ISLAND CITY DEVELOPMENT
AND SUBSIDIARIES

(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)
CONSOLIDATED FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION,
AND
INDEPENDENT AUDITOR'S REPORT
DECEMBER 31, 2025 AND 2024



ISLAND CITY DEVELOPMENT AND SUBSIDIARIES

(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)
DECEMBER 31, 2025 AND 2024
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Island City Development:

Report on the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Island City Development (a California nonprofit public benefit corporation) and its Subsidiaries (the Company), which comprise the consolidated statements of financial position as of December 31, 2025 and 2024, and the related consolidated statements of activities, functional expenses, change in net assets (deficit), 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 the Company as of December 31, 2025 and 2024, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of various consolidated subsidiaries, which statements reflect total assets of approximately $84,677,000 as of December 31, 2025, and total revenues of approximately $845,000 for the year then ended. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for those various consolidated subsidiaries, is based solely on the reports of the other auditors.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's 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 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

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therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information in Schedules I and II is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual entities, and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

HCVT CPAs LLP

Westlake Village, California
November 9, 2026

ISLAND CITY DEVELOPMENT AND SUBSIDIARIES

(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31,	2025	2024
ASSETS		
Property, at cost		
Land improvements	$ 5,370,720	$ 5,370,720
Buildings and improvements	143,508,886	66,280,340
Furniture and equipment	4,386,709	2,632,875
Construction-in-progress	5,306,358	57,885,240
Total property	158,572,673	132,169,175
Less: accumulated depreciation	(12,695,803)	(9,615,199)
Net property	145,876,870	122,553,976
Cash and cash equivalents	2,525,230	3,625,145
Investments	577,155	35,624
Tenant accounts receivable, net	259,492	45,203
Other receivables	250,763	44,862
Due from affiliates	-	1,875
Right-of-use assets - ground leases	19,590,669	19,752,871
Restricted funds:		
Reserves	1,232,776	1,110,272
Tenant security deposits	165,598	123,160
Other prepaids	394,272	356,056
Deposits	-	162,284
Deferred costs - TCAC fees	266,947	286,154
Total assets	$ 171,139,772	$ 148,097,482
LIABILITIES AND NET ASSETS (DEFICIT)		
Notes payable, net	$ 133,166,399	$ 106,987,253
Accounts payable and accrued expenses	564,204	151,477
Accrued construction and development costs	239	8,580,919
Accrued interest payable	5,531,703	4,235,599
Developer fees payable	2,661,000	1,804,465
Accrued Limited Partner Fees payable	24,422	-
Prepaid rents	6,713	2,161
Tenant security deposits	168,554	122,454
Ground lease payable	1,568,486	1,503,969
Total liabilities	143,691,720	123,388,297
Commitments and contingencies		
Net assets (deficit)		
Without donor restrictions		
Controlling interests	838,512	422,140
Noncontrolling interests	26,609,540	24,287,045
Total net assets (deficit)	27,448,052	24,709,185
Total liabilities and net assets (deficit)	$ 171,139,772	$ 148,097,482

See notes to consolidated financial statements.

ISLAND CITY DEVELOPMENT AND SUBSIDIARIES

(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)
CONSOLIDATED STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31,	2025	2024
Revenue:		
Residential rent	$ 1,601,041	$ 1,498,728
Tenant subsidies	2,891,029	1,874,152
Grant income	429,312	2,757,847
Other revenue	160,069	159,021
Total revenue	5,081,451	6,289,748
Expenses:		
Program services-permanent housing operations	9,522,695	6,430,177
Supporting services-management and general	475,871	429,750
Total expenses	9,998,566	6,859,927
Change in net assets	$ (4,917,115)	$ (570,179)

See notes to consolidated financial statements.

ISLAND CITY DEVELOPMENT AND SUBSIDIARIES

(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2025

	Program Services	Supporting Services	
	Permanent Housing Operations	Management and General	Total
Administrative	$ 1,498,097	$ -	$ 1,498,097
Salaries and wages	351,482	-	351,482
Professional services	1,453	116,071	117,524
Utilities	194,070	-	194,070
Operating and maintenance	759,297	-	759,297
Taxes and insurance	448,926	-	448,926
Depreciation	3,080,604	-	3,080,604
Amortization	19,207	-	19,207
Interest expense	2,937,968	-	2,937,968
Asset Management Fees	-	24,422	24,422
AHA consulting services	-	300,000	300,000
Miscellaneous financial expenses	-	35,378	35,378
Ground lease	231,591	-	231,591
Total functional expenses	$ 9,522,695	$ 475,871	$ 9,998,566

See notes to consolidated financial statements.

ISLAND CITY DEVELOPMENT AND SUBSIDIARIES

(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2024

	Program Services	Supporting Services	
	Permanent Housing Operations	Management and General	Total
Administrative	$ 731,315	$ -	$ 731,315
Salaries and wages	402,849	-	402,849
Professional services	41,735	78,134	119,869
Utilities	150,733	-	150,733
Operating and maintenance	569,822	-	569,822
Taxes and insurance	314,734	-	314,734
Depreciation	2,436,587	-	2,436,587
Amortization	8,795	-	8,795
Interest expense	1,565,169	-	1,565,169
Asset Management Fees	-	19,665	19,665
AHA consulting services	-	300,000	300,000
Miscellaneous financial expenses	-	31,951	31,951
Ground lease	208,438	-	208,438
Total functional expenses	$ 6,430,177	$ 429,750	$ 6,859,927

See notes to consolidated financial statements.

ISLAND CITY DEVELOPMENT AND SUBSIDIARIES

(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)
CONSOLIDATED STATEMENTS OF CHANGE IN NET ASSETS (DEFICIT)

	Controlling Interests	Noncontrolling Interests	Total
Balance, December 31, 2023	$ (2,231,705)	$ 24,662,657	$ 22,430,952
Contributions	-	3,034,533	3,034,533
Syndication costs	-	(186,121)	(186,121)
Change in net assets	2,653,845	(3,224,024)	(570,179)
Balance, December 31, 2024	422,140	24,287,045	24,709,185
Contributions	-	7,655,982	7,655,982
Change in net assets	416,372	(5,333,487)	(4,917,115)
Balance, December 31, 2025	$ 838,512	$ 26,609,540	$ 27,448,052

See notes to consolidated financial statements.

ISLAND CITY DEVELOPMENT AND SUBSIDIARIES

(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)
CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31,	2025	2024
Cash flow from operating activities:		
Change in net assets	$ (4,917,115)	$ (570,179)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	3,080,604	2,436,587
Grant proceeds used to construct property	(429,312)	(2,757,847)
Amortization of deferred costs	19,207	8,795
Amortization of debt discount and issuance costs	153,862	44,280
Amortization of right-of-use assets	231,591	208,439
Allowance for doubtful accounts	66,869	149,283
Changes in operating assets and liabilities:		
Tenant accounts receivable	(281,158)	(67,775)
Other receivables	(205,841)	(4,788)
Other prepaids	(38,276)	137,751
Accounts payable and accrued expenses	412,727	(376,358)
Accrued interest payable	953,005	780,450
Accrued Asset Management Fee payable	24,422	(15,967)
Due from affiliates	1,875	(1,875)
Prepaid rents	4,552	(5,466)
Tenant security deposits - liability	46,100	3,100
Net cash used in operating activities	(876,888)	(31,570)
Cash flows from investing activities:		
Expenditures for property	(34,171,786)	(38,514,722)
Expenditures for right of use assets - ground leases	(51,427)	(2,878,226)
Cash used in investing activities	(34,223,213)	(41,392,948)
Cash flows from financing activities:		
Proceeds from notes payable	26,300,768	40,207,415
Repayments on notes payable	(376,118)	(2,608,110)
Expenditures for debt discount and issuance costs	(7,100)	(951,973)
Refund of (expenditures for) deferred costs - TCAC fees	162,284	(249,357)
Contributions	7,655,982	3,034,533
Syndication costs	-	(186,121)
Grant proceeds used to construct property	429,312	2,757,847
Net cash provided by financing activities	34,165,128	42,004,234
Net change in cash, cash equivalents, and restricted cash	(934,973)	579,716
Cash, cash equivalents, and restricted cash, at beginning of year	4,858,577	4,278,861
Cash, cash equivalents, and restricted cash, at end of year	$ 3,923,604	$ 4,858,577

See notes to consolidated financial statements.

ISLAND CITY DEVELOPMENT AND SUBSIDIARIES

(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)
CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31,	2025	2024
Supplemental disclosure of cash activities:		
Cash paid for interest, net of capitalized interest of $1,612,144 and $540,540, respectively	$ 1,831,101	$ 2,581,217
Supplemental disclosure of non-cash investing activities:		
Recognition of right-of-use assets	$ (64,517)	$ (1,503,969)
Recognition of lease liability	64,517	1,503,969
Amortization of right-of-use assets	46,555	57,627
Total non-cash investing activities, net	$ 46,555	$ 57,627
Cash, cash equivalents, and restricted cash is as follows:		
Cash and cash equivalents	$ 2,525,230	$ 3,625,145
Reserves	1,232,776	1,110,272
Tenant security deposits	165,598	123,160
	$ 3,923,604	$ 4,858,577

See notes to consolidated financial statements.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization Island City Development is a California nonprofit public benefit corporation (the Company or ICD) and is exempt from income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code. The Company was formed in 2014 primarily to engage in acquiring, developing, rehabilitating, owning, and managing affordable housing (the Project(s)) for low and moderate-income individuals and families in the City of Alameda, California. In connection with the development of the Projects, the Company, or its affiliates, have entered or intend to enter into regulatory agreements with the California Tax Credit Allocation Committee (TCAC), which govern the ownership, occupancy, management, maintenance and operations of the Projects.

The Company is a discrete component unit of the City of Alameda Housing Authority (AHA), and its Board of Directors is made up of three directors, appointed by the AHA Executive Director. In addition, the Company is dependent on AHA's financial and personnel assistance.

As of December 31, 2025 and 2024, the Company's consolidated financial statements include California limited partnerships and single member California limited liability companies (LLC), (the Partnership(s) or the Subsidiary(ies)) organized primarily to acquire, develop/rehabilitate, and manage multi-family affordable housing projects. As of December 31, 2025, the Company has controlling interests in the following Projects:

Partnership Name	Project Name	City, State	Units
Sherman and Buena Vista LP	Littlejohn Commons	Alameda, California	31
Everett and Eagle L.P.	Everett Commons	Alameda, California	20
Constitution and Eagle, L.P.	Rosefield Village	Alameda, California	92
Mabuhay and Lakehurst LP *	Linnet Corner	Alameda, California	64
Lakehurst and Mosley LP *	Estuary I	Alameda, California	45

* Project was placed in service during 2025.

Allocation of profit and losses of the Partnerships that own the above Projects are allocated as follows:

Company	0.01%
Limited Partner (noncontrolling)	99.99%

In addition, the Company has established the following wholly owned Subsidiaries:

Del Monte Senior LLC
2437 Eagle Avenue LLC
Rosefield LLC
ICD Lakehurst LLC
ICD Webster, LLC**
ICD Mosley LLC
ICD Mabuhay LLC
ICD Shinsei LLC
Mosley and Mabuhay LP

** Entity was dissolved during 2024.

Principles of Consolidation and Accounting for Investments in a Limited Partnership Accounting principles generally accepted in the United States of America (U.S. GAAP) establishes the presumption that the general partner in a limited partnership controls that limited partnership (or similar entity) regardless of ownership percentage. The presumption of control by the general partner is overcome when the limited partners have either: (a) the substantive ability to dissolve or liquidate the limited partnership, or otherwise remove the general partner without cause, or (b) substantive

participation rights. If the presumption of control cannot be overcome, then the general partner is required to consolidate the limited partnership. For the years ended December 31, 2025 and 2024, ICD or its wholly owned Subsidiaries, as the controlling general partner, conformed their accounting to this presumption and determined the presumption of control for the limited partnerships had not been overcome.

Due to shared control with other entities, the Company records its investments in limited partnerships for which the Company serves as limited partner under the equity method of accounting. Under the equity method of accounting, the Company records its acquisition of the initial investment at cost and thereafter, records its portion of the entity's income or loss on an annual basis. In the event its investment goes negative, based on management's assessments, the recording of further loss may be suspended until profitability returns.

ICD serves as a limited partner in the following limited partnerships and records its investment under the equity method of accounting:

Project Name	City, State	Acquisition Date	Units
Stargell Commons *	Alameda, California	2015	32
Shinsei Gardens **	Alameda, California	2024	39

*The Project was placed in service in June 2017 and ICD's investment is $0 as of December 31, 2025 and 2024.

**The Project was placed in service in September 2009 and during 2024, ICD acquired the limited partner interest for $1. ICD's investment balance as of December 31, 2025 and 2024, $0 and $0 respectively, with a cumulative suspended investment losses of approximately $345,000 and $217,000, respectively.

Basis of Accounting The consolidated financial statements have been prepared on the accrual basis of accounting, in conformity with accounting principles generally accepted in the United States (U.S. GAAP) and include the accounts of ICD and all of its wholly owned and controlled affiliates. All significant intercompany balances and transactions have been eliminated in consolidation.

Revenues, expenses, gains, losses and net assets are classified in the consolidated financial statements based on the existence or absence of donor-imposed restrictions. As of December 31, 2025 and 2024, there were no donor-imposed restrictions on net assets. Accordingly, the net assets of the Company without donor restrictions and changes therein are classified and reported as follows:

> ***Controlling interests*** The only limits on net assets are broad limits resulting from the nature of the Company and the purposes specified in its articles of incorporation or bylaws and, perhaps, limits resulting from contractual agreements.
>
> ***Noncontrolling interests*** is the net assets that represent the limited partners' equity interests in the Projects, generally up to 99.99%, that are included in the consolidated financial statements.

Revenue and Grants The Subsidiaries generate rental revenue from their operations. Rental revenue attributable to residential leases is recognized as rents become due. Residential rental payments received in advance are deferred until earned. All leases between Subsidiaries and residential tenants are operating leases. Other residential rental revenue, resulting from revenue earned for late payments, cleaning, damages and laundry facilities, are recorded when earned and

are included as a component of other revenue on the accompanying consolidated statements of activities.

Developer fees are recognized during the construction period based on the percentage of construction completion method. The gross profit on developer fees earned from Subsidiaries are eliminated in consolidation.

In accordance with certain partnership agreements, ICD is entitled to receive fees for administrative, partnership management, and asset management services. Revenue is recognized over time as the services are performed. Fees earned from Subsidiaries are eliminated in consolidation.

The Company periodically receives grants from various institutions for the purpose of real estate development. Revenues from such grants are recognized as services are provided or conditions are met (i.e., when eligible costs are incurred or when eligible services have been rendered in compliance with specific contract or grant provisions).

Equity in income or losses from wholly owned or controlled partnerships is allocated in accordance with the provisions of the applicable partnership or operating agreement, which may differ from the ownership interest held by each investor. The Company records income or loss based on the distribution priorities, which may change upon the achievement of certain return thresholds.

Functional Allocation of Expenses The costs of providing the Company's programs and other activities have been summarized on a functional basis in the accompanying consolidated statements of functional expenses. The functional classifications are defined as follows:

> ***Program services*** are expenses that consist of costs incurred in connection with providing housing services. The Company's major program service is operation of permanent affordable housing.
>
> ***Supporting services*** are expenses that consist of costs incurred in connection with the overall activities of the Company, which are not allocable to another functional expense category.

Income Taxes ICD has received a determination letter from the Internal Revenue Service stating that it qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, accordingly, no provision for federal income taxes is recorded in the accompanying consolidated financial statements. In addition, the Company does not have any income which it believes would subject it to unrelated business income taxes or uncertain positions which require disclosure. Accordingly, there is no provision for income taxes in the accompanying consolidated financial statements.

Income taxes on limited partnership and LLC income are included in the tax returns of the partners or members. The federal tax status as a pass-through entity is based on the entity's legal status as a partnership or LLC and is required to file tax returns with the IRS and other taxing authorities. Accordingly, these consolidated financial statements do not reflect a provision for income taxes. However, the limited partnerships and the LLCs are required to pay an $800 fee to the California Franchise Tax Board. With few exceptions, the Company is no longer subject to income tax examinations by tax authorities for the years before 2021.

Property Tax Exemption The Projects have received an exemption from real property taxes with the local assessor. The Projects are required to apply for the exemption annually. In the event the exemption is not renewed, the Company's cash flow would be adversely impacted.

Estimates The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the financial reporting period. Management believes actual results will not differ significantly from those estimates.

Cash, Cash Equivalents, and Restricted Cash For purposes of the consolidated statements of cash flows, cash and cash equivalents consist of cash and highly liquid investments with an original maturity of three months or less when purchased. Restricted cash consists of tenant security deposits, replacement and operating reserves held at the Projects.

Ground Leases The Company entered into various ground lease agreements with AHA, and accounts for these ground leases as operating leases. Operating right-of-use assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease terms using a risk-free rate.

Investment Pool The Company invests excess cash in the Cash Reserve Portfolio of California Asset Management Trust through the California Asset Management Program (CAMP), a pooled portfolio investing in short-term fixed-income instruments. The portfolio seeks principal preservation, liquidity and a stable $1 share price. Shares are ordinarily redeemable on business days under the program's transaction procedures. The Trustees may suspend or postpone redemptions in specified market emergencies, and redemptions may be paid in kind. CAMP investments are not FDIC insured or bank- or government-guaranteed, and loss of principal is possible. Island City Development presents its CAMP Cash Reserve Portfolio holdings as short-term investments rather than cash equivalents under its investment classification policy. CAMP shares are measured at fair value, with investment income and changes in fair value reported in the statement of activities in the appropriate net-asset class. Short-term investments in CAMP were $$577,155 and $35,624 as of December 31, 2025 and 2024, respectively. During 2025 and 2024 the Company recorded gains on the CAMP investment pool of $45,327 and $35,609 respectively, in other revenue in the accompanying consolidated statements of activities.

Fair Value Measurements and Disclosures The CAMP Pool reports certain assets and liabilities at fair value in the consolidated financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that we can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and fair value is determined using models or other valuation methodologies including:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in markets that are not active;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Unobservable inputs for the asset or liability. In these situations, the Company develops inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset, or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the measurement. Assessing the significance of a particular input to entire measurement requires judgment, considering factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the Company's assessment of the quality, risk, or liquidity profile of the asset or liability.

Property Property is stated at cost. Upon completion, depreciation expense will be provided primarily using the straight-line method over the following estimated useful lives:

Description	Life
Buildings and improvements	40 years
Land improvements	Shorter of estimated useful life or life of lease
Furniture and equipment	5 - 7 years

The Company capitalizes development costs, including interest ($2,520,709 and $616,403 during 2025 and 2024, respectively) and insurance until the Project is placed in service. Thereafter, the Company capitalizes expenditures or betterments that materially increase asset lives, charging to depreciation expense the estimated net book value of the improvement cost being replaced, and charges ordinary repairs and maintenance to operations as incurred. When assets are sold or otherwise disposed of, the costs and related reserves are removed from the accounts, and any resulting gain or loss is included in operations.

The Company reviews its property for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. When evaluating recoverability, management considers future undiscounted cash flows estimated to be generated by the property including the low-income housing tax credits and any estimated proceeds from the eventual disposition. In the event these accumulated cash flows are less than the carrying amount of the property, the Company recognizes an impairment loss equal to the excess of the carrying amount over the estimated fair value of the property. No impairment losses were recognized during the years ended December 31, 2025 and 2024.

Construction Contracts As of December 31, 2025 and 2024, the Company has entered into multiple fixed price construction contracts totaling approximately $64,433,000 and $54,459,000, respectively. As of December 31, 2025 and 2024, total construction contract costs of approximately $64,433,000 and $43,378,000 have been incurred, of which $0 and $7,660,000 remains unpaid and is included in accrued construction costs in the accompanying consolidated statements of financial position, respectively. AHA has also entered into a construction contract for offsite and soil improvements for North Housing Block A in which the contract costs are allocated to the Projects known as Estuary I, Estuary II, and Linnet Corner.

Tenant Accounts Receivable The Company reviews tenant accounts receivable for collectability, and if it is determined that collection is not probable, an allowance for doubtful accounts is provided. As of December 31, 2025 and 2024, the Projects' allowance for doubtful accounts was $476,211 and $409,342, respectively.

Concentration of Credit and Business Risk The Company's cash, cash equivalents, and restricted cash are maintained in more than one financial institution. The Company maintains the majority of their cash, cash equivalents, and restricted cash at major financial institutions in the United States, and deposits with these financial institutions may exceed the amount of insurance provided on such deposits; however, the Company regularly monitors the financial stability of these financial institutions and believe the Company is not currently exposed to any significant default risk with respect to their deposits.

The Company, either as a direct owner, advisor, or general partner, has an economic interest in the Projects that are subject to business risks associated with the economy and level of unemployment in California, which affects occupancy as well as the tenants' ability to make rental payments. In addition, these Projects operate in a heavily regulated environment and the operations of these Projects will be subject to the administrative directives, rules, and regulations of federal, state and local regulatory agencies, including, but not limited to, the U.S. Department of Housing and Urban Development (HUD). Such administrative directives, rules and regulations are subject to change by an act of Congress, or an administrative change mandated by HUD and may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

ICD receives a significant amount of revenue from government grants related to the consolidated affordable housing Projects. The operations of Projects receiving grant funding are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to, HUD. These sources of funds are dependent upon the availability of funds from federal and state programs, as well as the continued success of affordable housing Projects.

Debt Discount and Issuance Costs Debt discount and issuance costs are reported as a direct reduction of the obligation to which such costs relate. While the Projects are under development, the amortization of the debt discount and issuance costs are capitalized. Thereafter, the amortization is reported as a component of interest expense using a method that approximates the effective interest method.

Reclassifications Certain amounts in the prior year consolidated financial statements have been reclassified to conform to the current year consolidated financial statement presentation.

2. RIGHT-OF-USE ASSETS

Littlejohn Commons entered into a ground lease agreement with AHA commencing December 2016 for a period of 99 years ending December 31, 2115. In accordance with the ground lease agreement, $3,410,000 was originally recorded as a prepaid ground lease which is evidenced by a note secured by a leasehold deed of trust, see Note 7. The prepaid ground lease is reflected as a right-of-use (ROU) asset and will be amortized over the remaining term of the ground lease agreement. During the term of the ground lease, the Subsidiary will annually amortize the ROU asset by $34,444. As of December 31, 2025 and 2024, the unamortized ROU asset was $3,100,001 and $3,134,446 respectively.

Everett Commons entered into a ground lease agreement with AHA commencing June 2017 for a period of 99 years ending June 1, 2116. The prepaid ground lease is reflected as an ROU asset and will be amortized over the remaining lease term of the agreement. . In accordance with U.S. GAAP, the prepaid ground lease and related deferred costs – ground lease are reflected as a ROU asset in the accompanying consolidated statements of financial position and will be amortized over the remaining term of the ground lease agreement. During the term of the ground lease, the Subsidiary will annually amortize the ROU asset by $160 annually. As of December 31, 2025 and 2024, the unamortized ROU asset was $14,713 and $14,873, respectively.

Rosefield Village entered into a ground lease agreement with AHA commencing August 2020 for a period of 75 years ending December 31, 2095. In accordance with the ground lease agreement, $13,110,000 was recorded as a prepaid ground lease financed by a seller takeback loan, see Note 7. In accordance with U.S. GAAP, the prepaid ground lease and related deferred costs – ground lease are reflected as a ROU asset in the accompanying consolidated statements of financial position and will be amortized over the remaining term of the ground lease agreement. During the term of the ground lease, the Subsidiary will annually amortize the ROU asset by $173,834. As of December 31, 2025 and 2024, the unamortized ROU asset was $12,105,150 and $12,278,984, respectively.

Linnet Corner entered into a ground lease agreement with AHA commencing March 1, 2024 for a period of 99 years ending December 31, 2123, for an annual rent equal to $65,450 commencing on May 1, 2025. Any unpaid rent shall accrue and bear interest at 4.40%, compounded annually, until paid. Any unpaid rent shall be due from the Partnership upon termination of the lease. As of December 31, 2025, ground lease expense of $104,181 was capitalized to construction-in-progress. As of December 31, 2025 and 2024, ground lease payable was $1,568,486 and $1,503,969, respectively. As of December 31, 2025 and 2024, the unamortized ROU asset was $1,895,472 and $1,870,695, respectively.

Estuary I entered into a ground lease agreement with AHA commencing January 2024 for a period of 99 years ending December 31, 2123 for a single rent payment of $2,061,601. The lease is a finance lease and the term of the lease commenced on January 1, 2024. In addition to the single rent payment of $2,061,601, the Partnership incurred $392,272 of acquisition costs associated with the ground lease. As of December 31, 2025 and 2024, ROU asset was $2,475,333 and $2,453,873.

3. RESERVES

Restricted cash accounts (Reserves) are restricted for use by various agreements including partnership, loan, and regulatory agreements. The Reserves as of December 31, 2025 and 2024 are as follows:

	2025	2024
Reserves	$ 1,232,776	$ 1,110,272

4. PREACQUISITION COSTS

The Company capitalizes preaquisition costs until management determines the proposed development is not feasable, which is included in construction-in-progress in the accompanying consolidated financial statements. The Company's preacquisition costs do not include AHA's incremental indirect Project costs clearly associated with the acquisition, development and construction of the proposed Project. In general, once a Project is approved, the preacquisition costs are reclassified to construction-in-progress to be reimbursed by a newly formed consolidated entity using third party loans and capital contributions. As of December 31, 2025 and 2024, the Company's preaquistion costs were $5,306,358 and $4,529,294, respectively.

5. DEFERRED COSTS – TCAC FEES

Deferred costs consist of fees paid to TCAC that will be amortized over a 15-year period, beginning in the year the applicable Project is placed in service. As of December 31, 2025 and 2024, unamortized TCAC costs were $266,947 and $286,154, respectively.

6. DEPOSITS

Deposits consist of funds that the Company sent to various regulatory agencies on behalf of the Projects under development. These funds are anticipated to be refunded as the Projects under development achieve certain milestones. As of December 31, 2025 and 2024, deposits were $0 and $93,084, respectively.

7. NOTES PAYABLE

	2025	2024
A summary of ICD's financing arrangements as of December 31, 2025 and 2024 is as follows:		
Note payable to AHA for the purpose of funding development efforts of a Project known as North Housing with maximum borrowings in the amount of $7,500,000, with simple interest accruing at a rate of 3.00% commencing January 1, 2025. All unpaid principal and interest are due January 1, 2080.	$ 5,250,000	$ 5,250,000
Total ICD notes payable	5,250,000	5,250,000

	2025	2024
A summary of the Littlejohn Commons financing arrangements as of December 31, 2025 and 2024 is as follows:		
Note payable to California Community Reinvestment Corporation (CCRC) secured by a leasehold deed of trust with absolute assignment of leases and rents, security agreement and fixture filing. The CCRC note accrues an interest rate of 5.39% and requires monthly payments of principal and interest of $19,709. All unpaid principal and interest are due March 1, 2034.	1,572,289	1,719,707
Note payable to the City of Alameda, secured by a subordinate deed of trust, borrowings up to $195,740, simple interest at 3.00% per annum, payable from Residual Receipts, as defined, and unpaid principal and interest are due on April 1, 2073.	174,589	174,589
Note payable to AHA, in the original amount of $3,600,000, secured by a leasehold deed of trust, assignment of rents, and security agreement, interest at 2.26%, compounded annually; principal and interest payable annually from Residual Receipts and all unpaid principal and interest are due December 31, 2073.	3,520,516	3,520,516
Note payable to AHA, in the original amount of $3,410,000, secured by a leasehold deed of trust, assignment of rents, and security agreement, interest at 2.26%, compounded annually; principal and interest payable annually from Residual Receipts; and all unpaid principal and interest are due December 31, 2073.	3,410,000	3,410,000
Total Littlejohn Commons notes payable	8,677,394	8,824,812
A summary of the Rosefield Village financing arrangements as of December 31, 2025 and 2024 is as follows:		
Note payable in the amount of $16,576,088 dated August 1, 2020, payable to AHA, and secured by a deed of trust. The loan bears interest at a rate of 1.12%, compounded annually. Principal and interest payments are made on May 1 from Residual Receipts, all unpaid principal and interest are due December 31, 2077.	16,576,088	16,576,088
Note payable in the amount of $516,683 dated March 24, 2021, and payable to the City of Alameda and secured by a subordinate deed of trust. The loan bears simple interest at a rate of 3.00% per annum. Principal and interest payments are made on May 1 from Residual Receipts and all unpaid principal and interest are due August 5, 2075.	516,683	516,683
Note payable to Greystone Servicing Company LLC with maximum borrowings of $13,858,000, secured by a deed of trust, accrues interest at 3.44% and requires monthly payments of $51,113. The Greystone Loan is due on September 1, 2040.	12,056,066	12,245,350

	2025	2024
Note payable in the amount of $8,093,414 dated August 1, 2020, and payable to the County of Alameda and secured by a deed of trust, and accrues simple interest at 3.00%. Principal and interest payments are made on May 1 from Residual Receipts and all unpaid principal and interest are due on August 1, 2075.	8,093,414	8,093,414
Note payable to AHA, secured by a subordinate deed of trust, bears no interest, payable from Residual Receipts. Unpaid principal is due on December 31, 2077.	8,018,052	8,018,052
Note payable in the amount of $633,912 dated August 1, 2020, and payable to the City of Alameda, secured by a subordinate deed of trust, and accrues simple interest at 2.33%, principal and interest payments are made on May 1 from Residual Receipts and all unpaid principal and interest are due April 1, 2074	633,912	633,912
Total Rosefield Village notes payable	45,894,215	46,083,499

A summary of the Everett Commons financing arrangements as of December 31, 2025 and 2024 is as follows:

Note payable to JPMorgan Chase Bank, N.A. in the maximum amount of $3,330,168, secured by a deed of trust, assignment of rents, security agreement and fixture filing, accrues interest at 5.55% and monthly payments of principal and interest of $17,993. All unpaid principal and interest are due September 21, 2039.	3,115,193	3,154,609
Note payable to the City of Alameda, secured by a subordinated leasehold deed of trust, assignment of rents, security agreement and fixture filing, borrowings up to $153,282, accrues simple interest at 3.00%, payable from Residual Receipts and all unpaid principal and interest are due on December 31, 2074.	153,282	153,282
Note payable to AHA, in the original amount of $4,250,000, secured by a leasehold deed of trust, assignment of rents, and security agreement and fixture filing, accrues interest at 2.68%, principal and interest payable annually from Residual Receipts; and all unpaid principal and interest are due December 31, 2074.	4,250,000	4,250,000
Note payable to County of Alameda, in the maximum amount of $1,000,000, secured by a subordinated leasehold deed of trust, assignment of rents, security agreement and fixture filing, simple interest at 3.00%, payable from Residual Receipts and unpaid principal and interest are due on December 31, 2074.	1,000,000	1,000,000
Total Everett Commons notes payable	8,518,475	8,557,891

	2025	2024
A summary of the Linnet Corner financing arrangements as of December 31, 2025 and 2024 is as follows:		
Note payable to the California Municipal Finance Authority (CFMA) in the principal amount of $27,184,366, secured by a deed of trust. The loan accrues interest at a rate equal to Daily SOFR plus 2.25% (6.72% and 6.81% as of December 31, 2025 and 2024, respectively). Interest-only payments are due monthly through construction loan maturity on December 1, 2026, at which the loan shall convert to the permanent phase. During the permanent phase, principal and interest payments are due monthly through Term Loan Maturity Date, at which time all outstanding principal and accrued interest shall be due and payable.	27,184,366	15,596,079
Note payable to CMFA in the principal amount of $4,714,928, secured by deed of trust. The loan accrues interest at a rate equal to Daily SOFR plus 2.25%. Interest-only payments are due monthly through maturity on December 1, 2026, at which all outstanding principal and accrued interest shall be due and payable.	919,399	-
Note payable to Alameda Affordable Housing Corporation, an affiliate the Company, in the amount of $3,438,000. The note bears no interest and is secured by a deed of trust. Commencing May 1, 2025, annual principal payments from Residual Receipts, through maturity on June 30, 2081, at which time outstanding principal shall be due and payable.	3,438,000	3,438,000
Note payable to AHA in the principal amount of $945,000. The note bears no interest and is secured by a deed of trust. Annual principal payments are payable from Cash Flow, as defined until maturity on June 20, 2081, at which time the outstanding principal shall be due and payable.	945,000	945,000
Total Linnet Corner notes payable	32,486,765	19,979,079
A summary of the Estuary I financing arrangements as of December 31, 2025 and 2024 is as follows:		
Note payable to Bank of America, N.A in the principal amount of $25,319,089, secured by a deed of trust. The loan accrues interest at a rate equal to Daily SOFR, as defined, plus 2.25% (6.12% and 6.81% as of December 31, 2025 and 2024, respectively). Interest only payments are due monthly through maturity on July 30, 2026, at which time all outstanding principal and accrued interest shall be due and payable.	22,100,331	8,308,249

	2025	2024
Note payable to AHA in the principal amount of $2,061,601, accrues interest at 5.03% compounded annually, and is secured by a deed of trust. Commencing May 1, 2025 annual payments of principal and interest equal from Residual Receipts, through maturity on June 30, 2081, at which time all outstanding principal and accrued interest shall be due and payable.	2,061,601	2,061,601
Note payable to AHA in the principal amount of $3,000,000, accrues simple interest at 3.00% and is secured by a deed of trust. Commencing May 1, 2025, annual payments of principal and interest from Residual Receipts, through maturity on June 30, 2081, at which time all outstanding principal and accrued interest shall be due and payable.	3,000,000	3,000,000
Note payable to Alameda Affordable Housing Corporation, an affiliate of the Company, in the principal amount of $5,000,000, accrues simple interest at 3.00% and is secured by a deed of trust. Commencing May 1, 2025, annual payments of principal and interest from Residual Receipts, through maturity on June 30, 2081, at which time all outstanding principal and accrued interest shall be due and payable.	5,000,000	5,000,000
Various notes payable to the City of Alameda in principal amounts totaling $1,399,282, which accrue simple interest at 3.00% and are secured by deeds of trust. Commencing May 1, 2026, annual payments of principal and interest from Residual Receipts, through maturity on June 30, 2081, at which time all outstanding principal and accrued interest shall be due and payable.	1,399,282	1,398,282
Note payable to AHA in the principal amount of $660,000. The note bears no interest and is secured by a deed of trust. Annual principal payments are payable from Cash Flow until maturity on June 20, 2081, at which time the outstanding principal shall be due and payable.	660,000	660,000
Total Estuary I notes payable	34,221,214	20,428,132
Total notes payable	135,048,063	109,123,413
Less: unamortized debt discount and issuance costs	(1,881,664)	(2,136,160)
Total notes payable, net	$ 133,166,399	$ 106,987,253

Principal payments on notes payable are required as follows:

Year Ending December 31,		Amount
2026 – (A)	$	50,603,605
2027		417,581
2028		436,026
2029		456,320
2030		477,101
Thereafter		82,657,430
	$	135,048,063

(A) – During 2026, Estuary I paid off its construction loan from tax credit equity in the total amount of approximately $22.6 million. It is anticipated that an additional $27 million of construction loans will be repaid with tax credit equity and other permanent financing proceeds.

8. RELATED PARTY TRANSACTIONS

Consulting Services The Company entered into an agreement with AHA, commencing on April 15, 2015, in which AHA shall provide professional project management services. In July 2023, the agreement was amended to extend through December 31, 2026, and during 2025 and 2024, the Company was charged and paid $300,000 and $300,000, respectively, for consulting services.

Developer Fee Payable The Subsidiaries have entered into joint developer fee agreements with the Company and AHA (together referred to as the Developers). In connection with these agreements, AHA receives amounts ranging from 10.00% to 50.00%, respectively, or such amount agreed to by the Developers). The Company's portion of Developer Fee has been eliminated in consolidation. As of December 31, 2025 and 2024, developer fees owed to AHA of $2,661,000 and $1,804,465, respectively, remain unpaid.

Limited Partner Fees In connection with the limited partnerships, the limited partners charge Asset Management Fees for miscellaneous services rendered to the Partnerships.

9. COMMITMENTS

In connection with the development and operations of the Projects, AHA and the Company, together as Guarantor, made certain guaranties regarding the duties and performance obligations of the Subsidiaries' general partners. These duties include, but are not limited to, ensuring complete development of the Projects, ensuring tax credit delivery, maintaining the Projects' compliance with various regulatory agencies, and providing operating deficit guarantees of $314,000 to Everett Commons, $245,668 to Little John Commons, $792,000 to Rosefield Village, $587,000 to Linnet Corner and $487,000 for Estuary I.

10. LIQUIDITY AND AVAILABILITY

The Company's financial assets available to meet cash needs for general expenditures within one year of the date of the statement of financial position include:

As of December 31,	2025	2024
Cash and cash equivalents	$ 2,525,230	$ 3,625,145
Investments - CAMP Pool	577,155	35,624
Restricted funds – tenant security deposits	165,598	123,160
Less: Subsidiaries operating cash due to partnership and lender restrictions	(1,935,120)	(1,576,586)
Estimated financial assets available to meet general expenditures within one year	$ 1,332,863	$ 2,207,343

Regarding the Subsidiaries' liquidity needs, each Subsidiary has been established to develop and operate affordable housing. As a result, the Subsidiaries have been structured in such a way to be self-sufficient regarding their liquidity needs. In the event the subsidiaries have unplanned liquidity needs over and above that which is provided by its operations, they have access to cash reserves, reported as restricted funds, subject to lender and limited partner withdrawal approval, upon conversion to permanent financing. In addition, in the normal course of business, the Subsidiaries under development rely on receiving funds from non-recourse permanent loan commitments and limited partner capital contributions. In the event the Subsidiaries are unable to meet their liquidity needs, AHA and the Company, together as Guarantor, have provided limited guarantees to fund operating deficits (Note 9). As of December 31, 2025, the Company's management believes there is sufficient liquidity availability to meet its obligations for the coming year.

11. GRANT REVENUE

During 2024, the Company received an Infill Infrastructure grant (IIG Grant), authorized by the California Department of Housing and Community Development, in the amount of $2,293,116 for the land preparation of Linnet Corner. During, 2025 and 2024 the Company recognized, $229,312 and $2,063,804, respectively, of grant revenue, and as of December 31, 2025, $229,312 was receivable and included in other receivables in the accompanying consolidated statements of financial position.

During 2024, the Company received a Community Development Block Grant (CDBG Grant), authorized by the City of Alameda, an unrelated entity, in the amount of $694,043 for the construction of Estuary I. As of December 31, 2024, $694,043 of grant proceeds awarded have been received. The grant expired on March 31, 2024. During 2024, the Company recognized $694,043 in grant revenue in connection with the CDBG Grant.

During 2025, the Company received a Home Depot Grant, in the amount of $200,000 for the construction of Linnet Corner. As of December 31, 2025, $200,000 of grant proceeds awarded have been received. During 2025, the Company recognized $200,000 in grant revenue in connection with the Home Depot Grant.

12. SUBSEQUENT EVENTS

The Company has evaluated subsequent events that occurred through the independent auditor's report date, which is the date that the consolidated financial statements were available to be issued and determined that there were no subsequent events or transactions that required recognition or disclosure in the consolidated financial statements, except as disclosed in Note 7.

ISLAND CITY DEVELOPMENT AND SUBSIDIARIES

(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)
CONSOLIDATING STATEMENT OF FINANCIAL POSITION

SCHEDULE I

AS OF DECEMBER 31, 2025

Assets

	Island City Development	Housing (a)	Pre-Consolidation	Eliminating Entries	Consolidated
Property, at cost:					
Land improvements	$ -	$ 5,370,720	$ 5,370,720	$ -	$ 5,370,720
Buildings and improvements	-	152,274,267	152,274,267	(8,765,381)	143,508,886
Furniture and equipment	-	4,386,709	4,386,709	-	4,386,709
Construction-in-progress	5,306,358	-	5,306,358	-	5,306,358
Total property	5,306,358	162,031,696	167,338,054	(8,765,381)	158,572,673
Less accumulated depreciation	-	(13,400,661)	(13,400,661)	704,858	(12,695,803)
Net property	5,306,358	148,631,035	153,937,393	(8,060,523)	145,876,870
Cash and cash equivalents	755,708	1,769,522	2,525,230	-	2,525,230
Investments	577,155	-	577,155	-	577,155
Tenant accounts receivable, net	-	259,492	259,492	-	259,492
Other receivables	281,555	10,451	292,006	(41,243)	250,763
Notes receivable	5,245,197	-	5,245,197	(5,245,197)	-
Due from affiliates	339,791	-	339,791	(339,791)	-
Right-of-use assets - ground leases	-	19,590,669	19,590,669	-	19,590,669
Restricted funds:					
Reserves	-	1,232,776	1,232,776	-	1,232,776
Tenant security deposits	-	165,598	165,598	-	165,598
Developer fee receivable	6,922,149	-	6,922,149	(6,922,149)	-
Investment (deficit) in affiliates	(2,389,692)	-	(2,389,692)	2,389,692	-
Other prepaids	-	394,272	394,272	-	394,272
Deferred costs - TCAC fees	-	266,947	266,947	-	266,947
Total assets	$ 17,038,221	$ 172,320,762	$ 189,358,983	$ (18,219,211)	$ 171,139,772

(a) See Note 1 for consolidated Housing entities.

See independent auditor's report.

ISLAND CITY DEVELOPMENT AND SUBSIDIARIES

(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)
CONSOLIDATING STATEMENT OF FINANCIAL POSITION

SCHEDULE I

AS OF DECEMBER 31, 2025

LIABILITIES AND NET ASSETS (DEFICIT)

	Island City Development	Housing (a)	Pre-Consolidation	Eliminating Entries	Consolidated
Notes payable, net	$ 5,250,000	$ 133,161,596	$ 138,411,596	$ (5,245,197)	$ 133,166,399
Accounts payable and accrued expenses	227,945	435,102	663,047	(98,843)	564,204
Accrued construction and development costs	239	-	239	-	239
Accrued interest payable	-	5,531,703	5,531,703	-	5,531,703
Due to affiliates	-	282,191	282,191	(282,191)	-
Accrued General Partner Fees	-	105,228	105,228	(105,228)	-
Developer fees payable	2,661,000	6,922,149	9,583,149	(6,922,149)	2,661,000
Accrued Limited Partner Fees	-	24,422	24,422	-	24,422
Prepaid rents	-	6,713	6,713	-	6,713
Tenant security deposits	-	168,554	168,554	-	168,554
Ground lease payable	-	1,568,486	1,568,486	-	1,568,486
Total liabilities	8,139,184	148,206,144	156,345,328	(12,653,608)	143,691,720
Net assets (deficit)					
Net assets without donor restrictions					
Controlling interests	8,899,037	(2,494,922)	6,404,115	(5,565,603)	838,512
Noncontrolling interests	-	26,609,540	26,609,540	-	26,609,540
Total net assets (deficit)	8,899,037	24,114,618	33,013,655	(5,565,603)	27,448,052
Total liabilities and net assets (deficit)	$ 17,038,221	$ 172,320,762	$ 189,358,983	$ (18,219,211)	$ 171,139,772

(a) See Note 1 for consolidated Housing entities.

See independent auditor's report.

ISLAND CITY DEVELOPMENT AND SUBSIDIARIES

SCHEDULE II

(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)

CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS (DEFICIT)

FOR THE YEAR ENDED DECEMBER 31, 2025

	Island City Development	Housing (a)	Pre-Consolidation	Eliminating Entries	Consolidated
Revenue:					
Residential rent	$ -	$ 1,601,041	$ 1,601,041	$ -	$ 1,601,041
Tenant subsidies	-	2,891,029	2,891,029	-	2,891,029
Total rental revenue	-	4,492,070	4,492,070	-	4,492,070
Equity in earnings (loss) of investments	(516)	-	(516)	516	-
Development fee revenue	856,536	-	856,536	(856,536)	-
Grant income	429,312	-	429,312	-	429,312
Other revenue	134,863	92,950	227,813	(67,744)	160,069
Total other revenue	1,420,195	92,950	1,513,145	(923,764)	589,381
Total revenue	1,420,195	4,585,020	6,005,215	(923,764)	5,081,451
Expenses:					
Program services	10,477	9,733,656	9,744,133	(221,438)	9,522,695
Supporting services	358,246	185,369	543,615	(67,744)	475,871
Total operating expenses	368,723	9,919,025	10,287,748	(289,182)	9,998,566
Change in net assets	1,051,472	(5,334,005)	(4,282,533)	(634,582)	(4,917,115)
Contributions - noncontrolling interests	-	7,655,982	7,655,982	-	7,655,982
Total changes in net assets	1,051,472	2,321,977	3,373,449	(634,582)	2,738,867
Net assets (deficits), beginning of the year	7,847,565	21,792,641	29,640,206	(4,931,021)	24,709,185
Net assets (deficits), end of the year	$ 8,899,037	$ 24,114,618	$ 33,013,655	$ (5,565,603)	$ 27,448,052

(a) See Note 1 for consolidated Housing entities.

See independent auditor's report.