

The Austin Geriatric Center, Inc. and Subsidiaries

**Consolidated Financial Statements with Report of Independent Auditors
December 31, 2025**



Report of Independent Auditors

To the Board of Directors of
The Austin Geriatric Center, Inc. and Subsidiaries:

Opinion

We have audited the accompanying consolidated financial statements of The Austin Geriatric Center, Inc. and Subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2025, and the related consolidated statements of activities, functional expenses, changes in net assets without donor restrictions, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of The Austin Geriatric Center, Inc. and Subsidiaries and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the 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 Austin Geriatric Center, Inc. and Subsidiaries' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Austin Geriatric Center, Inc. and Subsidiaries' ability to continue as a going concern for a reasonable period of time.

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

Novogradac & Company LLP

Austin, Texas
June 23, 2026

THE AUSTIN GERIATRIC CENTER, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2025

ASSETS

Cash and cash equivalents	\$ 10,109,652
Restricted cash	2,849,354
Accounts receivable	527,703
Prepaid expenses	77,752
Land	6,666,528
Fixed assets, net of accumulated depreciation	112,298,208
Deferred charges, net of accumulated amortization	<u>1,376,302</u>
Total assets	<u><u>\$ 133,905,499</u></u>

LIABILITIES AND NET ASSETS

Accounts payable	\$ 308,335
Accrued expenses	578,917
Security deposits payable	102,981
Prepaid rent	40,518
Accrued interest	336,294
Construction costs payable	1,154,240
Due to third parties	723,181
Development fee payable	7,965,736
TDHCA loan	2,000,000
Notes payable, net of unamortized debt issuance costs	16,204,770
Bonds payable, net of unamortized debt issuance costs	29,379,073
Mortgage payable, net of unamortized debt issuance costs	<u>22,716,011</u>
Total liabilities	81,510,056

NET ASSETS

Non-controlling interest in consolidated affiliates	27,804,579
Net assets without donor restrictions	<u>24,590,864</u>
Total net assets	<u>52,395,443</u>
Total liabilities and net assets	<u><u>\$ 133,905,499</u></u>

see accompanying notes

THE AUSTIN GERIATRIC CENTER, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025

NET ASSETS WITHOUT DONOR RESTRICTIONS

REVENUE AND OTHER SUPPORT

Rent revenue - commercial	\$ 133,958
Rental revenue	3,664,845
Service coordinator revenue	298,916
Financial revenue	142,407
Other revenue	<u>462,207</u>

Total revenue and other support	4,702,333
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EXPENDITURES

Program expenses	8,833,629
Management and general	<u>397,677</u>
Total expenditures	<u>9,231,306</u>

Change in net assets from operations	<u>(4,528,973)</u>
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CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(4,528,973)
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LESS: CHANGE IN NET ASSETS ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	<u>(5,648,365)</u>
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CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS ATTRIBUTABLE TO AGC	<u><u>\$ 1,119,392</u></u>
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see accompanying notes

THE AUSTIN GERIATRIC CENTER, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025

EXPENDITURES	Program Expenses	Management and General	Total
Administrative fees	\$ 735,776	\$ 40,084	\$ 775,860
Salaries, wages and benefits	765,669	300,504	1,066,173
Utilities	372,373	-	372,373
Lease expense	6,000	-	6,000
Taxes and insurance	771,528	8,448	779,976
Management fee	170,165	-	170,165
Repairs and maintenance	419,513	-	419,513
Marketing and advertising	170,729	3,020	173,749
Professional fees	208,573	45,621	254,194
Interest expense	2,123,908	-	2,123,908
Depreciation and amortization	2,994,335	-	2,994,335
Other partnership expenses	<u>95,060</u>	<u>-</u>	<u>95,060</u>
Total expenditures	<u>\$ 8,833,629</u>	<u>\$ 397,677</u>	<u>\$ 9,231,306</u>

see accompanying notes

THE AUSTIN GERIATRIC CENTER, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Controlling Interest	Non-controlling Interests	Total
BALANCE, JANUARY 1, 2025	\$ 23,471,472	\$ 15,380,263	\$ 38,851,735
Contributions	-	18,072,681	18,072,681
Change in net assets without donor restrictions	<u>1,119,392</u>	<u>(5,648,365)</u>	<u>(4,528,973)</u>
BALANCE, DECEMBER 31, 2025	<u>\$ 24,590,864</u>	<u>\$ 27,804,579</u>	<u>\$ 52,395,443</u>

see accompanying notes

THE AUSTIN GERIATRIC CENTER, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (4,528,973)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation and amortization	2,994,335
Interest expense - debt issuance cost	117,145
Change in operating assets and liabilities:	
Accounts receivable	(242,973)
Prepaid expenses	(26,118)
Accounts payable	88,499
Accrued expenses	(35,456)
Security deposits payable	35,096
Prepaid rent	(34,565)
Accrued interest	(37,777)
Net cash used in operating activities	<u>(1,670,787)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of fixed assets	<u>(16,868,789)</u>
Net cash used in investing activities	(16,868,789)

CASH FLOWS FROM FINANCING ACTIVITIES

Advances from third party	730,203
Proceeds from notes payable	600,000
Payment of bonds payable	(15,500,000)
Mortgage payments	(224,520)
Equity contributions from investor member	<u>18,072,681</u>
Net cash provided by financing activities	<u>3,678,364</u>

Net change in cash, cash equivalents and restricted cash	(14,861,212)
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Cash, cash equivalents and restricted cash at beginning of year	<u>27,820,218</u>
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Cash, cash equivalents and restricted cash at end of year	<u><u>\$ 12,959,006</u></u>
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see accompanying notes

THE AUSTIN GERIATRIC CENTER, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2025

Cash and cash equivalents	\$ 10,109,652
Restricted cash	<u>2,849,354</u>
Total cash, cash equivalents and restricted cash	<u><u>\$ 12,959,006</u></u>

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash paid for interest - capitalized	<u><u>\$ 2,002,828</u></u>
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Cash paid for interest - expensed	<u><u>\$ 2,044,540</u></u>
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SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES:

Increase in fixed assets attributable to accrued expenses	<u><u>\$ 171,598</u></u>
Increase in fixed assets attributable to construction costs payable	<u><u>\$ 1,154,240</u></u>
Increase in fixed assets attributable to development fee payable	<u><u>\$ 1,845,830</u></u>
Increase in fixed assets attributable to capitalized amortization	<u><u>\$ 506,964</u></u>

see accompanying notes

THE AUSTIN GERIATRIC CENTER, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025

1. Organization

The Austin Geriatric Center, Inc. and Subsidiaries (the “Organization”) is a Texas nonprofit public benefit organization classified by the Internal Revenue Service as tax-exempt under Section 501(c)(3) of the Internal Revenue Code of 1969. The Organization was organized in 1968 to provide low-income elderly persons and families with housing facilities and services specially designed to meet their physical, social, educational, and psychological needs, and to promote their health, security, happiness, and usefulness in longer living.

2. Summary of significant accounting policies

Principles of consolidation

The accompanying consolidated financial statements include the accounts of The Austin Geriatric Center, Inc. (“AGC”) and certain limited liability companies in which AGC has a controlling interest as sole owner of the managing member.

AGC is the sole member of AGC RBJ MM, LLC, which is the managing member of AGC RBJ, LLC (“RBJ I”), which owns and operates a 279-unit property known as The Lady Bird. As managing member, AGC RBJ MM, LLC has a controlling interest in RBJ I. The Lady Bird qualifies for the federal low-income housing tax credit program as described in the Internal Revenue Code Section 42 (“IRC 42”).

AGC is the sole member of AGC RBJ MM II, LLC, which is the managing member of AGC RBJ II, LLC (“RBJ II”), which owns a 224-unit property known as The Rebekah. As managing member, AGC RBJ MM II, LLC has a controlling interest in RBJ II. The Rebekah qualifies for the federal low-income housing tax credit program as described in the Internal Revenue Code Section 42 (“IRC 42”).

All material intercompany balances and transactions have been eliminated.

Basis of accounting

The Organization prepares its consolidated financial statements on the accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

Basis of presentation

The Organization is required to report information regarding its financial position and activities according to the following net asset classifications:

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

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

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

THE AUSTIN GERIATRIC CENTER, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025

2. Summary of significant accounting policies (continued)

Estimates

The preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents include all cash balances on deposit with financial institutions and highly liquid investments with a maturity of three months or fewer at the date of acquisition.

Restricted cash is not considered cash and cash equivalents, and includes cash held with financial institutions for refunds of the tenant security deposits, property tax and insurance, the replacement reserve, AGC subsidy reserve, revenue deficit reserve and operating deficit reserve. Restricted cash does not fall under the criteria for net assets with donor restrictions as these funds are held for operational purposes rather than donor-imposed restrictions.

Concentration of credit risk

The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

Accounts receivable

Accounts receivable are charged to bad debt expense when they are determined to be uncollectible based on a periodic review of the accounts by management. Accounting principles generally accepted in the United States require 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 result that would have been obtained under the allowance method. For the year ended December 31, 2025, total bad debt was \$127,873.

Fixed assets and depreciation

The Organization's land, building, improvements, and personal property are recorded at cost. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Depreciation expense during 2025 was \$2,983,715. The useful lives of the assets are estimated as follows:

Buildings and commercial space	30 years
Site improvements	15 years
Personal property	5 years

Fixed assets consisted of the following as of December 31, 2025:

Buildings	\$ 120,188,197
Commercial space	960,828
Site improvements	2,756,601
Personal property	2,255,907
Less: accumulated depreciation	<u>(13,863,325)</u>
Fixed assets, net	<u>\$ 112,298,208</u>

THE AUSTIN GERIATRIC CENTER, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025

2. Summary of significant accounting policies (continued)

Deferred charges and amortization

Deferred charges is comprised of tax credit fees of \$244,653 and permanent loan fees of \$1,159,684. Tax credit fees are amortized on a straight-line basis over the estimated useful lives of the assets. Amortization expense for the year ended December 31, 2025 was \$10,620.

Impairment of long-lived assets

The Organization reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the asset to the future net undiscounted cash flows expected to be generated and any estimated proceeds from the eventual disposition. If the long-lived assets are considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the asset exceeds the fair value as determined from an appraisal, discounted cash flow analysis, or other valuation technique. No impairment losses were recognized during 2025.

Income taxes

AGC is a non-profit charitable organization and is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). AGC files information returns in the U.S. federal jurisdiction. Federal tax authorities generally have the right to examine and audit the previous three years of tax returns filed (with limited exceptions). There are no interest and penalties related to income taxes recognized in the consolidated statement of activities.

The limited liability companies in which AGC has an ownership interest receive an annual exemption from real estate taxes as they provide housing to low- and moderate-income individuals and provide significant community support.

Contributions

The Organization reports contributions of cash and other assets as with or without donor restrictions depending on if there are stipulations that limit the use of the contributed assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from donor restrictions.

The Organization reports contributions of fixed assets as net assets without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Contributions of long-lived assets with explicit restrictions that specify how the assets are to be used, and contributions of cash or other assets that must be used to acquire long-lived assets are reported as net assets with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the contributed or acquired long-lived assets are placed in service.

Revenue recognition from tenant leases and tenant charges and other revenue

RBJ I and RBJ II are the lessors of their property and accounts for tenant leases as operating leases. RBJ I and RBJ II determines if a contract is a lease or contains a lease at inception. At the commencement of an operating lease, no income is recognized; subsequently, lease payments received are recognized on a straight-line basis. Rental revenue attributable to residential leases is recorded when due from residents, generally upon the first day of each month. Leases are for periods of up to one year, with rental payments due monthly. Other revenue includes fees for late payments, cleaning, damages, laundry facilities and other charges and is recorded when earned. Advance receipts of revenue are deferred and classified as liabilities until earned.

Revenue resulting from commercial rent revenue, development fees, donations, grants, service coordinator revenue, financial revenue, and other revenue is recognized when performance obligations are met.

THE AUSTIN GERIATRIC CENTER, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025

2. Summary of significant accounting policies (continued)

Economic concentrations

The Organization's operations are concentrated in the multifamily housing real estate market through its investments in RBJ I and RBJ II.

Functional expenses

The consolidated financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. Expenses are allocated on a reasonable basis that is consistently applied. Program expenses include costs associated with the operation of the Organization's properties and the delivery of its mission-related services, including service coordination, health and wellness activities, and food pantry services. Management and general expenses include costs that are not directly identifiable with program services, such as administrative personnel, insurance, accounting, and legal services. Where expenses benefit multiple functional classifications, they are allocated based on management's estimates of the relative benefit received.

3. Restricted cash

Tenant security deposits

The tenant security deposits are placed into an interest-bearing account and are generally held until termination of the leases, at which time some or all deposits may be returned to the lessees. As of December 31, 2025, the tenant security deposits account balance was \$126,542.

Property tax escrow

Monthly deposits are made to a reserve account established by RBJ I for the payment of property taxes. As of December 31, 2025, the property tax escrow balance was \$265,032.

Insurance reserve

Deposits are made to a reserve account established by RBJ I for the payment of property insurance. All deposits are pledged as additional security for the property mortgage. As of December 31, 2025, the insurance reserve balance was \$14.

Replacement reserve

Pursuant to the RBJ I amended and restated operating agreement ("RBJ I Operating Agreement"), its special member and AGC shall established a replacement reserve to fund capital improvements and repairs to the property. As of December 31, 2025, the replacement reserve balance was \$139,500.

AGC subsidy reserve

Pursuant to the RBJ I Operating Agreement, its special member and AGC established the AGC subsidy reserve which is to be used to subsidize tenant rents until the completion of construction and stabilized occupancy. As of December 31, 2025, the AGC subsidy reserve balance was \$516,620.

Revenue deficit reserve

Pursuant to the RBJ I Operating Agreement, its special member and AGC established the revenue deficit reserve in the amount of \$400,000. As of December 31, 2025, the revenue deficit reserve balance was \$400,000.

Operating reserve

Pursuant to the RBJ I Operating Agreement, RBJ I established an operating reserve for funds held for operating needs and contingencies. As of December 31, 2025, the operating reserve balance was \$1,401,646.

THE AUSTIN GERIATRIC CENTER, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025

4. Liquidity and availability of financial assets

The Organization's financial assets available within one year of the consolidated statement of financial position date to meet cash needs for general expenditures, consists of operating cash and escrows. None of these amounts are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the consolidated statement of financial position.

The Organization manages liquidity needed for operations primarily through budgeted monthly cash inflows and outflows. Cash inflows can be predicted since they are comprised mostly of development income. Cash outflows are planned accordingly so as not to exceed those expected inflows. Excess cash is on hand in the event of unexpected outflows.

Financial assets at year-end	
Cash and cash equivalents	\$ 10,109,652
Restricted cash	2,849,354
Accounts receivable	<u>527,703</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 13,486,709</u>

5. Construction costs

On July 1, 2023, RBJ II entered into a construction contract with AGC for the construction of The Rebekah. AGC entered into a subcontract agreement with Bartlett Cocke Residential, LLC. As of December 31, 2025, construction costs and retainage payable in the amount of \$1,154,240, remained outstanding.

6. Property tax

As of December 31, 2025, RBJ I had outstanding property taxes of \$292,942, which is included in "Accrued expenses" on the accompanying consolidated statement of financial position.

As of December 31, 2025, RBJ II had outstanding property taxes of \$171,598, which is included in "Accrued expenses" on the accompanying consolidated statement of financial position.

7. Due to third parties

DMA Properties

DMA Properties, LLC (the "Property Manager") manages the property under RBJ I. Pursuant to RBJ I's property management agreement, the Property Manager earns a property management fee in the amount of 5% of gross operating revenues. Periodically, the Property Manager pays for reimbursable operating expenses for RBJ I.

DMA Properties, LLC (the "Property Manager") manages the property under RBJ II. Pursuant to RBJ I's property management agreement, the Property Manager earns a property management fee in the amount of 3.52% of gross operating revenues. Periodically, the Property Manager pays for reimbursable operating expenses for RBJ I.

As of December 31, 2025, the Organization owes the Property Manager \$630,897 and are included in "Due to third parties" on the accompanying consolidated statement of financial position.

THE AUSTIN GERIATRIC CENTER, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025

7. Due to third parties (continued)

Asset management fee

Pursuant to the RBJ I Operating Agreement, RBJ I shall pay to NEF Asset Manager LLC, an affiliate of its investor member, an annual asset management fee in an amount equal to \$7,500, with an annual percentage increase of 3%, for property management oversight, tax credit compliance monitoring, and related services. Asset management fees are payable from available cash flows. As of December 31, 2025, asset management fees of \$19,216 were accrued and are included in "accounts payable" on the accompanying consolidated statement of financial position.

DMA Development

DMA Development Company, LLC ("DMAD") paid construction costs on behalf of RBJ II. The advances are noninterest bearing and payable from the construction draws. As of December 31, 2025, advances of \$92,284 were outstanding and are included in "Due to third parties" on the accompanying consolidated statement of financial position.

8. Development fee payable

Pursuant to the RBJ I development agreement dated October 25, 2019, RBJ I agreed to pay DMAD, an affiliate of its special member, and AGC a total fee in the amount of the higher of (i) \$7,200,000 and (ii) an amount equal to 15% of the eligible basis of The Lady Bird for services related to the development of The Lady Bird. The payments of the development fee shall be paid 70% to DMA and 30% to AGC on a pro rata basis. As of December 31, 2025, the outstanding balance of the development fee payable owed to DMA and AGC was \$1,645,570 and \$705,244, respectively. The development fee of \$705,244 owed to AGC was eliminated in consolidation.

Pursuant to the RBJ II development agreement dated July 14, 2023, RBJ II agreed to pay DMA, JSA Development Company, LLC ("JSA"), and AGC, a total fee in the amount of the higher of (i) \$10,062,306 or (ii) an amount equal to 15% of the eligible basis of The Rebekah for services related to the development of The Rebekah. The payments of the development fee shall be paid 60% to DMA, 10% to JSA, and 30% to AGC on a pro rata basis. Of the \$10,062,306, \$1,033,498 has been paid as of December 31, 2025. For the year ended December 31, 2025, the outstanding balance of the development fee payable owed to the DMA, JSA and AGC was \$5,417,285, \$902,881 and \$2,708,642, respectively. The development fee of \$2,708,642 owed to AGC was eliminated in consolidation.

9. Bonds payable

On July 14, 2023, the Austin Housing Public Facility Corporation issued bonds to RBJ II in the amount of \$45,000,000, which are serviced by JPMorgan Chase Bank, N.A. The bonds payable are secured by the deed of trust, bears interest at a rate of 5.98% per annum and matures on July 1, 2026. Interest payments are due on the first day of each month. For the year ended December 31, 2025, interest of \$2,907,858 was incurred of which \$964,358 was expensed. As of December 31, 2025, principal of \$29,500,000 was outstanding and interest of \$157,058 was accrued.

Principal balance	\$ 29,500,000
Less: unamortized debt issuance costs	(120,927)
Bonds payable, net of unamortized debt issuance costs	<u>\$ 29,379,073</u>

Debt issuance costs of \$719,583 are being amortized to over the term of the bonds. During 2025, amortization expense was \$91,692. As of December 31, 2025, accumulated amortization of \$598,656 was capitalized to fixed assets.

THE AUSTIN GERIATRIC CENTER, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025

10. TDHCA loan

RBJ I obtained a subordinate lien surplus cash flow promissory note from the Texas Department of Housing and Community Affairs ("TDHCA") in the amount of \$2,000,000. The note bears no interest and matures on May 1, 2041. Annual payments in the amount of \$50,000 are payable to the extent of available surplus cash beginning May 1, 2023. As of December 31, 2025, the total outstanding principal balance was \$2,000,000.

11. Notes payable

Sponsor loan

On July 14, 2023, RBJ II obtained a sponsor loan in the amount of \$3,773,226 from FE Housing, LLC. The sponsor loan is secured by the deed of trust on The Rebekah. The sponsor loan bears interest of 1% per annum and matures on July 1, 2065. The entire amount of the unpaid principal and interest will be due in one balloon payment at maturity. During 2025, interest of \$37,732 was incurred and capitalized to building. As of December 31, 2025, principal of \$3,773,226 was outstanding and interest of \$92,758 was accrued.

AHFC loan

On July 19, 2018, AGC entered into a non-interest bearing note payable to Austin Housing Finance Corporation ("AHFC") for \$6,479,000, which was amended October 25, 2019 to modify the security as a deed of trust on The Lady Bird. AGC entered into a Collateral Assignment of Note and Liens assigning the Collateral Note to AHFC as security for AGC's obligations under the note. Unpaid principal and interest are due on the maturity date 40 years following the date of issuance of a certificate of occupancy for The Lady Bird. The certificate of occupancy for the Lady Bird was issued on August 26, 2022. If AGC complies with the loan agreement, the AHFC note will be forgiven at maturity. As of December 31, 2025, the principal balance was \$6,479,000.

Notes payable consists of the following as of December 31, 2025:

Principal balance	\$ 6,479,000
Less: unamortized debt issuance costs	<u>(47,456)</u>
Note payable, net of unamortized debt issuance costs	<u>\$ 6,431,544</u>

Debt issuance costs of \$52,983 are amortized across the life of the loan. During 2025, amortization expense for debt issuance costs was \$1,324. As of December 31, 2025, accumulated amortization was \$5,527.

City of Austin loan

On July 14, 2023, RBJ II obtained a loan in the amount of \$6,000,000 from AHFC. The loan is secured by the deed of trust on The Rebekah. The loan bears interest of 2% per annum and matures on July 13, 2065. The loan is payable from and to the extent of available cash flow, and the entire amount of the unpaid principal and interest will be due at maturity. As of December 31, 2025, principal of \$6,000,000 was outstanding.

12. Mortgage payable

On December 6, 2023, RBJ I entered into a permanent loan (the "Mortgage Loan") payable to Massachusetts Mutual Life Insurance Company. The Mortgage Loan bears interest at 4.5% per annum, matures on January 10, 2042, and is secured by a deed of trust on The Lady Bird. Starting on January 10, 2024, interest and principal payment of \$105,647 are due monthly for the remaining term of the loan. As of December 31, 2025, principal and interest of \$23,060,821 and \$86,478, respectively, were outstanding.

THE AUSTIN GERIATRIC CENTER, INC.
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12. Mortgage payable (continued)

Mortgage payable consists of the following as of December 31, 2025:

Principal balance	\$ 23,060,821
Less: unamortized debt issuance costs	<u>(344,810)</u>
Mortgage payable, net of unamortized debt issuance costs	<u>\$ 22,716,011</u>

Debt issuance costs of \$393,296 are amortized across the life of the loan. For the year ended December 31, 2025, the effective interest rate was 4.60%. During 2025, amortization expense for debt issuance costs was \$24,129. As of December 31, 2024, accumulated amortization was \$48,486.

Future minimum principal payment requirements over each of the next five years and thereafter are as follows:

Year ending December 31,

2026	\$ 234,834
2027	245,623
2028	256,907
2029	268,709
2030	281,053
Thereafter	<u>21,773,695</u>
Total	<u>\$ 23,060,821</u>

13. WellMed lease

On October 25, 2019, RBJ I entered into a master lease agreement with DMAD whereby DMAD leases certain premises in The Lady Bird. On August 5, 2022, DMAD assigned the lease to AGC. AGC entered into a sublease agreement whereby AGC subleases certain premises of The Lady Bird to WellMed Medical Management, Inc. under an agreement that commenced on May 1, 2023, which will expire on July 31, 2028.

14. Property tax exemption

The Organization applied for exemption from property tax by the Travis County Appraisal District, pursuant to Section 11.1825 of the Texas Property Tax Code, which requires that the Organization construct or rehabilitate the real property for use in providing housing to individuals or families meeting certain income eligibility requirements. For the year ended December 31, 2025, the Organization met such requirements.

15. Subsequent events

Subsequent events have been evaluated through June 23, 2026, which is the date the consolidated financial statements were available to be issued. On June 1, 2026, RBJ II executed and submitted a loan extension request letter to the JPMorgan Chase Bank, N.A. to extend the original maturity date of the bonds payable by six months from July 1, 2026, to January 1, 2027.



Independent Accountants' Report

To the Board of Directors of
The Austin Geriatric Center, Inc. and Subsidiaries:

We have examined The Austin Geriatric Center, Inc. and Subsidiaries' compliance with the applicable provisions of Section 11.1825 of the Tax Code of the State of Texas, with respect to its application for a property tax exemption, for the year ended December 31, 2025. Management of The Austin Geriatric Center, Inc. and Subsidiaries is responsible for The Austin Geriatric Center, Inc. and Subsidiaries' compliance with the specified requirements. Our responsibility is to express an opinion on The Austin Geriatric Center, Inc. and Subsidiaries' compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether The Austin Geriatric Center, Inc. and Subsidiaries complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether The Austin Geriatric Center, Inc. and Subsidiaries complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

Our examination does not provide a legal determination on The Austin Geriatric Center, Inc. and Subsidiaries' compliance with specified requirements.

In our opinion, The Austin Geriatric Center, Inc. and Subsidiaries complied, in all material respects, with the applicable provisions of Section 11.1825 of the Tax Code of the State of Texas, with respect to property tax exemption, for the year ended December 31, 2025.

Novogradac & Company LLP

Austin, Texas
June 24, 2026