Consolidated Financial Statements and Supplementary Information Together with Report of Independent Certified Public Accountants

Breaking Ground Housing Development Fund Corporation and Affiliates

December 31, 2025 and 2024

Contents

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors of
Breaking Ground Housing Development Fund Corporation and Affiliates

Opinion

We have audited the consolidated financial statements of Breaking Ground Housing Development Fund Corporation and Affiliates (collectively, “Breaking Ground”), which comprise the consolidated statements of financial position as of December 31, 2025 and 2024, and the related consolidated statements of activities, changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Breaking Ground 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 BG Betances L.P., Schermerhorn L.P., Pitt Street L.P., Brook Avenue Housing L.P., St. Marks Brownsville L.P., Hegeman Avenue Housing L.P., 1630 Dewey Avenue LLC, Boston Road Housing L.P., Webster Avenue Affordable LLC, Webster Avenue Supportive LLC, La Central Supportive L.P., and Edwin's Place L.P. (collectively, the "Controlled Housing Entities"), which statements reflect total assets constituting $531,723,314, or 31% and $544,995,800, or 42% of consolidated total assets as of December 31, 2025 and 2024, respectively, and total revenues of $34,562,453, or 19% and $31,693,027, or 18% of consolidated total revenues for the years then ended December 31, 2025 and 2024, respectively. 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 the Controlled Housing Entities, is based solely on reports the of the other auditors.

Basis for opinion

We conducted our audits of the consolidated financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Breaking Ground 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 Breaking Ground's ability to continue as a going concern for a period of one year after the date the 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 therefore is not a guarantee that an audit conducted in accordance with US 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 US 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 Breaking Ground'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 Breaking Ground's ability to continue as a going concern for a reasonable period of time.

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

Supplementary information
Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information presented within the Consolidating Schedule of Financial Position - Not-for-Profit Entities, Consolidating Schedule of Activities - Not-for-Profit Entities, Consolidating Schedule of Financial Position - Housing Entities and Consolidating Schedule of Activities - Housing Entities as of and for the year ended December 31, 2025, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such supplementary 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 audits of the consolidated financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material

Grant Thornton LLP

Melville, New York
June 29, 2026

Breaking Ground Housing Development Fund Corporation and Affiliates

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, 2025 and 2024, with consolidating information as of December 31, 2025

	2025				2024
	Not-for-Profit Entities	Housing Entities	Eliminations	Consolidated Total	Consolidated Total
ASSETS					
Current assets					
Cash	$ 47,029,817	$ 8,007,678	$ -	$ 55,037,495	$ 40,712,480
Lender restricted cash	3,334,673	619,879	-	3,954,552	3,726,344
Contractual reserves	-	4,080,923	-	4,080,923	3,418,511
Accounts receivable, net	42,350,456	2,169,941	(2,345,497)	42,174,900	52,241,969
Advances due from affiliates	5,901,675	2,234,611	(8,136,286)	-	-
Development fees receivable	2,509,500	-	-	2,509,500	3,335,650
Other assets, net	4,372,983	656,976	-	5,029,959	2,684,187
Right-of-use assets	6,793,704	10,101	-	6,803,805	7,904,933
Total current assets	112,292,808	17,780,109	(10,481,783)	119,591,134	114,024,074
Noncurrent assets					
Contractual reserves	22,471,030	12,512,804	-	34,983,834	32,258,094
Accounts receivable, net	18,750,601	-	(1,180,000)	17,570,601	18,186,778
Tenant security deposits	855,808	572,197	-	1,428,005	1,444,126
Development fees receivable	45,860,700	-	(42,448,253)	3,412,447	2,232,815
Affiliate notes and interest receivable	48,014,483	-	(48,014,483)	-	-
Investment in Housing Entities	10,617,226	-	(10,617,226)	-	-
Other assets, net	2,867,942	410,880	-	3,278,822	3,060,483
Right-of-use assets	39,646,707	921,513	-	40,568,220	30,319,962
Property and equipment, net	579,071,531	929,834,676	(36,396,530)	1,472,509,677	1,096,105,301
Total noncurrent assets	768,156,028	944,252,070	(138,656,492)	1,573,751,606	1,183,607,559
Total assets	$ 880,448,836	$ 962,032,179	$ (149,138,275)	$ 1,693,342,740	$ 1,297,631,633

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

Breaking Ground Housing Development Fund Corporation and Affiliates

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION - CONTINUED

December 31, 2025 and 2024, with consolidating information as of December 31, 2025

	2025				2024
	Not-for-Profit Entities	Housing Entities	Eliminations	Consolidated Total	Consolidated Total
LIABILITIES					
Current liabilities					
Accounts payable and accrued expenses	$ 27,713,284	$ 6,647,406	$ (2,735,082)	$ 31,625,608	$ 26,867,933
Construction payable	3,020,777	2,922,804	-	5,943,581	16,930,130
Accrued interest payable - mortgages and notes	-	-	-	-	47,608
Advances due to affiliates	36,041	8,100,245	(8,136,286)	-	-
Deferred revenue	39,653,127	506,960	-	40,160,087	22,007,663
Project grant advances	676,471	-	-	676,471	676,471
Lease obligations, present value	6,379,894	-	-	6,379,894	7,871,359
Development fees payable	-	1,047,000	-	1,047,000	4,391,200
Mortgages and notes payable	11,264,204	1,324,078	-	12,588,282	15,413,271
Total current liabilities	88,743,798	20,548,493	(10,871,368)	98,420,923	94,205,635
Noncurrent liabilities					
Security deposits	877,224	885,611	-	1,762,835	1,518,021
Other liabilities	1,818,767	5,047,512	(1,180,000)	5,686,279	5,506,142
Accrued interest payable - mortgages and notes	57,824,929	26,173,730	-	83,998,659	69,611,616
Deferred revenue	9,305,279	-	(8,182,090)	1,123,189	725,000
Project grant advances	34,671,884	-	-	34,671,884	12,348,354
Lease obligations, present value	41,329,018	-	-	41,329,018	29,745,728
Development fees payable	15,146,080	33,721,065	(42,448,253)	6,418,892	2,353,270
Affiliate notes and interest payable	-	48,014,483	(48,014,483)	-	-
Mortgages and notes payable, net	530,153,515	714,630,559	-	1,244,784,074	888,776,294
Total noncurrent liabilities	691,126,696	828,472,960	(99,824,826)	1,419,774,830	1,010,584,425
Total liabilities	779,870,494	849,021,453	(110,696,194)	1,518,195,753	1,104,790,060
Commitments and contingencies					
Net assets					
Without donor restrictions					
Controlling interest	89,959,773	12,888,973	(38,442,081)	64,406,665	81,260,203
Noncontrolling interest	-	100,121,753	-	100,121,753	98,644,121
With donor restrictions	10,618,569	-	-	10,618,569	12,937,249
Total net assets	100,578,342	113,010,726	(38,442,081)	175,146,987	192,841,573
Total liabilities and net assets	$ 880,448,836	$ 962,032,179	$ (149,138,275)	$ 1,693,342,740	$ 1,297,631,633

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

Breaking Ground Housing Development Fund Corporation and Affiliates

CONSOLIDATED STATEMENTS OF ACTIVITIES

December 31, 2025 and 2024, with consolidating information as of December 31, 2025

	2025				2024
	Not-for-Profit Entities	Housing Entities	Eliminations	Consolidated Total	Consolidated Total
Net assets without donor restrictions					
Revenues and support without donor restrictions:					
Contributions	$ 6,380,666	$ -	$ -	$ 6,380,666	$ 14,395,020
Government grants and contracts	86,688,032	-	-	86,688,032	76,450,847
Management and partnership fees	2,685,651	-	(2,234,828)	450,823	539,592
Development fees	14,005,422	-	(45,810)	13,959,612	8,680,484
Rental income	29,728,541	31,886,644	(2,500,885)	59,114,300	53,484,316
Other income	7,432,926	2,752,379	(797,043)	9,388,262	11,483,026
Net assets released from restrictions	4,673,288	-	-	4,673,288	14,303,232
Total revenues and support	151,594,526	34,639,023	(5,578,566)	180,654,983	179,336,517
Expenses:					
Social services	84,508,973	-	(177,390)	84,331,583	75,817,383
Housing management and development	6,888,016	-	-	6,888,016	6,453,789
Permanent housing operations	23,572,832	28,012,050	(4,573,709)	47,011,173	43,170,852
General and administrative	24,168,987	-	(130,708)	24,038,279	19,624,933
Fundraising	1,553,223	-	-	1,553,223	1,383,767
Depreciation and amortization	10,686,540	16,295,080	(484,981)	26,496,639	26,842,759
Interest and service fees	16,812,904	7,865,968	(698,506)	23,980,366	21,492,560
Total expenses	168,191,475	52,173,098	(6,065,294)	214,299,279	194,786,043
Change in net assets before other non-recurring items	(16,596,949)	(17,534,075)	486,728	(33,644,296)	(15,449,526)
Other non-recurring items:					
New York State Brownfield redevelopment income, net of federal tax expense of $1,260,250 and $5,575,904, respectively	7,881,507			7,881,507	19,370,545
Sale of transferrable development rights	1,268,262	-	-	1,268,262	-
Gain on forgiveness of loan	200,000	-	-	200,000	-
Gain on sale of building interest	-	-	-	-	621,862
(Decrease) increase in net assets without donor restrictions	(7,247,180)	(17,534,075)	486,728	(24,294,527)	4,542,881
Net assets with donor restrictions					
Revenues and support with donor restrictions:					
Contributions	2,354,608	-	-	2,354,608	5,854,214
Net assets released from restrictions	(4,673,288)	-	-	(4,673,288)	(14,303,232)
Decrease in net assets with donor restrictions	(2,318,680)	-	-	(2,318,680)	(8,449,018)
Change in net assets	(9,565,860)	(17,534,075)	486,728	(26,613,207)	(3,906,137)
Excess of expenses over revenues and support attributable to noncontrolling interests	-	17,532,328	-	17,532,328	18,005,702
(Deficiency) excess of revenues and support over expenses attributable to Breaking Ground	$ (9,565,860)	$ (1,747)	$ 486,728	$ (9,080,879)	$ 14,099,565

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

Breaking Ground Housing Development Fund Corporation and Affiliates

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Years ended December 31, 2025 and 2024

	Net Assets Without Donor Restrictions			Net Assets With Donor Restrictions	Consolidated Total
	Controlling	Noncontrolling	Total		
Beginning balance, January 1, 2024	$ 69,074,271	$ 111,938,405	$ 181,012,676	$ 21,386,267	$ 202,398,943
Adjustment from Managing Member	(4,711,418)	4,711,418	-	-	-
Increase in deferred developer fee	(5,651,233)	-	(5,651,233)	-	(5,651,233)
Excess of expenses over revenue and support attributable to noncontrolling interests	-	(18,005,702)	(18,005,702)	-	(18,005,702)
(Deficiency) excess of revenues and support over expenses attributable to Breaking Ground	22,548,583	-	22,548,583	(8,449,018)	14,099,565
Ending balance, December 31, 2024	81,260,203	98,644,121	179,904,324	12,937,249	192,841,573
Contributions from investors	-	19,009,960	19,009,960	-	19,009,960
Increase in deferred developer fee	(10,091,339)	-	(10,091,339)	-	(10,091,339)
Excess of expenses over revenue and support attributable to noncontrolling interests	-	(17,532,328)	(17,532,328)	-	(17,532,328)
(Deficiency) excess of revenues and support over expenses attributable to Breaking Ground	(6,762,199)	-	(6,762,199)	(2,318,680)	(9,080,879)
Ending balance, December 31, 2025	$ 64,406,665	$ 100,121,753	$ 164,528,418	$ 10,618,569	$ 175,146,987

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

Breaking Ground Housing Development Fund Corporation and Affiliates

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31, 2025 and 2024

	2025	2024
Cash flows from operating activities		
Change in net assets	$ (26,613,207)	$ (3,906,137)
Change in deferred developer fee	(10,091,339)	(5,651,233)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	26,496,639	26,842,759
Amortization of debt issuance costs	331,479	332,995
Gain on forgiveness of loans and interest	(200,000)	-
Initial recognition of right-of-use assets	(17,823,674)	(19,756,184)
Initial recognition of lease obligations, present value	17,823,674	19,756,184
(Increase) decrease in operating assets:		
Accounts receivable, net	10,683,246	(7,020,123)
Other assets, net	(2,615,470)	(1,937,439)
Right-of-use-assets	8,676,544	7,508,604
Development fees receivable	(353,482)	(60,205)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	4,757,675	5,451,838
Security deposits	244,814	89,897
Other liabilities	180,137	103,971
Accrued interest payable - mortgages and notes	14,339,435	11,298,658
Deferred revenue	18,550,613	7,432,307
Project grant advances	22,323,530	(176,471)
Lease obligations, present value	(7,731,849)	(7,562,335)
Development fees payable	721,422	(19,460)
Net cash provided by operating activities	59,700,187	32,727,626
Cash flows from investing activities		
Change in contractual reserves	(3,388,152)	871,851
Payments on construction payable	(43,322,298)	(53,337,927)
Capital expenditures	(370,513,907)	(164,613,311)
Net cash used in investing activities	(417,224,357)	(217,079,387)
Cash flows from financing activities		
Capital contributions received from investors	19,009,960	-
Proceeds from loans	372,607,389	255,990,088
Repayments of loans	(19,556,077)	(52,474,607)
Net cash provided by financing activities	372,061,272	203,515,481
NET INCREASE IN CASH AND RESTRICTED CASH	14,537,102	19,163,720
Cash and restricted cash, beginning of year	45,882,950	26,719,230
Cash and restricted, end of year	$ 60,420,052	$ 45,882,950
Supplemental disclosure of information:		
Cash paid for interest	$ 8,700,881	$ 9,332,110
Supplemental schedule of non-cash investing and financing activities:		
Construction payable capitalized to rental property	$ 32,335,749	$ 65,310,398

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

NOTE 1 - DESCRIPTION OF ORGANIZATION AND MISSION

Breaking Ground Housing Development Fund Corporation and Affiliates (collectively, “Breaking Ground” or the “Organization”) was formed for the charitable purpose of owning, rehabilitating, maintaining and operating low-income housing projects and providing related social service programs to individuals residing in the buildings. Breaking Ground is financed principally by grants and contracts from community-based and governmental agencies, as well as fees received from developing and managing properties, rental income, and contributions from the general public. The Organization consists of not-for-profit housing development fund corporations (“HDFC”), for-profit limited partnerships (“LP”), limited liability corporations (“LLC”), and C-corporations. All Breaking Ground entities are affiliated, and have been formed as support to further the Organization’s objectives.

Breaking Ground’s mission is to strengthen individuals, families, and communities by developing and sustaining exceptional supportive and affordable housing, as well as offering programs for homeless and other vulnerable New Yorkers. Breaking Ground’s network of well-designed, safe, and affordable apartments are linked to services that enable residents to maintain housing, restore health, and regain economic independence. The pursuit of this mission is threefold:

Permanent Supportive and Affordable Housing

For chronically homeless individuals, Breaking Ground creates safe, secure housing, with onsite support services to help address the mental and physical health problems that are obstacles to independent living. For individuals who find themselves at the edge of homelessness, Breaking Ground’s affordable housing provides an all-important safety net with the onsite support services that can aid them in maintaining stability in their lives. For both populations, Breaking Ground strives to create strong, vibrant communities within its buildings and to strengthen the neighborhoods in which its buildings are located through a commitment to social inclusion.

Transitional Housing

Breaking Ground manages programs that provide safe, shorter-term housing for people in the most precarious circumstances on the streets. With secure housing, three meals a day, and comprehensive services on site, Breaking Ground provides a safe and supportive space in which each person can work towards securing permanent housing.

Street Outreach

Breaking Ground is also a leading provider of outreach to street homeless New Yorkers, covering all of Brooklyn and Queens, along with midtown Manhattan. Outreach teams are responsible for canvassing the streets, engaging with people experiencing homelessness and working to connect them with services and both supportive and transitional housing. Through compassion, patience and persistence, outreach teams build trust with homeless individuals and help them come indoors.

The following paragraphs summarize the entities comprising Breaking Ground, all of which are consolidated within the accompanying financial statements in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). The HDFC entities of Breaking Ground were organized under Section 402 of the Not-for-Profit Corporation Law and pursuant to Article XI of the Private Housing Finance Law of the State of New York, and are exempt from income and excise taxes under Section 501(c)(3) of the Internal Revenue Code (“IRC”).

Breaking Ground Housing Development Fund Corporation (“BG”), organized on October 11, 1990, is the controlling member of the following entities: T.S. Hotel LLC, St. Marks Brownsville Housing Development Fund Corporation, and Schermerhorn Housing Development Fund Corporation.

Breaking Ground II Housing Development Fund Corporation ("BG II"), organized on January 26, 1995, is the controlling member of the following entities: Prince George Associates L.P., Prince George GP Corp, One Riverside Park Housing Development Fund Corporation, 10 Freedom Place Housing Development Fund Corporation, 1766-68 Second Avenue Housing Development Fund Corporation, Webster Avenue Affordable Developer LLC, La Central Supportive Developer LLC, Edwin's Place Developer LLC, CG Pitt Street Housing Development Fund Corporation, Brook Ave Housing Development Fund Corporation, Hegeman Housing Development Fund Corporation, 1630 Dewey Avenue Housing Development Fund Corp., Boston Road II Housing Development Fund Corporation, Webster Avenue Housing Development Fund Corporation, Webster Avenue Supportive Housing Development Fund Corporation, La Central Supportive Housing Development Fund Corporation, Edwin's Place Housing Development Fund Corporation, BG Betances Housing Development Fund Corporation, 90 Sands Housing Development Fund Corporation, BG Sutphin Housing Development Fund Corporation, 1760 Third Avenue Housing Development Fund Corporation, BG Sack Wern Housing Development Fund Corporation, Kingsboro Shelter South Housing Development Fund Corporation, Kingsboro Shelter North Housing Development Fund Corporation, Kingsboro SHOP 1 Housing Development Fund Corporation, BG Stewart Housing Development Fund Corporation and BG Investor Holdings LLC.

Breaking Ground III Housing Development Fund Corporation ("BG III"), organized on October 24, 2000, was formed for the charitable purpose of operating a housing project at 206 West 24th Street, New York City ("Chelsea"), a building that was purchased through a loan from the City of New York Department of Housing Preservation and Development ("HPD"), which provides housing and employment services to qualifying young adults, formerly homeless, and low-income single adults.

On June 30, 2021, the partnership agreement of Chelsea Residence Limited Partnership was further amended to execute an assignment and assumption of membership interest. BG III assumed the 99.99% interest of the former investor limited partner and 0% interest of the former special limited partner. The balance of the former investor limited partner's capital account at June 30, 2021, was accounted for as an addition to the capital account of the GP.

Breaking Ground IV Housing Development Fund Corporation ("BG IV"), organized on October 23, 2001, was formed for the charitable purpose of owning, rehabilitating, and operating a housing project at 197 Bowery, New York City (the "Andrews"). BG IV provides an emergency Safe Haven and social services for individuals transitioning from homelessness to permanent housing at the Andrews.

Common Ground Jobs Training Corp. ("CGJTC"), organized on January 25, 1993, operates as a private foundation exempt from income taxes under Section 501(c)(3) of the IRC. CGJTC is subject to excise taxes on its net revenue derived from investment activities. CGJTC operates the Prince George commercial space at the building.

Common Ground Management Corporation d/b/a Breaking Ground Management ("BGM"), organized on January 26, 1995, was formed for the charitable purpose of managing low-income housing projects. It is also the central disbursement agent for all Breaking Ground entities. BGM is the controlling member of Breaking Ground V LLC ("BG V"), organized on September 29, 2017, under the New York Limited Liability Company Law for the purpose of providing all services at the Prince George Ballroom. BGM is also the controlling member of Breaking Ground VI LLC ("BG VI"), organized on June 15, 2021, under the New York Limited Liability Company Law for the purpose of engaging in any lawful act or activity for which limited liability companies may be formed under the Act and to engage in any and all activities necessary or incidental thereto. BGM is also the controlling member of the following entities: La Central Phase II Housing Development Fund Corporation, 160 Van Cortlandt Park South Housing Development Fund Corporation and EC A2 Housing Development Fund Corporation.

Nonprofit Transaction Assistance Corporation, ("NTAC"), was formed on May 24, 2021, under the provisions and subject to the requirements of the laws of the State of Delaware (particularly Chapter 1, Title 8 of the Delaware Code, known and referred to as the "General Corporation Law"). NTAC was formed for the charitable purposes of strengthening communities and bolstering the financial and operational condition and capabilities of nonprofit organizations serving those communities and as a result, is exempt from income and excise taxes under Section 501(c)(3) of the IRC.

Breaking Ground is the sole owner or controlling member of each General Partner ("GP") or Managing Member ("MM") listed below, which typically owns 0.01% of their associated LPs and LLCs. These entities (the "Housing Entities") were formed to own individual properties that are developed and managed to provide low-income housing. The Housing Entities are comprised as follows:

Limited Partnership/ Limited Liability Corporation	General Partner/Managing Member
Brook Avenue Housing L.P.	CG-Brook Avenue Housing Corp.
Schermerhorn L.P.	Schermerhorn Housing Corp.
Pitt Street L.P.	Pitt Street Housing Corp.
St. Marks Brownsville L.P.	St. Marks Senior Housing Corporation
Hegeman Avenue Housing L.P.	CG-Hegeman Avenue Housing Corp.
1630 Dewey Avenue LLC	1630 Dewey Avenue Managing Member, Inc.
Boston Road Housing L.P.	CG-Boston Road Housing Corp.
Webster Avenue Affordable LLC	Webster Avenue Affordable Managing Member LLC
Webster Avenue Supportive LLC	CG-Webster Avenue Supportive Housing Corp.
La Central Supportive L.P.	La Central Supportive Housing LLC
Edwin's Place L.P.	Edwin's Place Housing LLC
BG Betances L.P.	BG Betances Housing LLC
BG Sutphin Owner LLC	BG Sutphin LLC
Kingsboro SHOP 1 L.P.	Kingsboro SHOP 1 GP LLC
371 7th Avenue Owner LLC	371 7th Avenue Manager LLC

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying consolidated financial statements have been prepared under the accrual basis of accounting in accordance with U.S. GAAP and include the accounts of the entities listed above, as follows:

Not-for-Profit Entities - The accompanying consolidated financial statements include the accounts of BG, BG II, BG III, BG IV, CGJTC, and BGM (collectively known as the "Not-for-Profit Entities"). All intercompany transactions and accounts between the Not-for-Profit Entities have been eliminated in consolidation.

Housing Entities - LPs or LLCs that are controlled by Breaking Ground and those entities over which Breaking Ground exercises significant influence are included in the accompanying consolidated financial statements. The GP/MM interests held by Breaking Ground entities typically equal 0.01% of the respective Housing Entities' equity, with the remainder of the Housing Entities' equity held by the limited partners/members of the respective Housing Entities. The portion of the Housing Entities not controlled by Breaking Ground is presented in the accompanying consolidated financial statements as noncontrolling interest. All intercompany transactions and accounts between the Housing Entities have been eliminated in consolidation.

All intercompany transactions and accounts between the Not-for-Profit Entities and the Housing Entities have also been eliminated in consolidation.

The net assets of Breaking Ground and changes therein are classified and reported based on the existence or absence of donor-imposed restrictions as follows:

Net assets without donor restrictions - controlling interest - net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of Breaking Ground.

Net assets without donor restrictions - noncontrolling interest - represent the aggregate of limited partner/member equity interests in the non-wholly-owned Housing Entities that are included in the accompanying consolidated financial statements.

Net assets with donor restrictions - net assets subject to donor-imposed stipulations that will be met by actions of Breaking Ground and/or the passage of time.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of net assets with donor restrictions, i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed, are reported as net assets released from restrictions.

Cash

Cash consists of cash on deposit with banks. Breaking Ground maintains its bank accounts with several financial institutions. These accounts are insured by the Federal Deposit Insurance Corporation up to an aggregate amount of $250,000 for each entity. At times, cash balances within these accounts may exceed federally insured limits. Breaking Ground has not experienced, nor does it anticipate, any losses in such accounts.

Lender Restricted Cash and Contractual Reserves

Lender restricted cash and contractual reserves represent amounts that are required to be maintained by contractual or other agreements and consist of cash and cash equivalents, a certificate of deposit and treasury bills. Cash equivalents represent short-term investments with original maturities of three months or less from the date of purchase.

Concentration of Credit and Market Risks

Financial instruments that expose Breaking Ground to potential concentrations of credit and market risks consist primarily of cash and restricted reserves. All such instruments are maintained at reputable financial institutions and credit exposure is not limited to any one institution. Management does not believe that its financial instruments are subject to significant concentrations of market risk due to diversification.

Revenue Recognition

Breaking Ground recognizes revenue when a control of the promised goods or services are transferred to outside parties in an amount that reflects the consideration Breaking Ground expects to be entitled to in exchange for those goods or services.

Management and partnership fees revenue are recognized evenly over the management and partnership fee term as its partners simultaneously receive and consume the benefits over that timeframe.

Development fees revenue is recognized over time in the years earned based on milestones established in the partnership or operating agreements. The unearned portion of development fees received is classified as deferred revenue in the accompanying consolidated statements of financial position. Development fees are paid by the respective Housing Entities to Breaking Ground’s affiliated entities, through funds received from equity contributions of the Housing Entities' investors, as well as from the operating cash flow of the respective Housing Entities. Only the portion of development fees to be paid from the respective Housing Entities' operating cash flow is eliminated in consolidation, while the portion to be paid from third-party equity contributions is not.

Rental and other income, including rent and fees from the operation of low-income housing projects and tenants, are recognized evenly over the lease terms as tenants simultaneously receive and consume the benefits over that timeframe. Advance receipts of rental income are deferred and classified as accounts payable and accrued expenses in the accompanying consolidated statements of financial position. All leases between the properties and tenants are considered to be operating leases.

Breaking Ground recognizes government and private contracts and grants as either contributions or exchange transaction revenues, depending on whether the transaction is reciprocal or nonreciprocal. For contributions, revenue is recognized when a contribution becomes unconditional. Typically, contract and grant agreements contain a right of return or right of release from the respective obligation provision on the part of the grantor and Breaking Ground has limited discretion over how funds transferred should be spent. As such, Breaking Ground recognizes revenue for these conditional contributions when the related barrier to entitlement has been overcome.

Breaking Ground reports contributions within net assets with donor restrictions if such gifts are restricted by the donor to a specific program and/or include an explicit or implied time restriction. Expirations of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

As of December 31, 2025, grants and contributions receivable of approximately $36.7 million were due to be collected within one year, and approximately $2.9 million was due to be collected in 2027 and beyond. As of December 31, 2024, grants and contributions receivable of approximately $47.0 million were due to be collected within one year, and approximately $3.5 million was due to be collected in 2026 and beyond. These amounts are included within accounts receivable, net, in the accompanying consolidated statements of financial position.

As of December 31, 2025 and 2024, Breaking Ground's outstanding conditional contributions totaled approximately $216 million and $227 million, respectively, which will be recognized as revenue as conditions are met.

Unconditional promises to give due in more than one year, if any, are discounted to reflect the present value of future cash flows at a credit-adjusted rate.

Development Fees Receivable

Development fees receivable in the accompanying consolidated statements of financial position represents development fees for construction development. Development fees receivable from Housing Entities that is payable from the operational cash flow of the respective projects is eliminated in consolidation. Any remaining development fees receivable shall be paid by the related Housing Entities upon receipt of the limited partner/member equity contribution. Development fees receivable balance as of December 31, 2025 and 2024 totaled $5,921,947 and $5,568,465, respectively.

Allowance for Credit Losses

The carrying value of accounts and development fees receivable is reduced by an appropriate allowance, if needed, for credit losses. Breaking Ground determines its allowance by considering a number of factors, including the length of time receivables are past due, previous loss history, the donor's current ability to pay their obligation, and the current and future conditions of the general economy and the industry as a whole. Receivables outstanding longer than the payment terms are considered past due. Breaking Ground writes off accounts and development fee receivables when they become uncollectible, with any payments subsequently received on such receivables recorded as income in the period received. The allowance for credit losses balance as of December 31, 2025 and 2024 totaled $6,696,122 and $6,729,974, respectively.

Fair Value Measurements

Fair value is defined as the exchange price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset or liability and a fair value hierarchy that prioritizes the information used to develop those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). Breaking Ground groups assets and liabilities at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the measurement date.

Level 2 - Pricing inputs, including broker quotes, are generally those other than exchange quoted prices in active markets, which are either directly or indirectly observable as of the measurement date, and fair value is determined through the use of models or other valuation methodologies.

Level 3 - Pricing inputs are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value require significant management judgment or estimation. Investments that are included in this category generally include privately held investments and partnership interests.

Property and Equipment, Net

Property and equipment are recorded at cost or fair value at the date of contribution, if donated. Property and equipment costing greater than $10,000 and with a useful life of three years or greater are capitalized. Expenditures for maintenance and repairs are charged to expenses as incurred while major renewals and betterments are capitalized. Depreciation is calculated using the straight-line method over the estimated useful lives of the respective assets, as follows:

Property Classification	Estimated Useful Lives
Buildings and improvements	40 years
Leasehold improvements	Lesser of useful life or lease term
Furniture and equipment	3-7 years

All third-party costs, including interest expense associated with the acquisition of property for potential development, are capitalized as construction-in-progress. Any costs associated with potential acquisitions that are not deemed probable are expensed. All construction-related costs for properties where construction has commenced are capitalized as costs are incurred. Depreciation does not commence on construction-in-progress until the asset has been placed in service. Interest, real estate taxes, and insurance costs incurred during the period of rehabilitation of the projects are capitalized as part of the cost and presented as construction-in-progress.

Impairment of Long-Lived Assets

Breaking Ground reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of the assets may not be recoverable. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. No impairment losses were recognized for the years ended December 31, 2025 and 2024, as management determined no such impairments existed.

Income Taxes

Breaking Ground follows guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This guidance provides that the tax effects from an uncertain tax position can only be recognized in the consolidated financial statements if the position is “more-likely-than-not” to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

Breaking Ground is exempt from federal income tax under IRC section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the IRC. Breaking Ground has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it was nexus; and to identify and evaluate other matters that may be considered tax positions. Breaking Ground has determined that there are no material uncertain tax positions that require recognition or disclosure in the consolidated financial statements. In addition, Breaking Ground has not recorded a provision for income taxes as it has no material tax liability from unrelated business income activities.

All other real estate entities have elected to be treated as pass-through entities for income tax purposes and as such, are not subject to income taxes. Rather, all items of taxable income, deductions, and tax credits are passed through to and are reported by the owners on their respective income tax returns. The affiliated entities’ federal tax statuses as pass-through entities are based on the legal statuses as LPs or LLCs. Accordingly, these affiliated entities are not required to take any tax positions in order to qualify as pass-through entities. The affiliated entities are required and do file tax returns with the Internal Revenue Service and other taxing authorities. Accordingly, these consolidated financial statements do not reflect a provision for income taxes and these affiliated entities have no other tax positions which must be considered for disclosure.

Use of Accounting Estimates

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

Reclassifications

Certain information in the fiscal 2024 consolidated financial statements has been reclassified to conform to the fiscal 2025 presentation. Such reclassifications did not change total assets, liabilities, revenues, expenses or changes in net assets as reflected in the 2024 consolidated financial statements.

NOTE 3 - ACCOUNTS RECEIVABLE, NET

Accounts receivable, net, as of December 31, 2025 and 2024 consisted of the following:

	2025	2024
Note receivable	$ 14,679,600	$ 14,679,600
Government grants and contracts	34,177,010	44,016,448
Housing Entities receivables	5,199,998	5,408,984
Contribution receivables	5,372,151	6,510,352
Tenant accounts receivables	5,985,773	4,556,763
Other	1,027,091	1,986,574
Accounts receivable, gross	66,441,623	77,158,721
Less: allowance for credit losses	(6,696,122)	(6,729,974)
Accounts receivable, net	$ 59,745,501	$ 70,428,747

NOTE 4 - LENDER RESTRICTED CASH AND CONTRACTUAL RESERVES

Under the terms of the various partnership agreements, operating agreements and mortgage loans, Breaking Ground is required to segregate and maintain funds in certain restricted accounts that can only be accessed with the permission of the respective limited partner/member or mortgage lender. These reserve accounts are primarily funded from the proceeds of Breaking Ground's earned development fees, a portion of which is required to be placed in reserve when paid by the LP or LLC. These reserves are required by the investor and lender to fund potential operating deficits or building replacement needs. The amount and terms of such reserves are set forth in the respective LP or LLC partnership or operating agreements.

Lender restricted cash and contractual reserves, at fair value, as of December 31, 2025 and 2024 consisted of the following:

	2025	2024
Cash and cash equivalents	$ 25,625,039	$ 24,058,237
Certificate of deposit	1,800,000	1,800,000
Treasury bills	15,594,270	13,544,712
Total	$ 43,019,309	$ 39,402,949

Breaking Ground's lender restricted cash and contractual reserves classified within the fair value hierarchy as of December 31, 2025 and 2024 consisted of the following:

	2025	
		Total
Cash and cash equivalents		$ 25,625,039
	Level 2	
Certificate of deposit	$ 1,800,000	1,800,000
Treasury bills	15,594,270	15,594,270
Total	$ 17,394,270	$ 43,019,309

	2024	
		Total
Cash and cash equivalents		$ 24,058,237
	Level 2	
Certificate of deposit	$ 1,800,000	1,800,000
Treasury bills	13,544,712	13,544,712
Total	$ 15,344,712	$ 39,402,949

Interest income for the years ended December 31, 2025 and 2024 totaled $809,307 and $867,857, respectively, and is recorded as other income within the consolidated statements of activities. Contractual reserve fees for the years ended December 31, 2025 and 2024 totaled $337,750 and $349,191, respectively, and are recorded as interest and service fees within the consolidated statements of activities.

NOTE 5 - CONSOLIDATED STATEMENTS OF CASH FLOWS

The following table provides a reconciliation of cash and restricted cash reported within the consolidated statements of financial position that sum to the total of the same such amounts in the consolidated statements of cash flows:

	2025	2024
Cash	$ 55,037,495	$ 40,712,480
Lender restricted cash	3,954,552	3,726,344
Tenant security deposits	1,428,005	1,444,126
Total cash and restricted cash shown in the consolidated statements of cash flows	$ 60,420,052	$ 45,882,950

Amounts included in restricted cash are comprised of lender restricted cash and security deposits held in trust for the future benefit of tenants upon moving out of the property as required by the regulatory authority.

NOTE 6 - PROPERTY AND EQUIPMENT, NET

Property and equipment, net, as of December 31, 2025 and 2024 consisted of the following:

	2025	2024
Buildings and improvements	$ 972,900,228	$ 981,111,832
Leasehold improvements	4,321,628	4,321,628
Furniture and equipment	24,200,127	23,657,692
Land improvements	9,761,114	9,761,114
Total depreciable assets	1,011,183,097	1,018,852,266
Less: accumulated depreciation	(278,728,971)	(252,404,269)
Total depreciable assets net of depreciation	732,454,126	766,447,997
Land	45,033,573	45,033,573
Construction-in-progress	695,021,978	284,623,731
Total property and equipment, net	$ 1,472,509,677	$ 1,096,105,301

Depreciation and amortization expense totaled $26,496,639 and $26,842,759 for the years ended December 31, 2025 and 2024, respectively. Ongoing construction-in-progress projects relating to Chelsea Residence Limited Partnership, BG Sutphin Owner LLC, 1760 Third Avenue Housing Development Fund Corporation, Kingsboro SHOP 1 LP, Kingsboro Shelter South Housing Development Fund Corporation, Kingsboro Shelter North Housing Development Fund Corporation and 371 7th Avenue LLC are expected to be completed in 2026, 2026, 2026, 2028, 2028, 2028 and 2029, respectively.

NOTE 7 - PROJECT GRANT ADVANCES

Project grant advances (which depend on the occurrence of a specified future uncertain event to bind the funder) are recognized as revenue when the conditions on which they depend are substantially met, that is, when the conditional grant becomes unconditional. Certain of these grants are designed as loan agreements with stated maturity dates, collateral requirements and interest rates, which upon the satisfaction of the respective requirements will be forgiven by the funder/lender and, as such, bear a 0% stated rate.

Project grant advances where the conditions have not been substantially met are included in liabilities in the accompanying consolidated statements of financial position as follows:

	2025	2024	Maturity Date
Federal Home Loan Bank for:			
BG - St. Marks Brownsville L.P.	$ 1,080,000	$ 1,080,000	11/26/2038
BG - Schermerhorn L.P.	675,000	675,000	12/29/2037
BG - Brook Avenue Housing L.P.	1,500,000	1,500,000	12/20/2039
BG - Hegeman Avenue Housing L.P.	1,650,000	1,650,000	6/9/2043
BG II - 1630 Dewey Avenue LLC	299,990	299,990	9/30/2040
BG II - Pitt Street L.P.	1,000,000	1,000,000	12/22/2043
BG II - Webster Avenue Affordable LLC	1,900,000	1,900,000	11/19/2048
BG II - Edwin’s Place L.P.	1,000,000	1,000,000	4/1/2076
BG II - 90 Sands H.D.F.C.	2,000,000	2,000,000	11/1/2063
BG II - BG Sutphin Owner LLC	1,500,000	-	8/1/2066
BG IV - Andrews	500,000	500,000	12/31/2026
BG - Neighborhood Stabilization Program	369,412	545,882	6/9/2027
BGM - New York State Office of Mental Health	21,000,000	-	12/31/2028
BG II - HOME Investment Partnership Program	573,953	573,953	8/31/2040
BG II - HUD Continuum of Care	300,000	300,000	9/30/2040
Total project grant advances	$ 35,348,355	$ 13,024,825	

NOTE 8 - MORTGAGES AND NOTES PAYABLE, NET

The various debt obligations outstanding as presented in the accompanying consolidated statements of financial position as of December 31, 2025 and 2024 consisted of the following:

Entity	Lender	2025	2024	Final Maturity Date	Interest Rate
BG	van Ameringen Foundation	$ 1,000,000	$ 200,000	1/31/2030	3%
BG	U.S. Department of Housing and Urban Development	13,179,600	13,179,600	12/1/2054	0%
BG	Wells Fargo Community Investment Holdings	2,200,000	1,200,000	4/1/2031	2%
BG	Deutsche Bank Foundation PRI Grant	80,000	120,000	11/30/2027	0%
BG	Mizuho Bank (USA)	-	5,000,000	7/31/2025	SOFR+2.0%
T.S. Hotel LLC	NYC Department of Housing Preservation and Development	28,850,107	28,850,107	7/1/2041	1%
BG IV	NYC Department of Housing Preservation and Development	2,362,940	2,362,940	1/5/2040	1%
BG IV	NYS Homeless Housing Assistance Corporation	5,698,300	5,698,300	1/5/2040	1%
BG IV	NYC Department of Housing Preservation and Development - Reso A	1,331,809	1,331,809	1/5/2040	1%
BG IV	NYS Housing Finance Agency	581,000	581,000	1/5/2040	0%
BG II	NYC Down Payment Assistance Fund, LLC	-	1,000,000	8/1/2025	4%
Prince George Associates, L.P.	NYC Department of Housing Preservation and Development	12,592,144	12,588,442	11/1/2028	1%
Prince George Associates, L.P.	NYS Homeless Housing Assistance Corporation	4,000,000	4,000,000	11/1/2029	1%
90 Sands H.D.F.C.	NYC Department of Housing Preservation and Development	155,000,000	155,000,000	6/30/2083	2.91%
90 Sands H.D.F.C.	NYC Department of Housing Preservation and Development - Reso A	2,000,000	2,000,000	6/30/2083	2.91%
90 Sands H.D.F.C.	NYC Housing Development Corporation	66,916,246	66,004,284	8/30/2063	ST-4.6% / LT-5.075%
90 Sands H.D.F.C.	NYC Housing Development Corporation	5,999,800	5,999,800	8/30/2063	ST-4.6% / LT-5.075%
1760 Third Avenue H.D.F.C.	NYC Department of Housing Preservation and Development	126,000,000	126,000,000	7/1/2064	4.36%
1760 Third Avenue H.D.F.C.	NYS Homeless Housing Assistance Corporation	6,980,713	6,000,000	30 years after occupancy	0%
1760 Third Avenue H.D.F.C.	New York Housing Finance Agency	1,953,137	339,278	1/1/2058	5.25%
1760 Third Avenue H.D.F.C.	NYC Department of Housing Preservation and Development - Reso A	2,000,000	2,000,000	7/1/2064	4.36%
1760 Third Avenue H.D.F.C.	New York Housing Finance Agency	57,229,022	33,150,638	1/1/2058	0%
Kingsboro Shelter South H.D.F.C.	UMB Bank, N.A.	5,843,282	-	7/1/2058	6.01%
Kingsboro Shelter North H.D.F.C.	UMB Bank, N.A.	6,261,318	-	7/1/2058	6.01%
Chelsea Residence Limited Partnership	NYC Department of Housing Preservation and Development	15,097,854	15,092,176	7/1/2055	3.72%
Chelsea Residence Limited Partnership	NYS Homeless Housing Assistance Corporation	5,469,414	5,469,414	7/1/2055	1%
Chelsea Residence Limited Partnership	NYC Housing Development Corporation	1,566,829	1,513,230	7/1/2055	3.72%
Chelsea Residence Limited Partnership	Low Income Investment Fund	11,224,204	7,738,532	7/1/2055	3.72%
Schermerhorn L.P.	NYS Homeless Housing Assistance Corporation	6,749,800	6,749,800	4/30/2039	1%
Schermerhorn L.P.	NYC Department of Housing Preservation and Development	19,571,147	19,560,971	4/29/2038	1%
Pitt Street L.P.	NYC Department of Housing Preservation and Development	24,428,552	24,413,182	9/1/2041	1%
Pitt Street L.P.	NYS Homeless Housing Assistance Corporation	6,520,758	6,520,758	12/28/2040	1%
Brook Avenue Housing L.P.	NYC Department of Housing Preservation and Development	17,032,443	17,027,888	11/1/2040	1%
Brook Avenue Housing L.P.	NYS Homeless Housing Assistance Corporation	3,500,000	3,500,000	12/20/2039	1%
Brook Avenue Housing L.P.	NYC Department of Housing Preservation and Development - Reso A	500,000	500,000	11/1/2040	1%
St. Mark’s Brownsville L.P.	NYS Homeless Housing Assistance Corporation	1,803,300	1,803,300	3/29/2051	1%
St. Mark’s Brownsville L.P.	NYC Department of Housing Preservation and Development - Reso A	705,296	703,525	11/26/2050	0%
Hegeman Avenue Housing L.P.	NYS Homeless Housing Assistance Corporation	17,626,774	17,613,259	12/22/2042	1%
Hegeman Avenue Housing L.P.	NYS Homeless Housing Assistance Corporation	5,580,554	5,580,554	12/8/2039	1%
Hegeman Avenue Housing L.P.	New York Housing Finance Agency	910,209	910,209	5/1/2040	1%
1630 Dewey Avenue LLC	NYS Homeless Housing Assistance Corporation	3,000,000	3,000,000	1/14/2043	1%
1630 Dewey Avenue LLC	Housing Trust Fund Corporation	1,659,911	1,658,814	8/3/2045	1%
Boston Road Housing L.P.	NYC Department of Housing Preservation and Development	4,559,564	4,559,564	1/13/2046	1%

Entity	Lender	2025	2024	Final Maturity Date	Interest Rate
Boston Road Housing L.P.	NYC Department of Housing Preservation and Development- Reso A	$ 2,000,000	$ 2,000,000	1/13/2046	1%
Boston Road Housing L.P.	NYS Homeless Housing Assistance Corporation	3,720,000	3,720,000	12/3/2042	1%
Boston Road Housing L.P.	NYS Housing Finance Agency	4,205,915	4,319,943	2/1/2046	2%
Boston Road Housing L.P.	NYS Housing Finance Agency	6,930,000	6,930,000	2/1/2046	1%
Boston Road Housing L.P.	NYC Department of Housing Preservation and Development	3,680,436	3,680,436	1/13/2046	1%
Webster Avenue Affordable LLC	NYC Department of Housing Preservation and Development	17,360,000	17,360,000	12/1/2048	1%
Webster Avenue Affordable LLC	NYC Department of Housing Preservation and Development - Reso A	298,382	298,382	12/1/2048	1%
Webster Avenue Affordable LLC	NYS Homeless Housing Assistance Corporation	2,000,000	2,000,000	12/1/2048	0%
Webster Avenue Affordable LLC	NYC Housing Development Corporation	8,456,366	8,646,232	12/1/2048	5.70%
Webster Avenue Affordable LLC	NYC Housing Development Corporation	16,120,000	16,120,000	12/1/2048	1%
Webster Avenue Supportive LLC	NYC Department of Housing Preservation and Development	11,970,000	11,970,000	8/15/2049	2.57%
Webster Avenue Supportive LLC	NYS Homeless Housing Assistance Corporation	2,500,000	2,500,000	8/31/2048	0%
Webster Avenue Supportive LLC	NYS Housing Finance Agency	13,323,270	13,629,388	8/1/2048	4.75%
Webster Avenue Supportive LLC	NYS Housing Finance Agency	6,138,000	6,138,000	8/1/2048	1%
La Central Supportive L.P.	NYC Department of Housing Preservation and Development	12,075,000	12,075,000	7/16/2074	0.25%
La Central Supportive L.P.	NYS Homeless Housing Assistance Corporation	5,900,000	5,900,000	7/1/2049	0%
La Central Supportive L.P.	NYS Housing Finance Agency	6,540,274	6,674,007	2/1/2050	4.5%
La Central Supportive L.P.	NYS Housing Finance Agency	11,518,256	11,518,256	2/1/2050	1%
La Central Supportive L.P.	NYS Homeless Housing Assistance Corporation	250,000	250,000	7/16/2074	0.25%
Edwin's Place L.P.	NYS Housing Finance Agency	10,003,975	10,188,406	2/1/2051	4.85%
Edwin's Place L.P.	NYS Housing Finance Agency	9,410,542	9,410,542	2/1/2051	0.50%
Edwin's Place L.P.	NYC Department of Housing Preservation and Development	10,710,000	10,710,000	4/22/2052	0.25%
Edwin's Place L.P.	NYS Homeless Housing Assistance Corporation	7,000,000	7,000,000	9/22/2050	0%
Betances L.P.	NYC Department of Housing Preservation and Development	13,515,940	13,153,666	4/30/2062	2.72%
Betances L.P.	NYC Housing Development Corporation	21,870,792	21,983,079	11/1/2062	5.58%
Betances L.P.	NYS Homeless Housing Assistance Corporation	2,700,000	2,700,000	9/12/2063	0%
Betances L.P.	NYC Housing Development Corporation	8,688,588	8,538,085	11/1/2062	2.72%
Betances L.P.	NYC Department of Housing Preservation and Development	500,000	500,000	9/12/2063	2.72%
BG Sutphin Owner LLC	NYC Department of Housing Preservation and Development	17,471,127	15,789,995	ST-43 months after closing / LT-40 yrs. after conversion occurs	ST-1%/ LT-1.68%
BG Sutphin Owner LLC	NYS Homeless Housing Assistance Corporation	6,239,825	2,360,199	40 yrs. after occupancy	0%
BG Sutphin Owner LLC	NYS Housing Finance Agency	67,111,751	39,706,670	ST-10/1/2026 / LT-8/1/2066	ST-4.40% / LT-5.75%
BG Sutphin Owner LLC	NYS Housing Finance Agency	12,055,448	9,897,905	8/1/2066	.20%
Kingsboro SHOP 1 L.P.	NYS Housing Finance Agency	6,462,661	-	2/1/2060	ST-4.55% / LT-6.05%
Kingsboro SHOP 1 L.P.	NYS Housing Finance Agency	13,028,264	-	10/28/2080	2.67%
371 7th Avenue Owner LLC	NYC Department of Housing Preservation and Development	72,657,000	-	1/1/2031	4.55%
371 7th Avenue Owner LLC	NYS Housing Finance Agency	86,850,000	-	12/19/2030	.25%
371 7th Avenue Owner LLC	Wells Fargo Bank, N.A.	83,744,517	-	6/19/2027	5.59%
371 7th Avenue Owner LLC	Low Income Investment Fund	5,600,000	-	7/1/2027	8%
371 7th Avenue Owner LLC	National Strategic Investments Impact Fund LLC	5,600,000	-	7/1/2027	8%
371 7th Avenue Owner LLC	Corporation for Supportive Housing	5,600,000	-	7/1/2027	8%
	Total mortgages and notes payable	$ 1,257,372,356	$ 904,189,565		

Included within mortgages and notes payable are debt issuance costs of $7,445,063 and $7,776,542, as of December 31, 2025 and 2024, respectively.

The scheduled future principal payments follow:

Year Ending December 31,	Amount
2026	$ 12,588,282
2027	101,976,247
2028	1,462,872
2029	2,087,682
2030	89,566,354
Thereafter	1,049,690,919
	$1,257,372,356

All loans made to Breaking Ground for the purpose of acquiring real estate, are secured by the respective properties that they finance. Loans to housing entities for construction or acquisition are secured by the property of the respective entity. Some of the loans made for corporate purposes and for working capital needs are secured by various accounts receivable and deposit accounts and are subject to certain restrictive covenants. As of December 31, 2025 and 2024, Breaking Ground was in compliance with all financial and operating covenants.

Interest and service fees totaling $23,980,366 and $21,492,560 were expensed for the years ended December 31, 2025 and 2024, respectively.

NOTE 9 - GOVERNMENT GRANTS AND CONTRACTS

Government grants and contracts revenue recognized when the related barrier to entitlement has been overcome for the years ended December 31, 2025 and 2024 was derived from the following federal, New York City and New York State government agencies:

	2025	2024
NYC Department of Homeless Services	$ 70,481,192	$ 63,404,082
NYC Department of Health and Mental Hygiene	6,934,973	6,313,970
NYS Office of Mental Health	2,913,437	1,732,955
US Department of Housing and Urban Development	2,751,296	1,034,855
NYC HIV/AIDS Service Administration	2,710,237	3,229,239
Empire State Supportive Housing Initiative	376,467	451,202
NYS Office of Temporary and Disability Assistance	520,430	284,544
	$ 86,688,032	$ 76,450,847

NOTE 10 - DEFINED CONTRIBUTION PLANS

Breaking Ground sponsors a 403(b) Tax Deferred Savings Plan (the “403(b) Plan”) that covers all full-time non-union employees. Under the terms of the 403(b) Plan, employees may contribute any amount that would not exceed the limitations provided in the IRC or otherwise disqualify the 403(b) Plan. Breaking Ground made 403(b) Plan contributions totaling $698,469 and $647,293 for the years ended December 31, 2025 and 2024, respectively.

Breaking Ground sponsors a 457(b) Non-Qualified Deferred Compensation Retirement Plan (the “457(b) Plan”) that covers certain eligible employees (the “Participants”). The 457(b) Plan allows Participants to defer compensation until a future date (generally, separation of employment). In addition, the 457(b) Plan provides for a discretionary employer contribution. Participants’ employee and employer contributions to the 457(b) Plan are invested in individual accounts with the principal and earnings held for their benefit. As of December 31, 2025 and 2024, the liability relating to this plan totaled $823,495 and $681,110, respectively, and is included in other liabilities in the accompanying consolidated statements of financial position. The related assets are invested in equities and mutual funds that are classified as Level 1 in the fair value hierarchy, and are included in other assets in the accompanying consolidated statements of financial position.

NOTE 11 - COMMITMENTS AND CONTINGENCIES

Leases

Breaking Ground entered into commercial leases and subleases with various commercial third-party tenants under operating leases which expire at various dates through February 2024. Rental income from such leases totaled $1,288,265 and $1,473,068 for the years ended December 31, 2025 and 2024, respectively. Estimated future minimum receipts due under the terms of the leases follow:

Year Ending December 31,	Amount
2026	$ 954,258
2027	1,001,074
2028	865,380
2029	825,607
2030	721,186
Thereafter	2,606,548
	$ 6,974,053

Guarantees

Breaking Ground, through its affiliates, is the GP/MM and sponsor of the Housing Entities and has guaranteed the obligations of its general partnership entities to the respective limited partners/members, and where applicable, government agencies, for tax credit compliance, operating deficits and construction completion for buildings under development. Generally, deficits that are funded under these guarantees are repaid from future operating cash flows of the LPs or LLCs. These obligations of Breaking Ground to the respective entities are limited by both time and amounts as detailed in each partnership/operating agreement. As of December 31, 2025 and 2024, there were no outstanding unfunded guarantees.

Management Fee Guarantees

Property management fees are based on certain percentages of the monthly rents collected by the various projects, as defined in the respective Management Agreements. The Housing Entities are obligated under these various agreements with property management companies expiring on various dates, in connection with the management of the rental operations of the projects. As of December 31, 2025 and 2024, there were no outstanding unfunded guarantees.

Multi-Employer Retirement Plan

Breaking Ground contributes to the New York Hotel Trades Council and Hotel Association of New York City, Inc., Pension Fund (the "Fund"), under, and on behalf of, certain employees. The Plan is subject to a collective bargaining agreement among Breaking Ground and the Hotel Association of New York City, Inc. and the New York Hotel and Motel Trades Council, AFL-CIO. The Fund is a multi-employer defined benefit pension plan. The risks of participating in multi-employer pension plans are different from single-employer plans as assets contributed are available to provide benefits to employees of other employers and unfunded obligations from an employer that discontinues contributions are the responsibility of all remaining employers. In addition, in the event of a plan's termination by mass withdrawal or an organization's withdrawal from a plan, Breaking Ground may be liable for a portion of the plan's unfunded vested benefits. Breaking Ground does not anticipate withdrawal from the Fund, nor is Breaking Ground aware of any expected plan termination event regarding the Fund.

The Fund was in safe status (green zone) for the plan years ended December 31, 2025 and 2024 because it was 79% and 80%, respectively, funded. The zone status is based on information that Breaking Ground received from the Fund and is certified by the Fund's actuary. Among other factors, plans in the red zone are generally less than 65% funded, plans in the yellow zone are generally less than 80% funded, and plans in the green zone are at least 80% funded. For the years ended December 31, 2025 and 2024, Breaking Ground contributed $151,188 and $168,864, respectively, to the Fund, which is less than 5% of the plan's contributions.

Other Contingencies

Breaking Ground is subject to litigation and claims with respect to matters arising in the normal course of business. All claims have been forwarded to counsel for disposition. In the opinion of management, the ultimate outcomes from these claims will not materially affect the consolidated financial statements of Breaking Ground. Nevertheless, due to uncertainty of the settlement process, management's view of the outcome may be modified in the future.

Breaking Ground receives funding from government grants, which are subject to audit by various governmental agencies. The ultimate determination of amounts received under these grants generally is based upon allowable costs reported to and subject to audit by the governments or their designees. Breaking Ground establishes a general provision for government contracts based on past experiences and current year contract assessments. In the opinion of management, exposure, if any, will not materially affect the consolidated financial statements of Breaking Ground.

NOTE 12 - LEASES

Breaking Ground assesses contracts at inception to determine whether an arrangement includes a lease, which conveys the Organization's right to control the use of an identified asset for a period of time in exchange for consideration. The Organization leases office space and equipment under non-cancelable lease agreements, for which right-of-use ("ROU") assets and lease obligations are recorded in the accompanying 2025 consolidated statements of financial position. These leases expire on various dates through fiscal 2037 and are subject to escalation for real estate tax increases and other building operating expenses. The Organization measures its lease assets and liabilities using the risk-free rate of return selected based on the lease term. The Organization considered the likelihood of exercising renewal or termination options in measuring the ROU assets and lease obligations and has included renewal periods in its assessment of lease terms when provided for in the lease. The Organization's lease payments are based on fixed payments, contain no variable or short-term leases, and contain no termination options or residual value guarantees.

Supplemental statement of financial position information related to operating leases at December 31:

	2025	2024
ROU assets	$ 56,048,569	$ 45,733,499
Accumulated amortization	(8,676,544)	(7,508,604)
	$ 47,372,025	$ 38,224,895
Weighted-average remaining lease term:	7.62 years	6.78 years
Weighted-average discount rate:	6.0%	6.0%

Fiscal Year December 31:	
2026	$ 11,506,417
2027	7,822,351
2028	6,943,877
2029	6,997,775
2030	7,136,103
Thereafter	22,412,781
Total lease obligations, present value, gross	62,819,304
Less: discount factor at 6%	(15,110,392)
Total lease obligations, present value, net	$ 47,708,912

Rent expense (including escalation costs) amounted to $15,309,008 and $12,859,901 for the years ended December 31, 2025 and 2024, respectively. During 2025, there were five new lease agreements, compared to two new lease agreements in 2024.

The components of lease cost for the year ended December 31, 2025 are as follows:

Operating lease cost	$ 15,309,008

Supplemental cash flow information related to leases for the year ended December 31, 2025 is as follows:

Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from operating leases	$ 14,310,811

NOTE 13 - LIQUIDITY AND AVAILABLE RESOURCES

Breaking Ground regularly monitors liquidity required to meet its operating needs and other contractual commitments. In addition to cash and trade receivables, Breaking Ground also has lines of credit and patient capital at its disposal to meet general expenditures.

In determining assets available to meet general expenditures over the next 12 months, Breaking Ground only considered the current portion of total assets and excluded assets encumbered by lenders or restricted by donors.

Financial assets available for general expenditures within one for the years ended December 31, 2025 and 2024 consisted of the following:

	2025	2024
Financial assets:		
Cash	$ 55,037,495	$ 40,712,480
Accounts receivable	42,174,900	52,241,969
Development fees receivable	2,509,500	3,335,650
Total available resources	99,721,895	96,290,099
Less:		
Net assets with donor restrictions:		
Development purpose	(1,260,000)	(1,560,000)
Program purpose	(2,741,545)	(3,361,301)
Total financial assets available for general expenditures	$ 95,720,350	$ 91,368,798

NOTE 14 - NATURAL CLASSIFICATION OF FUNCTIONAL EXPENSES

Breaking Ground summarizes the costs of providing and managing its various programs and supporting activities. Accordingly, certain operating costs are allocated amongst the benefiting program and supporting services, based on specific identification or applicable allocation methodologies such as square footage and time and effort. Expenses by natural classification for the years ended December 31, 2025 and summarized 2024 consisted of the following:

	Program Services				Supporting Services				Housing Entities		Total Expenses	
	Social Services	Housing Management and Development	Permanent Housing Operations	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	Total Not-for-Profit Operations	Permanent Housing Operations	Eliminations	2025	2024
Salaries	$ 29,725,023	$ 4,522,547	$ 4,909,824	$ 39,157,394	$ 11,855,114	$ 588,155	$ 12,443,269	$ 51,600,663	$ 4,187,086	$ (45,897)	$ 55,741,852	$ 53,049,719
Fringe benefits	7,463,198	1,298,398	1,249,201	10,010,797	3,197,961	128,249	3,326,210	13,337,007	990,771	-	14,327,778	12,733,610
Total personnel	37,188,221	5,820,945	6,159,025	49,168,191	15,053,075	716,404	15,769,479	64,937,670	5,177,857	(45,897)	70,069,630	65,783,329
Professional and management fees	7,336,728	181,134	1,757,767	9,275,629	4,305,192	-	4,305,192	13,580,821	3,683,903	(2,330,738)	14,933,986	11,065,916
Rent expense	14,106,878	572,198	246,729	14,925,805	1,374,222	-	1,374,222	16,300,027	71,773	(149,742)	16,222,058	13,021,507
Utilities	1,849,947	19,345	4,245,042	6,114,334	109,271	-	109,271	6,223,605	4,529,780	(463,003)	10,290,382	9,715,615
Security	6,296,387	-	1,307,850	7,604,237	87,020	-	87,020	7,691,257	3,941,179	(1,540,016)	10,092,420	9,062,083
Repairs and maintenance	3,844,168	6,694	4,823,490	8,674,352	356,840	-	356,840	9,031,192	4,108,972	(318,870)	12,821,294	10,062,345
Events and other fundraising	-	-	-	-	97,771	810,346	908,117	908,117	-	-	908,117	728,382
Insurance	1,717,013	54,828	2,015,168	3,787,009	448,681	-	448,681	4,235,690	2,338,616	(313,307)	6,260,999	5,271,554
Client expense	9,463,172	-	178,327	9,641,499	32,374	-	32,374	9,673,873	-	310,982	9,984,855	9,241,710
Office expense	1,592,682	114,842	823,932	2,531,456	957,952	987	958,939	3,490,395	779,769	(31,216)	4,238,948	4,303,682
Staff expense	664,454	43,603	17,506	725,563	652,160	3,051	655,211	1,380,774	36,788	-	1,417,562	1,241,641
Fees and other expense	395,350	74,427	577,099	1,046,876	692,684	4,276	696,960	1,743,836	802,908	-	2,546,744	2,711,972
Bad debt	53,973	-	1,420,897	1,474,870	1,745	18,159	19,904	1,494,774	2,540,505	-	4,035,279	4,240,988
Total expenses before depreciation and amortization	84,508,973	6,888,016	23,572,832	114,969,821	24,168,987	1,553,223	25,722,210	140,692,031	28,012,050	(4,881,807)	163,822,274	146,450,724
Depreciation and amortization	-	-	10,219,070	10,219,070	467,470	-	467,470	10,686,540	16,295,080	(484,981)	26,496,639	26,842,759
Interest and service fees	-	-	10,704,727	10,704,727	6,108,177	-	6,108,177	16,812,904	7,865,968	(698,506)	23,980,366	21,492,560
Total expenses	$ 84,508,973	$ 6,888,016	$ 44,496,629	$ 135,893,618	$ 30,744,634	$ 1,553,223	$ 32,297,857	$ 168,191,475	$ 52,173,098	$ (6,065,294)	$ 214,299,279	$ 194,786,043

NOTE 15 - NET ASSETS WITH DONOR RESTRICTIONS

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

	2025	2024
Housing Operations and Tenant Services	$ 2,501,546	$ 3,554,524
Street to Home Outreach	-	7,500
Housing Development	585,000	885,000
NYC Partnership Foundation	-	440,201
HUD Capital Advance	6,532,023	6,800,024
Development Reserve	750,000	750,000
Time-restricted	250,000	500,000
	$ 10,618,569	$ 12,937,249

NOTE 16 - NET ASSETS RELEASED FROM RESTRICTIONS

During the years ended December 31, 2025 and 2024, net assets with donor restrictions that were released from restrictions in satisfaction of donor time or purpose restrictions consisted of the following:

	2025	2024
Housing Operations and Tenant and Program Services	$ 3,407,586	$ 5,235,903
Street to Home Outreach	7,500	633,746
Housing Development	300,000	4,727,717
NYC Partnership Foundation	440,201	3,187,865
HUD Capital Advance	268,001	268,001
Time-restricted	250,000	250,000
	$ 4,673,288	$ 14,303,232

NOTE 17 - SUBSEQUENT EVENTS

Breaking Ground evaluated its December 31, 2025 consolidated financial statements for subsequent events through June 29, 2026, the date the consolidated financial statements were available to be issued. Breaking Ground is not aware of any material subsequent events that would require recognition or disclosure in the accompanying consolidated financial statements other than the matter described in this note below.

BG II closed on two loans for acquisition and predevelopment funds for a site located at 37-25 21st Street, 37-07 21st Street, and 37-12 Rear 22nd Street in Long Island City, NY on May 19, 2026. The lenders were the Low Income Investment Fund and the New York City Acquisition Fund. Breaking Ground intends to seek construction financing to develop the site with a supportive housing building with approximately 250-270 units.

SUPPLEMENTARY INFORMATION

Breaking Ground Housing Development Fund Corporation and Affiliates

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION - NOT-FOR-PROFIT ENTITIES

As of December 31, 2025

	Breaking Ground H.D.F.C.	Breaking Ground Management	Breaking Ground II H.D.F.C.	Breaking Ground III H.D.F.C.	Breaking Ground IV H.D.F.C.	Common Ground Jobs Training Corp.	General Partners	Not-for-Profit Entities Eliminations	Total Not-for-Profit Entities
ASSETS									
Current assets									
Cash	$ 12,210,560	$ 4,422,004	$ 4,361,440	$ 5,844,975	$ 6,180	$ 200,000	$ 19,984,658	$ -	$ 47,029,817
Lender restricted cash	3,334,673	-	-	-	-	-	-	-	3,334,673
Accounts receivable, net	5,332,039	32,012,987	3,655,937	620,775	2,350,302	116,063	29,893	(1,767,540)	42,350,456
Advances due from affiliates	231,640,395	49,952,028	65,794,306	803,247	949,768	11,200,243	471,470	(354,909,782)	5,901,675
Development fee receivable	-	-	2,509,500	-	-	-	-	-	2,509,500
Other assets, net	368,823	3,666,657	260,292	73,816	-	-	3,395	-	4,372,983
Right-of-use assets	31,661	6,740,006	-	-	-	-	22,037	-	6,793,704
Total current assets	252,918,151	96,793,682	76,581,475	7,342,813	3,306,250	11,516,306	20,511,453	(356,677,322)	112,292,808
Noncurrent assets									
Contractual reserves	8,921,521	-	11,284,925	2,264,584	-	-	-	-	22,471,030
Accounts receivable, net	17,570,601	665,992	-	-	-	-	1,180,000	(665,992)	18,750,601
Tenant security deposits	152,164	37,000	550,604	38,399	-	77,641	-	-	855,808
Development fees receivable	3,400,818	-	42,459,882	-	-	-	-	-	45,860,700
Affiliate notes and interest receivable	42,751,694	29,889,344	27,545,986	-	-	1,979,694	31,529	(54,183,764)	48,014,483
Investment in housing entities	(5,714)	-	(1,943,148)	783,998	-	-	11,782,090	-	10,617,226
Other assets, net	119,876	1,153,228	1,580,086	-	-	-	14,752	-	2,867,942
Right-of-use assets	287,006	39,066,599	-	-	-	-	293,102	-	39,646,707
Property and equipment, net	25,532,241	659,950	517,753,895	25,654,204	9,471,741	(500)	-	-	579,071,531
Total noncurrent assets	98,730,207	71,472,113	599,232,230	28,741,185	9,471,741	2,056,835	13,301,473	(54,849,756)	768,156,028
Total assets	$ 351,648,358	$ 168,265,795	$ 675,813,705	$ 36,083,998	$ 12,777,991	$ 13,573,141	$ 33,812,926	$ (411,527,078)	$ 880,448,836
LIABILITIES AND NET ASSETS (DEFICIT)									
Current liabilities									
Accounts payable and accrued expenses	$ 2,307,300	$ 13,655,920	$ 12,432,541	$ 367,041	$ 126,792	$ -	$ 591,230	$ (1,767,540)	$ 27,713,284
Construction payable	-	-	2,947,712	73,065	-	-	-	-	3,020,777
Accrued interest payable - mortgages and notes	-	-	-	-	-	-	-	-	-
Advances due to affiliates	132,015,265	177,567,370	26,505,636	2,441,759	8,724,716	1,913,161	5,777,916	(354,909,782)	36,041
Deferred revenue	2,016,659	34,921,395	432,717	81,917	2,200,439	-	-	-	39,653,127
Project grant advances	176,471	-	-	-	500,000	-	-	-	676,471
Lease obligations, present value	30,298	6,329,794	-	-	-	-	19,802	-	6,379,894
Development fee payable	-	-	-	-	-	-	-	-	-
Mortgages and notes payable	40,000	-	-	11,224,204	-	-	-	-	11,264,204
Total current liabilities	136,585,993	232,474,479	42,318,606	14,187,986	11,551,947	1,913,161	6,388,948	(356,677,322)	88,743,798
Noncurrent liabilities									
Security deposits	166,580	44,000	550,604	38,399	-	77,641	-	-	877,224
Other liabilities	-	823,495	1,387,957	-	-	-	273,307	(665,992)	1,818,767
Accrued interest payable - mortgages and notes	4,335,545	-	50,021,550	2,898,675	569,159	-	-	-	57,824,929
Deferred revenue	803,633	-	8,501,646	-	-	-	-	-	9,305,279
Project grant advances	5,097,941	21,000,000	8,573,943	-	-	-	-	-	34,671,884
Lease obligations, present value	277,239	40,739,867	-	-	-	-	311,912	-	41,329,018
Development fee payable	-	-	15,146,080	-	-	-	-	-	15,146,080
Affiliate notes and interest payable	-	-	53,383,764	800,000	-	-	-	(54,183,764)	-
Mortgages and notes payable, net	45,269,707	-	452,775,662	22,134,097	9,974,049	-	-	-	530,153,515
Total noncurrent liabilities	55,950,645	62,607,362	590,341,206	25,871,171	10,543,208	77,641	585,219	(54,849,756)	691,126,696
Total liabilities	192,536,638	295,081,841	632,659,812	40,059,157	22,095,155	1,990,802	6,974,167	(411,527,078)	779,870,494
Net assets (deficit)									
Without donor restrictions	148,493,151	(126,816,046)	43,153,893	(3,975,159)	(9,317,164)	11,582,339	26,838,759	-	89,959,773
With donor restrictions	10,618,569	-	-	-	-	-	-	-	10,618,569
Total net assets (deficit)	159,111,720	(126,816,046)	43,153,893	(3,975,159)	(9,317,164)	11,582,339	26,838,759	-	100,578,342
Total liabilities and net assets	$ 351,648,358	$ 168,265,795	$ 675,813,705	$ 36,083,998	$ 12,777,991	$ 13,573,141	$ 33,812,926	$ (411,527,078)	$ 880,448,836

This schedule should be read in conjunction with the Report of Independent Certified Public Accountants and the accompanying consolidated financial statements and notes thereto.

Breaking Ground Housing Development Fund Corporation and Affiliates

CONSOLIDATING SCHEDULE OF ACTIVITIES - NOT-FOR-PROFIT ENTITIES

For the year ended December 31, 2025

	Breaking Ground H.D.F.C.	Breaking Ground Management	Breaking Ground II H.D.F.C.	Breaking Ground III H.D.F.C.	Breaking Ground IV H.D.F.C.	Common Ground Jobs Training Corp.	General Partners	Not-for-Profit Entities Eliminations	Total Not-for-Profit Entities
Revenues and support									
Contributions	$ 8,735,274	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 8,735,274
Government grants and contracts	6,287,326	71,460,550	2,198,256	435,887	6,306,013	-	-	-	86,688,032
Management and partnership fees	-	4,675,085	-	-	-	-	160,000	(2,149,434)	2,685,651
Development fees	-	-	14,005,422	-	-	-	-	-	14,005,422
Rental income	7,770,975	1,536,160	16,882,263	5,384,890	5,707	215,167	134,637	(2,201,258)	29,728,541
Other income (loss)	1,801,184	4,895,840	826,220	259,849	-	814	(1,747)	(349,234)	7,432,926
Total revenues and support	24,594,759	82,567,635	33,912,161	6,080,626	6,311,720	215,981	292,890	(4,699,926)	149,275,846
Expenses									
Program services:									
Social services	8,590,933	68,877,014	1,832,312	313,975	5,510,689	-	-	(615,950)	84,508,973
Housing management and development	-	6,888,016	-	-	-	-	-	-	6,888,016
Permanent housing operations	8,190,011	2,321,809	14,011,925	2,783,829	-	-	-	(3,734,742)	23,572,832
Total program services	16,780,944	78,086,839	15,844,237	3,097,804	5,510,689	-	-	(4,350,692)	114,969,821
Supporting services:									
General and administrative	642,586	20,491,971	253,430	110,040	921,956	32,420	1,716,584	-	24,168,987
Fundraising	1,553,223	-	-	-	-	-	-	-	1,553,223
Depreciation and amortization	1,609,073	49,474	7,985,295	624,701	417,997	-	-	-	10,686,540
Interest and service fees	607,387	135,592	15,702,525	680,962	35,672	-	-	(349,234)	16,812,904
Total supporting services	4,412,269	20,677,037	23,941,250	1,415,703	1,375,625	32,420	1,716,584	(349,234)	53,221,654
Total expenses	21,193,213	98,763,876	39,785,487	4,513,507	6,886,314	32,420	1,716,584	(4,699,926)	168,191,475
Change in net assets before other non-recurring items	3,401,546	(16,196,241)	(5,873,326)	1,567,119	(574,594)	183,561	(1,423,694)	-	(18,915,629)
Other non-recurring items:									
New York State Brownfield redevelopment income, net of federal tax expense of $1,260,250	-	-	-	-	-	-	7,881,507	-	7,881,507
Sale of transferrable development rights	-	-	1,268,262	-	-	-	-	-	1,268,262
Gain on forgiveness of loan	200,000	-	-	-	-	-	-	-	200,000
Changes in net assets	3,601,546	(16,196,241)	(4,605,064)	1,567,119	(574,594)	183,561	6,457,813	-	(9,565,860)
Net assets (deficit), beginning of year	155,510,174	(110,619,805)	47,758,957	(5,542,278)	(8,742,570)	11,398,778	20,380,946	-	110,144,202
Net assets (deficit), end of year	$ 159,111,720	$ (126,816,046)	$ 43,153,893	$ (3,975,159)	$ (9,317,164)	$ 11,582,339	$ 26,838,759	$ -	$ 100,578,342

This schedule should be read in conjunction with the Report of Independent Certified Public Accountants and the accompanying consolidated financial statements and notes thereto.

Breaking Ground Housing Development Fund Corporation and Affiliates

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION - HOUSING ENTITIES

As of December 31, 2025

ASSETS	Schermerhorn L.P.	Pitt Street L.P.	Brook Avenue Housing L.P.	St. Marks Brownsville L.P.	Hegeman Avenue Housing L.P.	1630 Dewey Avenue LLC	Boston Road Housing, L.P.	Webster Avenue Affordable LLC	Webster Avenue Supportive LLC	La Central Supportive L.P.	Edwin's Place L.P.	BG Betances L.P.	BG Sutphin Owner LLC	Kingsboro SHOP 1 L.P.	371 7th Avenue Owner LLC	Housing Entities Eliminations	Total Housing Entities
Current assets																	
Cash	$ 255,420	$ 212,095	$ 210,197	$ 87,365	$ 202,522	$ 25,161	$ 202,800	$ 208,159	$ 1,597,315	$ 951,247	$ 1,532,387	$ 2,523,010	$ -	$ -	$ -	$ -	$ 8,007,678
Lender restricted cash	-	-	-	-	-	-	-	-	-	-	4,616	1,007	614,256	-	-	-	619,879
Contractual reserves	-	-	-	-	-	-	892,337	1,528,232	579,788	29,129	556,825	494,612	-	-	-	-	4,080,923
Accounts receivable, net	333,256	378,580	160,542	43,989	145,831	21,530	100,593	399,998	174,779	167,719	156,433	32,998	15,866	-	37,827	-	2,169,941
Advances due from affiliates	1,327,416	-	853,195	-	-	-	-	-	470,700	-	-	-	-	-	54,000	(470,700)	2,234,611
Other assets, net	11,840	18,632	47,675	20,474	8,006	21,089	42,680	248,570	82,933	107,802	28,860	8,415	-	-	10,000	-	656,976
Right-of-use assets	-	-	-	-	-	-	-	-	-	-	-	10,101	-	-	-	-	10,101
Total current assets	1,927,932	609,307	1,271,609	151,828	356,359	67,780	1,238,410	2,384,959	2,905,515	1,255,897	2,279,121	3,070,143	630,122	-	101,827	(470,700)	17,780,109
Noncurrent assets																	
Contractual reserves	634,028	555,634	600,966	1,389,270	472,886	1,062,005	2,097,426	973,375	919,154	1,143,992	1,074,226	1,589,842	-	-	-	-	12,512,804
Tenant security deposits	83,452	69,441	41,833	13,134	32,103	25,861	29,022	147,118	45,080	37,601	22,536	25,016	-	-	-	-	572,197
Other assets, net	-	-	-	1,945	-	10,329	9,444	80,946	18,513	22,242	33,233	234,228	-	-	-	-	410,880
Right-of-use assets	-	-	-	-	-	-	-	-	-	-	-	921,513	-	-	-	-	921,513
Property and equipment, net	34,222,566	37,812,037	23,379,119	15,372,606	27,957,787	9,585,746	37,581,101	68,035,996	49,547,810	53,076,445	62,698,847	80,987,700	136,351,696	32,829,961	260,395,259	-	929,834,676
Total noncurrent assets	34,940,046	38,437,112	24,021,918	16,776,955	28,462,776	10,683,941	39,716,993	69,237,435	50,530,557	54,280,280	63,828,842	83,758,299	136,351,696	32,829,961	260,395,259	-	944,252,070
Total assets	$ 36,867,978	$ 39,046,419	$ 25,293,527	$ 16,928,783	$ 28,819,135	$ 10,751,721	$ 40,955,403	$ 71,622,394	$ 53,436,072	$ 55,536,177	$ 66,107,963	$ 86,828,442	$ 136,981,818	$ 32,829,961	$ 260,497,086	$ (470,700)	$ 962,032,179
LIABILITIES AND PARTNERS'/MEMBERS' EQUITY (DEFICIT)																	
Current liabilities																	
Accounts payable and accrued expenses	$ 1,293,927	$ 743,450	$ 506,807	$ 183,926	$ 649,943	$ 235,283	$ 800,876	$ 713,273	$ 515,564	$ 304,435	$ 417,202	$ 200,075	$ 4,613	$ -	$ 78,032	$ -	$ 6,647,406
Construction payable	-	-	-	-	-	-	25,000	161,278	-	-	-	-	1,948,848	787,678	-	-	2,922,804
Accrued interest payable - mortgages and notes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Advances due to affiliates	2,192,321	17,959	-	3,100,170	585,413	281,216	142,808	1,409,861	161,994	170,762	161,503	172,048	156,231	5,312	13,347	(470,700)	8,100,245
Deferred revenue	-	-	-	-	-	-	-	235,239	271,721	-	-	-	-	-	-	-	506,960
Lease obligations, present value	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Development fee payable	-	-	-	-	-	-	-	-	-	-	125,000	922,000	-	-	-	-	1,047,000
Mortgages and notes payable	-	-	-	-	-	-	148,536	220,577	359,470	167,297	224,270	203,928	-	-	-	-	1,324,078
Total current liabilities	3,486,248	761,409	506,807	3,284,096	1,235,356	516,499	1,117,220	2,740,228	1,308,749	642,494	927,975	1,498,051	2,109,692	792,990	91,379	(470,700)	20,548,493
Noncurrent liabilities																	
Security deposits	82,817	68,801	41,833	13,134	32,103	26,785	28,472	146,272	45,080	57,601	22,536	25,016	-	-	295,161	-	885,611
Other liabilities	130,000	-	855,000	-	250,000	-	-	-	-	-	-	-	3,812,512	-	-	-	5,047,512
Accrued interest payable - mortgages and notes	4,249,757	4,671,013	3,282,806	294,536	3,166,724	503,204	3,113,618	618,044	897,945	1,506,915	2,171,278	1,697,890	-	-	-	-	26,173,730
Lease obligations, present value	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Development fees payable	2,807,669	-	1,877,258	593,149	-	-	1,310,277	-	-	83,363	3,791,738	8,196,729	13,500,000	1,560,882	-	-	33,721,065
Affiliate notes and interest payable	708,840	3,388,126	1,537,500	18,873,497	5,100,664	1,456,704	3,109,126	3,944,080	205,200	398,148	1,431,149	3,842,595	4,018,854	-	-	-	48,014,483
Mortgages and notes payable, net	26,320,947	30,949,310	21,032,443	2,508,596	24,117,537	4,659,911	24,947,379	44,014,171	33,571,800	36,116,233	36,900,247	47,071,392	102,878,151	19,490,925	260,051,517	-	714,630,559
Total noncurrent liabilities	34,300,030	39,077,250	28,626,840	22,282,912	32,667,028	6,646,604	32,508,872	48,722,567	34,720,025	38,162,260	44,316,948	60,833,622	124,209,517	21,051,807	260,346,678	-	828,472,960
Total liabilities	37,786,278	39,838,659	29,133,647	25,567,008	33,902,384	7,163,103	33,626,092	51,462,795	36,028,774	38,804,754	45,244,923	62,331,673	126,319,209	21,844,797	260,438,057	(470,700)	849,021,453
Partners'/members' equity (deficit)																	
Controlling interest	(2,932)	3,947,307	(2,081)	(1,002)	(1,797)	1,708,309	(1,090)	3,486,634	2,848,208	(1,079)	909,851	(1,355)	-	-	-	-	12,888,973
Noncontrolling interest	(915,368)	(4,739,547)	(3,838,039)	(8,637,223)	(5,081,452)	1,880,309	7,330,401	16,672,965	14,559,090	16,732,502	19,953,189	24,498,124	10,662,609	10,985,164	59,029	-	100,121,753
Total partners'/members' equity (deficit)	(918,300)	(792,240)	(3,840,120)	(8,638,225)	(5,083,249)	3,588,618	7,329,311	20,159,599	17,407,298	16,731,423	20,863,040	24,496,769	10,662,609	10,985,164	59,029	-	113,010,726
Total liabilities and partners'/members' equity	$ 36,867,978	$ 39,046,419	$ 25,293,527	$ 16,928,783	$ 28,819,135	$ 10,751,721	$ 40,955,403	$ 71,622,394	$ 53,436,072	$ 55,536,177	$ 66,107,963	$ 86,828,442	$ 136,981,818	$ 32,829,961	$ 260,497,086	$ (470,700)	$ 962,032,179

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Breaking Ground Housing Development Fund Corporation and Affiliates

CONSOLIDATING SCHEDULE OF ACTIVITIES - HOUSING ENTITIES

For the year ended December 31, 2025

	Schermerhorn L.P.	Pitt Street L.P.	Brook Avenue Housing L.P.	St. Marks Brownsville L.P.	Hegeman Avenue Housing L.P.	1630 Dewey Avenue LLC	Boston Road Housing, L.P.
Revenues and support							
Rental income	$ 2,823,217	$ 3,252,605	$ 2,477,677	$ 1,209,094	$ 2,342,931	$ 699,958	$ 2,818,313
Other income	142,742	144,617	317,257	174,575	185,036	50,083	104,846
Total revenues and support	2,965,959	3,397,222	2,794,934	1,383,669	2,527,967	750,041	2,923,159
Expenses							
Program services:							
Permanent housing operations	3,028,686	3,537,436	2,588,957	1,366,691	2,521,476	760,839	2,406,138
Total program services	3,028,686	3,537,436	2,588,957	1,366,691	2,521,476	760,839	2,406,138
Supporting services:							
Depreciation and amortization	1,478,070	1,289,172	1,012,327	883,235	937,903	406,319	1,130,828
Interest and service fees	274,795	417,998	231,627	551,780	286,923	53,652	520,652
Total supporting services	1,752,865	1,707,170	1,243,954	1,435,015	1,224,826	459,971	1,651,480
Total expenses	4,781,551	5,244,606	3,832,911	2,801,706	3,746,302	1,220,810	4,057,618
Change in net assets before other non-recurring item	(1,815,592)	(1,847,384)	(1,037,977)	(1,418,037)	(1,218,335)	(470,769)	(1,134,459)
Other non-recurring item:							
Gain/(loss) on sale of building interest	-	-	-	-	-	-	-
Net (loss) income	$ (1,815,592)	$ (1,847,384)	$ (1,037,977)	$ (1,418,037)	$ (1,218,335)	$ (470,769)	$ (1,134,459)

	Webster Avenue Affordable LLC	Webster Avenue Supportive LLC	La Central Supportive L.P.	Edwin's Place L.P.	BG Betances L.P.	371 7th Avenue Owner LLC	Housing Entities Eliminations	Total Housing Entities
Revenues and support								
Rental income	$ 3,030,590	$ 3,078,442	$ 2,718,347	$ 2,969,995	$ 4,388,905	$ 76,570	$ -	$ 31,886,644
Other income	623,800	800,478	42,843	59,408	106,694	-	-	2,752,379
Total revenues and support	3,654,390	3,878,920	2,761,190	3,029,403	4,495,599	76,570	-	34,639,023
Expenses								
Program services:								
Permanent housing operations	3,069,963	2,701,615	2,251,845	1,915,403	1,845,460	17,541	-	28,012,050
Total program services	3,069,963	2,701,615	2,251,845	1,915,403	1,845,460	17,541	-	28,012,050
Supporting services:								
Depreciation and amortization	1,907,899	1,415,929	1,650,243	1,883,615	2,299,540	-	-	16,295,080
Interest and service fees	999,060	918,468	551,414	1,033,487	2,026,112	-	-	7,865,968
Total supporting services	2,906,959	2,334,397	2,201,657	2,917,102	4,325,652	-	-	24,161,048
Total expenses	5,976,922	5,036,012	4,453,502	4,832,505	6,171,112	17,541	-	52,173,098
Change in net assets before other non-recurring item	(2,322,532)	(1,157,092)	(1,692,312)	(1,803,102)	(1,675,513)	59,029	-	(17,534,075)
Other non-recurring item:								
Gain/(loss) on sale of building interest	-	-	-	-	-	-	-	-
Net (loss) income	$ (2,322,532)	$ (1,157,092)	$ (1,692,312)	$ (1,803,102)	$ (1,675,513)	$ 59,029	$ -	$ (17,534,075)

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