983
Capitalized amortization	7,333	29,294
Capitalized ground lease expense	43,077	34,222
Right of use asset	-	(2,520,000)
Capitalized proceeds from mortgage and notes payable	-	2,520,000
Forgiveness of TCEP loan	(1,527,783)	(1,527,783)
Deferred revenue - loan forgiveness	1,527,783	1,527,783
	<u>\$ -</u>	<u>\$ -</u>

See notes to consolidated financial statements.

Rural Neighborhoods, Inc. and Its Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024 and 2023

NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS

Organization

Rural Neighborhoods, Inc. (RNI) is a Florida nonprofit corporation formed on December 23, 2004 for the purpose of planning, acquiring land, producing, developing and managing construction of projects and sites remaining in the Everglades Farmworker Village parcels and elsewhere. On December 31, 2004, Everglades Community Association, Inc. (ECA) transferred its unrestricted assets and liabilities to RNI to enable it to carry out the above tasks excluding any and all U.S. Department of Agriculture (USDA) restricted assets and liabilities associated with Everglades Farmworker Village.

Principals of Consolidation

The accompanying consolidated financial statements include the accounts of RNI and its affiliates (collectively, the Corporation). All significant intercompany accounts and transactions have been eliminated in this consolidation.

Investment in Subsidiaries

Beginning January 1, 2006, the Corporation adopted the Accounting Standards Codification Topic 958-810 (ASC Topic 958-810), which provides guidance as to when a general partner controls a limited partnership and is required to include the assets, liabilities and activities of a limited partnership in its consolidated financial statements.

Under ASC Topic 958-810, a general partner in a limited partnership or similar entity would be presumed to control that entity and would therefore be required to consolidate the entity unless the limited partners possessed certain rights, principally kick-out rights or significant participation rights. ASC Topic 958-810 applies to entities that are not considered variable interest entities. Management believes that ECA, Big Cypress Housing Corporation (BCHC) and Everglades Housing Trust, Inc. (EHT) effectively have control of certain limited partnerships and these partnerships were consolidated in the separately issued consolidated financial statements of ECA, BCHC and EHT.

ECA is a Florida nonprofit corporation formed on July 21, 1982 for the purpose of planning, producing, developing and managing the construction of projects related to providing low cost housing to migrant and seasonal farm workers in Florida. ECA is a controlled corporation of RNI.

ECA includes the following programs and services:

Everglades Farmworker Village (EFV) is a rental operation of ECA and consists of a USDA Rural Development 514/516 farm labor housing complex as described in USDA Handbook 2-3560, Section 2.6. Currently, there are 466 units rented to eligible tenants as defined in the regulations. The USDA also provides rental assistance to tenants based on a formula described in Chapter 8 of the USDA Handbook 2-3560.

Rural Neighborhoods, Inc. and Its Affiliates

NOTES TO CONSOLIDATED FINANCIAL  
STATEMENTS - CONTINUED

December 31, 2024 and 2023

Everglades Village Phase 5.6 (Phase 5.6) is an additional phase of EFV that is currently under development. When constructed, Phase 5.6 will consist of 20 units that will be rented to income eligible migrant and seasonal farm workers as defined by the State of Florida. The project is expected to be funded by Florida Housing Finance Corporation, which has issued a conditional funding award. In 2018, the net assets of Phase 5.6 were transferred to EHT.

Everglades Rural Rental Housing (ERRH) is Phase III of EFV and consists of a USDA Rural Development 515 housing complex as described in USDA Handbook 2-3560, Section 2.3. Currently, there are 15 units rented to eligible tenants as defined in the regulations. The USDA also provides rental assistance to tenants based on a formula described in Chapter 8 of the USDA Handbook 2-3560.

Casa Cesar Chavez (CCC) is an additional phase of EFV and consists of a 28 unit, 144 bed, four building, townhome complex designed to house unaccompanied single workers. The units are rented to income eligible migrant and seasonal farm workers as defined by the State of Florida. This project was not constructed with USDA funds and is not subject to USDA oversight or regulation.

Everglades Migrant Housing (EMH) is an additional phase of EFV that consists of 30 units that are rented to income eligible migrant and seasonal farm workers as defined by the State of Florida and the USDA. The project is funded by the USDA and is subject to USDA oversight and regulations.

ECA also includes the activities of the following subsidiaries:

Pollywog Creek, LLC (PC) is a wholly owned subsidiary of ECA formed to develop a 64 unit, low-income rental housing community in LaBelle, Florida. The project was designed in three phases. During 2012, phase III was incorporated as a separate legal entity, Pollywog Creek Senior Housing, Incorporated (PCSH). In 2012, the assets and liabilities associated with phase III were transferred from ECA to PCSH. Phases I and II are USDA Rural Development 514/516 farm labor housing complexes subject to USDA Rural Development farm labor housing requirements and the regulations of the Florida Housing Finance Corporation (FHFC) State Apartment Incentive Loan (SAIL) Program. Phases I and II were placed in service on May 16, 2011.

Shannon's Crossing, LLC (SCL) is a wholly owned subsidiary of ECA. SCL is the sole member of Beneficial Oaks at Shannon's Crossing, LLC, which is the .01 percent general partner of Oaks at Shannon's Crossing, LP (OSC). OSC is the owner of a 100-unit, low-income housing tax credit project with farm worker set-aside in Okeechobee, Florida. The investor limited partner of OSC was PNC Multifamily Capital Institutional Fund XXXI, LP, the special limited partner was Columbia Housing SLP Corporation, and the Class B limited partner is JR Beneficial Holdings 6, LLC. Effective July 17, 2023, pursuant to the assignment and assumption agreement, PNC Multifamily Capital Institutional Fund XXXI, LP, and Columbia Housing SLP Corporation, together the

Rural Neighborhoods, Inc. and Its Affiliates

NOTES TO CONSOLIDATED FINANCIAL  
STATEMENTS - CONTINUED

December 31, 2024 and 2023

withdrawing limited partners, assigned their limited partner interest to Rural Neighborhoods, Incorporated, the incoming limited partner. The withdrawing limited partners were paid the total amount of \$6,000 for the partnership interest in accordance with the assignment and assumption agreement. SCL accounts for its investment in OSC in accordance with ASC Topic 958-810.

Everglades Supportive Housing, LLC (ESH) is a Florida limited liability company owned by ECA. Prior to 2009, ESH was co-owned by ECA and RNI. ESH is the owner of a four-unit housing project for homeless families in Collier County, Florida. The project is Phase II of the Eden Gardens Apartments (EGA) project and was placed in service on September 28, 2009. The project was constructed on land financed by the USDA but is not subject to 514/516 regulations.

BCHC is a Florida nonprofit corporation formed on January 5, 2001 for the purpose of general operations, construction, expansion or any other activity connected with providing low cost housing to migrant and seasonal farm workers in Collier County, Florida. BCHC is a controlled corporation of RNI.

BCHC includes the following programs and services:

Main Street Village (MSV) is a rental operation of BCHC and includes a 79 unit, USDA Rural Development 514/516 farm labor housing complex as described in the USDA Handbook 2-3560, Section 2.6. Units are rented to eligible tenants as defined in the regulations. The USDA also provides rental assistance to tenants based on a formula described in Chapter 8 of the USDA Handbook 2-3560. A maximum of 68 units may receive rental assistance at any one time.

Hatchers Preserve (HP) is a rental operation of BCHC and consists of 18 units that were all placed in service during the year ended December 31, 2016 and are being rented to income eligible tenants.

BCHC also includes the activities of the following subsidiaries:

Corkscrew Sanctuary, LLC (CSS), a wholly owned subsidiary of BCHC, was a .01 percent general partner of Eden Gardens Apartments, LP, owner of a 51 unit, low-income housing tax credit project that is the first phase of the EGA project (Phase I). Effective December 31, 2023, pursuant to the agreement for transfer and assignment of limited partnership interest, CREA Corporate Tax Credit Fund 48, LLC (the Withdrawing Limited Partner) assigned its limited partner interest to BCHC (the Incoming Limited Partner). The ownership of the partnership following the transfer of ownership is 99.99 percent incoming Limited Partner and .01 percent CSS. Effective January 1, 2024, CSS transferred its ownership interest to BCHC and the partnership converted to a limited liability company under the laws of the state of Florida. With the conversion, the Company changed its name to Eden Gardens Apartments, LLC (EGALLC). As a result of the transfer of interest, EGALLC became a wholly owned subsidiary of BCHC. Phase

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I was placed in service on June 18, 2009 and is a USDA Rural Development 514/516 farm labor housing complex as described in the USDA Handbook 2-3560, Section 2.6. Units are rented to eligible tenants as defined in the regulations. The USDA also provides rental assistance to tenants based on a formula described in Chapter 8 of USDA Handbook 2-3560. EGALLC in accordance with ASC Topic 958-810.

Eden Gardens II, LLC (EGII), a wholly owned subsidiary of BCHC, is the sole owner of a 37 unit, low-income housing project, for migrant and seasonal farm workers that is the third phase of the EGA project (Phase III). Phase III was placed in service on September 28, 2009 and its units are rented to low-income farm workers subject to USDA governance and regulations of the FHFC SAIL Program.

Little Manatee Housing Corporation (LMHC) is a Florida nonprofit corporation formed on November 15, 1999 for the purpose of general operations, construction, expansion or any other activity connected with providing low cost housing to migrant and seasonal farm workers in Hillsborough County, Florida. LMHC is a controlled corporation of RNI.

LMHC includes the following programs and services:

Manatee Village (MV) is the rental operations of LMHC and consists of the following:

The Family Units - a 62-unit USDA Rural Development 514/516 farm labor housing complex as described in the USDA Handbook 2-3560, Section 2.6. Units are rented to eligible tenants as defined in the regulations. The USDA also provides rental assistance to tenants based on a formula described in Chapter 8 of the USDA Handbook 2-3560. A maximum of 62 units may receive rental assistance at any one time.

The Dorm Units - a 16-unit Single Resident Occupancy rental complex consisting of 128 beds and one management unit. The administrative building associated with the Dorm Units contains the leasing office and maintenance operations space for the Project. The Dorm Units leases to unaccompanied, income-eligible migrant and seasonal farm workers as defined by Hillsborough County, the Federal Home Loan Bank of Atlanta and the Florida Department of Community Affairs.

Manatee Village Phase IV (MV4) - a 27-unit USDA Rural Development 514/516 farm labor housing complex subject to USDA Rural Development 514/516 farm labor housing requirements and the regulations of the FHFC SAIL Program. MV4 was placed in service on November 30, 2010.

PCSH is a Florida nonprofit corporation formed on March 22, 2012 for the purpose of providing elderly persons and handicapped persons with housing facilities and services. The project has been financed using a loan from the Department of Housing and Urban



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December 31, 2024 and 2023

Development (HUD). The 29-unit project is phase III of PC, and the project was placed in service during the year ended December 31, 2018.

Everglades Hammock, Inc. is a Florida nonprofit corporation formed on July 12, 1999 for the purpose of general operations, construction, expansion or any other activity connected with providing low cost housing to migrant and seasonal farm workers and other minorities in Florida City, Florida and rural Miami-Dade County, Florida. In 2008, Everglades Hammock, Inc. changed its name to EHT. EHT is a controlled corporation of RNI.

EHT includes the activities of the following subsidiaries:

Orchid Apartments, LLC (OA), a wholly owned subsidiary of EHT, is a 0.01 percent general partner of Orchid Grove Apartments, Ltd. (OGA-LTD), owner of an 80 unit low-income housing project in Florida City, Florida. Construction of the project started in 2010 and the project was placed-in-service on December 29, 2010. Its units are rented in accordance with the rules and regulations of the FHFC tax credit exchange fund program. OA accounts for its investment in OGA-LTD in accordance with ASC Topic 958-810.

Cypress Cove, LLC (CC), a wholly owned subsidiary of EHT, is a 0.01 percent general partner of Cypress Cove Apartments, Ltd. (CCA-LTD), owner of an 80 unit low-income housing project in Winter Haven, Florida. Construction of the project started in 2010 and the project was placed-in-service on December 23, 2010. Its units are rented in accordance with the rules and regulations of the FHFC tax credit exchange fund program. CC accounts for its investment in CCA-LTD in accordance with ASC Topic 958-810.

Oak Marsh, LLC (OM), a subsidiary wholly owned by EHT, was formed to help enable EHT to carry out its purpose. On October 25, 2016, OM acquired the assets of Immokalee Non-Profit Housing, Ltd., or Sanders Pines (SP), and Timber Ridge of Immokalee, Ltd. (TR).

Everglades Healthcare Residential, LLC (EHR), a subsidiary wholly owned by EHT, was formed to help enable EHT to carry out its purpose. EHR is sole owner of Healthcare Residential, Ltd. (HCR). As of December 31, 2024 and 2023, EHR had no activity to report.

Brookwood Residential, LLC (BR), a subsidiary wholly owned by EHT, was formed to help enable EHT to carry out its purpose. As of December 31, 2016, BR had been donated one vacant lot from Florida Non-Profit Services, Inc. (FNPS) and purchased two additional vacant lots. During the year ended December 31, 2017, BR was donated one lot. During the year ended December 31, 2018, BR sold one vacant lot and purchased one vacant lot. During the year ended December 31, 2022, BR purchased a commercial office building from Indiantown NPF, Inc, a related party, and transferred the assets at net book value. During the year ended December 31, 2023, BR sold the commercial office building to a third party for a purchase price of \$1,060,000 and one vacant lot to a third party for a purchase price of \$17,500. During the year ended December 31, 2024 BR sold

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three lots of land to third parties for the purchase price of \$35,000, \$35,000, and \$475,000, respectively.

Tradewinds Key Largo, LLC (TKL), a subsidiary wholly owned by EHT and was formed to help enable EHT to carry out its purpose. The project consist of 66 low-income units subsidized by FHFC and located in Monroe County.

Casa Amigos EHT, LLC (CAE), a subsidiary wholly owned by EHT and was formed to help enable EHT to carry out its purpose. The project consist of 24 low-income units subsidized by FHFC with a SAIL loan in an amount up to \$5,150,000 and located in Collier County, Florida. The project was placed in service during the year ended December 31, 2023.

Casa Juarez, LLC (CJ), a subsidiary wholly owned by EHT and was formed to help enable EHT to carry out its purpose. The project consist of 32 low-income units subsidized by FHFC with a SAIL loan in an amount up to \$5,992,000 and ELI loan in an amount up to \$508,000 and is located in Miami-Dade County, Florida. The project was placed in service during the year ended December 31, 2023.

In 2024, Dockside at Sugarloaf, LLC (DSL) and Landings at Sugarloaf, LLC (LSL) combined into one entity, Landings at Sugarloaf, LLC, a wholly owned subsidiary of EHT. EHT is a 0.51 percent member of The Landings at Sugarloaf Key, LLC (LSKL). LSKL is in the process of constructing and developing a 28 unit low-income housing project in Monroe County, Florida. Preliminary construction and development of the project started in 2019. The limited member tax credit investor is expected to close in 2025 and be admitted to LSKL. LSL accounts for its investment in accordance with ASC Topic 958-810.

The Avenues at BPK, LLC (ABP), a wholly owned subsidiary of EHT, is a 0.51 percent member of The Avenues at Big Pine Key, LLC (ABPK) and Florida Keys Community Land Trust Inc. (FKLT) is a 0.49 percent member of ABPK, which is controlled by Rural Neighborhoods Inc. (RNI), which is also the controlling organization of EHT and as such 100 percent of ABPK will recorded as a controlling interest at EHT's level. ABPK consists of 5 single family low-income homes in Monroe County, Florida. The project was placed in service during the year ended December 31, 2024.

Seahorse Cottages at BPK, LLC (SHC), a wholly owned subsidiary of EHT, is a 0.51 percent member of Seahorse Cottages Big Pine Key, LLC (SCBPK) and Florida Keys Community Land Trust Inc. (FKLT) is a 0.49 percent member of SCBPK, which is controlled by Rural Neighborhoods Inc. (RNI), which is also the controlling organization of EHT and as such 100 percent of SCBPK will recorded as a controlling interest at EHT's level. SCBPK consists of two phases of single family low-income homes in Monroe County, Florida: Phase I consists of 17 units and Phase II consists of 9 units. The project was placed in service during the year ended December 31, 2023.

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Cannery Row Redlands, LLC (CRR), a wholly owned subsidiary of EHT, is a 0.01 percent partner of Cannery Row at Redlands Crossing, LLLP (CRRC). CRRC is in the process of constructing and developing a 112 unit elderly affordable rental housing development. CRR accounts for its investment in CRRC under ASC Topic 323-10 and records the investment under the equity method of accounting.

Casa Dolores Huerta, LLC (CDH), a wholly owned subsidiary of EHT, was formed to help enable EHT to carry out its purpose. The project was intended to consist of 20 low-income units subsidized by the Federal Home Loan Bank of Atlanta under its affordable housing program with a subsidy equal to \$500,000 and was being constructed in Florida City, Florida. Preliminary construction and development of the project started in 2021. During the year ended December 31, 2023, the pursuit of the project was ended and all activity was written off.

Park Pointe, LLC (PP), a wholly owned subsidiary of EHT, was formed to help enable EHT to carry out its purpose. The project will consist of 20 to 40 low-income units and is being constructed in Florida City, Florida. Preliminary development of the project started in 2022.

Everglades Village Phase 5.6, LLC (EVP5.6), a wholly owned subsidiary of EHT, was formed to help enable EHT to carry out its purpose. The project was intended to consist of 20 low-income units and was being constructed in Florida City, Florida. Preliminary development of the project started in 2022. During the year ended December 31, 2024, the pursuit of the project was ended and all activity was written off.

Pollywog Creek Mews, LLC (PCM), a wholly owned subsidiary of EHT, was formed to help enable EHT to carry out its purpose. The project will consist of 28 low-income units and is being constructed in Florida City, Florida. Preliminary development of the project started in 2022.

Parc East EHT, LLC (PE), a wholly owned subsidiary of EHT, was formed to help enable EHT to carry out its purpose. The project will consist of 28 low-income units and is being constructed in Okeechobee, Florida. Preliminary construction and development of the project started in 2023.

Parc West EHT, LLC (PW), a wholly owned subsidiary of EHT, was formed to help enable EHT to carry out its purpose. The project will consist of 36 low-income units and is being constructed in Okeechobee, Florida. Preliminary construction and development of the project started in 2023.

As of December 31, 2015, RNI had taken control of the board of FNPS, a nonprofit organization whose purpose is to develop safe and affordable housing. FNPS includes one subsidiary and five single-family homes.

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FNPS includes the activities of one project:

Esperanza Place (EP) is a rental operation of FNPS, organized in 2006 to develop safe and affordable housing for low-income farmworkers and their families in Immokalee, Florida. EP is primarily financed through USDA and SAIL funds. EP operates a 47-unit apartment complex under the USDA Rural Development Rural Rental Housing Program, Section 514 Farm Labor Housing and 5 single family homes.

Everglades Housing Group, Incorporated (EHG) is a Florida nonprofit corporation formed on December 23, 2004 to provide property management and supportive services to the low-income housing projects of RNI, ECA, BCHC, LMHC, EHT and their affiliated organizations. Prior to EHG's inception, RNI and ECA self-managed their related properties. The Board of Directors of RNI constitutes the members of EHG and as members, appoints EHG's Board of Directors.

Deer Creek Senior Housing, LLLP (DCSH) is a Florida limited liability limited partnership formed on December 4, 2017 to construct and develop a 62 unit housing facility for low-income and elderly persons located in Alachua County, Florida. RNI is a 0.005 percent managing general partner. Deer Creek Class B, LLC is the .01 percent Class B limited partner of DCSH. RNI has a 65 percent interest in Deer Creek Class B, LLC bringing RNI's total interest in DCSH to .0115 percent. The project was placed in service during 2022. RNI accounts for its investment in DCSH in accordance with ASC Topic 958-810.

As of December 31, 2020, RNI had taken control of the board of Florida Keys Community Land Trust, Inc. (FKLT), a nonprofit organization whose purpose is to make safe, affordable, dignified, and desirable housing available to low-income residents within and throughout Monroe County, Florida.

Renaissance Hall Senior Living, LLLP (RHSL), a wholly owned subsidiary of RNI, was formed to help RNI carry out its purpose. The project will consist of 100 senior units and is being constructed in Naples, Florida. Preliminary development of the project started in 2022.

Renaissance Hall at Old Course, LLC (RHAOC), a wholly owned subsidiary of RNI, was formed to help RNI carry out its purpose. The project will consist of 250 essential service workers units and is being constructed in Naples, Florida. Preliminary development of the project started in 2022.

As of December 31, 2022, RNI had taken control of the board of Indiantown Non-Profit Housing Inc. (ITNP), a nonprofit organization whose purpose is to make safe, affordable, dignified, and desirable housing available to low-income residents within and throughout Martin County, Florida.

ITNP includes the following programs and services:

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New Hope Community I (NHI) is a 60-unit rental operation of ITNP and consists of a USDA Rural Development 514 farm labor housing complex as described in USDA Handbook 2-3560, Section 2.3. Units are rented to eligible tenants as defined in the regulations. The USDA also provides rental assistance, pursuant to section 521, to tenants based on a formula described in Chapter 8 of the USDA Handbook 2-3560.

New Hope Community II (NHII) is a 57-unit rental operation of ITNP and consists of a USDA Rural Development 514 farm labor housing complex as described in USDA Handbook 2-3560, Section 2.3. Units are rented to eligible tenants as defined in the regulations. The USDA also provides rental assistance, pursuant to section 521, to tenants based on a formula described in Chapter 8 of the USDA Handbook 2-3560.

ITNP includes the activities of the following subsidiary:

Indiantown Homes RRH, Ltd. (IRRH) is operated under Sections 515 and 521 of the National Housing Act. Under these programs, IRRH provides affordable housing to tenants subject to regulation by the US Department of Agriculture, Rural Housing Services (RHS). IRRH receives a rent subsidy and an interest subsidy from RHS. Pursuant to the partnership agreement, the general partner is ITNP whose membership interest is 98.5 percent, and the limited partner is N. Dean Kohl, Jr. whose membership interest is 1.5 percent. ITNP accounts for its investment in IRRH in accordance with ASC Topic 958-810.

Operating cash flows generating from USDA Rural Development financed properties are not available for distribution to the Corporation as owner of the real property. These operating cash flows must be utilized towards operations or reserves of the specific USDA Rural Development funded property.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

Basis of Presentation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principals (GAAP). Net assets, support and revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes in net assets are classified and reported as follows:

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December 31, 2024 and 2023

*Without Donor Restrictions:* Net assets available for use in general operations and not subject to donor restrictions.

*With Donor Restrictions:* Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenues are reported as increases in net assets without donor restrictions, unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities, are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation. Expirations of restrictions on net assets are reported as reclassifications between applicable net asset classes. Contributions are recognized as revenue in the period received or upon the receipt of an unconditional promise to give. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

Non-controlling Interest in Limited Liability Companies

GAAP requires consolidated subsidiaries that have non-controlling interests to include the non-controlling ownership interest in the net assets of RNI. GAAP also requires that the aggregate negative balances, if any, of investor member interests prior to January 1, 2010 remain in RNI's net assets.

Cash, Cash Equivalents, and Restricted Cash

Cash and cash equivalents include all cash balances, bank overdrafts, and highly liquid short term investments, if any, with a maturity of three months or less when purchased. The cash balances also include amounts that are restricted for distributions or payment of expenses and are not available for operations.

RNI and its subsidiaries are subject to restrictions on certain funds received. These funds are separately classified on the consolidated statements of financial position.

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Cash, cash equivalents, and restricted cash as of December 31, 2024 and 2023 consisted of the following:

	2024	2023
Cash and cash equivalents	\$20,788,214	\$19,554,887
Restricted deposits and funded reserves	14,097,270	11,357,872
Total cash, cash equivalents, and restricted cash shown on the consolidated statements of cash flows	<u>\$34,885,484</u>	<u>\$30,912,759</u>

Tenant Accounts Receivable and Bad Debts

Tenant receivables are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the accounts by management. GAAP requires that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

Property and Equipment

Property and equipment is recorded at cost. Expenditures for maintenance and repairs are charged to expenses as incurred while major renewals and betterments are capitalized. Construction in progress includes all development costs and capitalized interest incurred during the construction of the various projects. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related cost and accumulated depreciation. The resulting gains and losses are reflected on the consolidated statements of activities. Depreciation expense for the years ended December 31, 2024 and 2023 was \$6,332,835 and \$5,735,574, respectively.

Depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows:

Buildings and improvements	40 years
Land improvements	15 - 20 years
Furniture and equipment	3 - 10 years

Impairment of Long-lived Assets

The Corporation reviews its rental property for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When recovery is reviewed, if the undiscounted cash flows estimated to be generated by the property are less than its carrying amount, management compares the carrying amount of the property to its fair value in order to determine whether an impairment loss has occurred. The amount of the impairment loss is equal to the excess of the asset's carrying value over its

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December 31, 2024 and 2023

estimated fair value. No asset impairment losses were recognized during the years ended December 31, 2024 or 2023.

Ground Leases

In 2024, DSK and LSL combined into one entity under LSL. LSL entered into 65-year ground lease agreement with Lower Keys Community Center Corp., which began on March 15, 2023. LSL has paid under this lease a one-time capitalized payment of \$2,800,000, of which, \$2,520,000 was in the form of a non-recourse, subordinate mortgage note. An annual rental amount equal to \$1 is payable out of the available (net) cash flow. The right of use asset is amortized over the lease term using the straight-line method. As of December 31, 2024 and 2023, the unamortized balance of the right of use asset was \$2,722,701 and \$2,765,778, respectively. For the years ended December 31, 2024 and 2023, ground lease expense of \$43,077 and \$34,222, respectively, was incurred and capitalized into construction in progress.

Debt Issuance Costs and Amortization

In accordance with GAAP, the debt issuance costs are presented as an offset of the related debt instruments within the liabilities section of the consolidated statements of financial position. Debt issuance costs are being amortized using the straight-line method over the term of the underlying debt instrument and amortization expense is included in interest on mortgages payable on the accompanying consolidated statements of activities.

GAAP requires that the effective interest method be used to amortize debt issuance costs; however, the effect of using the straight-line method is not materially different from the results that would have been obtained under the effective interest method. Estimated amortization expense for each of the five ensuing years is approximately \$93,954 for 2025, \$76,458 for 2026, \$66,348 for 2027, \$65,843 for 2028, and \$65,843 for 2029.

Tax Credit Monitoring Fees

Tax credit monitoring fees of \$663,434 and \$445,321 at December 31, 2024 and 2023, respectively, are amortized using the straight-line method over the 15-year tax credit compliance period. As of December 31, 2024 and 2023, accumulated amortization of the tax credit monitoring fees was \$274,901 and \$242,406, respectively. For the years ended December 31, 2024 and 2023, amortization expense was \$30,482 and \$21,169, respectively. Estimated amortization expense for each of the five ensuing years is \$28,717, annually.

Rental Revenue

Rental revenue is recognized as the rents become due. Rental payments received in advance are deferred until earned. All leases between the Corporation and tenants of the Projects are operating leases and the terms are typically one year or less.



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For the year ended December 31, 2024, total rental revenue was \$19,969,058. This amount is comprised of \$14,989,562 from tenants and \$4,979,496 from USDA and HUD rental assistance.

For the year ended December 31, 2023, total rental revenue was \$17,307,945. This amount is comprised of \$13,082,752 from tenants and \$4,225,193 from USDA and HUD rental assistance.

As of December 31, 2024 and 2023, rental assistance payments of \$376,987 and \$316,688, respectively, were due from the USDA and HUD, and are reflected as rental assistance receivables on the accompanying consolidated statements of financial position.

Miscellaneous Revenue

Miscellaneous revenues include amounts earned from miscellaneous tenant charges such as late fees, security deposit forfeitures and damages assessments, among others.

Grants

Government grants are recognized once there is reasonable assurance that both (1) the conditions for their receipt will be met and (2) the grant will be received. Income-based grants are deferred on the balance sheet and released to the income statement to match the related expenditure that they are intended to compensate. Asset-based grants for for-profit entities are deferred and matched with the depreciation on the asset for which the grant arises. For the years ended December 31, 2024 and 2023, the Corporation received and recognized grant revenues of \$9,649,530 and \$1,728,321, respectively. As of December 31, 2024 and 2023, \$4,499,750 and \$587,967, respectively, remained receivable.

Endowment Funds

During 2016, the Corporation received permanently restricted endowment funds from Southwest Florida Community Foundation to provide income for the maintenance of the Corporation. As of December 31, 2024 and 2023, \$36,007 and \$32,943, respectively, of endowments funds are included in other assets on the accompanying consolidated statements of financial position.

Advertising Costs

The Corporation's policy is to expense advertising costs when incurred.

Compensated Absences

Employees of the Corporation are entitled to paid vacation and paid sick days. The Corporation's policy is to accrue the costs of compensated absences in the period that the employee becomes entitled to the compensated absences. As of December 31, 2024 and

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024 and 2023

2023, accrued absences totaled \$175,319 and \$267,765, respectively, and are included in accrued expenses on the accompanying consolidated statements of financial position.

### Income Taxes

The Corporation has applied for and received a determination letter from the Internal Revenue Service (IRS) to be treated as a tax exempt entity pursuant to Section 501(c)(3) of the Internal Revenue Code and did not have any unrelated business income for the years ended December 31, 2024 and 2023. Due to its tax exempt status, the Corporation is not subject to income taxes. The Corporation is required to file and does file tax returns with the IRS and other taxing authorities. Accordingly, these financial statements do not reflect a provision for income taxes and the Corporation has no other tax positions which must be considered for disclosure. Generally, income tax returns filed by the Corporation are subject to examination by the IRS for a period of three years. While no income tax returns are currently being examined by the IRS, tax years since 2021 remain open.

### Functional Allocation of Expenses

The Corporation's sole program is to provide housing for low-income tenants and those costs have been summarized on a functional basis in the table below. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Corporation.

	2024	2023
Program services	\$ 21,090,307	\$ 20,248,440
Supporting services		
Management and general		
Travel	\$ 27,121	\$ 17,356
Office expenses	87,411	83,565
Telephone/answering services	44,274	36,908
Computer supplies and expense	186,425	194,489
Management fee	1,471,065	1,322,756
Auditing and accounting expense	517,425	627,724
Professional fees	263,572	1,751,145
Miscellaneous administrative expense	434,528	605,719
Miscellaneous financial expenses	84,846	60,731
	<u>3,116,667</u>	<u>4,700,393</u>
	<u>\$ 24,206,974</u>	<u>\$ 24,948,833</u>

### Tax Credit Exchange Funds

Tax credit exchange funds are accounted for as a government grant related to assets. Upon receipt, exchange funds are recorded as deferred liabilities and recognized as income over the life of the related assets.

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Forgiveness of Tax Credit Exchange Loans

The Corporation recognizes forgiveness of tax credit exchange loans based on the specific terms of forgiveness set forth in the loan documents. The terms of the Corporation's tax credit exchange loan provide for forgiveness based on terms that are contingent and are not recognized until such contingencies are resolved. All amounts of the loan for which forgiveness is recognized are considered tax credit exchange funds and accounted for as a government grant related to assets.

Fair Value of Financial Instruments

The Corporation's financial instruments consist of cash, held to maturity investments, amounts due from affiliates, short-term accounts payable, accrued expenses and debt. The carrying value of these financial instruments approximates fair value due to the short-term nature of these items.

Risk Management

The Corporation is exposed to risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; material disasters; and product liability. The Corporation carries commercial insurance for risks of loss.

Use of Estimates

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

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation. These reclassifications had no effect on the previously reported net assets (deficit) or change in net assets (deficit) of the Corporation.

NOTE 3 - RESTRICTED DEPOSITS AND FUNDED RESERVES

Tenants Security Deposits

Tenant security deposits consisted of the following as of December 31, 2024 and 2023:

# Rural Neighborhoods, Inc. and Its Affiliates

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024 and 2023

	ECA	BCHC	LMHC	EHT	FNPS	PWCSH	FKLT	DCSH	ITNP	Total
Balance, December 31, 2022	\$ 271,900	\$ 77,825	\$ 45,800	\$ 301,156	\$ 22,675	\$ 7,168	\$ 5,693	\$ 48,152	\$ 88,884	869,253
Deposits	41,000	11,465	9,664	116,745	2,000	1,129	-	1,737	-	183,740
Withdrawals	(42,500)	(10,765)	(10,264)	(64,423)	(2,400)	(1,205)	-	(4,840)	(5,582)	(141,979)
Balance, December 31, 2023	270,400	78,525	45,200	353,478	22,275	7,092	5,693	45,049	83,302	911,014
Deposits	48,483	18,939	12,246	87,490	2,800	1,246	-	2,178	19,276	192,658
Withdrawals	(46,183)	(13,731)	(10,746)	(80,171)	(3,175)	(695)	-	(3,807)	(18,560)	(177,068)
Balance, December 31, 2024	\$ 272,700	\$ 83,733	\$ 46,700	\$ 360,797	\$ 21,900	\$ 7,643	\$ 5,693	\$ 43,420	\$ 84,018	\$ 926,604

### Mortgage Escrows

Various affiliates are required under loan and grant agreements to deposit funds for the payment of real estate taxes and property insurance into mortgage escrow accounts. As of December 31, 2024 and 2023, the mortgage escrows consisted of the following:

	ECA	BCHC	LMHC	EHT	FNPS	PWCSH	FKLT	ITNP	Total
Balance, December 31, 2022	\$ 763,278	\$ 193,323	\$ 86,645	\$ 376,291	\$ 73,492	\$ 20,506	\$ 14,794	\$ 79,700	\$ 1,608,029
Deposits	1,446,979	414,760	202,716	1,107,380	74,479	39,750	20,297	57,100	3,363,461
Interest earnings	5,005	-	271	10,224	53	18	12	-	15,583
Withdrawals	(1,117,040)	(345,608)	(139,329)	(845,479)	(58,582)	(32,331)	(29,661)	-	(2,568,030)
Balance, December 31, 2023	1,098,222	262,475	150,303	648,416	89,442	27,943	5,442	136,800	2,419,043
Deposits	2,009,859	412,043	238,558	1,127,574	90,968	46,358	14,572	365,776	4,305,708
Interest earnings	21,129	-	1,524	13,253	59	17	6	1	35,989
Bank service charge	-	-	-	-	-	-	-	(444)	(444)
Withdrawals	(1,805,880)	(357,470)	(212,728)	(1,213,369)	(79,944)	(41,676)	(12,525)	(212,644)	(3,936,236)
Balance, December 31, 2024	\$ 1,323,330	\$ 317,048	\$ 177,657	\$ 575,874	\$ 100,525	\$ 32,642	\$ 7,495	\$ 289,489	\$ 2,824,060

### Replacement Reserves - USDA Projects

In accordance with the Loan and Grant Resolutions issued by USDA Rural Development, the Corporation is required to maintain a replacement reserve as described in 7 CFR 3560.306.

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The funding schedule is listed below:

	Monthly	Annual	Fully Funded
ECA			
Phase I (305 units)	\$ 18,229	\$ 218,748	\$ 1,975,140
Phase II (143 units)	18,105	217,260	2,172,600
Phase IV (18 units)	2,500	30,000	300,000
ERRH	1,250	15,000	150,000
EMH	2,500	30,000	300,000
OSC	5,798	69,576	695,727
PC (Phase I)	-	26,200	524,000
PC (Phase II)	-	15,948	319,960
ESH	-	800	-
BCHC			
MSV	2,084	25,000	250,000
EGALP	2,975	35,700	357,000
EGII	2,158	25,900	259,000
LMHC			
Phase I	2,085	25,000	250,000
Phase I supplemental	290	3,500	35,000
Phase III	1,125	13,700	137,000
RNI			
FNPS	4,167	50,000	500,000
ITNP			
NHI	-	45,900	459,000
NHII	-	26,200	262,000
IRRH	-	13,500	135,000

The replacement reserve accounts are supervised by the applicable area's Rural Development Office of the USDA (the Agency). Use of these funds is restricted to approved capital expenditures as outlined in USDA Handbook 2-3560, Section 4.13. An endorsement from an Agency representative is required for the withdrawal of funds. Funds are held in interest bearing accounts at local financial institutions.

CCC Replacement Reserve

In accordance with the loan agreement with the FHFC, CCC established a replacement reserve, which is used to fund capital repairs, replacements and improvements to the project as the need arises. CCC makes monthly deposits based on an annual amount of \$325 per unit. Release of funds from the replacement reserve requires the approval of the FHFC. Funds are held in an interest bearing account at the SouthState Bank (SouthState).

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ESH Replacement Reserve

In accordance with the loan agreement with the FHFC, ESH established a replacement reserve, which is used to fund capital repairs, replacements and improvements to the project as the need arises. Withdrawals of funds from the replacement reserve require the approval of the FHFC. In October 2009, the ESH was required to begin making deposits based on an annual amount of \$200 per unit. The replacement reserve was established and a deposit of \$800 was made on January 13, 2010. Funds are held in an account at a local financial institution.

OGA-LTD Replacement Reserve

OGA-LTD is required to make monthly deposits to a reserve for replacements account for use in funding maintenance and replacement costs.

CCA-LTD Replacement Reserve

CCA-LTD is required to make monthly deposits to a reserve for replacements account for use in funding maintenance and replacement costs.

As of December 31, 2024 and 2023, the replacement reserves consisted of the following:

	ECA	BCHC	LMHC	EHT	FNPS	PWCSH	FKLT	DCSH	ITNP	Total
Balance, December 31, 2022	\$ 2,234,709	\$ 386,466	\$ 180,396	\$ 967,133	\$ 369,395	\$ 61,377	\$ -	\$ -	\$ 701,560	\$ 4,901,036
Deposits	742,649	86,616	58,620	116,112	59,068	13,894	-	9,300	287,515	1,373,774
Interest earnings	5,699	1,608	656	13,088	275	55	-	-	195	21,576
Withdrawals	(1,029,808)	(275,440)	(138,608)	(217,710)	(100,519)	-	-	-	(115,973)	(1,878,058)
Balance, December 31, 2023	1,953,249	199,250	101,064	878,623	328,219	75,326	-	9,300	873,297	4,418,328
Deposits	1,674,619	86,616	58,620	122,737	60,782	13,894	27,080	18,600	203,247	2,266,195
Interest earnings	22,776	3,145	1,638	11,827	286	57	-	-	1,928	41,657
Bank service charge	-	-	-	-	-	-	(30)	-	-	(30)
Withdrawals	(2,220,516)	(111,317)	(15,366)	(180,986)	(11,094)	(27,440)	-	-	(930,579)	(3,497,298)
Balance, December 31, 2024	\$ 1,430,128	\$ 177,694	\$ 145,956	\$ 832,201	\$ 378,193	\$ 61,837	\$ 27,050	\$ 27,900	\$ 147,893	\$ 3,228,852

Debt Service Reserve

The Corporation established debt service reserves to pay principal and interest on loans as required under the loan agreements with lenders.

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As of December 31, 2024 and 2023, the debt service reserves consisted of the following:

	ECA	BCHC	LMHC	EHT	FNPS	ITNP	RHOAC	Total
Balance, December 31, 2022	\$ 103,600	\$ 1,006,777	\$ 30,875	\$ -	\$ 519	\$ 1,058,329	\$ -	\$ 2,200,100
Deposits	723,877	413,556	232,284	-	11,340	32,972	-	1,414,029
Interest earnings	2,169	5,415	423	-	5	-	-	8,012
Withdrawals	(682,056)	(323,557)	(232,289)	-	(11,303)	-	-	(1,249,205)
Balance, December 31, 2023	147,590	1,102,191	31,293	-	561	1,091,301	-	2,372,936
Deposits	724,051	413,555	232,284	58,579	11,340	33,841	1,494,900	2,968,550
Bank service charge	-	-	-	-	-	(7)	-	(7)
Interest earnings	7,536	32,603	2,004	-	5	-	-	42,148
Withdrawals	(682,033)	(323,558)	(232,289)	(4,696)	(11,303)	(604,332)	-	(1,858,211)
Balance, December 31, 2024	<u>\$ 197,144</u>	<u>\$ 1,224,791</u>	<u>\$ 33,292</u>	<u>\$ 53,883</u>	<u>\$ 603</u>	<u>\$ 520,803</u>	<u>\$ 1,494,900</u>	<u>\$ 3,525,416</u>

Operating Reserves

OSC was required to establish and maintain an initial operating reserve of no less than \$25,000. The funds are held in an interest bearing account at SouthState.

CCA-LTD, OGA-LTD, and OM maintain operating reserves. The funds are held in interest bearing accounts at local financial institutions.

FNPS maintains an operating reserve. The funds are held in interest bearing accounts at a local financial institution.

As of December 31, 2024 and 2023, the operating reserve consisted of the following:

	ECA	EHT	FNPS	RNI	Total
Balance, December 31, 2022	\$ 27,431	\$ 931,223	\$ 66,123	\$ -	\$1,024,777
Deposits	19,556	11,708	-	95,000	126,264
Interest earnings	58	-	279	-	337
Withdrawals	(19,556)	-	(2,661)	(95,000)	(117,217)
Balance, December 31, 2023	27,489	942,931	63,741	-	1,034,161
Interest earnings	258	13,999	262	-	14,519
Balance, December 31, 2024	<u>\$ 27,747</u>	<u>\$ 956,930</u>	<u>\$ 64,003</u>	<u>\$ -</u>	<u>\$1,048,680</u>

Other Reserves

OM has established a reserve held by First Housing, in the original amount of \$57,456, which shall be used to replace fixtures, equipment, structural elements, and other components of the Project as the need arises. As of December 31, 2024 and 2023, the balance of the

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reserve was \$62,690 and \$59,849, respectively, and is included in other reserves on the accompanying statements of financial position.

PCSH was required, pursuant to the regulatory agreement, to establish a reserve for the deposit of the minimum capital investment of \$10,000. As of December 31, 2024 and 2023, the balance of the reserve account was \$23,318 and \$23,266, respectively, and is included in other reserves on the accompanying statements of financial position.

HP maintains a reserve. As of December 31, 2024 and 2023, the balance of the reserve account was \$38,397 and \$60,152, respectively, and is included in other reserves on the accompanying statements of financial position.

MVD maintains a reserve. As of December 31, 2024 and 2023, the balance of the reserve account was \$67,173 and \$59,123, respectively, and is included in other reserves on the accompanying statements of financial position.

NOTE 4 - INVESTMENTS

Bond Reserves – Debt Securities

To satisfy the terms of the bond indenture, RNI maintains a reserve that holds investments in United States Treasury Securities (USTs). These USTs are classified as held to maturity and are carried at amortized cost in accordance with GAAP. As of December 31, 2024 and 2023, the balance of these securities was \$2,006,975 and \$0, respectively, and is included in investment in debt securities on the accompanying consolidated statements of financial position. Interest income of \$45,483 and \$0, respectively, was recognized during the years ended December 31, 2024 and 2023.

NOTE 5 - RELATED PARTY TRANSACTIONS

Property Management Fee

EHG is the management company that oversees a majority of the operations of the Corporation (see also Note 10). Generally, EHG receives a fee per occupied unit per month, from tenant rents for their role as property manager, which is based on the approved USDA per occupied unit per month amount for Florida properties. For the years ended December 31, 2024 and 2023, the monthly per occupied unit fee was generally \$75.00 and \$70.00, respectively. For the years ended December 31, 2024 and 2023, a monthly add-on fee of \$5 per unit, allowed by RD, was included in the approved budget. Property management fees earned by EHG during the years ended December 31, 2024 and 2023 were \$1,263,499 and \$1,065,217, respectively, which have been eliminated on the accompanying consolidated statements of activities.



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EHG also serves as the primary employer of the staff of the Corporation and pays all monthly operating expenses for the Corporation on a cost reimbursement basis. Reimbursable expenses that remain payable to EHG as of December 31, 2024 and 2023 have been eliminated on the accompanying consolidated statements of financial position.

Development Fees

Oaks at Shannon's Crossing, LP

OSC entered into a development agreement with RLI Beneficial Development 5, LLC (RLI Beneficial) and ECA. ECA later assigned the agreement to RNI. All development fees incurred and payable under this agreement are apportioned two-thirds to RLI Beneficial and one-third to RNI. The agreement provides for a development fee of \$1,798,040 for services in connection with the development of the project and supervision of construction. The total fee has been capitalized into the cost of the building. Per section 3.1 of the partnership agreement, SLC made a capital contribution (pursuant to specific terms of the development agreement) in an amount sufficient to pay-off the unpaid balance of the deferred development fee and accrued interest. As of December 31, 2024 and 2023, the deferred developer fee owed by OSC was paid in full. During the year ended December 31, 2024, the entire balance of \$703,532 owed to RLI Beneficial was forgiven and is included in developer fee income on the accompanying consolidated statements of activities. As of December 31, 2024 and 2023, RNI owed RLI Beneficial \$0 and \$703,532, respectively. The portion payable to RLI Beneficial is included in developer fee payable on the accompanying consolidated statements of financial position.

Under the terms of the partnership agreement, the deferred development fee shall bear interest from the month of construction completion until the date of payment at the long-term Applicable Federal Rate (AFR), or 4.27 percent. The deferred development fee is payable from available cash flows, as defined, but no later than January 1, 2020. As of December 31, 2024 and 2023, accrued and unpaid interest on the deferred development fee due from OSC to RNI was paid in full. As of December 31, 2024 and 2023, accrued and unpaid interest on the deferred development fee due from OSC to RLI Beneficial was paid in full. During the year ended December 31, 2024, the entire balance of \$423,378 owed to RLI Beneficial was forgiven and included in developer fee income on the accompanying consolidated statements of activities. As of December 31, 2024 and 2023, RNI owed RLI Beneficial \$0 and \$423,378, respectively, and is included in development fees payable on the accompanying consolidated statements of financial position.

Everglades Supportive Housing, LLC

ESH entered into a development agreement with JR Beneficial Development, LLC (JR Beneficial), an unrelated party, and RNI. All development fees incurred and payable under this agreement are apportioned two-thirds to JR Beneficial and one-third to RNI.

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The agreement provides for a development fee of \$143,688, which has been capitalized into the cost of the building. As of December 31, 2024 and 2023, \$52,228 and \$52,228, respectively, remained payable, of which \$34,189 and \$34,189, respectively, was payable to JR Beneficial and is included in developer fee payable on the accompanying consolidated statements of financial position. The portion payable to RNI has been eliminated on the accompanying consolidated statements of financial position.

Eden Gardens II, LLC

EGII entered into a development agreement with JR Beneficial Development, LLC (JR Beneficial) and RNI. All development fees incurred and payable under this agreement are apportioned two-thirds to JR Beneficial and one-third to RNI.

The agreement provides for a development fee of \$995,116 for services in connection with the development of the project and supervision of construction. As of December 31, 2024 and 2023, the full development fee, had been incurred and capitalized into the cost of the building. As of December 31, 2024 and 2023, \$214,589 and \$214,589, respectively, remained payable. The portion payable to RNI has been eliminated on the accompanying consolidated statements of financial position. As of December 31, 2024 and 2023, the portion payable to JR Beneficial was \$143,059 and \$143,059, respectively, and is included in developer fee payable on the accompanying consolidated statements of financial position.

Casa Juarez, LLC

CJ entered into a development agreement with RNI. The agreement provides for a developer fee of \$970,421 or such other amount as limited by Florida Housing Finance Corporation for services rendered in connection with the development of the project and supervision of construction. The developer fee is payable out of development proceeds and cash flows from operations, as defined. As of December 31, 2024 and 2023, \$970,421 and \$970,421, respectively, of the developer fee was incurred and capitalized into construction in progress. As of December 31, 2024 and 2023, \$210,276 and \$210,276, respectively, remained payable. The developer fee earned and payable has been eliminated on the accompanying consolidated statements of financial position.

Casa Amigos EHT, LLC

CAE entered into a development agreement with RNI. The agreement provides for a developer fee of \$823,594 or such other amount as limited by Florida Housing Finance Corporation for services rendered in connection with the development of the project and supervision of construction. The developer fee is payable out of development proceeds and cash flows from operations, as defined. During the year ended December 31, 2023, construction was complete and based on total development costs the developer fee was reduced to \$300,000. During the year ended December 31, 2023, \$339,461 of the

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developer fee accrued for in prior years was reduced against the construction in progress account. As of December 31, 2024 and 2023, \$300,000 and \$300,000, respectively, remained payable. The developer fee earned and payable has been eliminated on the accompanying consolidated statements of financial position.

Seahorse Cottages Big Pine Key, LLC

SCBPK entered into a development agreement with RNI and JCG Real Estate Ventures (JCG). The agreement provides for a developer fee of \$890,476 or such other amount as limited by Florida Housing Finance Corporation for services rendered in connection with the development of the project and supervision of construction, of which 70% is earned and paid to RNI and 30% is earned and paid to JCG. The developer fee is payable out of development proceeds and cash flows from operations, as defined. As of December 31, 2024 and 2023, \$1,000,456 and \$1,000,456, respectively, of the developer fee was incurred and capitalized into construction in progress. During the year ended December 31, 2024, the company reached an agreement for accord and satisfaction with JCG and paid \$75,484 to satisfy the entire developer fee obligation to JCG and the remaining developer fee payable was reassigned to RNI. As of December 31, 2024 and 2023, \$423,379 and \$576,162, respectively, remained payable, of which, \$0 and \$172,848, respectively, is owed to JCG. The developer fee earned and payable to RNI has been eliminated on the accompanying consolidated statements of financial position.

The Avenues at Big Pine Key, LLC

ABPK entered into a development agreement with RNI and JCG. The agreement provides for a developer fee of \$260,064 or such other amounts approved by Florida Housing Finance Corporation for services rendered in connection with the development of the project and supervision of construction, of which 70% is earned and paid to RNI and 30% is earned and paid to JCG. The developer fee is payable out of development proceeds and cash flows from operations, as defined. As of December 31, 2024 and 2023, \$260,064 and \$249,810, respectively, of the developer fee was incurred and capitalized into construction in progress. As of December 31, 2024 and 2023, \$165,548 and \$179,810, respectively, remained payable, of which \$0 and \$18,943, respectively, is owed to JCG. During the year ended December 31, 2024, the company reached an agreement for accord and satisfaction with JCG and paid \$14,262 to satisfy the entire development fee obligation to JCG and the remaining developer fee payable was reassigned to RNI. The developer fee earned and payable to RNI has been eliminated on the accompanying consolidated statements of financial position.

Deer Creek Senior Housing, LLLP

DCSH entered into a development agreement with RNI and Neighborhood Housing and Development Corporation (NHDC). The agreement provides for a developer fee of \$2,106,765, or such other amount as limited by the credit agency and approved by the

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investor member for services rendered in connection with the development of the project and supervision of construction. The developer fee is payable out of development proceeds and cash flows from operations, as defined. All development fees incurred and payable under the agreement are apportioned fifty percent to RNI and fifty percent to NHDC. As of December 31, 2024 and 2023, \$2,106,765 and \$2,106,765, respectively, of the developer fee was incurred and capitalized into rental property. As of December 31, 2024 and 2023, \$1,013,599 and \$1,022,504, respectively, remained payable to RNI and \$545,785 and \$952,602, respectively, remained payable to NHDC. The portion earned and payable to RNI has been eliminated on the accompanying consolidated statements of financial position. The portion payable to NHDC is included in developer fee payable on the accompanying consolidated statements of financial position.

Renaissance Hall at Old Course, LLC

RHAOC entered into a development agreement with RNI. The agreement provides for a developer fee of \$2,500,000 or such other amount as limited by Florida Housing Finance Corporation for services rendered in connection with the development of the project and supervision of construction. The developer fee is payable out of development proceeds and cash flows from operations, as defined. As of December 31, 2024 and 2023, \$500,000 and \$0, respectively, of the developer fee was incurred and capitalized into construction in progress. As of December 31, 2024 and 2023, \$500,000 and \$0, respectively, remained payable. The developer fee earned and payable has been eliminated on the accompanying consolidated statements of financial position.

Indiantown Homes RRH, Ltd.

In connection with the construction of the housing project, ITNP acted as the developer and was entitled to developer fees based on a percentage of the total development cost. During the year ended December 31, 2000, ITNP earned \$418,940 in fees for which it received payments of \$262,271. The remaining balance of \$156,669 was deferred and is paid in accordance with the loan agreement. As of December 31, 2024 and 2023, \$96,858 and \$96,585 respectively, remained payable to ITNP. The developer fee earned and payable has been eliminated on the accompanying consolidated statements of financial position.

Other Related Party Fees

Contributions and Donations

During the year ended December 31, 2023, RNI received contributions in the amount of \$75,000 from MVD, which is included in income from affiliates on the accompanying consolidated statements of activities. The contributions have been eliminated on the accompanying consolidated statements of activities.

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During the year ended December 31, 2023, RNI received contributions in the amount of \$807,433 from BR, which is included in income from affiliates on the accompanying consolidated statements of activities. The contributions have been eliminated on the accompanying consolidated statements of activities.

During the year ended December 31, 2024, RNI received contributions in the amount of \$80,000 from BR, which is included in income from affiliates on the accompanying consolidated statements of activities. The contributions have been eliminated on the accompanying statements of activities.

During the year ended December 31, 2024, RNI received contributions in the amount of \$145,835 from FNPS, which is included in income from affiliates on the accompanying consolidated statements of activities. The contributions have been eliminated on the accompanying statements of activities.

During the year ended December 31, 2024, PCSH received contributions in the amount of \$80,869 from RNI, which is included in income from affiliates on the accompanying consolidated statements of activities. The contributions have been eliminated on the accompanying statements of activities.

During the year ended December 31, 2024, ABP received contributions in the amount of \$30,040 from RNI, which is included in income from affiliates on the accompanying consolidated statements of activities. The contributions have been eliminated on the accompanying statements of activities.

During the year ended December 31, 2023, MVD donated funds of \$75,000 to RNI, which is included in donations - affiliate on the accompanying consolidated statements of activities. The donations received have been eliminated on the accompanying statements of activities.

During the year ended December 31, 2023, BR donated funds of \$807,433 to RNI, which is included in donations - affiliate on the accompanying consolidated statements of activities. The donations received have been eliminated on the accompanying statements of activities.

During the year ended December 31, 2024, BR donated funds of \$80,000 to RNI, which is included in donations - affiliate on the accompanying consolidated statements of activities. The donations received have been eliminated on the accompanying statements of activities.

During the year ended December 31, 2024, FNPS donated funds of \$145,835 to RNI, which is included in donations – affiliate on the accompanying consolidated statements of activities. The donations received have been eliminated on the accompanying statements of activities.

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During the year ended December 31, 2024, RNI donated funds of \$80,869 to PCSH, which is included in donations – affiliate on the accompanying consolidated statements of activities. The donations received have been eliminated on the accompanying statements of activities.

During the year ended December 31, 2024, RNI donated funds of \$30,040 to ABP, which is included in donations – affiliate on the accompanying consolidated statements of activities. The donations received have been eliminated on the accompanying statements of activities.

Asset Management Fees

Pursuant to the partnership agreement, commencing in 2009, EGALLC was required to pay its investor limited partner an annual asset management fee of \$3,315 for property management oversight, tax credit compliance monitoring and related services. The fee was payable to the extent of available cash flow, as defined. The fee increased 3 percent annually and unpaid fees accrued without interest. For the years ended December 31, 2024 and 2023, asset management fees of \$0 and \$5,014, respectively, were incurred and paid, which is included in project administration expenses on the accompanying consolidated statements of activities. Due to the transfer of ownership as stated in Note 1, there were no asset management fees incurred during the year ended December 31, 2024.

DCSH shall pay to the investor limited partner a one-time asset management fee in the amount of \$56,250 for its services in reviewing the informational reports, financial statements and tax returns furnished to it. The fee is to be paid from the capital contribution detailed in section 3.4B of the amended and restated agreement of limited liability limited partnership. As of December 31, 2024 and 2023, \$56,250 and \$56,250, respectively, remained payable and is included in related party fees payable on the accompanying consolidated statements of financial position.

Investor Services Management Fee

Pursuant to the partnership agreement, OSC was required to pay the investment limited partner an annual, cumulative fee of \$5,000 per year, commencing with the year beginning January 1, 2008. The investor services fee was payable annually by OSC out of cash flow, as defined. The fee increased 3 percent annually, commencing January 1, 2009. During the year ended December 31, 2023, the withdrawing limited partners sold their partnership interest as stated in Note 1, and the agreement was terminated. On January 1, 2024, the incoming limited partner entered into a revised investor services management agreement with the Partnership. Pursuant to the agreement, the Partnership is to pay the incoming limited partner an annual cumulative fee of \$12,000 per year, commencing with the year beginning on January 1, 2024. The fee shall be payable annually by the Partnership out of cash flow, as defined. For the years ended December

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31, 2024 and 2023, investor services management fees of \$12,000 and \$7,790, respectively, were incurred. As of December 31, 2024 and 2023, investor services fees of \$0 and \$7,789, respectively, remained payable and are included in related party fees payable on the accompanying consolidated statements of financial position.

In accordance with the partnership agreement, DCSH is required to pay the class B partner an incentive management fee equal to 89.98 percent of remaining net cash flow after other payments are made, provided that the incentive management fee for any year does not exceed 10 percent of effective gross income and that the incentive management fee plus any fees plus any fees payable to a general partner or class B partner exceed 12 percent of effective gross income. Any portion in excess of this limitation shall be paid as a distribution. For the years ended December 31, 2024 and 2023, no incentive management fees were incurred or paid.

Partnership Management Fee

Commencing in the year in which completion occurs and for each year thereafter, DCSH will pay the Class B Partner a partnership management fee of \$10,000 per annum for its services in managing the partnership pursuant. The partnership management fee is payable from available cash flow. Any unpaid portion will accrue without interest until there is sufficient cash flow to pay the accrued fees. For the years ended December 31, 2024 and 2023, \$10,000 and \$10,000, respectively, had been incurred and is included in related party fees on the accompanying consolidated statements of activities. As of December 31, 2024 and 2023, \$30,000 and \$20,000, respectively, remained payable and are included in related party fees payable on the accompanying consolidated statements of financial position.

Nonprofit Asset Management Fee

In accordance with the USDA Handbook HB-2-3560, EFV submitted budgets to the USDA Rural Development, which included a nonprofit asset management fee of \$7,500 for 2024 and 2023. These budgets were approved by the USDA. During the years ended December 31, 2024, and 2023, EFV incurred nonprofit asset management fees of \$7,500 and \$7,500, respectively, of which, \$0 and \$0, respectively, remained payable as of December 31, 2024, and 2023. These fees have been eliminated on the accompanying consolidated statements of activities.

In accordance with the USDA Handbook HB-2-3560, EMH submitted 2024 and 2023 budgets to the USDA Rural Development, which included a nonprofit asset management fee of \$7,500 and \$7,500, respectively. The budgets were approved by the USDA. During the years ended December 31, 2024 and 2023, EMH incurred \$7,500 and \$7,500, respectively, in nonprofit asset management fees to ECA, of which \$0 and \$0, respectively, remained payable as of December 31, 2024 and 2023. These fees have been eliminated on the accompanying consolidated statements of activities.

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In accordance with the USDA Handbook HB-2-3560, ERRH submitted 2024 and 2023 budgets to the USDA Rural Development, which included a nonprofit asset management fee of \$7,500 and \$7,500, respectively. The budgets were approved by the USDA. During the years ended December 31, 2024, and 2023, ERRH incurred \$7,500 and \$7,500, respectively, in nonprofit asset management fees to ECA, of which \$0 and \$0, respectively, remained payable as of December 31, 2024 and 2023. These fees have been eliminated on the accompanying consolidated statements of activities.

In accordance with the USDA Handbook HB-2-3560, PC Phase II submitted budgets to the USDA Rural Development, which included a nonprofit asset management fee of \$7,500 for 2024 and \$7,500 for 2023. These budgets were approved by the USDA. During the years ended December 31, 2024, and 2023, PC Phase II incurred \$7,500 and \$7,500, respectively, in nonprofit asset management fees to ECA, of which \$0 and \$0, respectively, remained payable as of December 31, 2024 and 2023. These fees have been eliminated on the accompanying consolidated statements of activities.

In accordance with the Handbook HB-2-3560, MSV submitted budgets to the USDA Rural Development, which included a nonprofit asset management fee of \$7,500 for 2024 and \$7,500 for 2023. These budgets were approved by the USDA. During the years ended December 31, 2024, and 2023, MSV incurred \$7,500 and \$7,500, respectively, in nonprofit asset management fees to BCHC, of which \$0 and \$0, respectively, remained payable as of December 31, 2024 and 2023. These fees have been eliminated on the accompanying consolidated statements of activities.

In accordance with the Handbook HB-2-3560, HP submitted budgets to the USDA Rural Development, which included a nonprofit asset management fee of \$7,500 for 2024 and \$15,000 for 2023. These budgets were approved by the USDA. During the years ended December 31, 2024 and 2023, MSV incurred \$7,500 and \$15,000, respectively, in nonprofit asset management fees to BCHC, of which no amounts remained payable as of December 31, 2024 and 2023. These fees have been eliminated on the accompanying consolidated statements of activities.

In accordance with the USDA Handbook HB-2-3560, the New Hope Community I (NHI) submitted 2024 and 2023 budgets to the RD, which included nonprofit asset management fees of \$7,500 and \$7,500, respectively. The budgets were approved by RD. During the years ended December 31, 2024 and 2023, NHI incurred and paid \$7,500 and \$7,500, respectively, in nonprofit asset management fees to the ITNP. As of December 31, 2024 and 2023, \$0 and \$0, respectively, remained payable. These fees have been eliminated on the accompanying consolidated statements of activities.

In accordance with the USDA Handbook HB-2-3560, New Hope Community II (NHII) submitted 2024 and 2023 budgets to RD, which included nonprofit asset management fees of \$7,500 and \$7,500, respectively. The budgets were approved by RD. During the



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years ended, December 31, 2024 and 2023, NHII incurred and paid \$7,500 and \$7,500, respectively, in nonprofit asset management fees to the Corporation. As of December 31, 2024 and 2023, no amounts remained payable. These fees have been eliminated on the accompanying consolidated statements of activities.

Incentive Partnership Management Fee

For management services related to CCA-LTD, CC is to be paid an annual non-cumulative incentive partnership management fee. The fee is payable to the extent of available cash flow. During the years ended December 31, 2024 and 2023, CC earned \$186,901 and \$124,433, respectively, in incentive partnership management fees, which has been eliminated between CCA-LTD and CC and is not included on the accompanying consolidated statements of activities.

For management services related to OGA-LTD, OA is to be paid an annual non-cumulative incentive partnership management fee. The fee is payable to the extent of available cash flow. During the years ended December 31, 2024 and 2023, OA earned \$137,992 and \$172,336, respectively, in incentive partnership management fees, which has been eliminated between OGA-LTD and OA and is not included on the accompanying consolidated statements of activities.

EHG charges OA, CC, ECA, CRR, and FNPS a supervisory accounting fee for accounting, management and supervisory services provided. For the years ended December 31, 2024 and 2023, supervisory accounting fees of \$291,627 and \$268,709, respectively, were earned by EHG, of which \$186,958 and \$268,709, respectively, have been eliminated on the accompanying consolidated statements of activities. Amounts earned from CRR are not eliminated. No formal executed agreement exists in regard to the supervisory accounting fee. EHG assesses the fee annually based upon an estimate of services performed and costs incurred related to accounting, management and supervisory services provided directly to OA, CC, ECA, CRR and FNPS.

RNI charges OA, CC, CRR, MV, and OSC asset management fees for management and supervisory services provided. For the years ended December 31, 2024 and 2023, asset management fees of \$371,440 and \$313,063, respectively, were earned by RNI, of which \$214,437 and \$313,063, respectively, have been eliminated on the accompanying consolidated statements of activities. Amounts earned from CRR are not eliminated. As of December 31, 2024 and 2023, supervisory accounting fees of \$0 and \$0, respectively, were due to RNI from OA, CC, CRR, MV, and OSC which have been eliminated on the accompanying consolidated statements of financial position. RNI assesses the fee annually based upon an estimate of services performed and costs incurred related to management and supervisory services provided directly to OA, CC, CRR, MV, and OSC.

RNI charges ECA asset management fees for management and supervisory services provided related to ECA. For the years ended December 31, 2024 and 2023, no asset

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management fees were earned or paid to RNI. RNI assesses the fee annually based upon an estimate of services performed and costs incurred related to management and supervisory services provided directly to ECA.

RNI has balances due from affiliates for the payment of various administrative expenses. The balances between RNI and its affiliates have been eliminated in the accompanying consolidated financial statements and consist of the following:

Notes Receivable - Affiliates

Notes receivable from affiliates includes obligations payable to RNI under various note and loan agreements. The balances between RNI and its affiliates have been eliminated on the accompanying consolidated financial statements and consist of the following:

On June 1, 2008, RNI entered into a promissory note with ECA for \$412,374 to fund the operating costs of CCC. The note is non-interest bearing and is due on demand. As of December 31, 2024 and 2023, the note balance was \$204,000 and \$228,000, respectively.

On June 8, 2006, RNI entered into a \$500,000 promissory note with OSC. The proceeds were received by RNI through the Affordable Housing Program of the Federal Home Loan Bank of Pittsburgh. The note is non-interest bearing and payable in full at maturity on May 1, 2039. As of December 31, 2024 and 2023, the note balance was \$500,000 and \$500,000, respectively.

On August 30, 2006, RNI provided a loan of up to \$400,000 for the construction of Phase I of EGALLC. The proceeds were received by RNI through the U.S. Department of Housing and Urban Development. The loan bears interest at a rate of 1.00 percent per annum and matures August 30, 2046. RNI has been granted a security interest in the real property of the project. For the years ended December 31, 2024 and 2023, interest incurred and paid was \$2,713 and \$2,713, respectively. As of December 31, 2024 and 2023, the balance of the loan was \$271,306 and \$271,306, respectively.

During 2014 and 2015, HP was allocated \$275,000 of restricted NeighborWorks funds for RNI for use in expansion of the project. These restricted funds are to be used for the purposes specified in the grant agreement. The grant agreement contains various covenants and compliance requirements. As of December 31, 2024 and 2023, the balance was \$550,000 and \$550,000, respectively.

On December 31, 2015, HP entered into a note with RNI for an amount of \$400,000. During the year ended December 31, 2016, HP entered into a new promissory note with RNI for \$300,000. As of December 31, 2024 and 2023, the balance was \$63,000 and \$81,000, respectively.

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During 2015, EGALLC entered into a promissory note with RNI in the amount of \$529,300 to cover legal fees incurred by the partnership. The note does not bear interest and is to be repaid upon exit of the general partner. As of December 31, 2024 and 2023, the balance was \$529,300 and \$529,300, respectively.

During 2015, ESH entered into a promissory note with RNI in the amount of \$112,998 to cover legal fees incurred by the Company. The note does not bear interest and requires no annual payments. As of December 31, 2024 and 2023, the balance was \$90,000 and \$90,000, respectively.

On February 28, 2017, RNI entered into a mortgage with FNPS in the amount of \$117,000. The note bears interest at 5 percent per annum and matures on February 28, 2047. As of December 31, 2024 and 2023, the note balance was \$102,723 and \$104,475, respectively.

On February 28, 2017, RNI entered into a mortgage with FNPS in the amount of \$88,000. The note bears interest at 5 percent per annum and matures on March 10, 2047. As of December 31, 2024 and 2023, the note balance was \$0 and \$78,723, respectively.

During the year ended December 31, 2019, EHT entered into a note with RNI. The note is non-interest bearing and has no fixed repayment date. As of December 31, 2024 and 2023, the balance was \$2,686,836 and \$4,746,000, respectively.

During the year ended December 31, 2019, DCSH entered into a note with RNI. The note is non-interest bearing and has no fixed repayment date. As of December 31, 2024 and 2023, the balance was \$1,550,000 and \$1,550,000, respectively.

During the year ended December 31, 2022, RNI entered into various notes with Esperanza Place Leasing Center totaling \$760,000. The notes are noninterest bearing and payable as cash flow permits. As of December 31, 2024 and 2023, the balance of the notes were \$760,000 and \$760,000, respectively.

During the year ended December 31, 2023, OM entered into a note with RNI. The note is non-interest bearing and has no fixed repayment date. As of December 31, 2024 and 2023, the balance was \$0 and \$93,000, respectively.

During the year ended December 31, 2023, ITNP entered into a note with RNI. The note is non-interest bearing and has no fixed repayment date. As of December 31, 2024 and 2023, the balance was \$85,000 and \$85,000, respectively.

During the year ended December 31, 2023, OM entered into a note with RNI. The note is non-interest bearing and has no fixed repayment date. As of December 31, 2024 and 2023, the balance was \$0 and \$156,596, respectively.

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During the year ended December 31, 2024, RHAOC entered into a note with RNI. The note bears interest at 3 percent per annum and has no fixed repayment date. As of December 31, 2024 and 2023, the balance was \$1,500,000 and \$0, respectively.

Notes Receivable from Affiliates also includes the following Obligations Payable to ECA:

On August 30, 2006, ECA entered into a promissory note with EGALLC for \$400,000 for the construction of a low-income housing project. The proceeds were received by ECA through the Affordable Housing Program of the Federal Home Loan Bank of Atlanta. The note bears interest at a rate of 1.0 percent per annum and matures August 30, 2046. As of December 31, 2024 and 2023, the balance of the note outstanding was \$400,000 and \$400,000, respectively. The balances have been eliminated in the accompanying consolidating statements of financial position. For the years ended December 31, 2024 and 2023, interest of \$4,000 and \$4,000, respectively, was incurred. The balances have been eliminated in the accompanying consolidated statements of activities.

On March 10, 2008, ECA entered into a promissory note with EGII for \$400,000 for the construction of a low-income housing project. The proceeds were received by ECA through the Affordable Housing Program of the Federal Home Loan Bank of Atlanta. The note is non-interest bearing and matures May 1, 2048, at which time the principal amount of the loan will be automatically forgiven if certain prescribed conditions are met. As of December 31, 2024 and 2023, the balance of the note was \$400,000 and \$400,000 respectively. The balances have been eliminated on the accompanying consolidated statements of financial position.

On March 10, 2008, ECA entered into a promissory note with ESH for \$250,000 for the construction of the low-income housing project. The proceeds were received by ECA through the Affordable Housing Program of the Federal Home Loan Bank of Atlanta. The note is non-interest bearing and requires a single balloon payment at maturity on May 1, 2048. As of December 31, 2024 and 2023, the balance of the note was \$250,000 and \$250,000, respectively. The balances have been eliminated on the accompanying consolidated statements of financial position.

Notes Receivable from Affiliates also includes the following Obligations Payable to EHT:

During the year ended December 31, 2019, RHAOC entered into a note with EHT. The note is non-interest bearing and has no fixed repayment date. As of December 31, 2024 and 2023, the balance was \$400,000 and \$685,000, respectively.

During the year ended December 31, 2019, RHSL entered into a note with EHT. The note is non-interest bearing and has no fixed repayment date. As of December 31, 2024 and 2023, the balance was \$25,000 and \$25,000, respectively.

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NOTE 6 - MORTGAGES PAYABLE

Notes and Mortgages Payable under RNI are as follows:

On November 19, 2021, RNI entered into a bond agreement with the Northern Trust Company, an Illinois banking corporation, for \$2,000,000. The bond is payable in full on its maturity date of November 19, 2026. The bond bears interest at a rate of 1.50 percent per annum with payments due semi-annually. As of December 31, 2024 and 2023, the bond balance was \$2,000,000 and \$2,000,000, respectively. For the years ended December 31, 2024 and 2023, interest expense was \$30,000 and \$30,000, respectively. As of December 31, 2024 and 2023, interest of \$17,487 and \$2,487, respectively, remained payable.

Notes and Mortgages Payable under RHAOC are as follows:

On October 11, 2024, RHAOC entered into a HUD 221(d)(4) loan agreement with PGIM Real Estate Agency Financing, LLC, in an amount up to \$58,802,000, which is guaranteed by RNI. The loan bears interest at a rate of 5.97 percent per annum and matures on February 1, 2067. The loan has an interest only period from November 1, 2024, through February 1, 2027, during which interest only payments shall be due on the first day of each month. Commencing on March 1, 2027, payments of principal and interest will be due monthly. As of December 31, 2024 and 2023, the loan balance was \$294,010 and \$0, respectively. For the years ended December 31, 2024 and 2023, no interest expense was incurred or paid.

On October 11, RHAOC entered into loan agreement with Collier County in an amount up to \$6,175,000, which is guaranteed by RNI. The loan bears interest at a rate of 8 percent per annum and matures on June 1, 2067. Interest payments will be due semi-annually on June 1 and December 1 each year commencing on June 1, 2025. Principal payments will be due annually on June 1 each year commencing on June 1, 2028. As of December 31, 2024 and 2023, the loan balance was \$6,175,000 and \$0, respectively. For the years ended December 31, 2024 and 2023, interest of \$109,627 and \$0, respectively, was incurred, all of which was capitalized into construction in progress on the accompanying consolidated statements of financial position. As of December 31, 2024 and 2023, interest of \$109,627 and \$0, respectively, remained payable and is included in accrued interest payable on the accompanying consolidated statements of financial position.

Notes and Mortgages Payable under ECA are as follows:

On January 26, 1995, ECA entered into a loan agreement and a series of grants with the USDA for \$20,211,190. The USDA loan of \$6,389,219 and USDA grants of \$13,821,971 were combined to provide construction funds for 239 of the rental units and the administrative complex for the EFV project. The loan is repayable in annual installments

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of \$240,718 due on January 1 of each year. The loan bears interest at a rate of 1.00 percent per annum and matures January 1, 2032. As of December 31, 2024 and 2023, the loan balance was \$720,753 and \$953,948, respectively. As of December 31, 2024 and 2023, interest of \$721 and \$771, respectively, remained payable and is included in accrued interest payable on the accompanying consolidated statements of financial position. During the years ended December 31, 2024 and 2023, interest expense totaled \$10,720 and \$12,828, respectively, and is included in interest on mortgages payable on the accompanying consolidated statements of activities.

On March 20, 1996, ECA entered into a loan agreement and a series of grants with the USDA for \$15,924,299. The loan of \$1,450,000 and grants of \$14,474,299 were combined to provide construction funds for 143 of the rental units along with a neighborhood retail center and a Miami-Dade County public park. The loan bears interest at a rate of 1.00 percent per annum and matures January 1, 2034. Principal and interest are payable in annual installments of \$54,630. As of December 31, 2024 and 2023, the loan balance was \$141,470 and \$194,595, respectively. As of December 31, 2024 and 2023, interest of \$159 and \$159, respectively, remained payable and is included in accrued interest payable on the accompanying consolidated statements of financial position. During the years ended December 31, 2024 and 2023, interest expense totaled \$1,623 and \$2,227, respectively, and is included in interest on mortgages payable on the accompanying consolidated statements of activities.

In August 2012, ECA entered into a loan agreement with the USDA for \$1,500,000 to provide construction funds for the 18 units of EFV Phase IV. The loan bears interest at a rate of 1.00 percent per annum and matures August 10, 2045. The loan requires annual interest payments beginning January 1, 2013 through January 1, 2014. Principal and interest are due in annual installments of \$56,514 beginning January 1, 2015, with any unpaid principal and interest due at maturity. As of December 31, 2024 and 2023, the loan balance was \$1,002,237 and \$1,045,629, respectively. As of December 31, 2024 and 2023, interest of \$834 and \$834, respectively, remained payable and is included in accrued interest payable on the accompanying consolidated statements of financial position. During the years ended December 31, 2024 and 2023, interest expense totaled \$9,759 and \$10,748, respectively, and is included in interest on mortgages payable on the accompanying consolidated statements of activities.

On December 1, 2006, ECA entered into a \$1,500,000 loan agreement with the USDA to provide construction funds for the 15 units of ERRH. On November 1, 2008, the loan agreement was amended to increase the loan to \$1,614,309. The loan bears interest at a rate of 6.00 percent per annum with a 50-year amortization. The loan agreement requires monthly principal and interest payments of \$8,553 until maturity on December 1, 2036. Under an interest credit agreement with the USDA, ECA receives a monthly interest credit of \$5,027 towards the monthly principal and interest payment, resulting in a net monthly payment of \$3,526 due from ECA. As of December 31, 2024 and 2023, the balance was \$1,455,071 and \$1,469,590, respectively, which includes unamortized debt

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issuance costs of \$2,557 and \$2,772, respectively. As of December 31, 2024 and 2023, interest of \$2,339 and \$2,407, respectively, remained payable and is included in accrued interest payable on the accompanying consolidated statements of financial position. During the years ended December 31, 2024 and 2023, interest expense totaled \$27,715 and \$27,818, respectively, which includes amortization of debt issuance costs of \$214 and \$214, respectively, and is included in interest on mortgages payable on the accompanying consolidated statements of activities.

On December 15, 2004, ECA entered into a \$1,250,000 loan agreement with FHFC to provide construction funds for the 28 units of CCC. The loan is non-interest bearing and requires annual payments of \$41,667 into a debt service fund until maturity on December 30, 2020. ECA may extend the maturity date, at the sole discretion of the FHFC, in additional five-year increments based on continued occupancy by farm workers, not to exceed a total term of 30 years. ECA was granted a five-year extension by FHFC with a new maturity date of December 30, 2025. As of December 31, 2024 and 2023, the loan balance was \$586,403 and \$582,136, respectively, which includes unamortized debt issuance costs of \$3,597 and \$7,864, respectively. For the years ended December 31, 2024 and 2023, interest expense was \$4,627 and \$4,627, respectively, which is made up entirely of amortization of debt issuance costs.

On January 27, 2010, ECA entered into a \$2,000,000 loan agreement with the USDA to provide construction funds for the 30 units of EMH. The loan bears interest at a rate of 1.00 percent per annum and matures January 1, 2043. The loan agreement requires annual interest payments beginning January 1, 2011 through January 1, 2012. Principal and interest are payable in annual installments of \$75,351 beginning January 1, 2013 with any unpaid principal and interest due at maturity. The loan is secured by the underlying rental property. As of December 31, 2024 and 2023, the balance was \$1,230,423 and \$1,292,442, respectively, which includes unamortized debt issuance costs of \$4,467 and \$4,715, respectively. As of December 31, 2024 and 2023, interest of \$427 and \$558, respectively, remained payable and is included in accrued interest payable on the accompanying consolidated statements of financial position. During the years ended December 31, 2024 and 2023, interest expense totaled \$13,200 and \$13,812, respectively, which includes amortization of debt issuance costs of \$248 and \$248, respectively, and is included in interest on mortgages payable on the accompanying consolidated statements of activities.

On January 29, 2010, ECA entered into a \$1,030,665 loan agreement with the FHFC to provide construction funds for the 30 units of EMH. The loan is non-interest bearing and matures January 29, 2030, at which time the principal amount of the loan will be automatically forgiven if certain prescribed conditions are met. The loan is secured by the underlying rental property. As of December 31, 2024 and 2023, the balance was \$1,030,655 and \$1,030,655, respectively.

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On November 25, 2009, PC entered into a \$2,250,000 loan agreement with the USDA for the development of Phase I of the project. During the year ended December 31, 2012, PC applied for and was granted a loan reamortization from the USDA. Per the amended loan agreement, the loan bears interest at a rate of 1.00 percent per annum and matures November 25, 2043. Principal and interest are due in annual installments of \$84,715 beginning January 1, 2014, with any unpaid principal and interest due at maturity. As of December 31, 2024 and 2023, the balance was \$1,362,470 and \$1,430,187, respectively, which includes unamortized debt issuance costs of \$27,127 and \$28,722, respectively. During the years ended December 31, 2024 and 2023, interest expense totaled \$16,850 and \$16,845, respectively, which includes amortization of debt issuance costs of \$1,595 and \$1,595, respectively, and is included in interest on mortgages payable on the accompanying consolidated statements of activities. As of December 31, 2024 and 2023, interest of \$480 and \$628, respectively, remained payable and is included in accrued interest payable on the accompanying consolidated statements of financial position.

On November 25, 2009, PC entered into a \$1,500,000 loan agreement with the USDA for the development of Phase II of the project. During the year ended December 31, 2012, PC applied for and was granted a loan reamortization from the USDA. Per the amended loan agreement, the loan bears interest at a rate of 1.00 percent per annum and matures November 25, 2043. Principal and interest are due in annual installments of \$57,066 beginning January 1, 2014, with any unpaid principal and interest due at maturity. As of December 31, 2024 and 2023, the balance was \$924,193 and \$969,652, respectively, which includes unamortized debt issuance costs of \$11,037 and \$12,734, respectively. For the years ended December 31, 2024 and 2023, interest expense totaled \$11,506 and \$11,970, respectively, which includes amortization of debt issuance costs of \$1,697 and \$1,697, respectively, and is included in interest on mortgages payable on the accompanying consolidated statements of activities. As of December 31, 2024 and 2023, interest of \$323 and \$423, respectively, remained payable and is included in accrued interest payable on the accompanying consolidated statements of financial position.

On December 17, 2009, PC entered into a \$3,855,304 loan agreement with the FHFC for the development of Phase I of the project. The loan bears interest at a rate of 1.00 percent per annum and matures January 1, 2042. Annual interest payments are payable out of development cash flows, as defined, with any unpaid principal and interest due at maturity. As of December 31, 2024 and 2023, the loan balance was \$3,855,304 and \$3,855,304, respectively. During the years ended December 31, 2024 and 2023, interest expense totaled \$38,556 and \$38,556, respectively, and is included in interest on mortgages payable on the accompanying consolidated statements of activities. As of December 31, 2024 and 2023, interest of \$388,812 and \$350,256, respectively, remained payable and is included in accrued interest payable on the accompanying consolidated statements of financial position.

On December 17, 2009, PC entered into a \$1,140,282 loan agreement with the FHFC for the development of Phase II of the project. The loan is non-interest bearing and requires a



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single balloon payment at maturity on January 1, 2042. As of December 31, 2024 and 2023, the loan balance was \$1,140,282 and \$1,140,282, respectively.

On January 18, 2007, OSC entered into a \$3,000,000 loan agreement with the USDA. The loan bears interest at a rate of 1.00 percent per annum and matures January 18, 2040. The loan requires annual payments of accrued interest beginning January 1, 2008 through January 1, 2009. Principal and interest are payable in annual installments of \$113,027 beginning on January 1, 2010, with any unpaid principal and interest due at maturity. As of December 31, 2024 and 2023, the balance was \$1,561,092 and \$1,657,312, respectively, which includes unamortized debt issuance costs of \$4,782 and \$5,079, respectively. During the years ended December 31, 2024 and 2023, interest expense totaled \$16,847 and \$17,875, respectively, which includes amortization of debt issuance costs of \$297 and \$297, respectively, and is included in interest on mortgages payable on the accompanying consolidated statements of activities. As of December 31, 2024 and 2023, interest of \$547 and \$507, respectively, remained payables and is included in accrued interest payable on the accompanying consolidated statements of financial position.

On December 28, 2007, ESH entered into a \$300,000 loan agreement with the FHFC for the construction of the project. The loan is non-interest bearing and requires a single balloon payment at maturity on December 28, 2027. As of December 31, 2024 and 2023, the loan balance was \$298,409 and \$297,885, respectively, which includes unamortized debt issuance costs of \$1,591 and \$2,115, respectively. For the years ended December 31, 2024 and 2023, interest expense was \$524 and \$524, respectively, which is made up entirely of debt issuance costs.

Notes and Mortgages Payable under BCHC are as follows:

On May 3, 2002, BCHC entered into a \$2,500,000 loan agreement with the USDA to provide funds for the construction of MSV. The loan bears interest at a rate of 1.00 percent per annum and matures May 3, 2035. Principal and interest are payable in annual installments of \$94,189. USDA requires a monthly payment to a debt service reserve account of 1/12th of the annual principal and interest payment. As of December 31, 2024 and 2023, the balance was \$890,938 and \$975,287, respectively. During the years ended December 31, 2024 and 2023, interest expense totaled \$9,726 and \$10,555, respectively, and is included in interest on mortgages payable on the accompanying consolidated statements of activities. As of December 31, 2024 and 2023, interest of \$321 and \$435, respectively, remained payable and is included in accrued interest payable on the accompanying consolidated statements of financial position.

On October 3, 2007, EGALLC entered into a \$3,000,000 loan agreement with the USDA. The loan bears interest at a rate of 1.00 percent per annum and matures January 1, 2040. Principal and interest are payable in annual installments of \$113,027 beginning on January 1, 2010, with any unpaid principal and interest due at maturity. As of December

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31, 2024 and 2023, the balance of the loan was \$1,540,937 and \$1,637,588, respectively. During the years ended December 31, 2024 and 2023, interest expense totaled \$16,344 and \$17,302, respectively, and is included in interest on mortgages payable on the accompanying consolidated statements of activities. As of December 31, 2024 and 2023, interest of \$538 and \$570, respectively, remained payable and is included in accrued interest payable on the accompanying consolidated statements of financial position.

On October 3, 2007, EGII entered into a \$2,250,000 loan agreement with the USDA. The loan bears interest at a rate of 1.00 percent per annum and matures January 1, 2040. Principal and interest are payable in annual installments of \$84,770 beginning January 1, 2010 with any unpaid principal and interest due at maturity. As of December 31, 2024 and 2023, the balance was \$1,134,035 and \$1,204,721, respectively, which includes unamortized debt issuance costs of \$24,545 and \$26,319, respectively. During the years ended December 31, 2024 and 2023, interest expense totaled \$14,085 and \$14,778, respectively, which includes amortization of debt issuance costs of \$1,774 and \$1,774, respectively, and is included in interest on mortgages payable on the accompanying consolidated statements of activities. As of December 31, 2024 and 2023, interest of \$429 and \$428, respectively, remained payable and is included in accrued interest payable on the accompanying consolidated statements of financial position.

On May 3, 2002, MSV entered into a \$3,280,000 loan agreement with the FHFC for the construction of the project. The funds were provided by the FHFC under the HOME Investment Partnerships Program (HOME). The loan is non-interest bearing and requires a single balloon payment due on May 3, 2035. As of December 31, 2024 and 2023, the balance of the loan was \$3,280,000 and \$3,280,000, respectively.

On October 31, 2007, EGII entered into a \$3,500,000 loan agreement with the FHFC. The funds were provided by the FHFC under the SAIL Program for the construction of Phase III of the EGA project. The loan bears interest at a rate of 1.00 percent per annum and matures January 1, 2040. The loan requires annual payments based on the actual cash flow of the phase, as defined. As of December 31, 2024 and 2023, the balance of the loan was \$3,500,000 and \$3,500,000, respectively. During the years ended December 31, 2024 and 2023, interest expense totaled \$35,004 and \$35,004, respectively. As of December 31, 2024 and 2023, interest of \$367,913 and \$370,813, respectively, remained payable and is included in accrued interest payable on the accompanying consolidated statements of financial position.

On July 1, 2007, EGALLC entered into a SHIP loan agreement with Collier County, for \$442,000 to fund the construction of the project. The loan is non-interest bearing and requires no payments for the first six years. Beginning December 31, 2014, annual principal payments of \$31,571 are required through maturity on December 31, 2028. As of December 31, 2024 and 2023, the balance was \$94,715 and \$126,287, respectively.

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During 2018, MSV received funds from Collier County in the amount of \$496,369. The funds have been designated as a deferred forgivable loan to rehabilitate the units in MSV for the benefit of low-income households and is governed by the land use restriction agreement (LURA), which remains in effect for fifteen years and commenced upon execution of the agreement. The loan bears no interest and is forgiven in year fifteen as long as the requirements of the LURA are met, as defined. As of December 31, 2024 and 2023, the balance was \$496,369 and \$496,369, respectively.

Notes and Mortgages Payable under LMHC are as follows:

On September 22, 2000, LMHC entered into a series of loans and grants with the USDA to construct MV. USDA loans of \$3,255,480 and USDA grants of \$1,919,520 were combined with a \$342,000 grant from the FHLBA to provide construction funds for the Family Units. The loans bear interest at a rate of 1.00 percent per annum and matures November 1, 2036. The loans are repayable in annual installments of \$122,652 due on November 1 of each year. As of December 31, 2024 and 2023, the balance of the loans were \$1,270,106 and \$1,381,131, respectively. During the years ended December 31, 2024 and 2023, interest expense totaled \$13,585 and \$14,846, respectively, and is included in interest on mortgages payable on the accompanying consolidated statements of activities. As of December 31, 2024 and 2023, interest of \$2,569 and \$612, respectively, remained payable and is included in accrued interest payable on the accompanying consolidated statements of financial position.

On November 13, 2009, LMHC entered into a \$2,910,000 loan agreement with the USDA for the construction of MV4. The loan bears interest at a rate of 1.00 percent per annum and matures January 1, 2042. The loan requires annual interest payments beginning on January 1, 2010. Principal and interest will be payable in annual installments of \$109,712 beginning on January 1, 2012, with any unpaid principal and interest due at maturity. As of December 31, 2024 and 2023, the balance was \$1,660,401 and \$1,750,696, respectively, which includes unamortized debt issuance costs of \$42,547 and \$44,924, respectively. During the years ended December 31, 2024 and 2023, interest expense totaled \$20,238 and \$21,206, respectively, which includes amortization of debt issuance costs of \$2,377 and \$2,378, respectively, and is included in interest on mortgages payable on the accompanying consolidated statements of activities. As of December 31, 2024 and 2023, interest of \$1,672 and \$775, respectively, remained payable and is included in accrued interest payable on the accompanying consolidated statements of financial position.

Loans of \$580,000 were obtained from the Hillsborough County Community Improvement District (HCCID) to purchase three parcels of land and to pay the water and waste-water fees for the site of MV and MV4. The loans consist of \$300,000 obtained on February 21, 2001, \$80,000 obtained on October 9, 2001, and \$200,000 obtained on February 9, 2004. The loans are non-interest bearing for the first 5 years, 1.00 percent interest for years 6 through 10, 1.25 percent interest for years 11 through 20, 1.50 percent

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interest for years 21 through 30, and 2.00 percent for years 31 through 40. The \$300,000 and \$80,000 loans require annual interest payments based on the available cash flow of MV and MV4, respectively, as defined. Any unpaid interest accrues interest at the AFR. The \$200,000 accrues interest annually on the principal balance which is payable upon disposal of the MV project. The loans mature upon disposition of property. As of December 31, 2024 and 2023, the balance of the loans was \$579,895 and \$579,895, respectively. During the years ended December 31, 2024 and 2023, interest expense totaled \$30,167 and \$8,698, respectively, and is included in interest on mortgages payable on the accompanying consolidated statements of activities. As of December 31, 2024 and 2023, interest of \$61,763 and \$31,596, respectively, remained payable and is included in accrued interest payable on the accompanying consolidated statements of financial position.

On November 30, 2009, MV4 entered into a \$1,250,000 loan agreement with the FHFC under the SAIL Program for the construction of the project. The loan bears interest at a fixed rate of 1.00 percent per annum and matures November 30, 2042. The loan requires annual interest payments based on the available cash flow of MV4, as defined. As of December 31, 2024 and 2023, the balance of the loan was \$1,250,000 and \$1,250,000, respectively. For the years ended December 31, 2024 and 2023, interest expense totaled \$12,504 and \$12,504, respectively, and is included in interest on mortgages payable on the accompanying consolidated statements of activities. As of December 31, 2024 and 2023, interest of \$137,705 and \$141,821, respectively, remained payable and is included in accrued interest payable on the accompanying consolidated statements of financial position.

Notes and Mortgages Payable under EHT are as follows:

On January 15, 2016, OM entered into a mortgage note with Community Housing Capital, Inc. in the original amount of \$1,500,000. The loan required monthly interest payments based upon a fixed rate of 5.85 percent until conversion to permanent status. During 2018, the CHC loan converted to the permanent first mortgage loan. The permanent first mortgage is a fifteen year permanent loan amortized over thirty years requiring monthly principal and interest payments of \$9,392 based upon an interest rate of 6.41 percent. After the fifteen year period, all outstanding principal and interest are due upon maturity. As of December 31, 2024 and 2023, the outstanding principal balance was \$1,367,349 and \$1,390,101, respectively, net of unamortized debt issuance costs of \$7,815 and \$8,792, respectively. Interest expense for the years ended December 31, 2024 and 2023 was \$89,830 and \$91,693, respectively, which includes amortization of debt issuance costs of \$977 and \$977, respectively, and is included in interest on mortgages payable on the accompanying consolidated statements of activities. As of December 31, 2024 and 2023, accrued interest was \$7,346 and \$7,472, respectively, and is included in accrued interest payable on the accompanying consolidated statements of financial position.

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On October 25, 2016, OM entered into a \$2,215,000 loan agreement with the FHFC under the SAIL Program for the construction of the project. The loan bears interest at a fixed rate of 1.00 percent per annum and matures October 25, 2046. The loan requires annual interest payments based on the available cash flow of OM, as defined. As of December 31, 2024 and 2023, the balance of the loan was \$2,170,456 and \$2,163,931, respectively, which includes unamortized debt issuance costs of \$44,544 and \$51,069, respectively. For the years ended December 31, 2024 and 2023, interest expense totaled \$28,675 and \$28,675, respectively, which includes amortization of debt issuance costs of \$6,525 and \$6,525, respectively, and is included in interest on mortgages payable on the accompanying consolidated statements of activities. As of December 31, 2024 and 2023, accrued interest was \$66,450 and \$44,300, respectively, and is included in accrued interest payable on the accompanying consolidated statements of financial position.

On October 25, 2016, OM assumed a \$526,648 loan from with the FHFC under the SAIL Program from Timber Ridge of Immokalee, LP in the original amount of \$526,648. The loan bears interest at a fixed rate of 1.00 percent per annum and matures October 25, 2046. The loan requires annual interest payments based on the available cash flow of OM, as defined. As of December 31, 2024 and 2023, the balance of the loan was \$520,573 and \$519,673, respectively, which includes unamortized debt issuance costs of \$6,075 and \$6,975, respectively. For the years ended December 31, 2024 and 2023, interest expense totaled \$6,167 and \$6,167, respectively, which includes amortization of debt issuance costs of \$900 and \$900, respectively, and is included in interest on mortgages payable on the accompanying consolidated statements of activities. As of December 31, 2024 and 2023, accrued interest was \$15,689 and \$10,422, respectively, and is included in accrued interest payable on the accompanying consolidated statements of financial position.

TKL entered into a loan agreement with Local Initiatives Support Corporation on May 30, 2019 in the maximum amount of \$3,800,000. The loan bears interest at a fixed rate of 5.22 percent. The loan is amortized over thirty years requiring monthly principal and interest payments of \$20,913. After a period of ten years, all outstanding principal and accrued and unpaid interest will be due on June 1, 2029. As of December 31, 2024 and 2023, the outstanding principal balance was \$3,274,197 and \$3,326,704, respectively, net of unamortized debt issuance costs of \$148,270 and \$166,063, respectively. For the years ended December 31, 2024 and 2023, interest expense totaled was \$198,452 and \$202,017, respectively, which includes amortization of debt issuance costs of \$17,793 and \$17,793, respectively, and is included in interest on mortgages payable on the accompanying consolidated statements of activities.

TKL, in conjunction with the acquisition of the property, assumed a loan held by FHFC in the amount of \$2,900,000. The loan bears interest at a rate of 1.53 percent and matures on December 1, 2033. The entire unpaid principal amount will be due and payable upon maturity. TKL agreed to make a principal payment to FHFC in the amount of \$200,000 to reduce the outstanding principal to \$2,700,000. As of December 31, 2024 and 2023,

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the outstanding principal balance was \$2,700,000 and \$2,700,000, respectively. For the years ended December 31, 2024 and 2023, interest expense was \$41,310 and \$41,310, respectively, and is included in interest on mortgages payable on the accompanying consolidated statements of activities.

TKL, in conjunction with the acquisition of the property, assumed a loan held by Monroe County Comprehensive Plan Land Authority in the amount of \$1,089,000. The note is noninterest bearing and the entire principal amount is payable on May 12, 2050. As of December 31, 2024 and 2023, the outstanding principal balance was \$1,089,000 and \$1,089,000, respectively.

On May 30, 2019, TKL entered into a promissory note with Advanced Housing Corp (AHC) in the amount of \$426,000 on account of AHC's brokerage service performed in facilitating the acquisition of the project. AHC agreed to forgo a cash payment of the acquisition commission at closing and instead accepted payment in the form of a twenty-five year cash-flow based promissory note. The note bears interest at the rate of 2.74 percent interest and matures on May 31, 2044. The note requires annual payments equal to 38% of available cash flow, as defined, which will be applied first to accrued interest, then to principal. At maturity, any unpaid amount will be forgiven. As of December 31, 2024 and 2023, the outstanding principal balance was \$426,000 and \$426,000, respectively. For the years ended December 31, 2024 and 2023, interest expense was \$11,672 and \$11,672, respectively, and is included in interest on mortgages payable on the accompanying consolidated statements of activities. As of December 31, 2024 and 2023, there was no accrued interest.

On January 21, 2020, CJ entered into a loan agreement with the FHFC under the SAIL Program for the construction of the project in an amount not to exceed \$5,992,000. The loan is non-amortizing and bears interest at a fixed rate of 1.00 percent per annum and has a term of 15 years and matures January 21, 2035. The loan requires annual interest payments based on the available cash flow of CJ, as defined. As of December 31, 2024 and 2023, the balance of the loan was \$5,887,673 and \$5,877,298, respectively, which includes unamortized debt issuance costs of \$104,327 and \$114,702, respectively. For the years ended December 31, 2024 and 2023, interest incurred totaled \$70,295 and \$45,245, respectively, which includes amortization of debt issuance costs of \$10,375 and \$10,375, respectively. As of December 31, 2024 and 2023, accrued interest was \$111,619 and \$111,619, respectively, and is included in accrued interest payable on the accompanying consolidated statements of financial position.

On January 21, 2020, CJ entered into a loan agreement with the FHFC under the ELI Program for the construction of the project in an amount not to exceed \$508,000. The loan is non-amortizing, non-interest bearing and has a term of 15 years and matures January 21, 2035. As of December 31, 2024 and 2023, the balance of the loan was \$499,156 and \$498,276, respectively, which includes unamortized debt issuance costs of \$8,844 and \$9,724, respectively. During the years ended December 31, 2024 and 2023,

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interest expense of \$880 and \$880, respectively, was incurred, which consists entirely of amortization of debt issuance costs.

On August 16, 2021, CJ entered into a promissory note with the Federal Home Loan Bank (FHLB) through the FHLB's Affordable Housing Subsidy Program (AHP) in the amount of \$500,000. The note is non-interest bearing, and if the AHP's prescribed conditions are met during the 15 year compliance period, the entire principal amount of the loan will be forgiven. The balance of the loan as of December 31, 2024 and 2023 was \$500,000 and \$500,000, respectively.

On May 26, 2021, CAE entered into a promissory note with the FHFC under the SAIL Program for the construction of the project in an amount not to exceed \$5,150,000. The loan is non-amortizing and bears interest at a fixed rate of 0.60 percent per annum and has a term of 17 years and matures May 26, 2038. The loan requires annual interest payments based on the available cash flow of CAE, as defined. As of December 31, 2024 and 2023, the balance of the loan was \$5,054,436 and \$4,235,273, respectively, which includes unamortized debt issuance costs of \$95,564 and \$98,277, respectively. During the years ended December 31, 2024 and 2023, interest of \$37,858 and \$13,349, respectively, was incurred, of which, \$0 and \$10,650, respectively, was capitalized and is included in rental property on the accompanying consolidated statements of financial position. Interest incurred includes interest expensed of \$37,858 and \$2,699, respectively, which includes amortization of debt issuance costs of \$6,958 and \$569, respectively. As of December 31, 2024 and 2023, accrued interest was \$49,501 and \$35,146, respectively, and is included in accrued interest payable on the accompanying consolidated statements of financial position.

On May 25, 2022, CAE entered into a promissory note with the Federal Home Loan Bank (FHLB) through the FHLB's Affordable Housing Subsidy Program (AHP) in the amount of \$500,000. The note is non-interest bearing, and if the AHP's prescribed conditions are met during the 15 year compliance period, the entire principal amount of the loan will be forgiven. The balance of the loan as of December 31, 2024 and 2023 was \$500,000 and \$500,000, respectively.

On March 22, 2022, SCBPK entered into two notes with FHFC under the CBDG-DR program for the construction of the project in an amount not to exceed \$9,737,733. The loans are non-amortizing, non-interest bearing and have a term of 20 years and mature March 22, 2042. As of December 31, 2024 and 2023, the balance of the loans were \$10,841,216 and \$9,459,082, respectively, which includes unamortized debt issuance costs of \$74,381 and \$78,261, respectively. During the years ended December 31, 2024 and 2023, interest of \$3,880 and \$969, respectively, was incurred, which is made up entirely of amortization expense.

On March 22, 2022, SCBPK entered into two construction loan agreements with Community Housing Capital Inc. for the construction of the project in an amount not to

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exceed \$2,725,000. The loans have a term of 17 years with a two-year interest only period. During the two-year interest only period, the loans bore interest at a floating rate equal to LIBOR plus a spread of 3 percent, and interest payments were due monthly. Following the two-year interest only period, the loans have a 15-year permanent period and bear interest at 4.85 percent. During the permanent period, principal and interest are due monthly. The 15-year permanent period commenced on July 1, 2024, and the loans have a maturity date of July 1, 2039. As of December 31, 2024 and 2023, the balance of the loans were \$2,622,661 and \$2,549,629, respectively, which includes unamortized debt issuance costs of \$53,645 and \$57,433, respectively. During the years ended December 31, 2024 and 2023, interest of \$180,639 and \$233,584, respectively, was incurred, of which, \$0 and \$171,903, respectively, was capitalized and is included in rental property on the accompanying consolidated statements of financial position. Interest incurred includes interest expensed of \$180,639 and \$57,219, respectively, which includes amortization of debt issuance costs of \$3,788 and \$947, respectively. As of December 31, 2024 and 2023, accrued interest was \$10,817 and \$18,955, respectively, and is included in accrued interest payable on the accompanying consolidated statements of financial position.

On March 22, 2022, ABPK entered into a loan agreement with the FHFC under the CBDG-DR program in an amount not to exceed \$2,073,962. The loan is non-amortizing, non-interest bearing and has a term of 20 years and matures March 22, 2042. As of December 31, 2024 and 2023, the balance of the loan was \$2,044,929, and \$1,791,834, respectively, net of unamortized debt issuance costs of \$29,003 and \$0, respectively. During the years ended December 31, 2024 and 2023, interest incurred was \$1,675 and \$0, respectively, which was entirely comprised of amortization of debt issuance costs.

On March 22, 2022, ABPK entered into a loan agreement with Community Housing Capital Inc. for the construction of the project in an amount not to exceed \$425,000. The loan bears interest at 4.85 percent and has a maturity date of July 1, 2039, with payments of interest due monthly and principal due upon maturity over the life of the loan. As of December 31, 2024 and 2023, the balance of the loan was \$403,989 and \$392,937, respectively, which includes unamortized debt issuance costs of \$18,705 and \$0, respectively. During the years ended December 31, 2024 and 2023, interest of \$28,562 and \$27,749, respectively, was incurred, of which \$0 and \$27,749, respectively, was capitalized into construction in progress. Interest incurred includes interest expensed of \$31,621 and \$0, respectively, which includes amortization of debt issuance costs of \$3,192 and \$0, respectively. As of December 31, 2024 and 2023, accrued interest was \$1,708 and \$2,857, respectively, and is included in accrued interest payable on the accompanying consolidated statements of financial position.

In 2024, DSK and LSL combined into one entity under LSL. On March 16, 2023, LSL entered into a promissory note with Lower Keys Community Center Corp. in an amount not to exceed \$2,520,000. The loan bears interest at 4.5 percent, compounded annually, and matures at the earliest of December 31, 2024, or the construction loan closing date, as



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defined. As of December 31, 2024 and 2023, the balance of the loan was \$2,520,000 and \$2,520,000, respectively. During the years ended December 31, 2024 and 2023, interest of \$117,440 and \$89,776, respectively, was incurred. As of December 31, 2024 and 2023, accrued interest was \$207,216 and \$89,776, respectively, and is included in accrued interest payable on the accompanying consolidated statements of financial position.

Tax Credit Assistance Program (TCAP) Loans

On April 29, 2010, OGA-LTD entered into a TCAP agreement with the FHFC for an amount not to exceed \$3,430,567, consisting of a TCAP Loan ("TCAP Loan") of \$2,750,567 and a TCAP/Supplemental Loan ("Supplemental Loan") of \$680,000.

The TCAP Loan bore interest at a rate of zero percent through May 1, 2012 and is non-amortizing during the term of the note. Commencing on May 1, 2012, annual interest payments were due at a rate of .33% simple interest on the outstanding principal balance, subject to available cash flow, as defined. As of January 1, 2014, the for-profit borrower withdrew and the interest rate was reduced to 0 percent. Unpaid interest and principal is due on February 16, 2027.

The Supplemental Loan bears no interest and is non-amortizing during the term of the note, with a balloon payment due and payable on April 29, 2025. As of December 31, 2024 and 2023, the outstanding principal balance was \$3,426,846 and \$3,424,023, respectively, which includes unamortized debt issuance costs of \$3,721 and \$6,544, respectively. During the years ended December 31, 2024 and 2023, interest expense totaled \$2,823 and \$2,823, respectively, which is made up entirely of amortization of debt issuance costs, and is included in interest on mortgages payable on the accompanying consolidated statements of activities.

On April 7, 2010, CCA-LTD entered into a TCAP agreement with the FHFC for an amount not to exceed \$3,675,167, consisting of a TCAP Loan of \$2,995,167 and a Supplemental Loan of \$680,000.

The TCAP Loan bore interest at a rate of zero percent through May 1, 2012 and is non-amortizing during the term of the note. Commencing on May 1, 2012, annual interest payments were due, subject to available cash flow, as defined, at a blended rate of 1.0% simple interest per annum on the portion of the development determined by the FHFC to be owned by a for-profit borrower, and 0% interest on the portion of the development determined by the FHFC to be owned by a non-profit borrower on the outstanding principal balance. As of January 1, 2014, the for-profit borrower withdrew and the interest rate was reduced to 0 percent. Unpaid interest and principal is due on February 16, 2027.

The Supplemental Loan bears interest at a rate of 0% simple interest per annum on the outstanding principal balance and is non-amortizing during the term of the note, with a balloon payment due and payable on April 7, 2025. As of December 31, 2024 and 2023,

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the outstanding principal balance was \$3,673,750 and \$3,669,803, respectively, which includes unamortized debt issuance costs of \$1,417 and \$5,364, respectively. During the years ended December 31, 2024 and 2023, interest expense totaled \$3,947 and \$3,947, respectively, which is made up entirely of amortization of debt issuance costs, and is included in interest on mortgages payable on the accompanying consolidated statements of activities.

Tax Credit Exchange Program (TCEP) Loans

On April 29, 2010, OGA-LTD entered into a TCEP agreement with the FHFC for an amount not to exceed \$12,674,248. The TCEP loan bears no interest and is non-amortizing during the term of the note. As of December 31, 2024 and 2023, the outstanding principal balance was \$833,395 and \$1,699,482, respectively, which includes unamortized debt issuance costs of \$11,553 and \$20,416, respectively.

On April 7, 2010, CCA-LTD entered into a TCEP agreement with the FHFC for an amount not to exceed \$10,242,500. The TCEP loan bears interest at rate of zero percent and is non-amortizing during the term of the note. As of December 31, 2024 and 2023, the outstanding principal balance was \$669,802 and \$1,345,914, respectively, which includes unamortized debt issuance costs of \$13,036 and \$19,757, respectively.

Under the TCEP loan agreements, loan principal is forgiven annually over the 15-year tax credit compliance period. Forgiveness is subject to OGA-LTD and CCA-LTD maintaining compliance with Section 42. Prior to being forgiven the remaining outstanding portion of the loans that has not been forgiven is subject to repayment in the event OGA-LTD and CCA-LTD fail to maintain compliance. No principal payments are required to be paid during the loan terms. The loan agreements provide FHFC with a security interest in the buildings and improvements of the projects. The loans are subordinated to the first mortgages.

Loan proceeds funded with Section 1602 program funds are intended to assist with payment of development costs of LIHTC properties. In exchange for the funds received, OGA-LTD and CCA-LTD have agreed to operate their properties in accordance with Section 42. Under the American Recovery and Reinvestment Act, portions of the loans which have been forgiven are considered government assistance related to assets and are considered non-taxable income. OGA-LTD and CCA-LTD will record the portions of their loans which have been forgiven as a deferred liability which will be recognized as tax-exempt income based on the total amount of the loan expected to be forgiven on a straight line basis over the depreciable life of the buildings and improvements of the projects. The TCAP and TCEP loans are serviced by Seltzer Management Group, Inc.

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HOME Loans

On April 29, 2010, OGA-LTD entered into a HOME loan agreement with the FHFC for an amount not to exceed \$115,900. Effective January 1, 2014, Florida Housing reduced the interest rate to zero percent. The entire unpaid principal balance is due on February 16, 2030, the maturity date. As of December 31, 2024 and 2023, the outstanding principal balance was \$114,523 and \$111,439, respectively, which includes unamortized debt issuance costs of \$1,377 and \$4,461, respectively. During the years ended December 31, 2024 and 2023, interest expense totaled \$3,084 and \$3,084, respectively, which is made up entirely of amortization of debt issuance costs, and is included in interest on mortgages payable on the accompanying consolidated statements of activities.

On April 7, 2010, CCA-LTD entered into a HOME loan agreement with the FHFC, for an amount not to exceed \$130,000. Effective January 1, 2014, Florida Housing reduced the interest rate to zero percent. The entire unpaid principal balance is due on February 16, 2027, the maturity date. As of December 31, 2024 and 2023, the outstanding principal balance was \$126,985 and \$124,177, respectively, which includes unamortized debt issuance costs of \$3,015 and \$5,823, respectively. During the years ended December 31, 2024 and 2023, interest expense totaled \$2,808 and \$2,808, respectively, which is made up entirely of amortization of debt issuance costs, and is included in interest on mortgages payable on the accompanying consolidated statements of activities.

On October 21, 2016, OM entered into a promissory note with the Federal Home Loan Bank (FHLB) through the FHLB's Affordable Housing Subsidy Program (AHP) in the amount of \$440,000. The note is non-interest bearing, and if the AHP's prescribed conditions are met during the 15 year compliance period, the entire principal amount of the loan will be forgiven. The balance of the loan as of December 31, 2024 and 2023, was \$440,000 and \$440,000, respectively.

Notes and Mortgages Payable under PCSH are as follows:

On September 17, 2013, PCSH received a Capital Advance pursuant to Section 202 of the National Housing Act in the final endorsed amount of \$3,837,200 from HUD for costs related to the construction and development. Under the terms of the agreement, the project must remain available for very low-income elderly individuals/families as approved by HUD for no less than 40 years. Failure to do so could require all or a portion of the Capital Advance to be repaid to HUD. The Capital Advance has been recorded as a mortgage payable and has a final maturity date of November 1, 2056. The mortgage bears no interest and repayment is not required so long as the housing remains available for very low-income elderly individuals/families as approved by HUD. As of December 31, 2024 and 2023, \$3,837,200 and \$3,837,200, respectively, had been received.

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Notes and Mortgages Payable under FNPS are as follows:

EP has a mortgage note payable to the USDA, bearing interest at a rate of 1 percent per annum and maturing on February 11, 2043. Annual installments of principal and interest in the amount of \$11,303 are due beginning January 1, 2013, with any unpaid principal and interest due at maturity. The USDA mortgage is collateralized by a first lien on the land, buildings and improvements, and an assignment of leases, rents and profits of the Organization. The balance of the mortgage payable at December 31, 2024 and 2023 was \$185,214 and \$194,555, respectively. During the years ended December 31, 2024 and 2023, interest expense totaled \$1,943 and \$2,034, respectively, and is included in interest on mortgages payable on the accompanying consolidated statements of activities

EP entered into a mortgage note payable to the Florida Housing Finance Agency, State Apartment Incentive Loan Program (S.A.I.L.) with interest at zero percent, defaulting to 18 percent should occupancy by qualified occupants fall below 80 percent. Repayment of principal and interest is determined annually in August for the preceding calendar year by the Florida Housing Finance Agency, based upon actual cash flow of the Project, with final payment of principal and unpaid interest due February 2043. The balance of the mortgage payable at December 31, 2024 and 2023 was \$3,187,764 and \$3,187,764, respectively. The Florida Housing Finance Agency mortgage is collateralized by a second lien on the land, buildings and improvements.

Notes and Mortgages Payable under DCSH are as follows:

On December 23, 2020, DCSH entered into a construction loan with Community Housing Capital, Inc. in an amount not to exceed \$12,000,000, which is secured by a first priority mortgage on the property. During the construction phase, the note bears interest at the LIBOR Index Rate plus 2.10 percent. Beginning February 1, 2021, interest only payments are due during the construction phase, which has a term of 24 months. During the year ended December 31, 2023, the loan was paid in full. For the year ended December 31, 2024 and 2023, interest incurred totaled \$0 and \$346,009, respectively, which includes amortization of debt issuance costs of \$0 and \$4,306, respectively, and is included in interest on mortgages payable on the accompanying consolidated statements of activities. As of December 31, 2024 and 2023, there was no accrued interest.

On June 1, 2023, the construction loan converted to a permanent loan with CHC in the amount of \$3,600,000. The loan bears interest at a rate of 4.35 percent per annum and is secured by a first priority mortgage on the property. The loan requires monthly principal and interest payments in the amount of \$16,704 until it matures on December 23, 2037. As of December 31, 2024 and 2023, the principal balance was \$3,499,844 and \$3,543,075, respectively, which includes unamortized debt issuance costs of \$32,311 and \$34,799, respectively. For the year ended December 31, 2024 and 2023, interest expense totaled \$157,055 and \$92,521, respectively, which includes amortization of debt issuance

Rural Neighborhoods, Inc. and Its Affiliates

NOTES TO CONSOLIDATED FINANCIAL  
STATEMENTS - CONTINUED

December 31, 2024 and 2023

costs of \$2,488 and \$1,451, respectively. As of December 31, 2024 and 2023, accrued interest of \$12,804 and \$12,970, respectively, remained payable.

On May 24, 2021, DCSH entered into a construction loan with City of Gainesville in an amount not to exceed \$469,313. During the construction phase, which has a term of 24 months, the note bears interest at 0.00 percent. After the construction phase, the loan converts to a permanent non-amortizing 15-year loan and will bear interest at 1 percent. The interest only payments will be paid in one payment annually for 15 years with principal due in full at maturity. As of December 31, 2024 and 2023, the principal balance outstanding was \$469,313 and \$469,313, respectively. For the year ended December 31, 2024 and 2023, interest expense totaled \$6,648 and \$2,738, respectively. As of December 31, 2024 and 2023, accrued interest of \$0 and \$2,738, respectively, remained payable.

Notes and Mortgages Payable under ITNP are as follows:

On March 10, 2005, NHI entered into a \$600,000 loan agreement with RD under section 514 of the Federal Housing Act of 1949. The loan bears interest at a fixed rate of 1.00 percent per annum with a 30-year amortization period and is collateralized by the land, buildings and improvements. The loan requires annual principal and interest payments of \$22,605 until the principal and interest are fully paid with the final installment due and payable at the maturity date, March 10, 2038. For the years ended December 31, 2024 and 2023, interest expense was \$2,369 and \$1,922, respectively, and is included in interest on mortgages payable on the accompanying consolidated statements of activities. As of December 31, 2024 and 2023, the balance of the loan was \$216,645 and \$236,882, respectively. As of December 31, 2024 and 2023, accrued interest was \$195 and \$195, respectively, and is included in accrued interest payable on the accompanying consolidated statements of financial position.

NHI entered into a \$1,325,600 loan agreement with the Florida Housing Finance Corporation (FHFC). The loan matures on February 28, 2035. The loan is non-interest bearing with principal due at maturity. As of December 31, 2024 and 2023, the balance of the loan was \$1,325,600 and \$1,325,600, respectively.

On January 26, 1996, NHII entered into a \$1,716,000 loan agreement with RD under section 514 of the Federal Housing Act of 1949. The loan bears interest at a fixed rate of 1.00 percent per annum with a 33-year amortization period and is collateralized by the land, buildings and improvements. The loan required annual principal and interest payments of \$62,927 until maturity on January 26, 2029. On May 1, 2011, NHII entered into a reamortization agreement with RD. The reamortized principal amount of the loan was \$1,048,628. The agreement requires annual principal and interest payments of \$53,337 until maturity on January 26, 2034. For the years ended December 31, 2024 and 2023, interest expense was \$4,542 and \$4,966, respectively, and is included in interest on mortgages payable on the accompanying consolidated statements of activities. As of

Rural Neighborhoods, Inc. and Its Affiliates

NOTES TO CONSOLIDATED FINANCIAL  
STATEMENTS - CONTINUED

December 31, 2024 and 2023

December 31, 2024 and 2023, accrued interest of \$390 and \$390, respectively, remained payable and is included in accrued interest payable on the accompanying consolidated statements of financial position. As of December 31, 2024 and 2023, the balance of the loan was \$425,500 and \$474,295, respectively.

NHII entered into a \$1,910,814 loan agreement with the Florida Housing Finance Corporation (FHFC) for the construction of the project. This loan converted to a permanent HOME loan upon completion of construction and holds a second mortgage position. The loan is non-interest bearing with principal due at maturity. The loan matured January 4, 2016; however, an extension was granted to January 26, 2019. During the year ended December 31, 2023, another extension was granted to January 26, 2034. As of December 31, 2024 and 2023, the balance of the loan was \$1,667,439 and \$1,910,814, respectively.

On August 13, 1999, IRRH entered into a \$1,285,851 loan agreement with RD to provide funds for the construction of the project. The stated interest rate of 7.125 percent varies from the effective rate of 1.00 percent due to an interest subsidy provided by RHS. At December 31, 2024 and 2023, the outstanding balances were \$1,094,674 and \$1,109,339, respectively. The note is payable in monthly installments of principal and interest of \$2,731 and is expected to mature on August 31, 2049. Interest incurred on this note, net of the subsidy, during the years ended December 31, 2024 and 2023 was \$18,022 and \$17,040, respectively, and is included in interest on mortgages payable on the accompanying consolidated statements of activities. At December 31, 2024 and 2023, accrued interest was \$1,462 and \$1,549, respectively, and is included in accrued interest payable on the accompanying consolidated statements of financial position.

IRRH entered into a \$926,827 loan agreement, on February 16, 2000, with the Florida Housing Finance Corporation (FHFC) for the construction of the Project. This loan converted to a permanent HOME loan upon completion of construction and holds a second mortgage position. The loan originally matured on February 16, 2020. During the year ended December 31, 2023, FHFC extended the maturity date to February 1, 2034. As of December 31, 2024 and 2023, the principal balance was \$566,309 and \$926,827, respectively.

ITNP entered into various notes, along with first and second mortgages, with Martin County under the Neighborhood Stabilization Program (NSP) between 2010 and 2016. The loans are intended to be a benefit and not solely as an instrument to homeownership. Therefore, ITNP has agreed to maintain and own the property for the entire term of the mortgage. As long as ITNP remains in compliance with all of the covenants, conditions, and terms of the mortgage and the development agreement, no repayment of the note is required, and the mortgage will expire at the end of the term. ITNP currently has fifteen single family homes that fall under the NSP. The terms vary between fifteen and twenty years. As of December 31, 2024 and 2023, the balance of the notes payable was \$2,772,961 and \$2,772,961, respectively.

# Rural Neighborhoods, Inc. and Its Affiliates

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024 and 2023

The estimated aggregate principal maturities of the promissory and mortgage notes payable subsequent to December 31, 2024 are as follows:

	RNI	ECA	BCHC	LMHC	EHT	FNPS	DCSH	PWCSH	INP	RHAOC	Total
2025	\$ -	\$ 1,218,611	\$ 287,869	\$ 202,838	\$ 2,336,286	\$ 9,470	\$ 47,748	\$ -	\$ 86,688	\$ -	\$ 4,189,510
2026	2,000,000	635,737	290,452	204,890	141,878	9,566	49,867	-	88,640	-	3,421,030
2027	-	899,860	293,064	206,964	6,025,391	9,664	52,080	-	90,691	-	7,577,714
2028	-	384,764	264,127	209,059	157,867	9,762	54,391	-	92,848	-	1,172,818
2029	-	357,736	266,789	211,175	166,532	9,862	56,805	-	95,119	-	1,164,018
Thereafter	-	11,867,212	9,559,238	3,768,023	43,504,305	3,324,654	3,740,577	3,837,200	7,615,142	6,469,010	93,685,361
Total	2,000,000	15,363,920	10,961,539	4,802,949	52,332,259	3,372,978	4,001,468	3,837,200	8,069,128	6,469,010	111,210,451
Less unamortized debt issuance costs	-	(55,158)	(24,545)	(42,547)	(625,322)	-	(32,311)	-	-	-	(779,883)
	2,000,000	15,308,762	10,936,994	4,760,402	51,706,937	3,372,978	3,969,157	3,837,200	8,069,128	6,469,010	110,430,568
Less current maturities	-	(1,218,611)	(287,869)	(202,838)	(2,336,286)	(9,470)	(47,748)	-	(86,688)	-	(4,189,510)
Net long-term portion	\$ 2,000,000	\$ 14,090,151	\$ 10,649,125	\$ 4,557,564	\$ 49,370,651	\$ 3,363,508	\$ 3,921,409	\$ 3,837,200	\$ 7,982,440	\$ 6,469,010	\$ 106,241,058

All loans noted above are secured by the underlying value of the real estate collateral, improvements, easements of other interests, assignments of rents and leases and personal property.

### NOTE 7 - ASSET MANAGEMENT FEE

FHFC, in its capacity as asset manager of the OGA-LTD and CCA-LTD projects, is to be paid an annual cumulative asset management fee of \$3,000 per project, per year, commencing on the closing dates. The asset management fee is paid to the FHFC or the appointed loan servicer for reviewing informational reports, financial statements, and other financial, program, and compliance reports as required by TCAP. The fee is payable to the extent of available cash flow and unpaid fees accrue without interest. During the years ended December 31, 2024 and 2023, asset management fees of \$3,000 and \$3,000, respectively, were incurred by OGA-LTD and \$3,000 and \$3,000, respectively, remained payable. During the years ended December 31, 2024 and 2023, asset management fees of \$3,000 and \$3,000, respectively, were incurred by CCA-LTD and \$3,000 and \$3,000, respectively, remained payable. These amounts are included in accrued expenses on the accompanying consolidated statements of financial position, and the expenses are included in project administration on the accompanying consolidated statements of activities.

### NOTE 8 - PARTNER'S CAPITAL CONTRIBUTIONS

#### Oaks at Shannon's Crossing, LP

Pursuant to the partnership agreement, the withdrawing limited partner of OSC was required to make capital contributions of \$9,455,565. As of December 31, 2024 and 2023, the withdrawing limited partner had made capital contributions of \$9,455,565 and \$9,455,565, respectively, less a downward tax credit adjuster of \$435,118 received during 2009. In addition to the required capital contributions, during the year ended December 31, 2019, OSC received a capital contribution from SCL of \$1,690,364 to pay the deferred developer fee and outstanding interest in full.

Rural Neighborhoods, Inc. and Its Affiliates

NOTES TO CONSOLIDATED FINANCIAL  
STATEMENTS - CONTINUED

December 31, 2024 and 2023

Eden Gardens Apartments, LLC

Pursuant to the partnership agreement, the limited partner of EGALLC is required to make capital contributions of \$2,840,716 less a downward adjuster of \$5,247. As of December 31, 2024 and 2023, the limited partner had made contributions of \$3,237,687 and \$3,237,687, respectively. The total capital contribution required by the limited partner is subject to adjustment if certain annual tax credit benchmarks are not attained, as defined. During the year ended December 31, 2023, the limited partner sold its partnership interest to the managing member who then transferred all interest to BCHC. BCHC is now the sole member.

Orchid Grove Apartments, Ltd.

Pursuant to the partnership agreement, the partners of OGA-LTD are required to make aggregate capital contributions totaling \$100. The limited partner is required to make a capital contribution of \$99.99, which remains payable as of December 31, 2024 and 2023. The managing general partner is required to make a capital contribution of \$0.0033 and OA is required to make a capital contribution of \$0.0067, which has been paid as of December 31, 2024 and 2023.

Cypress Cove Apartments, Ltd.

Pursuant to the partnership agreement, the partners of CCA-LTD are required to make aggregate capital contributions totaling \$100. The limited partner is required to make a capital contribution of \$99.99, the special limited partner is required to make a capital contribution of \$0.0033, and CC is required to make a capital contribution of \$0.0067. As of December 31, 2024 and 2023, the capital contributions owed by the limited partner have not been paid. Upon achievement of stabilization, the limited partner was required to contribute an additional \$650 to CCA-LTD. During 2011, this additional contribution was paid.

Deer Creek Senior Housing, LLLP

Pursuant to the amended and restated agreement of limited liability limited partnership agreement, the general partners of DCSH are required to make capital contributions of \$100 totaling in aggregate \$200. The administrative limited partner is required to make a capital contribution of \$100, and the investor limited partner is required to make capital contributions of \$11,630,722. As of December 31, 2024 and 2023, the capital contributions owed by the general partners had not been paid. As of December 31, 2024 and 2023, cumulative capital contributions of \$100 and \$100, respectively, had been paid by the administrative limited partner. As of December 31, 2024 and 2023, cumulative capital contributions of \$10,033,907 and \$10,033,907, respectively, had been paid by the investor limited partner, which is net of cumulative syndication costs of \$60,000 and \$60,000, respectively. A contribution of \$1,597,115 by the Investor Limited Partner is pending disbursement with an estimated downward adjuster of \$239,629. Pending benchmarks



Rural Neighborhoods, Inc. and Its Affiliates

NOTES TO CONSOLIDATED FINANCIAL  
STATEMENTS - CONTINUED

December 31, 2024 and 2023

include rental achievement, as defined, receipt of 8609 and first credit year K-1's and final tax return.

NOTE 9 - PENSION PLAN

The Corporation has a 401(k) profit sharing plan (the Plan) for the exclusive benefit of its employees. The Plan covers all employees who have attained the age of 21 and completed three months of service. The Corporation provides qualified non-elective contributions of 3 percent of compensation for all eligible employees. Additional discretionary contributions of 4.3 percent of compensation up to \$21,000 and 8.6 percent of compensation in excess of \$21,000 may be made by the Corporation. The additional contributions vest proportionately over a three-year period. The Corporation's contributions for the years ended December 31, 2024 and 2023 were \$293,331 and \$276,965, respectively, and are included in project administration expenses on the accompanying consolidated statements of activities.

NOTE 10 - PROPERTY MANAGEMENT FEES

Professional Management, Inc. is an unrelated management company that oversees the operations of DCSH, OGA-LTD, and CCA-LTD. The current management agreements for DCSH, OGA-LTD, and CCA-LTD provide for monthly fees equal to the greater of \$3,500 or 5 percent of gross collections, as defined. For the years ended December 31, 2024 and 2023, property management fees of \$164,006 and \$149,460, respectively, were incurred and \$319 and \$399, respectively, remained payable and are included in accrued expenses on the accompanying consolidated statements of financial position.

NHI, NHII, and IRRH entered into a management agreement with Southwind Management Services, Inc. (SMS) to oversee the operation of the projects. As of June 1, 2023, property management was transferred over from SMS to Everglades Housing Group (EHG). SMS received a fee per occupied unit per month for its role as property manager, which is based on the approved RD per occupied unit per month amount for Florida properties. For the years ended December 31, 2024 and 2023, the monthly fee per unit was \$75 and \$70, respectively. For the years ended December 31, 2024 and 2023, a monthly add-on fee of \$5 per unit, allowed by RD, was included in the approved budget. Property management fees incurred for the years ended December 31, 2024 and 2023 were \$131,250 and \$124,704, respectively. As of December 31, 2024 and 2023, \$11,325 and \$9,484, respectively, remained payable.

NOTE 11 - SALE OF PROPERTY

During the year ended December 31, 2022, BR purchased a commercial office building from Indiantown NFP, Inc., a related party, and transferred the assets at net book value. During the year ended December 31, 2023, BR sold the commercial office building to a third party for a purchase price of \$1,060,000 and one vacant lot to a third party for a purchase price of \$17,500 with a gain on the sale of real property of \$206,614, which is included in gain on sale of real property on the accompanying consolidated statements of activities.

Rural Neighborhoods, Inc. and Its Affiliates

NOTES TO CONSOLIDATED FINANCIAL  
STATEMENTS - CONTINUED

December 31, 2024 and 2023

On August 19, 2024, FNPS sold a piece of property consisting of a parcel of land, building, and equipment to an unrelated party. The transaction amounted to a total consideration of \$250,000 with a gain on the sale of real property of \$160,325, which is included in gain on sale of real property on the accompanying consolidated statements of activities.

On July 31, 2024, BR sold a parcel of land to an unrelated party. The transaction amounted to a total consideration of \$35,000 with a gain on the sale of real property of \$27,815, which is included in gain on sale of real property on the accompanying consolidated statements of activities.

On July 31, 2024, BR sold a parcel of land to an unrelated party. The transaction amounted to a total consideration of \$35,000 with a gain on the sale of real property of \$27,816, which is included in gain on sale of real property on the accompanying consolidated statements of activities.

On December 19, 2024, BR sold a parcel of land to an unrelated party. The transaction amounted to a total consideration of \$475,000 with a gain on the sale of real property of \$121,097, which is included in gain on sale of real property on the accompanying consolidated statements of activities.

NOTE 12 - GRANTS

On December 14, 2021, OM entered into a rental rehabilitation grant agreement as part of the State Housing Initiatives Program (SHIP) with Collier County and was awarded up to \$450,000. The period of performance to satisfy the grant conditions is from December 14, 2021 through December 31, 2023. During the years ended December 31, 2024 and 2023, OM incurred rehabilitation costs of \$0 and \$443,580, respectively, which have been recorded to rental property on the accompanying consolidated statements of financial position and the related grant was deferred and matched with depreciation of the asset. As of December 31, 2024 and 2023, \$0 and \$443,580, respectively, of the grant remained receivable and is included in grant receivables on the accompanying consolidated statements of financial position.

On July 22, 2024, RHAOC entered into a grant agreement with Collier Community Foundation, Inc. (CCF) and was awarded \$6,858,302 to assist with the development and construction of the project. The period of performance to satisfy the grant conditions is November 10, 2020, through December 31, 2026. As of December 31, 2024 and 2023, RHAOC incurred grant-eligible costs of \$11,030,799 and \$1,653,827, respectively, which have been recorded to rental property and reserves on the accompanying consolidated statements of financial position. During the years ended December 31, 2024 and 2023, grant income of \$6,171,972 and \$438,830, respectively, was earned and is included in grant revenue on the accompanying consolidated statements of activities. As of December 31, 2024 and 2023, \$3,085,986 and \$0, respectively, of the grant remained receivable and is included in grant receivables on the accompanying consolidated statements of financial position.

Rural Neighborhoods, Inc. and Its Affiliates

NOTES TO CONSOLIDATED FINANCIAL  
STATEMENTS - CONTINUED

December 31, 2024 and 2023

On July 22, 2024, RHAOC entered into a grant agreement with Riverside at Moorings Park, Incorporated (RSMP) and was awarded \$3,141,698 to assist with the development and construction of the project. The period of performance to satisfy the grant conditions is November 10, 2020 through December 31, 2026. As of December 31, 2024 and 2023, RHAOC incurred grant-eligible costs of \$11,030,799 and \$1,653,827, respectively, which have been recorded to rental property and reserves on the accompanying consolidated statements of financial position. During the years ended December 31, 2024 and 2023, grant income of \$2,827,528 and \$314,170, respectively, was earned and is included in grant revenue on the accompanying consolidated statements of activities. As of December 31, 2024 and 2023, \$1,413,764 and \$0, respectively, of the grant remained receivable and is included in grant receivables on the accompanying consolidated statements of financial position.

NOTE 13 - LEGAL SETTLEMENT

On January 1, 2023, a shooting took place at EFV that resulted in significant injuries to a tenant's guest. On March 4, 2024, an affidavit and release of all claims was executed by the tenant's guest releasing and discharging Rural Neighborhood, Inc., ECA, et. Al, and Burling Insurance Company from damages, as defined, in exchange for a settlement of \$2,000,000, of which \$494,089 will be paid from insurance proceeds. During the year ended December 31, 2023, a loss contingency of \$1,505,911 has been recorded by EFV and is included in professional service fees on the accompanying statements of activities. The settlement amounts will be paid as follows:

- One million dollars within 20 days of March 4, 2024;
- Five hundred thousand dollars no later than 60 days from March 4, 2024;
- Two hundred fifty thousand dollars to be paid no later than March 1, 2025;
- Two hundred fifty thousand dollars to be paid no later than March 1, 2026;

NOTE 14 - CONCENTRATION OF CREDIT RISK

The Corporation maintains its cash, restricted deposits, and reserves with financial institutions. The bank balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 at each bank. At times, these balances may exceed the federal insurance limits; however, the Partnership has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to the balances as of December 31, 2024 and 2023. As of December 31, 2024 and 2023, the cash balances of the Corporation exceed the FDIC insured limit by \$22,764,187 and \$29,185,133, respectively.

Rural Neighborhoods, Inc. and Its Affiliates

NOTES TO CONSOLIDATED FINANCIAL  
STATEMENTS - CONTINUED

December 31, 2024 and 2023

NOTE 15 - CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

The Corporation's principal assets are its rental units. The Corporation's operations are concentrated in the affordable housing real estate market. In addition, the Corporation operates in a heavily regulated environment. The operations of the projects are subject to the administrative directives, rules, and regulations of federal, state and local regulatory agencies, including, but not limited to, Rural Development and the State Housing Agency. Such administrative directives, rules and regulations are subject to change by an Act of Congress or an administrative change mandated by Rural Development or the State Housing Agency. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden to comply with a change.

NOTE 16 - LIQUIDITY AND AVAILABILITY OF RESOURCES

RNI's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

Cash and cash equivalents	\$ 20,788,214
Accounts receivable - tenants	24,811
Rental assistance receivables	376,987
Miscellaneous receivables	27,910
Grant receivables	4,499,750
Prepaid expenses	1,686,903
Total current assets	<u>\$ 27,404,575</u>

RNI manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures in meeting its liabilities and other obligations as they come due. RNI maintains financial assets on hand to meet 60 days of normal operating expenses.

NOTE 17 - COMMITMENTS AND CONTINGENCIES

Farm Labor Requirement

In accordance with the loan agreements with the USDA, EFV, OSC, MSV, EGALLC, and MV designated their projects as farm labor projects. 100 percent of the EFV, OSC, MSV and EGALLC units and 62 of the MV units must be rented to eligible farm workers, as defined. In 2013, the USDA granted OSC a permanent exemption from this requirement.

Operating Deficit Guaranty

In connection with the development of the tax credit project, SCL is required to loan the respective partnerships amounts to cover operating deficits for 36 months following rental

Rural Neighborhoods, Inc. and Its Affiliates

NOTES TO CONSOLIDATED FINANCIAL  
STATEMENTS - CONTINUED

December 31, 2024 and 2023

achievement, as defined. The maximum amount of operating loans ranges from \$175,000 to \$325,000 and advances are repayable only from available cash flows, as defined. The operating deficit expired on February 28, 2012. Any loan made after that date is considered a due to affiliate. As of December 31, 2024 and 2023, no operating loans have been made.

Pursuant to the mortgage loan documents, OA and CC are required to advance funds to their respective partnerships to cover operating deficits of the related projects. OA and CC are liable to fund 20% of any operating deficits of their respective partnerships, until such time that the managing general partners are released from their guarantees under the mortgage loan documents by the FHFC. Any advances will be treated as subordinate loans repayable with interest. As of December 31, 2024 and 2023, no operating deficit advances have been made.

Pursuant to the partnership agreement, CSS is required to loan EGALLC amounts not to exceed \$200,000 to cover operating deficits of the project beginning with the achievement of breakeven operations, as defined, and continuing for five years or the achievement of a debt coverage ratio of 1 to 1 over a consecutive 12-month period, whichever is later. Operating deficit advances are non-interest bearing and are repayable only from available cash flows, as defined. As of December 31, 2024 and 2023, no operating deficit advances have been made.

Development Deficit Guaranty

SCL, CSS, OA, and CC have guaranteed the performance and payment obligations of the developer under the development agreement to the respective partnerships and their limited partners. As of December 31, 2024 and 2023, no development deficit advances have been made.

Exchange Funds

The exchange funds of the affordable housing partnerships are contingent on their ability to maintain compliance with applicable sections of Section 42. Failure to maintain compliance with occupant eligibility, and/or unit gross rent, or to correct noncompliance within a specified time period could result in repayment of exchange funds.

Low-income Housing Tax Credits

The low-income housing tax credits of the affordable housing partnerships are contingent on their ability to maintain compliance with applicable sections of Section 42 of the Internal Revenue Code. Failure to maintain compliance with tenant income eligibility and rent limits or to correct instances of noncompliance within a reasonable time period could result in recapture of previously claimed tax credits plus interest. In addition, any such noncompliance, if it were to occur, likely would result in an adjustment to the contributed capital of the limited partners.

Rural Neighborhoods, Inc. and Its Affiliates

NOTES TO CONSOLIDATED FINANCIAL  
STATEMENTS - CONTINUED

December 31, 2024 and 2023

NOTE 18 - SUBSEQUENT EVENTS

Events that occur after the consolidated statement of financial position date but before the consolidated financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the consolidated statement of financial position date are recognized in the accompanying consolidated financial statements. Subsequent events which provide evidence about conditions that existed after the consolidated statement of financial position date, require disclosure in the accompanying notes. Management evaluated the activity of the Corporation through June 5, 2025 (the date the consolidated financial statements were available to be issued) and concluded that no subsequent events have occurred except as noted below, that would require recognition in the consolidated financial statements or disclosure in the notes to the consolidated financial statements.

## SUPPLEMENTAL INFORMATION

# Rural Neighborhoods, Inc. and Its Affiliates

## CONSOLIDATING STATEMENT OF FINANCIAL POSITION

December 31, 2024

ASSETS	RNI	ECA	BCHC	LMHC	EHT	EHG	PCSH	FNPS	DCSH	FKLT	RHSL	RHAOC	ITNP	Eliminations	Total
<b>CURRENT ASSETS</b>															
Cash and cash equivalents	\$ 12,991,454	\$ 1,323,836	\$ 351,144	\$ 334,686	\$ 1,402,760	\$ 1,111,015	\$ 44,855	\$ 317,706	\$ 330,386	\$ 511,105	\$ 5,392	\$ 1,849,598	\$ 214,277	\$ -	\$ 20,788,214
Accounts receivable - tenants	-	7,015	262	2,868	5,458	-	440	236	6,570	-	-	-	1,962	-	24,811
Rental assistance receivables	-	217,018	59,019	31,226	1,514	-	-	13,216	-	-	-	-	54,994	-	376,987
Miscellaneous receivables	23,357	-	-	-	-	3,423	-	-	-	-	-	-	1,130	-	27,910
Grant receivables	-	-	-	-	-	-	-	-	-	-	-	4,499,750	-	-	4,499,750
Due from affiliates	44,821	-	-	-	652,077	1,724,212	-	-	-	-	-	-	-	(2,421,110)	-
Notes receivable - affiliates	8,132,165	800,000	-	-	-	-	-	-	-	-	-	-	45,000	(8,977,165)	-
Developer fee receivable	2,335,623	-	-	-	-	-	-	-	-	-	-	-	96,585	(2,432,208)	-
Prepaid expenses	288,468	600,432	91,413	81,042	394,845	52,569	17,829	28,056	30,557	8,496	-	-	93,196	-	1,686,903
<b>Total current assets</b>	<b>23,815,888</b>	<b>2,948,301</b>	<b>501,838</b>	<b>449,822</b>	<b>2,456,654</b>	<b>2,891,219</b>	<b>63,124</b>	<b>359,214</b>	<b>367,513</b>	<b>519,601</b>	<b>5,392</b>	<b>6,349,348</b>	<b>507,144</b>	<b>(13,830,483)</b>	<b>27,404,575</b>
<b>RESTRICTED DEPOSITS AND FUNDED RESERVES</b>															
Tenant security deposits	-	272,700	83,733	46,700	360,797	-	7,643	21,900	43,420	5,693	-	-	84,018	-	926,604
Mortgage escrows	-	1,323,330	317,048	177,657	575,874	-	32,642	100,525	-	7,495	-	-	289,489	-	2,824,060
Replacement reserve	-	1,430,128	177,694	145,956	832,201	-	61,837	378,193	27,900	27,050	-	-	147,893	-	3,228,852
Debt Service reserve	-	197,144	1,224,791	33,292	53,883	-	-	603	-	-	-	1,494,900	520,803	-	3,525,416
Operating reserve	-	27,747	-	-	956,930	-	-	64,003	-	-	-	-	-	-	1,048,680
Other reserves	-	-	38,397	67,173	62,690	-	23,318	-	-	-	-	2,352,080	-	-	2,543,658
<b>Total restricted deposits and funded reserves</b>	<b>-</b>	<b>3,251,049</b>	<b>1,841,663</b>	<b>470,778</b>	<b>2,842,375</b>	<b>-</b>	<b>125,440</b>	<b>565,224</b>	<b>71,320</b>	<b>40,238</b>	<b>-</b>	<b>3,846,980</b>	<b>1,042,203</b>	<b>-</b>	<b>14,097,270</b>
<b>PROPERTY AND EQUIPMENT</b>															
Land	-	2,709,569	1,013,486	372,195	8,736,298	-	348,000	535,000	863,073	687,036	-	-	1,552,706	-	16,817,363
Land improvements	-	4,781,218	2,247,640	1,014,471	3,959,548	-	137,037	-	716,356	-	-	-	31,499	-	12,887,769
Buildings and improvements	-	72,015,551	23,442,203	10,901,996	56,051,466	-	3,917,625	5,808,938	13,818,199	1,077,802	-	-	16,154,532	(8,229,634)	194,958,678
Furniture and equipment	37,063	1,437,834	513,961	294,050	3,144,420	362,733	200,549	83,003	622,494	25,232	-	-	966,321	-	7,687,660
Construction in progress	1,357,693	-	-	-	1,689,321	-	-	-	-	7,102	19,608	8,788,346	157,826	(500,000)	11,519,896
<b>Total property and equipment</b>	<b>1,394,756</b>	<b>80,944,172</b>	<b>27,217,290</b>	<b>12,582,712</b>	<b>73,581,053</b>	<b>362,733</b>	<b>4,603,211</b>	<b>6,426,941</b>	<b>16,020,122</b>	<b>1,797,172</b>	<b>19,608</b>	<b>8,788,346</b>	<b>18,862,884</b>	<b>(8,729,634)</b>	<b>243,871,366</b>
<b>Less accumulated depreciation</b>	<b>(10,805)</b>	<b>(38,711,330)</b>	<b>(11,613,880)</b>	<b>(5,590,422)</b>	<b>(13,901,154)</b>	<b>(251,352)</b>	<b>(873,653)</b>	<b>(2,930,687)</b>	<b>(1,052,052)</b>	<b>(145,465)</b>	<b>-</b>	<b>-</b>	<b>(10,518,176)</b>	<b>-</b>	<b>(85,598,976)</b>
<b>Total property and equipment, net</b>	<b>1,383,951</b>	<b>42,232,842</b>	<b>15,603,410</b>	<b>6,992,290</b>	<b>59,679,899</b>	<b>111,381</b>	<b>3,729,558</b>	<b>3,496,254</b>	<b>14,968,070</b>	<b>1,651,707</b>	<b>19,608</b>	<b>8,788,346</b>	<b>8,344,708</b>	<b>(8,729,634)</b>	<b>158,272,390</b>
<b>OTHER ASSETS</b>															
Other deposits	1,700	1,037	3,275	5,544	84,813	-	-	325	1,217	-	-	5,001	1,596	-	104,508
Tax credit monitoring fees, net	-	-	-	-	68,985	-	-	-	319,548	-	-	-	-	-	388,533
Right of use asset	-	-	-	-	2,722,701	-	-	-	-	-	-	-	-	-	2,722,701
Investment in debt securities	2,006,975	-	-	-	-	-	-	-	-	-	-	-	-	-	2,006,975
Other assets	3,055,048	-	-	-	-	5,000	-	-	-	-	-	-	-	(3,019,041)	41,007
<b>Total other assets</b>	<b>5,063,723</b>	<b>1,037</b>	<b>3,275</b>	<b>5,544</b>	<b>2,876,499</b>	<b>5,000</b>	<b>-</b>	<b>325</b>	<b>320,765</b>	<b>-</b>	<b>-</b>	<b>5,001</b>	<b>1,596</b>	<b>(3,019,041)</b>	<b>5,263,724</b>
<b>Total assets</b>	<b>\$ 30,263,562</b>	<b>\$ 48,433,229</b>	<b>\$ 17,950,186</b>	<b>\$ 7,918,434</b>	<b>\$ 67,855,427</b>	<b>\$ 3,007,600</b>	<b>\$ 3,918,122</b>	<b>\$ 4,421,017</b>	<b>\$ 15,727,668</b>	<b>\$ 2,211,546</b>	<b>\$ 25,000</b>	<b>\$ 18,989,675</b>	<b>\$ 9,895,651</b>	<b>\$ (25,579,158)</b>	<b>\$ 205,037,959</b>

(continued)



# Rural Neighborhoods, Inc. and Its Affiliates

## CONSOLIDATING STATEMENT OF FINANCIAL POSITION - CONTINUED

December 31, 2024

	RNI	ECA	BCHC	LMHC	EHT	EHG	PCSH	FNPS	DCSH	FKLT	RHSL	RHAOC	ITNP	Eliminations	Total
<u>LIABILITIES AND NET ASSETS</u>															
<b>CURRENT LIABILITIES</b>															
Accounts payable	\$ 74,785	\$ 542,082	\$ 101,206	\$ 158,754	\$ 408,855	\$ 39,624	\$ 33,162	\$ 25,844	\$ 36,308	\$ 3,936	\$ -	\$ 11,054	\$ 735,858	\$ (1,836,110)	\$ 335,358
Accrued expenses	35,404	112,499	60,386	35,714	157,560	263,708	7,950	20,245	14,087	2,000	-	-	4,926	-	714,479
Accrued interest payable	17,487	394,642	369,201	203,709	470,346	-	-	64	12,804	-	-	109,627	3,209	-	1,581,089
Related party fees payable	-	-	-	-	-	-	-	-	86,250	-	-	-	-	-	86,250
Construction costs payable	857	-	-	-	797	-	-	-	-	-	-	-	-	-	1,654
Loss contingency - current	-	250,000	-	-	-	-	-	-	-	-	-	-	-	-	250,000
Current portion of mortgages payable	-	1,218,611	287,869	202,838	2,336,286	-	-	9,470	47,748	-	-	-	86,688	-	4,189,510
Total current liabilities	128,533	2,517,834	818,662	601,015	3,373,844	303,332	41,112	55,623	197,197	5,936	-	120,681	830,681	(1,836,110)	7,158,340
<b>DEPOSITS AND PREPAID LIABILITY</b>															
Tenant security deposits	-	272,700	83,733	46,700	360,797	-	7,643	21,900	43,420	5,693	-	-	84,018	-	926,604
Prepaid rent	-	110,990	10,813	55,302	90,279	-	3,743	8,089	22,286	1,775	-	-	8,119	-	311,396
Total deposits and prepaid liability	-	383,690	94,546	102,002	451,076	-	11,386	29,989	65,706	7,468	-	-	92,137	-	1,238,000
<b>LONG-TERM LIABILITIES</b>															
Developer fee payable	-	52,228	214,589	-	1,099,203	-	-	-	1,559,384	-	-	500,000	153,784	(2,856,155)	723,033
Notes payable - affiliate	-	794,000	2,213,606	-	2,686,836	-	-	102,723	1,710,000	-	25,000	1,900,000	130,000	(9,562,165)	-
Loss contingency - long term	-	250,000	-	-	-	-	-	-	-	-	-	-	-	-	250,000
Deferred revenue	-	-	-	-	13,368,096	-	-	-	-	-	-	-	-	-	13,368,096
Mortgages payable	2,000,000	14,090,151	10,649,125	4,557,564	49,370,651	-	3,837,200	3,363,508	3,921,409	-	-	6,469,010	7,982,440	-	106,241,058
Total long-term liabilities	2,000,000	15,186,379	13,077,320	4,557,564	66,524,786	-	3,837,200	3,466,231	7,190,793	-	25,000	8,869,010	8,266,224	(12,418,320)	120,582,187
Total liabilities	2,128,533	18,087,903	13,990,528	5,260,581	70,349,706	303,332	3,889,698	3,551,843	7,453,696	13,404	25,000	8,989,691	9,189,042	(14,254,430)	128,978,527
<b>NET ASSETS</b>															
Without donor restrictions - non-controlling interest	-	-	-	-	2,452,676	-	-	-	8,274,057	-	-	-	(13,590)	-	10,713,143
Without donor restrictions - controlling interest	28,135,029	30,345,326	3,959,658	2,657,853	(4,946,955)	2,704,268	28,424	869,174	(85)	2,198,142	-	9,999,984	720,199	(11,324,728)	65,346,289
Net assets without donor restrictions	28,135,029	30,345,326	3,959,658	2,657,853	(2,494,279)	2,704,268	28,424	869,174	8,273,972	2,198,142	-	9,999,984	706,609	(11,324,728)	76,059,432
Total net assets	28,135,029	30,345,326	3,959,658	2,657,853	(2,494,279)	2,704,268	28,424	869,174	8,273,972	2,198,142	-	9,999,984	706,609	(11,324,728)	76,059,432
Total liabilities and net assets	\$ 30,263,562	\$ 48,433,229	\$ 17,950,186	\$ 7,918,434	\$ 67,855,427	\$ 3,007,600	\$ 3,918,122	\$ 4,421,017	\$ 15,727,668	\$ 2,211,546	\$ 25,000	\$ 18,989,675	\$ 9,895,651	\$ (25,579,158)	\$ 205,037,959

(continued)

# Rural Neighborhoods, Inc. and Its Affiliates

## CONSOLIDATING STATEMENT OF FINANCIAL POSITION - CONTINUED

December 31, 2023

ASSETS	RNI	ECA	BCHC	LMHC	EHT	EHG	PCSH	FNPS	DCSH	FKLT	RHSL	RHAOC	ITNP	Eliminations	Total
<b>CURRENT ASSETS</b>															
Cash and cash equivalents	\$ 13,994,406	\$ 1,244,796	\$ 300,571	\$ 234,833	\$ 1,607,203	\$ 966,768	\$ 11,719	\$ 323,917	\$ 241,363	\$ 494,049	\$ 13,500	\$ 31,658	\$ 90,104	\$ -	\$ 19,554,887
Accounts receivable - tenants	-	15,925	7,237	1,551	12,384	-	-	651	14,757	195	-	-	26,104	-	78,806
Rental assistance receivables	-	181,312	49,169	25,815	12	-	431	13,632	-	-	-	-	46,317	-	316,688
Miscellaneous receivables	-	-	-	-	-	-	-	-	-	-	-	-	662	-	662
Grant receivables	144,387	-	-	-	443,580	-	-	-	-	-	-	-	-	-	587,967
Due from affiliates	89,277	-	-	-	777,077	1,222,034	-	-	-	-	-	-	-	(2,088,388)	-
Notes receivable - affiliates	9,063,400	800,000	-	-	-	-	-	-	-	-	-	-	45,000	(9,908,400)	-
Developer fee receivable	1,810,877	-	-	-	-	-	-	-	-	-	-	-	96,585	(1,907,462)	-
Prepaid expenses	163,043	456,048	68,180	64,428	265,642	50,011	14,552	20,607	21,644	7,073	-	-	14,870	-	1,146,098
Total current assets	25,265,390	2,698,081	425,157	326,627	3,105,898	2,238,813	26,704	358,807	277,764	501,317	13,500	31,658	319,642	(13,904,250)	21,685,108
<b>RESTRICTED DEPOSITS AND FUNDED RESERVES</b>															
Tenant security deposits	-	270,400	78,525	45,200	353,478	-	7,092	22,275	45,049	5,693	-	-	83,302	-	911,014
Mortgage escrows	-	1,098,222	262,475	150,303	648,416	-	27,943	89,442	-	5,442	-	-	136,800	-	2,419,043
Replacement reserve	-	1,953,249	199,250	101,064	878,623	-	75,326	328,219	9,300	-	-	-	873,297	-	4,418,328
Debt Service reserve	-	147,590	1,102,191	31,293	-	-	-	561	-	-	-	-	1,091,301	-	2,372,936
Operating reserve	-	27,489	-	-	942,931	-	-	63,741	-	-	-	-	-	-	1,034,161
Other reserves	-	-	60,152	59,123	59,849	-	23,266	-	-	-	-	-	-	-	202,390
Total restricted deposits and funded reserves	-	3,496,950	1,702,593	386,983	2,883,297	-	133,627	504,238	54,349	11,135	-	-	2,184,700	-	11,357,872
<b>PROPERTY AND EQUIPMENT</b>															
Land	-	2,709,569	1,013,486	372,195	9,053,580	-	348,000	535,000	863,073	687,036	-	-	1,552,706	-	17,134,645
Land improvements	-	4,781,218	2,247,640	1,014,471	3,758,238	-	137,037	-	716,356	-	-	-	31,499	-	12,686,459
Buildings and improvements	-	71,960,472	23,435,203	10,896,522	54,158,238	-	3,917,625	5,890,035	13,895,487	1,077,802	-	-	15,805,202	(7,748,641)	193,287,945
Furniture and equipment	12,239	1,185,770	426,746	272,800	3,043,999	321,486	187,609	73,036	622,494	9,977	-	-	874,666	-	7,030,822
Construction in progress	1,357,693	-	-	-	3,681,443	-	-	-	-	7,102	11,500	1,653,827	221,150	-	6,932,715
Total property and equipment	1,369,932	80,637,029	27,123,075	12,555,988	73,695,498	321,486	4,590,271	6,498,071	16,097,410	1,781,917	11,500	1,653,827	18,485,223	(7,748,641)	237,072,586
Less accumulated depreciation	(9,756)	(36,612,800)	(10,856,308)	(5,258,449)	(12,035,213)	(226,704)	(765,821)	(2,728,580)	(535,875)	(117,757)	-	-	(10,418,176)	-	(79,565,439)
Total property and equipment, net	1,360,176	44,024,229	16,266,767	7,297,539	61,660,285	94,782	3,824,450	3,769,491	15,561,535	1,664,160	11,500	1,653,827	8,067,047	(7,748,641)	157,507,147
<b>OTHER ASSETS</b>															
Other deposits	1,700	1,537	3,275	5,544	107,406	-	-	325	1,067	-	-	-	1,430	-	122,284
Tax credit monitoring fees, net	-	-	1,764	-	58,013	-	-	-	143,138	-	-	-	-	-	202,915
Right of use asset	-	-	-	-	2,765,778	-	-	-	-	-	-	-	-	-	2,765,778
Other assets	3,051,984	-	-	-	-	-	-	-	-	-	-	-	-	(3,019,041)	32,943
Total other assets	3,053,684	1,537	5,039	5,544	2,931,197	-	-	325	144,205	-	-	-	1,430	(3,019,041)	3,123,920
<b>Total assets</b>	<u>\$ 29,679,250</u>	<u>\$ 50,220,797</u>	<u>\$ 18,399,556</u>	<u>\$ 8,016,693</u>	<u>\$ 70,580,677</u>	<u>\$ 2,333,595</u>	<u>\$ 3,984,781</u>	<u>\$ 4,632,861</u>	<u>\$ 16,037,853</u>	<u>\$ 2,176,612</u>	<u>\$ 25,000</u>	<u>\$ 1,685,485</u>	<u>\$ 10,572,819</u>	<u>\$ (24,671,932)</u>	<u>\$ 193,674,047</u>

(continued)

Rural Neighborhoods, Inc. and Its Affiliates

CONSOLIDATING STATEMENT OF FINANCIAL POSITION - CONTINUED

December 31, 2023

	RNI	ECA	BCHC	LMHC	EHT	EHG	PCSH	FNPS	DCSH	FKLT	RHSL	RHAOC	ITNP	Eliminations	Total
<b>LIABILITIES AND NET ASSETS</b>															
<b>CURRENT LIABILITIES</b>															
Accounts payable	\$ 72,481	\$ 218,875	\$ 104,530	\$ 85,077	\$ 592,001	\$ 18,346	\$ 73,359	\$ 12,515	\$ 34,650	\$ 856	\$ -	\$ -	\$ 326,743	\$ (1,378,388)	\$ 161,045
Accrued expenses	40,904	109,645	67,112	35,714	149,777	304,415	7,950	20,245	1,157	2,000	-	-	8,759	-	747,678
Accrued interest payable	2,487	356,543	372,246	174,804	320,547	-	-	84	15,708	-	-	-	2,134	-	1,244,553
Related party fees payable	-	7,789	-	-	-	-	-	-	76,250	-	-	-	-	-	84,039
Construction costs payable	660	-	-	-	994,992	-	-	-	-	-	-	-	-	-	995,652
Loss contingency - current	-	1,005,911	-	-	-	-	-	-	-	-	-	-	-	-	1,005,911
Current portion of mortgages payable	-	621,601	285,311	200,805	2,014,447	-	-	9,374	45,719	-	-	-	84,827	-	3,262,084
Total current liabilities	116,532	2,320,364	829,199	496,400	4,071,764	322,761	81,309	42,218	173,484	2,856	-	-	422,463	(1,378,388)	7,500,962
<b>DEPOSITS AND PREPAID LIABILITY</b>															
Tenant security deposits	-	270,400	78,525	45,200	353,278	-	7,092	22,275	45,049	5,693	-	-	83,302	-	910,814
Prepaid rent	-	74,017	25,195	20,261	127,590	-	2,849	11,573	8,999	1,650	-	-	5,816	-	277,950
Total deposits and prepaid liability	-	344,417	103,720	65,461	480,868	-	9,941	33,848	54,048	7,343	-	-	89,118	-	1,188,764
<b>LONG-TERM LIABILITIES</b>															
Developer fee payable	1,126,910	52,228	214,589	-	1,266,248	-	-	-	1,573,083	-	-	-	96,585	(1,907,462)	2,422,181
Notes payable - affiliate	-	818,000	2,231,606	-	4,995,596	-	-	183,198	1,550,000	-	25,000	685,000	130,000	(10,618,400)	-
Loss contingency - long term	-	500,000	-	-	-	-	-	-	-	-	-	-	-	-	500,000
Deferred revenue	-	-	-	-	12,413,232	-	-	-	-	-	-	-	780,921	-	13,194,153
Mortgages payable	2,000,000	15,298,016	10,934,941	4,760,917	48,710,129	-	3,837,200	3,372,945	3,966,669	-	-	-	8,671,891	-	101,552,708
Total long-term liabilities	3,126,910	16,668,244	13,381,136	4,760,917	67,385,205	-	3,837,200	3,556,143	7,089,752	-	25,000	685,000	9,679,397	(12,525,862)	117,669,042
Total liabilities	3,243,442	19,333,025	14,314,055	5,322,778	71,937,837	322,761	3,928,450	3,632,209	7,317,284	10,199	25,000	685,000	10,190,978	(13,904,250)	126,358,768
<b>NET ASSETS</b>															
Without donor restrictions - non-controlling interest	-	-	-	-	2,135,319	-	-	-	8,720,632	-	-	-	(13,994)	-	10,841,957
Without donor restrictions - controlling interest	26,435,808	30,887,772	4,085,501	2,693,915	(3,492,479)	2,010,834	56,331	1,000,652	(63)	2,166,413	-	1,000,485	395,835	(10,767,682)	56,473,322
Net assets without donor restrictions	26,435,808	30,887,772	4,085,501	2,693,915	(1,357,160)	2,010,834	56,331	1,000,652	8,720,569	2,166,413	-	1,000,485	381,841	(10,767,682)	67,315,279
Total net assets	26,435,808	30,887,772	4,085,501	2,693,915	(1,357,160)	2,010,834	56,331	1,000,652	8,720,569	2,166,413	-	1,000,485	381,841	(10,767,682)	67,315,279
Total liabilities and net assets	\$ 29,679,250	\$ 50,220,797	\$ 18,399,556	\$ 8,016,693	\$ 70,580,677	\$ 2,333,595	\$ 3,984,781	\$ 4,632,861	\$ 16,037,853	\$ 2,176,612	\$ 25,000	\$ 1,685,485	\$ 10,572,819	\$ (24,671,932)	\$ 193,674,047

See independent auditor's report.

# Rural Neighborhoods, Inc. and Its Affiliates

## CONSOLIDATING STATEMENT OF ACTIVITIES

Year ended December 31, 2024

	RNI	ECA	BCHC	LMHC	EHT	EHG	PCSH	FNPS	DCSH	FKLT	RHAOC	ITNP	Eliminations	Total
Rental revenue														
Potential rental revenue	\$ -	\$ 8,251,805	\$ 2,227,207	\$ 1,589,077	\$ 5,335,128	\$ -	\$ 251,571	\$ 538,321	\$ 767,959	\$ 81,600	\$ -	\$ 2,001,582	\$ -	\$ 21,044,250
Less vacancies and concessions	-	(253,225)	(55,549)	(139,682)	(426,015)	-	(3,792)	-	(18,059)	-	-	(178,870)	-	(1,075,192)
Total rental revenue	-	7,998,580	2,171,658	1,449,395	4,909,113	-	247,779	538,321	749,900	81,600	-	1,822,712	-	19,969,058
Other revenue														
Application fees	-	11,890	2,080	10,236	38,197	-	115	3,290	1,189	1,095	-	10,805	-	78,897
Laundry and vending	-	18,674	-	-	114,208	-	-	-	-	-	-	16,341	-	149,223
Interest income	369,267	68,180	36,032	5,434	44,865	895	149	873	-	6,280	-	1,981	-	533,956
Interest income - related party	41,653	4,000	-	-	-	-	-	-	-	-	-	-	(45,653)	-
Tenant charges	14	29,723	14,763	21,124	57,975	-	1,050	4,151	28,646	-	-	9,420	-	166,866
Property management fees	-	-	-	-	-	1,263,499	-	-	-	-	-	-	(1,263,499)	-
Developer fee income	1,683,956	-	-	-	-	-	-	-	-	-	-	-	-	1,126,910
Grant revenue	650,030	-	-	-	-	-	-	-	-	-	8,999,500	-	-	9,649,530
Miscellaneous revenue	390,831	139,115	6,818	9,021	(160,007)	432,452	-	-	-	1,070	-	36,210	(452,695)	402,815
Total other revenue	3,135,751	271,582	59,693	45,815	95,238	1,696,846	1,314	8,314	29,835	8,445	8,999,500	74,757	(2,318,893)	12,108,197
Expenses														
Operating and maintenance	13,989	2,004,408	491,146	280,293	1,123,281	32,329	100,024	157,813	120,414	2,715	-	640,003	-	4,966,415
Utilities	726	936,612	109,935	247,925	436,243	-	45,721	5,428	15,943	-	-	60,212	-	1,858,745
Project administration expenses	1,332,998	1,171,627	332,508	293,739	1,064,788	896,261	41,916	142,115	197,376	10,366	1	(154,244)	(452,695)	4,876,756
Management fees	-	637,815	174,270	82,440	276,822	-	12,520	49,020	39,061	3,600	-	152,017	(1,263,499)	164,066
Taxes and insurance	172,693	1,771,500	372,141	210,921	1,165,617	50,174	49,856	108,272	137,068	13,927	-	452,789	-	4,504,958
Bad debt expense	-	28,549	5,736	7,488	20,272	-	-	373	3,000	-	-	14,535	-	79,953
Total expenses	1,520,406	6,550,511	1,485,736	1,122,806	4,087,023	978,764	250,037	463,021	512,862	30,608	1	1,165,312	(1,716,194)	16,450,893
Income from operations	1,615,345	1,719,651	745,615	372,404	917,328	718,082	(944)	83,614	266,873	59,437	8,999,499	732,157	(602,699)	15,626,362
Non-operating expenses (income)														
Interest on note payable - affiliates	-	-	36,963	-	-	-	-	8,690	-	-	-	-	(45,653)	-
Gain on sale of real property	-	-	-	-	(176,728)	-	-	(160,325)	-	-	-	-	-	(337,053)
Interest on mortgages payable	30,000	151,567	75,159	76,494	846,965	-	-	1,943	163,703	-	-	24,933	-	1,370,764
Related party fees	-	12,000	-	-	-	-	-	-	10,000	-	-	-	-	22,000
Income from forgiveness of debt	-	-	-	-	(572,919)	-	-	-	-	-	-	-	-	(572,919)
Depreciation expense	1,050	2,098,530	757,572	331,972	1,865,941	24,648	107,832	218,949	516,177	27,708	-	382,456	-	6,332,835
Amortization expense	-	-	1,764	-	5,128	-	-	-	23,590	-	-	-	-	30,482
Income from affiliates	(225,835)	-	-	-	(30,040)	-	(80,869)	-	-	-	-	-	336,744	-
Donations - affiliate	110,909	-	-	-	80,000	-	-	145,835	-	-	-	-	(336,744)	-
Total non-operating expenses (income)	(83,876)	2,262,097	871,458	408,466	2,018,347	24,648	26,963	215,092	713,470	27,708	-	407,389	(45,653)	6,846,109
Change in net assets before non-controlling interest	1,699,221	(542,446)	(125,843)	(36,062)	(1,101,019)	693,434	(27,907)	(131,478)	(446,597)	31,729	8,999,499	324,768	(557,046)	8,780,253
Non-controlling interest in earnings of subsidiaries	-	-	-	-	(353,453)	-	-	-	446,575	-	-	(404)	-	92,718
Change in net assets attributable to Rural Neighborhoods, Inc.	\$ 1,699,221	\$ (542,446)	\$ (125,843)	\$ (36,062)	\$ (1,454,472)	\$ 693,434	\$ (27,907)	\$ (131,478)	\$ (22)	\$ 31,729	\$ 8,999,499	\$ 324,364	\$ (557,046)	\$ 8,872,971

(continued)

# Rural Neighborhoods, Inc. and Its Affiliates

## CONSOLIDATING STATEMENT OF ACTIVITIES - CONTINUED

Year ended December 31, 2023

	RNI	ECA	BCHC	LMHC	EHT	EHG	PCSH	FNPS	DCSH	FKLT	RHAOC	ITNP	Eliminations	Total
Rental revenue														
Potential rental revenue	\$ -	\$ 7,433,370	\$ 2,028,612	\$ 1,458,553	\$ 4,621,460	\$ -	\$ 221,741	\$ 492,421	\$ 656,247	\$ 85,610	\$ -	\$ 1,698,650	\$ -	\$ 18,696,664
Less vacancies and concessions	-	(279,532)	(53,056)	(146,311)	(634,545)	-	(4,784)	-	(11,643)	(6,300)	-	(252,548)	-	(1,388,719)
Total rental revenue	-	7,153,838	1,975,556	1,312,242	3,986,915	-	216,957	492,421	644,604	79,310	-	1,446,102	-	17,307,945
Other revenue														
Application fees	-	16,200	2,955	10,712	17,380	-	390	1,855	3,017	720	-	7,510	-	60,739
Laundry and vending	-	19,436	-	-	110,097	-	-	-	-	-	-	12,521	-	142,054
Interest income	96,613	22,773	7,277	1,799	36,191	1,001	99	873	-	93	-	745	-	167,464
Interest income - related party	43,106	4,000	-	-	-	-	-	-	-	-	-	-	(47,106)	-
Tenant charges	-	27,892	14,663	22,456	52,732	-	1,358	4,085	28,630	-	-	6,934	-	158,750
Property management fees	-	-	-	-	-	1,065,217	-	-	-	-	-	-	(1,065,217)	-
Developer fee income	273,821	-	-	-	-	-	-	-	-	-	-	-	(5,676)	268,145
Grant revenue	935,321	-	-	-	30,000	-	-	10,000	-	-	753,000	-	-	1,728,321
Miscellaneous revenue	320,569	131,923	2,222	11,130	3,388	421,533	25	7,500	-	1,678	-	18,174	(625,572)	292,570
Total other revenue	1,669,430	222,224	27,117	46,097	249,788	1,487,751	1,872	24,313	31,647	2,491	753,000	45,884	(1,743,571)	2,818,043
Expenses														
Operating and maintenance	-	2,004,056	443,542	274,601	1,088,665	65,846	87,725	139,721	163,219	13,481	-	610,784	-	4,891,640
Utilities	-	814,452	104,099	219,586	397,328	-	48,788	4,942	26,510	410	-	69,780	-	1,685,895
Project administration expenses	1,238,095	998,223	297,870	264,222	1,437,267	1,306,321	47,807	125,957	140,630	11,921	15	443,421	(625,572)	5,686,177
Management fees	-	591,160	162,570	75,525	219,821	-	10,898	46,050	33,850	3,380	-	129,002	(1,065,217)	207,039
Taxes and insurance	101,338	1,435,217	350,331	176,801	1,020,147	40,224	43,529	88,339	88,740	15,446	-	341,896	-	3,702,008
Bad debt expense	-	15,034	7,424	12,728	8,594	-	329	2,708	1,677	-	-	51,472	-	99,966
Total expenses	1,339,433	5,858,142	1,365,836	1,023,463	4,171,822	1,412,391	239,076	407,717	454,626	44,638	15	1,646,355	(1,690,789)	16,272,725
Income from operations	329,997	1,517,920	636,837	334,876	64,881	75,360	(20,247)	109,017	221,625	37,163	752,985	(154,369)	(52,782)	3,853,263
Non-operating expenses (income)														
Interest on note payable - affiliates	-	-	36,963	-	-	-	-	10,143	-	-	-	-	(47,106)	-
Gain on sale of real property	-	-	-	-	(206,614)	-	-	-	-	-	-	-	-	(206,614)
Interest on mortgages payable	30,000	157,470	77,639	57,254	606,071	-	-	2,034	441,268	-	-	23,928	-	1,395,664
Related party fees	-	7,790	-	-	-	-	-	-	10,000	-	-	-	-	17,790
Income from forgiveness of debt	-	-	-	-	(572,919)	-	-	-	-	-	-	-	-	(572,919)
Depreciation expense	459	2,050,060	740,428	323,416	1,328,738	29,023	129,589	214,625	513,135	26,945	-	379,156	-	5,735,574
Amortization expense	-	5,416	4,716	-	780	-	-	-	10,257	-	-	-	-	21,169
Income from affiliates	(882,433)	-	(402,218)	-	-	-	-	-	-	-	-	-	1,284,651	-
Donations - affiliate	402,218	-	-	75,000	807,433	-	-	-	-	-	-	-	(1,284,651)	-
Professional services fee	-	1,505,911	-	-	-	-	-	-	-	-	-	-	-	1,505,911
Total non-operating expenses	(449,756)	3,726,647	457,528	455,670	1,963,489	29,023	129,589	226,802	974,660	26,945	-	403,084	(47,106)	7,896,575
Change in net assets before non-controlling interest	779,753	(2,208,727)	179,309	(120,794)	(1,898,608)	46,337	(149,836)	(117,785)	(753,035)	10,218	752,985	(557,453)	(5,676)	(4,043,312)
Non-controlling interest in earnings of subsidiaries	-	120,136	32,621	-	(340,215)	-	-	-	752,997	-	-	902	-	566,441
Change in net assets attributable to Rural Neighborhoods, Inc.	\$ 779,753	\$ (2,088,591)	\$ 211,930	\$ (120,794)	\$ (2,238,823)	\$ 46,337	\$ (149,836)	\$ (117,785)	\$ (38)	\$ 10,218	\$ 752,985	\$ (556,551)	\$ (5,676)	\$ (3,476,871)

See independent auditor's report.

Rural Neighborhoods, Inc.

STATEMENT OF ACTIVITIES

Year ended December 31, 2024

	Unrestricted	Permanently Restricted	Total
OTHER REVENUE			
Interest income	\$ 369,267	\$ -	\$ 369,267
Interest income - related party	41,653	-	41,653
Tenant charges	14	-	14
Developer fee income	1,683,956	-	1,683,956
Grant revenue	650,030	-	650,030
Miscellaneous revenue	390,831	-	390,831
Total other revenue	3,135,751	-	3,135,751
EXPENSES			
Project administration expenses	1,347,713	-	1,347,713
Taxes and insurance	172,693	-	172,693
Total expenses	1,520,406	-	1,520,406
Income from operations	1,615,345	-	1,615,345
NON-OPERATING EXPENSES (INCOME)			
Interest on mortgage payable	30,000	-	30,000
Income from affiliates	(225,835)	-	(225,835)
Donations - affiliate	110,909	-	110,909
Depreciation expense	1,050	-	1,050
Total non-operating expenses (income)	(83,876)	-	(83,876)
Change in net assets	\$ 1,699,221	\$ -	\$ 1,699,221

See independent auditor's report.

Rural Neighborhoods, Inc.

STATEMENT OF ACTIVITIES

Year ended December 31, 2023

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
OTHER REVENUE			
Interest income	\$ 96,613	\$ -	\$ 96,613
Interest income - related party	43,106	-	43,106
Developer fee income	273,821	-	273,821
Grant revenue	935,321	-	935,321
Miscellaneous revenue	<u>320,569</u>	<u>-</u>	<u>320,569</u>
Total other revenue	<u>1,669,430</u>	<u>-</u>	<u>1,669,430</u>
EXPENSES			
Project administration expenses	1,238,095	-	1,238,095
Taxes and insurance	<u>101,338</u>	<u>-</u>	<u>101,338</u>
Total expenses	<u>1,339,433</u>	<u>-</u>	<u>1,339,433</u>
Income (loss) from operations	<u>329,997</u>	<u>-</u>	<u>329,997</u>
NON-OPERATING EXPENSES (INCOME)			
Interest on mortgage payable	30,000	-	30,000
Income from affiliates	(882,433)	-	(882,433)
Donations - affiliate	402,218	-	402,218
Depreciation expense	<u>459</u>	<u>-</u>	<u>459</u>
Total non-operating expenses (income)	<u>(449,756)</u>	<u>-</u>	<u>(449,756)</u>
Change in net assets	<u><u>\$ 779,753</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 779,753</u></u>

See independent auditor's report.

Rural Neighborhoods, Inc. and Its Affiliates

SCHEDULES OF FINANCIAL POSITION AND STATEMENTS OF ACTIVITIES FOR THE  
NEIGHBORWORKS AMERICA CAPITAL FUND

Rural Neighborhoods Inc  
Schedules of Financial Position  
December 31, 2024 and 2023

ASSETS

	2024	2023
Cash	\$ (550,000)	\$ (550,000)
Intercompany receivable - Hatchers Preserve	550,000	550,000
Total	<u>\$ -</u>	<u>\$ -</u>

LIABILITIES AND NET ASSETS

Net Assets - With Donor Restrictions	<u>\$ -</u>	<u>\$ -</u>
Total	<u>\$ -</u>	<u>\$ -</u>

Rural Neighborhoods Inc  
Statements of Activities  
Years Ended December 31, 2024 and 2023

Revenue and Support	2024	2023
Capital Grant NeighborWorks BOY	\$ -	\$ -
Additions	-	-
Released - Unrestricted	<u>-</u>	<u>-</u>
Net Assets End of Year	<u>\$ -</u>	<u>\$ -</u>

During the years ended December 31, 2024 and 2023, Rural Neighborhoods received real estate restricted grants from NeighborWorks America of \$0 and \$0, respectively.

See independent auditor's report.



Rural Neighborhoods, Inc. and Its Affiliates

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended December 31, 2024

<u>Federal Grantor/ (Pass-through Grantor)/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass- through Number</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture Farm Labor Housing Loans and Grants Program	10.405		\$ 13,693,796
U.S. Department of Agriculture Rural Rental Assistance Payments Program	10.427		3,455,330
U.S. Department of Treasury NeighborWorks America	21.000		420,500
U.S. Department of Housing and Urban Development Supportive Housing for the Elderly	14.157		3,837,200
U.S. Department of Housing and Urban Development Project Rental Assistance Contract	14.157		142,702
U.S Department of Housing and Urban Development Home Investment Partnership Program - passed through Florida Housing Finance	14.239		1,910,814
Totals:			<u>\$ 23,460,342</u>

Note: The accompanying schedule of expenditures of federal awards includes the federal grant activity of Rural Neighborhoods, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See notes to schedule of expenditures of federal awards  
and independent auditor's report.

Rural Neighborhoods, Inc. and Its Affiliates

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended December 31, 2024

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Rural Neighborhoods, Incorporated and Its Affiliates under programs of the federal government for the year ended December 31, 2024. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principals, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Rural Neighborhoods, Incorporated and Its Affiliates, it is not intended to and does not present the consolidated statements of activities, changes in net assets, and cash flows of Rural Neighborhoods, Incorporated and Its Affiliates.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, the cost principals contained in OMB Circular A-122, "Cost Principals for Non-Profit Organizations" and the cost principals contained in the Uniform Guidance.

NOTE 3 - LOAN AND CAPITAL ADVANCE PROGRAM

Rural Neighborhoods, Incorporated and Its Affiliates have received direct loans under the federal programs as listed below. The loan balances outstanding at the beginning of the year are included in the federal expenditures presented in the schedule. Rural Neighborhoods, Incorporated and Its Affiliates received no additional loans during the year.

The balance of the loans outstanding at December 31, 2024 consists of:

<u>CFDA Number</u>	<u>Program Name</u>	<u>Outstanding Balance at December 31, 2024</u>
	U.S. Department of Agriculture	
	Farm Labor Housing	
10.405	Loans and Grants Program	\$ 12,727,269
	Section 202 Capital	
14.157	Advance Program	\$ 3,837,200



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors  
Rural Neighborhoods, Inc. and Its Affiliates

We have audited Rural Neighborhoods, Inc. and Its Affiliates, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Rural Neighborhoods, Inc. and Its Affiliates, which comprise the consolidated statement of financial position as of December 31, 2024, and the related consolidated statements of activities, changes in net assets, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated June 5, 2025.

**Report on Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

## **Report on Compliance and Other Matters**

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

### **Purpose of this Report**

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

*Tidwell Group, LLC*

Atlanta, Georgia  
June 5, 2025



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR  
EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

To the Board of Directors  
Rural Neighborhoods, Inc. and Its Affiliates

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Rural Neighborhoods, Inc. and Its Affiliates' compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Rural Neighborhoods, Inc. and Its Affiliates' major federal programs for the year ended December 31, 2024. Rural Neighborhoods, Inc. and Its Affiliates' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Rural Neighborhoods, Inc. and Its Affiliates complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

***Basis for Opinion on Each Major Federal Program***

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

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

## ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts applicable to Rural Neighborhoods, Inc. and Its Affiliates' federal programs.

## ***Auditor's Responsibilities for the Audit of Compliance***

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Rural Neighborhoods, Inc. and Its Affiliates' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Rural Neighborhoods, Inc. and Its Affiliates' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Rural Neighborhoods, Inc. and Its Affiliates' internal control over compliance. Accordingly, no such opinion is expressed.

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

## Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

*Tidwell Group, LLC*

Atlanta, Georgia  
June 5, 2025

Rural Neighborhoods, Inc. and Its Affiliates

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

December 31, 2024

**A. Summary of Auditor's Results**

1. The auditor's report expresses an unmodified opinion on the consolidated financial statements of Rural Neighborhoods, Inc. and Its Affiliates.
2. No significant deficiencies related to the audit of the consolidated financial statements were reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. No material weaknesses were reported.
3. No instances of noncompliance material to the consolidated financial statements of Rural Neighborhoods, Inc. and Its Affiliates were disclosed during the audit.
4. No significant deficiencies related to the audit of the major federal award programs were disclosed in the Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance. No material weaknesses were reported.
5. The auditor's report on compliance for the major federal award programs for Rural Neighborhoods, Inc. and Its Affiliates expresses an unmodified opinion.
6. There are no audit findings relative to the major federal award programs for Rural Neighborhoods, Inc. and Its Affiliates.
7. The programs tested as major programs included:
  - a. U.S. Department of Agriculture Farm Labor Housing Loan and Grants Program, CFDA No. 10.405
  - b. U.S. Department of Housing and Urban Development Supportive Housing for the Elderly, CFDA No. 14.157
  - c. U.S. Department of Agriculture Rural Rental Assistance Payments Program, CFDA No. 10.427
8. The threshold for distinguishing Type A and B programs was \$750,000.
9. Rural Neighborhoods, Inc. did qualify as a low-risk auditee.



Rural Neighborhoods, Inc. and Its Affiliates

SCHEDULE OF THE STATUS OF PRIOR AUDIT FINDINGS,  
QUESTIONED COSTS, AND RECOMMENDATIONS  
(UNAUDITED)

December 31, 2024

1. Audit Report, dated August 15, 2024, for the year ended December 31, 2023, issued by Tidwell Group, LLC:

There are no open findings from the prior audit report.

2. There were no reports issued by USDA OIG or other Federal agencies or contract administrators during the period covered by this audit.
3. There were no letters or reports issued by USDA management during the period covered by this audit.