5E - 9/16/26

STATE OF NEW HAMPSHIRE

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GOVERNOR'S OFFICE
for
EMERGENCY RELIEF AND RECOVERY

August 25, 2026

Her Excellency, Governor Kelly A. Ayotte
and Honorable Executive Council
State House
Concord, New Hampshire 03301

REQUESTED ACTION

Authorize the Governor's Office for Emergency Relief and Recovery (GOFERR) to amend an agreement with Lakes Region Community Developers (VC #156571), NH to make a minor change to the Scope of Services with no change to the completion date and no change to the price limitation of $750,000 in American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF) to assist in making investments into creating workforce childcare and to now include a space for a social services agency for the Lakes Region effective upon approval by Governor and Executive Council through September 30, 2026. The agreement was originally approved by Governor and Executive Council on October 30, 2024, Item #53C. This is an allowable use of ARPA SFRF funds under Section 602 (c)(1)(A) to respond to the public health emergency or its negative economic impacts. **100% Federal Funds.**

EXPLANATION

This award allowed Lakes Region Community Developers to renovate the historic Gale School building in Belmont, NH and transform it into a vibrant community facility. The first floor hosts a childcare center, operated by the Boys & Girls Club of Central NH. The second floor of the building was to be leased originally to Lakes Region Community Services (LRCS) allowing the organization to expand the reach of their programming. However, LRCS needed space before the renovations were complete, and that organization thus terminated their sublease.

The second-floor renovations will now create a space on the second floor to be leased by a social services agency that provides services to households within a Qualified Census Tract as well as to low- and moderate-income households in the area. The new second-floor tenant is yet to be determined. Both spaces will help to serve essential community needs.

In the event that Federal Funds become no longer available, General Funds will not be requested to support this program.

Respectfully submitted,

Thomas R. Broderick
Deputy Director, GOFERR

1 Eagle Square, Concord, New Hampshire 03301
Website: http://www.goferr.nh.gov/ • Email: info@goferr.nh.gov
TDD Access: Relay NH 1-800-735-2964

Amendment to Subaward between the Governor's Office for Emergency Relief and Lakes Region Community Developers

The State of New Hampshire Governor's Office for Emergency Relief and Recovery (hereinafter "GOFERR") or its successor and Lakes Region Community Developers (hereinafter "Grantee") hereby mutually agree to a no-cost amendment to the subaward for the transformation of the Gale School building in Belmont, previously approved by Governor and Council on October 30, 2024, Item #48, to make a small change to the scope as set forth in Exhibit B.

Wherefore, the Grant Agreement is amended as follows:

1. Amend Exhibit B (page 11) by deleting in its entirety and replacing with:

Grantee shall use funds to renovate its Gale School property in Belmont, New Hampshire. The first-floor renovations will create a childcare center to be leased to the Boys and Girls Club in NH. The second-floor renovations will create a space to be leased by a social services agency that provides services to households within a Qualified Census Tract as well as to low and moderate income households in the area.

Both of these spaces will help to serve essential community needs. The 35 childcare slots created by the childcare center will help address the region's childcare availability gap, addressing a significant limitation faced by the area's workforce. The second-floor tenant is yet to be determined, but will be a social services agency providing services to low and moderate income residents.

Grantee shall do so in accordance with the budget included in Exhibit C.

All other provisions of the Grant Agreement shall remain the same.

Dated: August 18, 2026

Thomas Broderick

Governor's Office for Emergency Relief and Recovery

Dated: August 18, 2026

Grantee

Approved: Christen Lavers ______________ Date: 8/23/26
Department of Justice

Approved ______________________________ Date: ________________
Governor and Executive Council

CERTIFICATE OF VOTE / AUTHORITY

I, Lisa Mure, of Laconia Area Community Land Trust, Inc dba Lakes Region Community Developers do hereby certify that:

1. I am the Chair of the Board of Directors of Laconia Area Community Land Trust, Inc dba Lakes Region Community Developers.
2. That the Executive Director is hereby authorized on behalf of this company to enter into said contracts with the State, and to execute any and all documents, agreements, and other instruments, and any amendments, revisions, or modifications thereto, as she may deem necessary, desirable or appropriate, and Carmen Lorentz is the duly appointed Executive Director of this company.

3. I further certify that it is understood that the State of New Hampshire will rely on this certificate as evidence that the person listed above currently occupies the position indicated and that they have full authority to bind the company and that this authorization shall remain valid for ninety (90) days from the date of this certificate.

______________________	08/17/26
Name: Lisa Mure	Date

Title: Chair

Company Name: Laconia Area Community Land Trust, Inc dba Lakes Region Community Developers

State of New Hampshire
Department of State

CERTIFICATE

I, David M. Scanlan, Secretary of State of the State of New Hampshire, do hereby certify that LAKES REGION COMMUNITY DEVELOPERS is a New Hampshire Trade Name registered to transact business in New Hampshire on October 20, 2017. I further certify that all fees and documents required by the Secretary of State's office have been received and is in good standing as far as this office is concerned.

Business ID: **781051**
Certificate Number: **0008000519**

IN TESTIMONY WHEREOF,
I hereto set my hand and cause to be affixed
the Seal of the State of New Hampshire,
this 18th day of August A.D. 2026.

David M. Scanlan
Secretary of State

State of New Hampshire
Department of State

CERTIFICATE

I, David M. Scanlan, Secretary of State of the State of New Hampshire, do hereby certify that LACONIA AREA COMMUNITY LAND TRUST, INC. is a New Hampshire Nonprofit Corporation registered to transact business in New Hampshire on October 18, 1988. I further certify that all fees and documents required by the Secretary of State's office have been received and is in good standing as far as this office is concerned; and the attached is a true copy of the list of documents on file in this office.

Business ID: **136017**
Certificate Number: **0008000520**

IN TESTIMONY WHEREOF,
I hereto set my hand and cause to be affixed the Seal of the State of New Hampshire,
this 18th day of August A.D. 2026.

David M. Scanlan
Secretary of State

State of New Hampshire

Department of State

Business Name : **Laconia Area Community Land Trust, Inc.**

Business ID : **136017**

Filing History

Filing#	Filing Date	Effective Date	Filing Type	Nonprofit Report Year
0007339956	12/05/2025	12/05/2025	Nonprofit Report	2025
0005278877	03/04/2021	03/04/2021	Revival	N/A
0005278874	03/04/2021	03/04/2021	Nonprofit Report	2020
0005305487	01/01/2021	01/01/2021	Admin Dissolution/Suspension	N/A
0005011864	09/25/2020	09/25/2020	Amendment	N/A
0004775939	01/16/2020	01/16/2020	Annual Report Reminder	N/A
0003235352	01/27/2016	01/27/2016	Reinstatement	N/A
0003198946	01/01/2016	01/01/2016	Admin Dissolution/Suspension	N/A
0000725589	12/22/2010	12/22/2010	Annual Report	2010
0000725588	10/08/2010	10/08/2010	Reminder Letter	N/A
0000725587	09/24/2007	09/24/2007	Change of Business Address	N/A
0000725586	12/29/2005	12/29/2005	Annual Report	2005
0000725585	01/08/2001	01/08/2001	Annual Report	2000
0000725584	03/20/1995	03/20/1995	Annual Report	1995
0000725583	12/04/1990	12/04/1990	Annual Report	1990
0000725582	10/18/1988	10/18/1988	Business Formation	N/A

Trade Name Information

Business Name	Business ID	Business Status
LAKES REGION COMMUNITY DEVELOPERS	781051	Active
TAKE THE WHEEL NH	898352	Active

Name History

Name	Name Type
No Name Changes found for this business.	

Mailing Address - Corporation Division, NH Department of State, 107 North Main Street, Room 204, Concord, NH 03301-4989
Physical Location - State House Annex, 3rd Floor, Room 317, 25 Capitol Street, Concord, NH
Phone: (603)271-3246 | **Fax:** (603)271-3247 | **Email:** corporate@sos.nh.gov | **Website:** sos.nh.gov

Principal Information

Name	**Title**
Erica Gilbert	Director
Lisa Mure	Director
Patricia Nichols	Director
Reuben Bassett	Director
Jeanie Forrester	Director
Judi Donnelly	Director
Kyril Mitchell	Director
Leigh Willey	Director
Victoria Gilo	Director
Tiffany Baert	Director
Lori Borrin	Director
Carmen Lorentz	Chief Executive Officer

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY): 08/17/2026

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER

Melcher & Prescott Insurance
426 Main Street
Laconia NH 03246

CONTACT NAME: Janice Bagley
PHONE (A/C, No, Ext): (603) 524-4535 FAX (A/C, No):
E-MAIL ADDRESS: jbagley@melcher-prescott.com

INSURER(S) AFFORDING COVERAGE		NAIC #
INSURER A :	Co-operative Ins Company	18686
INSURER B :	Security National Ins Company	19879
INSURER C :		
INSURER D :		
INSURER E :		
INSURER F :		

INSURED

Laconia Area Community Land Trust Inc
193 Court St
Laconia NH 03246-3642

COVERAGES **CERTIFICATE NUMBER:** 26-27 Master **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	[X] COMMERCIAL GENERAL LIABILITY [ ] CLAIMS-MADE [X] OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: [X] POLICY [ ] PRO-JECT [ ] LOC OTHER:			BOP3020670	01/01/2026	01/01/2027	EACH OCCURRENCE	$ 1,000,000
							DAMAGE TO RENTED PREMISES (Ea occurrence)	$ 50,000
							MED EXP (Any one person)	$ 5,000
							PERSONAL & ADV INJURY	$ 1,000,000
							GENERAL AGGREGATE	$ 2,000,000
							PRODUCTS - COMP/OP AGG	$ 2,000,000
								$
A	AUTOMOBILE LIABILITY [ ] ANY AUTO [ ] OWNED AUTOS ONLY [ ] SCHEDULED AUTOS [X] HIRED AUTOS ONLY [X] NON-OWNED AUTOS ONLY			BOP3020670	01/01/2026	01/01/2027	COMBINED SINGLE LIMIT (Ea accident)	$ 1,000,000
							BODILY INJURY (Per person)	$
							BODILY INJURY (Per accident)	$
							PROPERTY DAMAGE (Per accident)	$
								$
A	[X] UMBRELLA LIAB [ ] OCCUR [ ] EXCESS LIAB [ ] CLAIMS-MADE [ ] DED [X] RETENTION $ 10,000			CUP3020674	01/01/2026	01/01/2027	EACH OCCURRENCE	$ 5,000,000
							AGGREGATE	$ 5,000,000
								$
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY Y / N ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? **(Mandatory in NH)** N If yes, describe under DESCRIPTION OF OPERATIONS below	N / A		SNS1605595	01/01/2026	01/01/2027	[X] PER STATUTE [ ] OTH-ER	
							E.L. EACH ACCIDENT	$ 500,000
							E.L. DISEASE - EA EMPLOYEE	$ 500,000
							E.L. DISEASE - POLICY LIMIT	$ 500,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

WC 3A State: NH

CERTIFICATE HOLDER

Governor's Office for Emergency Relief & Recovery
1 Eagle Square
Concord NH 03301

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

Janice Bagley

NONPROFIT COVER SHEET

A. Entity Name: Laconia Area Community Land Trust Inc dba Lakes Region Community Developers

B. Entity's Contact Information for Records Requests (e.g., resumes of key personnel; audited financial statements):

Carmen Lorentz, Executive Director, CLorentz@LRcommunitydevelopers.org, (603) 524-0747 x110

C. List Board of Directors and Affiliations

Name (Identify any additional role(s) in Parentheses) E.g., John Doe (President)	Affiliations
Lisa Mure	Independent public health consultant
Reuben Bassett	Commercial Broker, Keller Williams Lakes & Mountains
Patricia Nichols	Retired
Tiffany Baert	Bank of New Hampshire
Shannon Casey	Residential Broker, Keller Williams Lakes & Mountains
Judith Donnelly	Retired
Steven Dwyer	Retired
Jeanie Forrester	NH Dept of Business & Economic Affairs, Meredith Selectboard
Victoria Gilo	Retired
Leslie McEvoy	Retired
Tate Miller	Meredith Village Savings Bank

D. List Key Personnel (Resumes must be available upon request to the person(s) listed in section B or may be attached**):**

Name	Role	Annual Salary	Amount Paid From This Contract
Carmen Lorentz	Executive Director	$139,000	$0
Kara LaSalle	Real Estate Development Director	$104,000	$0

DISCLOSURE OF LEGAL ACTIVITIES INVOLVING THE STATE OF NEW HAMPSHIRE OR ANOTHER GOVERNMENT ENTITY

E. Check one of the following:

[X] The entity is **not currently or has not been** party to any legal proceeding involving the State of New Hampshire (or any agency or subdivision thereof) or any other state/federal government entity before any adjudicative body in any jurisdiction **OR**

[ ] The entity is or has been party to one or more legal proceedings as set forth above. Identify the jurisdiction, court or other adjudicative body, case number, and briefly describe the nature of the proceeding (Attached extra sheet if necessary).

____

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____

CHARITABLE TRUSTS UNIT COMPLIANCE CERTIFICATION

F. Check one of the following:

[X] is registered and in good standing with the New Hampshire Department of Justice Charitable Trusts Unit (** see note below) **or** has submitted a complete application for registration to the Charitable Trusts Unit and is awaiting a registration determination **OR**

[ ] is not required to register with the Charitable Trusts Unit because it is neither tax-exempt under section 501(c)(3) of the Internal Revenue Code nor engages in charitable solicitations in the State of New Hampshire **OR**

[ ] is exempt from registration with the Charitable Trusts Unit because it is a federal or state government, agency, or subdivision or is a religious organization, an integrated auxiliary of a religious organization, or is a convention or association of churches.

** Note: Attached screen shot from the DOJ Registered Charities List found at:

https://mm.nh.gov/files/uploads/doj/remote-docs/registered-charities.pdf

FINANCIAL DISCLOSURES

G. Check one the following:

[X] The organization hired an outside firm to audit its financial statements or to prepare GAAP-compliant financial statements for its most recently completed fiscal year. If so, please ensure that the financial statements and audit results are available to be requested from the contact listed on Page 1 (audited financials may be attached) **OR**

[ ] The above does not apply, but the organization filed an IRS Form 990 or Form 990-EZ for its most recently completed fiscal year. Please attach that IRS Form 990 or Form 990-EZ to the submission. (Form 990 Schedule B is not required) **OR**

[ ] ***If neither of the above apply***, complete the Income Statement and Balance Sheet below with the following basic financial information from the organization's most recently completed fiscal year:

1. INCOME STATEMENT

Revenue

Grants	$
Donations	$
Program Services Revenue	$
Interest & Dividends	$
All other Revenue	$
Total Revenue	$

Expenses

Compensation of officers, directors, and key personnel	$
Other salaries & wages	$
Payroll taxes & employee benefits	$
Occupancy, rent, utilities, and insurance	$
Printing, publications, postage, office supplies, and IT	$
All other expenses	$
Total Expenses	$

2. BALANCE SHEET

Assets	
Cash & Equivalents	$
Investments	$
Real Estate (less any depreciation)	$
Other Property & Equipment (less any depreciation)	$
Pledges, grants, accounts receivable	$
All other assets	$
Total Assets	$

Liabilities	
Accounts Payable	$
Loans Payable	$
All other liabilities	$
Total Liabilities	$

Reg. No.	Charity Name	Address	City	State	Zip	Status	Report Due
10740	Kymberlee Lawton Foundation (TKLF)	160 Love Lane	Rye	NH	03870	G	5/15/2026
31249	L.E.A.D. Inc.	5 South Main Street	Allentown	NJ	08501	G	11/15/2026
31380	L.I.F.E. Ministries, Inc.	PO Box 476	Wolfeboro Falls	NH	03896	G	2/15/2027
2540	L.I.S.T.E.N., Inc. (Lebanon In Service To Each Neighbor)	60 Hanover Street	Lebanon	NH	03766	G	11/14/2026
36098	La Gonave Haiti Missions	c/o Shiloh Community Church 55 Edmond Street	Manchester	NH	03102	G	5/15/2027
30465	LA JOLLA INSTITUTE FOR IMMUNOLOGY	9420 Athena CircleLa Jolla, CA 92037	La Jolla	CA	92037	G	11/15/2026
30913	La Leche League International, Inc.	1959 Palomar Oaks Way, Suite 300	Carlsbad	CA	92011	X	8/15/2025
11816	La Napoule Art Foundation	855 Delaware Street	Denver	CO	80204	X	5/15/2024
35322	Labor Force, Corp.	2045 West Grand Avenue Suite B #31638	Chicago	IL	60612	G	5/15/2026
30662	Labouré Society, Inc.	1365 Corporate Center Curve, Suite 104Eagan, MN 551	Eagan	MN	55121	G	11/15/2026
35407	Labyrinth Therapeutic Services	271 Derry Road	Litchfield	NH	03052	G	5/15/2026
4254	Laconia Area Community Land Trust, Inc.	193 Court StreetLaconia, NH 03246	Laconia	NH	03246	G	5/15/2027
32533	Laconia Christian Academy, Inc.	1386 Meredith Center Road	Laconia	NH	03246-1408	G	11/15/2026
12459	Laconia Christian Fellowship Fund, Inc	1386 Meredith Center Road	Laconia	NH	03246	G	5/15/2027
16733	Laconia Endowment Educational Foundation	62 Pleasant Street	Laconia	NH	03246	G	5/15/2027
35065	Laconia Firefighter's Charitable Organization	PO Box 176Laconia, NH 03246	Laconia	NH	03246	G	5/15/2026
10556	Laconia Fourth of July Committee	306 Union Avenue	Laconia	NH	03246	X	10/15/2021
5616	Laconia Historical and Museum Society, Inc.	PO Box 1126	Laconia	NH	03247	G	5/15/2027
16502	Laconia Ice Hockey Boosters Association	PO Box 1538	Laconia	NH	03247	G	5/15/2027
2515	Laconia Indian Historical Association, Inc.	PO Box 244	Sanbornton	NH	03269	X	5/15/2024
6414	Laconia Kiwanis Charities Fund	PO Box 757	Laconia	NH	03247-0757	X	2/15/2026
18550	Laconia Life Saving Fund, Inc.	848 North Main Street	Laconia	NH	03246	G	5/15/2026
5251	Laconia Little League, Inc.	PO Box 1303	Laconia	NH	03247	X	2/15/2023
19905	Laconia Multicultural Festival, Inc.	20 Pine Brook Lane	Laconia	NH	03246	G	5/15/2026
2516	Laconia Police Relief Association	126 New Salem Street	Laconia	NH	03246	X	11/15/2020
2517	Laconia Rod & Gun Club	358 South Main Street	Laconia	NH	03249	X	10/15/2023
3420	Laconia Youth Football Association	PO Box 7266	Gilford	NH	03249-7266	G	5/15/2027
3132	Laconia-Gilford Lions Club	PO Box 94	Laconia	NH	03247	X	11/15/2021
1358	Ladies Aid Society of Hillsborough Lower Village	10 MADISON CIRHILLSBOROUGH, NH 03244-5329	HILLSBOROUGH	NH	03244-5329	G	9/14/2026
1813	Ladies Auxiliary of the Boscawen Police Department	116 North Main Street	Boscawen	NH	03303	X	12/15/2025
30471	Ladies Benevolent Society of Grafton NH	PO Box 56	Grafton	NH	03240	G	5/15/2027

Laconia Area Community Land Trust, Inc.
d/b/a Lakes Region Community Developers

Financial Report and
Supplementary Information

December 31, 2025 and 2024

Nesseralla & Company, LLC
A Public Accounting Firm

LACONIA AREA COMMUNITY LAND TRUST, INC.
d/b/a LAKES REGION COMMUNITY DEVELOPERS
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Supplemental Schedules

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Laconia Area Community Land Trust, Inc.
d/b/a Lakes Region Community Developers
Laconia, New Hampshire

Opinion
We have audited the consolidated financial statements of Laconia Area Community Land Trust, Inc. (a non-profit corporation) d/b/a Lakes Region Community Developers and its subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2025, and the related consolidated statements of activities, functional expenses, and cash flows for the year 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 consolidated financial position of Laconia Area Community Land Trust, Inc. d/b/a Lakes Region Community Developers and its subsidiaries as of December 31, 2025, and the changes in its net assets, functional expenses and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion
We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Laconia Area Community Land Trust, Inc. d/b/a Lakes Region Community Developers 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 Laconia Area Community Land Trust, Inc. d/b/a Lakes Region Community Developers' ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Laconia Area Community Land Trust, Inc. d/b/a Lakes Region Community Developers' 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 Laconia Area Community Land Trust, Inc. d/b/a Lakes Region Community Developers' 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.

Report on Summarized Comparative Information
We have previously audited Laconia Area Community Land Trust, Inc. d/b/a Lakes Region Community Developers' December 31, 2024 consolidated financial statements, and we expressed an unmodified opinion on those consolidated financial statements in our report dated March 31, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information
Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary consolidating information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards,* we have also issued our report dated April 1, 2026 on our consideration of Laconia Area Community Land Trust, Inc. d/b/a Lakes Region Community Developers' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Laconia Area Community Land Trust, Inc. d/b/a Lakes Region Community Developers' internal control over financial reporting and compliance.

Nesseralla & Company, LLC
Concord, New Hampshire
April 1, 2026

LACONIA AREA COMMUNITY LAND TRUST, INC.
d/b/a LAKES REGION COMMUNITY DEVELOPERS
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2025 AND 2024

ASSETS	2025	2024
Current Assets		
Cash (Note 1 & 22)	$ 1,009,461	$ 1,044,423
Tenant rents and subsidy receivable (Notes 1, 17 & 18)	35,773	24,723
Current portion of grants and contributions receivable (Notes 1 & 16)	2,277,584	1,901,781
Due from related parties (Note 8)	4,980	8,300
Other receivables	19,392	12,480
Prepaid expenses	179,348	81,791
Total Current Assets	3,526,538	3,073,498
Restricted Cash		
Restricted reserves (Note 3 & 22)	4,915,340	583,085
Total Restricted Cash	4,915,340	583,085
Fixed assets, at cost - net of accumulated depreciation (Note 4)	17,180,019	9,529,446
Noncurrent Assets		
Tenant security deposits held in trust	106,621	66,838
Grants and contributions receivable, net of current portion (Notes 1 & 16)	1,011,929	2,091,790
Notes receivable (Note 5)	3,687,740	-
Projects under development (Note 6)	2,919,509	3,035,981
Investments in marketable securities at fair market value (Note 7)	113,892	529,214
Developer fees receivable (Note 8)	466,658	199,088
Notes and operating advances receivable from related parties (Note 8)	2,512,592	1,990,173
Investments in related parties (Note 8)	823,100	100
Total Noncurrent Assets	11,642,041	7,913,184
Total Assets	$ 37,263,938	$ 21,099,213

See accompanying notes

LACONIA AREA COMMUNITY LAND TRUST, INC.
d/b/a LAKES REGION COMMUNITY DEVELOPERS
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2025 AND 2024

LIABILITIES AND NET ASSETS	2025	2024
Current Liabilities		
Short-term debt, net of debt issuance costs (Notes 9 & 11)	$ 1,694,129	$ -
Current portion of long-term debt (Note 10)	355,548	334,891
Due to related parties (Note 8)	19,958	-
Accounts payable	204,069	349,104
Prepaid rent (Notes 1 & 17)	40,939	30,459
Accrued expenses	537,234	26,285
Recoverable grant (Note 16)	30,000	24,855
Total Current Liabilities	2,881,877	765,594
Long-term Liabilities		
Long-term debt, net of current portion and debt issuance costs (Notes 10 & 11)	14,773,473	5,662,549
Line of credit (Note 13)	237,378	-
Tenant security deposits	106,491	67,621
Total Long Term Liabilities	15,117,342	5,730,170
Total Liabilities	17,999,219	6,495,764
Net Assets		
Without donor restrictions	15,794,680	10,424,871
With donor restrictions (Note 14)	3,470,039	4,178,578
Total Net Assets	19,264,719	14,603,449
Total Liabilities and Net Assets	$ 37,263,938	$ 21,099,213

See accompanying notes

LACONIA AREA COMMUNITY LAND TRUST, INC.
d/b/a LAKES REGION COMMUNITY DEVELOPERS
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025
(comparative totals for the year ended December 31, 2024)

	Other Operating Programs	Real Estate Development	Total Without Donor Restrictions	With Donor Restrictions	2025 Total	2024 Total
Revenue and Other Support						
Contributions	$ 8,049	$ -	$ 8,049	$ 45,670	$ 53,719	$ 68,534
Contributed nonfinancial assets (Note 15)	599,701	-	599,701	-	599,701	564,500
Grants (Notes 1 & 16)	499,900	-	499,900	2,101,855	2,601,755	2,414,140
Resident service fees (Note 8)	62,400	-	62,400	-	62,400	23,040
Rental income and land lease revenue (Notes 1 & 17)	1,532,754	-	1,532,754	-	1,532,754	1,152,366
Subsidy income (Notes 1 & 18)	108,852	-	108,852	-	108,852	47,803
Developer fees (Note 8)	-	310,470	310,470	-	310,470	-
Management incentive fees (Note 8)	-	13,834	13,834	-	13,834	4,186
Miscellaneous	7,136	-	7,136	-	7,136	16,428
Net assets released from restrictions (Note 14)	105,935	2,750,129	2,856,064	(2,856,064)	-	-
Total Revenue and Support	2,924,727	3,074,433	5,999,160	(708,539)	5,290,621	4,290,997
Functional Expenses (Note 19)						
Program Services:						
Tenant Support	223,632	-	223,632	-	223,632	198,169
Real Estate Development	-	324,021	324,021	-	324,021	317,984
Rental Properties	1,881,713	-	1,881,713	-	1,881,713	1,374,777
Asset Management	204,160	-	204,160	-	204,160	219,585
Community Building & Engagement	36,281	-	36,281	-	36,281	64,867
Supporting Services:						
Fundraising	46,463	-	46,463	-	46,463	52,463
General and Administrative	186,958	-	186,958	-	186,958	218,590
Total Functional Expenses	2,579,207	324,021	2,903,228	-	2,903,228	2,446,435
Change in Net Assets Before Non-operating Income and Expenses	345,520	2,750,412	3,095,932	(708,539)	2,387,393	1,844,562

See accompanying notes

LACONIA AREA COMMUNITY LAND TRUST, INC.
d/b/a LAKES REGION COMMUNITY DEVELOPERS
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025
(comparative totals for the year ended December 31, 2024)

	Other Operating Programs	Real Estate Development	Total Without Donor Restrictions	With Donor Restrictions	2025 Total	2024 Total
Non-operating Income (Expenses)						
Investment income	68,419	-	68,419	-	68,419	53,071
Unrealized gain (loss) on investment (Note 7)	(19,041)	-	(19,041)	-	(19,041)	7,328
Realized gain on investment (Note 7)	42,627	-	42,627	-	42,627	43,177
Capital distributions from related parties (Note 8)	-	-	-	-	-	2,725
Discount on notes receivable (Note 8)	(1,000,007)	-	(1,000,007)	-	(1,000,007)	(1,721)
Recovery of discount on notes receivable (Note 8)	60,247	-	60,247	-	60,247	57,929
Recovery of discount on note payable (Note 10)	(8,921)	-	(8,921)	-	(8,921)	(8,578)
De-obligation of grant receivable (Note 16)	-	(6,380)	(6,380)	-	(6,380)	(37,014)
Inherent contribution (Note 21)	2,976,660	-	2,976,660	-	2,976,660	-
Loss on disposal of fixed assets (Note 21)	(8,526)	-	(8,526)	-	(8,526)	-
Gain on sale of fixed assets (Note 21)	168,799	-	168,799	-	168,799	-
Total Non-operating Income (Expenses)	2,280,257	(6,380)	2,273,877	-	2,273,877	116,917
Change in Net Assets	2,625,777	2,744,032	5,369,809	(708,539)	4,661,270	1,961,479
Net Assets, beginning of year	10,424,871	-	10,424,871	4,178,578	14,603,449	12,641,970
Transfers	2,744,032	(2,744,032)	-	-	-	-
Net Assets, end of year	$ 15,794,680	$ -	$ 15,794,680	$ 3,470,039	$ 19,264,719	$ 14,603,449

See accompanying notes

LACONIA AREA COMMUNITY LAND TRUST, INC.
d/b/a LAKES REGION COMMUNITY DEVELOPERS
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025
(comparative totals for the year ended December 31, 2024)

	Program Services								2025	2024
	Tenant Support	Real Estate Development	Rental Properties	Asset Management	Community Building & Engagement	Total Program Services	Fundraising	General and Administrative	Total Functional Expenses	Total Functional Expenses
Salaries and wages	$ 111,167	$ 205,468	$ -	$ 111,917	$ 22,720	$ 451,272	$ 26,977	$ 125,962	$ 604,211	$ 636,880
Payroll taxes and benefits (Note 20)	24,376	45,055	-	24,541	4,982	98,954	5,915	27,621	132,490	141,765
Training and education	1,855	146	-	1,233	13	3,247	7	53	3,307	2,864
Insurance	3,052	3,334	75,603	1,902	634	84,525	352	2,465	87,342	87,396
Advertising	-	-	30	-	-	30	-	-	30	2,732
Professional fees	12,861	14,048	29,581	8,013	2,671	67,174	10,287	10,389	87,850	74,838
Management fees (Note 1)	-	-	122,725	-	-	122,725	-	-	122,725	96,702
Depreciation (Note 4)	11,893	12,990	443,622	7,410	2,470	478,385	1,372	9,606	489,363	338,383
Interest - amortization of debt issuance costs (Note 11)	-	858	3,688	-	-	4,546	-	-	4,546	1,219
Bad debt expense	-	-	37,426	-	-	37,426	-	-	37,426	36,663
Interest expense (Note 10)	334	17,057	62,444	23,331	69	103,235	39	270	103,544	63,396
Repairs and maintenance	2,996	3,273	592,703	1,867	622	601,461	346	2,419	604,226	462,712
Utilities	1,019	1,113	116,961	635	212	119,940	118	821	120,879	75,617
Snow and trash removal	546	596	113,900	340	113	115,495	63	442	116,000	89,927
Property taxes	1,138	1,243	136,438	709	236	139,764	131	921	140,816	111,118
State taxes	-	-	84	-	-	84	-	-	84	-
Water and sewer	160	175	114,414	100	33	114,882	19	130	115,031	96,356
Postage	202	220	-	126	42	590	23	162	775	924
Dues and subscriptions	465	508	-	290	97	1,360	54	375	1,789	1,568
Office expense and supplies	3,496	3,818	10,715	2,178	726	20,933	403	2,824	24,160	30,640
Telephone	652	713	5,209	406	135	7,115	75	528	7,718	2,637
Travel	3,873	992	-	1,176	42	6,083	24	164	6,271	4,948
Project feasibility (Note 6)	-	4,393	-	-	-	4,393	-	-	4,393	-
Take the Wheel expense	-	-	-	-	-	-	-	-	-	1,252
Resident services	41,311	-	-	-	-	41,311	-	-	41,311	34,372
Supportive Housing operating support (Note 23)	-	-	-	11,703	-	11,703	-	-	11,703	29,025
Miscellaneous	2,236	8,021	16,170	6,283	464	33,174	258	1,806	35,238	22,501
Total Functional Expenses	$ 223,632	$ 324,021	$ 1,881,713	$ 204,160	$ 36,281	$ 2,669,807	$ 46,463	$ 186,958	$ 2,903,228	$ 2,446,435

See accompanying notes

LACONIA AREA COMMUNITY LAND TRUST, INC.
d/b/a LAKES REGION COMMUNITY DEVELOPERS
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
Cash Flows From Operating Activities		
Change in Net Assets Before Non-operating Income and Expenses	$ 2,387,393	$ 1,844,562
Adjustments to reconcile change in net assets before non-operating income and expenses to net cash provided by operating activities		
Depreciation	489,363	338,383
Amortization of debt issuance costs	4,546	1,219
Bad debt	37,426	36,663
Contributed fixed assets	(592,901)	(556,900)
Project feasibility	4,393	-
(Increase) decrease in the following assets:		
Tenant rents and subsidy receivable	(36,436)	(40,345)
Grants and contributions receivable	697,678	(790,494)
Other receivables	(6,912)	16,661
Prepaid expenses	(79,001)	(2,930)
Tenant security deposits	(11,624)	(263)
Increase (decrease) in the following liabilities:		
Accounts payable and accrued expenses	327,761	315,329
Prepaid rent	5,885	(9,643)
Tenant security deposits	10,740	1,640
Net Cash Provided By Operating Activities	3,238,311	1,153,882
Cash Flows From Investing Activities		
Projects under development	112,079	(2,125,806)
Capital distributions from related parties	-	2,725
Receipt of development fees	42,900	120,313
Deferral of development fees	(310,470)	-
Related party repayment of loans and advances	31,651	5,716
Advances and loans to related parties	(1,490,829)	(25,678)
Purchase of available-for-sale mutual funds	(26,521)	(634,376)
Sale of available-for-sale mutual funds	465,429	634,376
Investment income	68,419	53,071
Purchase of fixed assets	(3,755,802)	(236,934)
Sale of fixed assets	272,642	-
Issuance of note receivable	(3,687,740)	-
Investments in related parties	(823,000)	-
Acquisition of limited partner interest	631,774	-
Net Cash Used In Investing Activities	(8,469,468)	(2,206,593)

See accompanying notes

LACONIA AREA COMMUNITY LAND TRUST, INC.
d/b/a LAKES REGION COMMUNITY DEVELOPERS
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
Cash Flows From Financing Activities		
Proceeds from mortgages and notes	7,860,222	943,040
Repayment of mortgages and notes	(73,666)	(79,604)
Proceeds from a line of credit	688,893	218,431
Repayments against a line of credit	(451,515)	(425,048)
Proceeds from short-term debt	1,713,873	-
Proceeds from recoverable grant	30,000	-
Debt issuance costs	(239,357)	-
Net Cash Provided By Financing Activities	9,528,450	656,819
Net Increase (Decrease) In Cash and Restricted Cash	4,297,293	(395,892)
Cash and Restricted Cash, beginning of year	1,627,508	2,023,400
Cash and Restricted Cash, end of year	$ 5,924,801	$ 1,627,508
Breakdown of Cash and Restricted Cash, end of year:		
Cash	$ 1,009,461	$ 1,044,423
Restricted reserves	4,915,340	583,085
	$ 5,924,801	$ 1,627,508
Cash Paid During The Year For:		
Interest (including $7,515 capitalized in 2025)	$ 106,242	$ 63,422

See accompanying notes

1. Summary of Significant Accounting Policies

Program Mission
The mission of Laconia Area Community Land Trust, Inc. ("LACLT"), doing business as Lakes Region Community Developers ("LRCD"), is to create opportunities for the Lakes Region to thrive by developing healthy homes, creating vibrant community assets, and engaging residents.

Program Services
LRCD develops and supports its operations through strategic management of critical functions. Through staff effort and board oversight, the functions of accounting, fundraising, accountability to and support from the community and funding sources, and organization management and development are maintained to ensure the organization's integrity and sustainability. LRCD serves the community through five programs as follows:

Tenant Support
LRCD's Resident Services Program works to improve the health and well-being of LRCD's tenants so they can maintain housing stability and build their own pathway to economic security. LRCD's Resident Services Coordinators provide benefits counseling and assistance with enrollment, crisis intervention, conflict mediation, and resource brokering, and facilitate on-site educational programming.

Real Estate Development
LRCD develops a range of real estate to respond to housing and community development needs in the New Hampshire Lakes Region. This includes affordable rental homes for households of low-income, affordable starter homes for households of moderate income, supportive housing facilities for targeted low-income populations, and community facilities for non-profit organizations meeting critical needs in the community.

Rental Properties
LRCD retained the services of a third-party management agent for its portfolio of properties effective April 1, 2006.

Asset Management
LRCD provides asset management services related to its portfolio of properties.

Community Building & Engagement
LRCD facilitates leadership development by supporting groups of tenants in working together to identify community priorities and develop resident-led projects. This helps to foster healthy relationships between neighbors and builds leadership and advocacy skills.

Basis of Presentation
Financial statement presentation follows recommendations of the Financial Accounting Standards Board in its Accounting Standards Codifications ("ASC") 958-205, *Financial Statements of Not-for-Profit Organizations*. Under ASC 958-205, net assets are required to be classified and reported in two groups – net assets with donor restrictions and net assets without donor restrictions – based on the existence or absence of donor-imposed restrictions and the nature of those restrictions.

1. Summary of Significant Accounting Policies (continued)

Principles of Consolidation
In accordance with ASC 810, *Consolidation*, the consolidated financial statements include the financial information of LRCD and its subsidiaries:

- MFH Limited Partnership ("MFH") – an 18-unit residential rental property
- Mechanic School Limited Partnership ("Mechanic") – a 6-unit residential rental property
- Bay Street Apartments Corp – a 12-unit residential rental property
- Jameson Street Apartments Corp – a 3-unit residential rental property
- Boynton Road Limited Partnership ("Boynton") – a 32-unit residential rental property
- Gale School Support Corp – developing a 2-unit commercial rental property
- Harriman Hill Apartments Corp – the general partner in Harriman Hill Three Limited Partnership ("HH3")

Boynton's consolidation commenced on June 18, 2025, when LRCD acquired the limited partner interest in the entity. See Note 21. All significant transactions between the entities have been eliminated. These entities are collectively referred to as "the Organization" in these consolidated financial statements.

The following are for-profit entities, which are wholly- or majority-owned by LRCD and act in the capacity of general partner in limited partnerships. The activity of these entities is immaterial to the consolidated financial statements and has been excluded from the consolidated financial statements.

- LACLT Corporation
- EASTLACLT, LLC
- Winni River Housing Corp
- GVK3 Housing Corp
- HHA Housing Corp
- Harvey Heights Meredith Corporation
- HGS Corp

On March 1, 2023, Historic Gale School Limited Partnership was formed with LRCD and HGS Corp as partners. There was no financial statement activity for this entity during the years ended December 31, 2025 and 2024 so it is not presented in the consolidating financial statements.

On December 27, 2023, HH3 was formed with LRCD and Harriman Hill Apartments Corp as partners. On October 17, 2025, an investor acquired LRCD's limited partner interest in HH3. There was no financial statement activity for HH3 during the period January 1, 2025 through October 17, 2025 or the year ended December 31, 2024, so it is not presented in the consolidating financial statements.

On September 17, 2025, Gale School Support Corp. was formed as a supporting non-profit organization of LRCD.

The consolidated financial statements do not include the accounts of for-profit real estate entities in which the above entities are general partner. Based on the provisions of ASC 810, LRCD determined that the presumption of control for the entities in which LRCD is the general partner had been overcome, and as a result the financial statements of those entities are not required to be consolidated.

1. Summary of Significant Accounting Policies (continued)

Organizational Structure
LRCD and Gale School Support Corp. are incorporated under the laws of the State of New Hampshire as non-profit corporations. MFH, Mechanic, and Boynton are organized under the Uniform Limited Partnership Act of the State of New Hampshire. Bay Street Apartments Corp, Jameson Street Apartments Corp, and Harriman Hill Apartments Corp are incorporated under the laws of the State of New Hampshire as for-profit corporations.

Basis of Accounting
The Organization prepares its financial statements on the accrual basis of accounting consistent with accounting principles generally accepted in the United States of America (“GAAP”).

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

Cash and Cash Equivalents
Cash and cash equivalents include investments in highly liquid debt instruments with a maturity of three months or less. Restricted cash is not considered cash equivalents.

Accounts Receivable – Recognition of Bad Debts
The Organization carries its accounts receivable from tenants at an amount equal to uncollected but earned revenue less an allowance for doubtful accounts. On a periodic basis, the Organization evaluates its accounts receivable and establishes an allowance for doubtful accounts, based on a history of past write-offs and collections and current credit conditions. As of December 31, 2025 and 2024, management has estimated an allowance of $42,750 and $8,537, respectively.

Impairment of Long-Lived Assets
Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Recoverability is measured by a comparison of the carrying amount to the future net undiscounted cash flow expected to be generated and any estimated proceeds from the eventual disposition. If the long-lived asset is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount exceeds the fair value as determined from an appraisal, discounted cash flows analysis, or other valuation technique. No impairment losses were recognized during the years ended December 31, 2025 and 2024.

Fair Value Measurements
The Organization determines the fair market values of its financial assets and liabilities, as well as non-financial assets and liabilities, that are recognized or disclosed at fair value on a recurring basis in accordance with generally accepted accounting principles, based on the fair value hierarchy established under ASC 820 *Fair Value Measurements.*

> **Level 1:** Quoted prices in active markets for identical assets or liabilities. The Organization’s Level 1 assets include short- and long-term investments that are measured at fair value on a recurring basis. See Note 7.

1. Summary of Significant Accounting Policies (continued)

Fair Value Measurements (continued)

Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. The Organization currently has no Level 2 assets or liabilities that are measured at fair value on a recurring basis.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include items where the determination of fair value requires significant management judgment or estimation. The Organization currently has no Level 3 assets or liabilities that are measured at fair value on a recurring basis.

Revenue Recognition
The Organization earns revenue as follows:

Grants and Contributions: The Organization recognizes grant and contribution income when the award is made unless significant barriers to receipt exist. Grants and contributions are recorded as with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions. See Notes 14 and 16.

Contracts: The Organization evaluates its revenue contracts with customers based on the five-step model under ASC 606 *Contracts with Customers*: (1) identify the contract with the customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price; and (5) recognize revenue when (or as) each performance obligation is satisfied. See Note 8.

Leases: The Organization assesses whether an arrangement qualifies as a lease (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration) and determines lease classification at inception. The Organization only reassesses its determination if the terms and conditions of the arrangement are changed. Leases with terms, including renewal options, of twelve months or less are treated as short-term leases. The Organization has elected to combine lease and non-lease components as a single component. See Notes 8 and 17.

Advertising
Advertising costs are expensed as they are incurred.

1. Summary of Significant Accounting Policies (continued)

Income Taxes
LRCD is exempt and Gale School Support Corp. has applied for exemption from income taxes under Section 501(c)(3) of the Internal Revenue Code, as amended, except for income taxes on "unrelated business income", if any. For the years ended December 31, 2025 and 2024, LRCD and Gale School Support Corp. did not have any "unrelated business income" subject to income taxes; accordingly, no provision for income taxes for these entities has been included in the consolidated financial statements. During the year ended December 31, 2024, LRCD received a refundable solar tax credit of $13,791 which has been included in miscellaneous revenue on these consolidated financial statements.

MFH, Mechanic, and Boynton are 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 reported by their partners on their respective income tax returns. Accordingly, these consolidated financial statements do not reflect a provision for income taxes for these entities.

Bay Street Apartments Corp, Jameson Street Apartments Corp, and Harriman Hill Apartments Corp are for-profit corporations and therefore are subject to federal and state income taxes. For the years ended December 31, 2025 and 2024, Bay Street Apartments Corp, Jameson Street Apartments Corp, and Harriman Hill Apartments Corp did not have any estimated taxes payable or refundable nor any deferred tax liabilities or assets.

Provisions of ASC 740 have been adopted related to the subsequent recognition and measurement of tax positions. This guidance requires recognition of the financial statement impact of a tax position when it is more-likely-than-not that the position will be sustained upon examination. No uncertain tax positions were identified that qualify for either recognition or disclosure in the consolidated financial statements. Income tax returns are subject to examination by the Internal Revenue Service ("IRS") for a period of three years.

Going Concern Evaluation
On an annual basis, as required by ASC 205 *Presentation of Financial Statements – Going Concern*, the Organization performs an evaluation to determine whether there are conditions or events (known and reasonably knowable), considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that these financial statements are available to be issued. No conditions or events were identified.

Subsequent Events
Events that occur after the consolidated statement of financial position date but before the consolidated financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the consolidated statement of financial position date are recognized in the accompanying consolidated financial statements. Subsequent events which provide evidence about conditions that existed after the consolidated statement of financial position date require disclosure in the accompanying notes. Management evaluated the activity of the Organization through April 1, 2026 and concluded that, except for the event discussed in Note 25, no subsequent events have occurred that would require recognition in the consolidated financial statements or disclosure in the notes to consolidated financial statements.

Reclassifications
Certain items in the December 31, 2024 consolidated financial statements have been reclassified to conform to the current year's classifications. These reclassifications had no effect on net assets.

2. Financial Assets and Liquidity

The Organization's operations are substantially supported by restricted contributions and rental income. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Some rental properties have regulatory and loan restrictions which require adequate reserves. Security deposits from rental tenants are held until the lease is terminated. Therefore, these financial assets may not be available for general expenditure within one year.

The Organization's liquidity management policy requires that cash reserves and liquidity are maintained and managed on an ongoing basis to ensure the capability to meet all obligations, while also having at least $500,000 in liquid funds available to pay pre-development costs associated with real estate development projects or to pursue other strategic opportunities. The Organization adopted an investment policy with an objective to maximize return on invested assets while minimizing risk and expenses.

The following table reflects the financial assets as of December 31, 2025 and 2024, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year.

	2025	2024
Cash, security deposits, and restricted cash	$ 6,031,422	$ 1,694,346
Grants and contributions receivable	3,289,513	3,993,571
Investments in marketable securities at fair market value	113,892	529,214
Tenant rents and subsidy receivable	35,773	24,723
Other receivables	19,392	12,480
Due from related parties	4,980	8,300
Financial assets, at year-end	9,494,972	6,262,634
Less those unavailable for general expenditures within one year, due to contractual or donor-imposed restrictions:		
Reserves restricted by regulatory or loan agreements	(4,915,340)	(583,085)
Restricted by donor with time or purpose restrictions	(3,470,039)	(4,099,910)
Cash collateralizing letter of credit	(155,000)	-
Cash restricted by regulatory agreements	(139,398)	(102,679)
Security deposits restricted by lease agreements	(106,621)	(66,838)
Financial assets available to meet cash needs for general expenditures within one year	$ 708,574	$ 1,410,122

3. Restricted Reserves

Avery Hill
LRCD entered into a Regulatory Agreement with the New Hampshire Housing Finance Authority ("NHHFA") in connection with the mortgage on the Avery Hill property. See Notes 10 and 24. The agreement requires LRCD to make monthly deposits in the amount of $450 into a reserve for replacements. Withdrawals from this account cannot be made without the consent of NHHFA. Restricted cash balances for the Avery Hill property were as follows:

	2025	2024
Replacement reserve	$ 65,719	$ 58,869
Operating reserve	26,132	25,530
Real estate tax escrow	8,141	3,208
Residual receipts reserve	126	123
Insurance escrow	109	6,061
Total	$ 100,227	$ 93,791

Pine Hill
LRCD entered into a Regulatory Agreement with NHHFA in connection with the mortgage on the Pine Hill property. See Notes 10 and 24. The agreement requires LRCD to make monthly deposits in the amount of $815 into a reserve for replacements. Withdrawals from this account cannot be made without the consent of NHHFA. Restricted cash balances for the Pine Hill property were as follows:

	2025	2024
Replacement reserve	$ 73,915	$ 77,301
Operating reserve	9,851	9,624
Tax and insurance escrow	4,148	20,302
Total	$ 87,914	$ 107,227

LNI
LRCD entered into a Regulatory Agreement with NHHFA in connection with the mortgage on the LNI property. See Notes 10 and 24. The agreement requires LRCD to make monthly deposits in the amount of $773 into a reserve for replacements. Withdrawals from this account cannot be made without the consent of NHHFA. Restricted cash balances for the LNI property were as follows:

	2025	2024
Operating reserve	$ 80,613	$ 78,756
Replacement reserve	51,557	68,130
Tax and insurance escrow	37,948	37,130
Total	$ 170,118	$ 184,016

3. Restricted Reserves (continued)

Compass House
LRCD entered into a Regulatory Agreement with NHHFA in connection with the mortgage on the Compass House property. See Notes 10 and 24. The agreement requires certain restricted reserves to be established and maintained. Withdrawals from these accounts cannot be made without the consent of NHHFA. Restricted cash balances for the Compass House property were as follows:

	2025	2024
Special rental reserve	$ 165,553	$ 161,739
Replacement reserve	19,052	19,411
Operating reserve	11,968	11,692
Real estate tax escrow	2,624	3,747
Insurance escrow	1,343	1,462
Total	$ 200,540	$ 198,051

Bay Street Apartments Corp
Bay Street Apartments Corp entered into a Regulatory Agreement with NHHFA in connection with the mortgage on the Bay Street property. See Notes 10 and 24. The agreement requires certain restricted reserves to be established and maintained. Withdrawals from these accounts cannot be made without the consent of NHHFA. Restricted cash balances for the Bay Street property were as follows:

	2025	2024
Operating reserve	$ 30,358	$ -
Replacement reserve	8,078	-
Insurance escrow	1,958	-
Real estate tax escrow	318	-
Total	$ 40,712	$ -

Jameson Street Apartments Corp
Jameson Street Apartments Corp entered into a Regulatory Agreement with NHHFA in connection with the mortgage on the Jameson Street property. See Notes 10 and 24. The agreement requires certain restricted reserves to be established and maintained. Withdrawals from these accounts cannot be made without the consent of NHHFA. Restricted cash balances for the Jameson Street property were as follows:

	2025	2024
Operating reserve	$ 11,209	$ -
Insurance escrow	5,095	-
Real estate tax escrow	2,548	-
Replacement reserve	1,529	-
Total	$ 20,381	$ -

3. Restricted Reserves (continued)

Boynton

Boynton entered into a Regulatory Agreement with NHHFA in connection with the mortgage on the property. See Notes 10 and 24. The agreement requires LRCD to make monthly deposits in the amount of $1,285 into a reserve for replacements. Withdrawals from this account cannot be made without the consent of NHHFA. Boynton was not consolidated in the December 31, 2024 financial statements so the balances are not presented below for that year. Restricted cash balances for the Boynton property were as follows:

	2025	2024
Replacement reserve	$ 377,920	$ -
Operating reserve	159,621	-
Insurance escrow	17,264	-
Real estate tax escrow	12,203	-
Total	$ 567,008	$ -

Gale School

Gale School Support Corp. entered into a Loan Agreement with 11 ENRV 2008 LLC ("ENRV"). See Note 10. The Agreement requires certain restricted reserves to be established and maintained. Withdrawals from these accounts cannot be made without the consent of ENRV. Restricted cash balances for the Gale School property were as follows:

	2025	2024
Disbursement account	$ 3,483,939	$ -
ERV fee and expense reserve	244,501	-
Total	$ 3,728,440	$ -

4. Fixed Assets

Fixed assets are carried at cost. Maintenance, repairs, and minor renewals are expensed as incurred, while more extensive improvements, renewals and betterments are capitalized. Provision for depreciation is provided over the estimated useful lives of the respective assets, on a straight-line basis, over three to forty years. Depreciation expense for the years ended December 31, 2025 and 2024 was $489,363 and $338,383, respectively.

The Organization's fixed assets consisted of the following, recorded at cost, at December 31:

	2025	2024
Land and improvements	$ 4,862,379	$ 2,679,140
Building and improvements	19,474,286	11,543,026
Equipment	566,920	279,694
Total	24,903,585	14,501,860
Less: accumulated depreciation	(7,723,566)	(4,972,414)
Property and Equipment, net	$ 17,180,019	$ 9,529,446

5. Note Receivable

LRCD holds a note receivable from COCRF Investor 346, LLC ("COCRF") in the original principal amount of $3,687,740. The loan was advanced in two tranches on December 18, 2025, to facilitate COCRF's investment in ENRV, a qualified community development entity, to earn New Markets Tax Credits ("NMTC"). ENRV subsequently loaned the funds to Gale School Support Corp., see Note 10. The note bears interest at a fixed rate of 1.273% per annum, with interest-only payments due quarterly through March 31, 2033, after which it amortizes according to an agreed upon schedule until its maturity on September 30, 2055. The obligation is secured by a first priority security interest in COCRF's 99.99% equity interest in ENRV and the payments due on this obligation secure a Community Development Finance Authority ("CDFA") note, see Note 10.

LRCD has evaluated the note receivable under ASC 835-30 (Imputation of Interest) and ASC 958 (Not-for-Profit Entities). Management has determined that the stated interest rate of 1.273% is appropriate for financial statement presentation based on the following factors:

- **Programmatic Intent**: This loan is classified as a Program-Related Investment ("PRI"), as its primary purpose is to further LRCD's tax-exempt mission of providing investment capital for low-income communities and supporting the Gale School development.

- **Specialized Market Rates**: In the context of the NMTC program, the interest rate of 1.273% is consistent with the standard rates found in leverage loan instruments used within this specialized federal tax credit structure.

- **Measurement**: Because the loan is a PRI and the interest rate is consistent with the established parameters of the NMTC industry, LRCD has recorded the note at its face value of $3,687,740. No discount has been recorded, as the low-interest rate is considered a fundamental programmatic component rather than a market-rate deficiency.

LRCD monitors the credit quality of this note by evaluating the performance of the underlying project loans made by ENRV to the Gale School Support Corp. While the loan is subject to a forbearance agreement that limits the LRCD's ability to exercise remedies until the termination of a specified put option period, management regularly assesses the value of the pledged collateral to ensure collectability. As of December 31, 2025, no allowance for credit losses was deemed necessary under the Current Expected Credit Loss model, as the underlying project is fully funded and performing as expected.

Maturities of the note receivable as of December 31 are as follows:

2026	$ -
2027	-
2028	-
2029	-
2030	-
Thereafter	3,687,740
Total	$ 3,687,740

6. Projects Under Development

The Organization capitalizes all costs for projects under development. If a project is determined infeasible, the costs are expensed in the year of determination.

Gale School Project
LRCD incurred costs related to the renovation of a historic school located in Belmont, New Hampshire, into a daycare and community services center. LRCD entered into a land donation agreement on May 29, 2020 to acquire the property when LRCD provides notice of intent to take title, which occurred on December 19, 2024, see Note 21. A recoverable grant financed a portion of the costs, see Note 14, which was forgiven during the year ended December 31, 2025. On December 18, 2025, LRCD and Gale School Support Corp closed on a New Market Tax Credit transaction that completed the funding stack for the project. The outstanding project under development balance at December 31, 2025 and 2024 was $1,942,084 and $272,532, respectively.

Bay Street Project
LRCD incurred costs related to a low-income housing development located in Laconia, New Hampshire. Bay Street Apartments Corp purchased the property and development costs incurred by LRCD on December 14, 2023 and the project was placed in service on April 24, 2025. The outstanding project under development balance at December 31, 2025 and 2024 was $0 and $1,581,860, respectively.

Harriman Hill Phase 3 Project
LRCD incurred costs related to a third phase of the Harriman Hill project in Wolfeboro, New Hampshire. On October 17, 2025, HH3 closed on construction financing, acquired the property, and purchased the pre-development costs incurred from LRCD. The outstanding project under development balance at December 31, 2025 and 2024 was $0 and $558,564, respectively.

Mill Pond Project
LRCD incurred costs related to a potential low-income housing development located in Ashland, New Hampshire. LRCD entered into an option to purchase agreement for the purchase of the property by May 1, 2027, as extended. To finance a portion of the costs, a technical assistance loan was provided by NHHFA, a pre-development loan was provided by CDFA, and a recoverable grant was provided by the Local Initiatives Support Corporation (“LISC”), see Notes 10 and 16. On September 18, 2025, the Ashland Planning Board denied LRCD’s application for subdivision and site plan approval. LRCD appealed this decision to New Hampshire Superior Court, and a hearing on the matter was held on February 18, 2026, with the ruling from the judge still pending as of April 1, 2026. The outstanding project under development balance at December 31, 2025 and 2024 was $652,228 and $406,745, respectively.

Jameson Street Project
LRCD incurred costs related to a supportive housing project located in Laconia, New Hampshire. On May 2, 2023, LRCD purchased the land and existing improvements. Jameson Street Apartments Corp purchased the property and development costs incurred by LRCD on May 3, 2024 and the project was placed in service on September 18, 2025. The outstanding project under development balance at December 31, 2025 and 2024 was $0 and $214,640, respectively.

Birch Road Project
LRCD incurred costs related to a potential development on a 35 acre parcel of land. The outstanding project under development balance at December 31, 2024 was $1,640. During the year ended December 31, 2025, the project was determined infeasible and $1,970 was written off to project feasibility expense.

6. Projects Under Development (continued)

MFH Project
MFH plans to replace the roofing, siding and trim of the property as well as install solar panels. On November 13, 2024, MFH entered into a photovoltaic solar system installation contract at a cost of $118,748. No costs were incurred during the year ended December 31, 2024. The roofing, siding and trim replacement totaling $553,265 and the solar system installation were completed and placed in service during the year ended December 31, 2025.

Kings Grant
LRCD incurred costs related to a potential development located in Gilford, New Hampshire. No costs were incurred during the year ended December 31, 2024. During the year ended December 31, 2025, the project was determined infeasible and $2,423 was written off to project feasibility expense.

Frances Court
LRCD incurred costs related to capital replacements and improvements at the Frances Court property located in Meredith, New Hampshire. No costs were incurred during the year ended December 31, 2024. The outstanding project under development balance at December 31, 2025 was $325,197.

7. Investments in Marketable Securities

LRCD's investments in marketable securities consisted of investments in available-for-sale mutual funds managed through Edward Jones. See Note 2.

	December 31, 2025		December 31, 2024	
	FMV	Cost	FMV	Cost
Mutual Funds	$ 113,892	$ 102,876	$ 529,214	$ 499,157
Total	$ 113,892	$ 102,876	$ 529,214	$ 499,157

8. Related Party Transactions

<u>Due from Related Parties</u>
During the year ended December 31, 2022, LRCD paid for the installation of a new fixed asset at Lochmere Meadows Affordable Housing Limited Partnership ("Lochmere I"). Reimbursement due to LRCD was $4,980 and $4,980 at December 31, 2025 and 2024, respectively.

During the year ended December 31, 2022, LRCD paid for the installation of a new fixed asset at LM II Affordable Housing Limited Partnership ("Lochmere II"). Reimbursement due to LRCD was $0 and $3,320 at December 31, 2025 and 2024, respectively.

LRCD has paid costs of Mechanic, MFH, Bay Street Apartments Corp, Jameson Street Apartments Corp, and Gale School Support Corp. Reimbursements due to LRCD have been eliminated from the financial statements through consolidation.

8. Related Party Transactions (continued)

Developer Fees

LRCD develops affordable housing projects and earns fees for those services. Performance obligations are typically satisfied as services are rendered and payments are typically received from investor capital installments contingent on certain development milestones. Any portion of the development fee not expected to be paid using contributions from the equity partner, such as out of cash flow from operations represents variable consideration.

LRCD estimates whether it will be entitled to variable consideration under the terms of the development agreement and includes its estimate of variable consideration in the total development fee amount when it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur in accordance with the accounting guidance in ASC Topic 606, *Revenue from Contracts with Customers*, on constraining estimates of variable consideration, which typically includes the following factors:

- Susceptibility of consideration amount to factors outside the project's influence.
- Sufficiency of equity and debt proceeds at the completion of construction.
- Uncertainty about consideration amount not expected to be resolved in the short term.
- Company's experience with similar types of agreements.
- Changes to payment terms.
- Range of possible consideration amounts.

Harriman Hill Affordable Housing Limited Partnership (“HHAHLP”) entered into a development services agreement with Eastern Lakes Regional Housing Coalition (“Eastern Lakes”) and The Hartland Group, Inc. The agreement calls for a portion of the development fee, in the amount of $74,667, to be paid to LRCD for its development services on the property in Wolfeboro, New Hampshire. The entire fee was earned during the year ended December 31, 2011. LRCD was due $28,961 and $28,961 at December 31, 2025 and 2024, respectively.

LRCD entered into a development services agreement with River’s Edge Laconia Limited Partnership. The agreement calls for payment of a $584,000 fee for the development services on a project located in Laconia, New Hampshire. The entire fee was earned during the year ended December 31, 2016. LRCD was due $86,822 and $129,722 at December 31, 2025 and 2024, respectively.

LRCD entered into a development services agreement with HHM Limited Partnership (“HHM”). The agreement calls for payment of a $390,000 fee for the development services on a project located in Meredith, New Hampshire. During the years ended December 31, 2022 and 2021, LRCD earned $312,000 and $78,000 of the fee, respectively. During the year ended December 31, 2023, LRCD earned an additional fee of $98,000 as an incentive for efficient management of construction and the development budget. LRCD was due $40,405 and $40,405 at December 31, 2025 and 2024, respectively.

LRCD entered into a development services agreement with Bay Street Apartments Corp. The agreement calls for payment of a $240,000 fee for the development services on a project located in Laconia, New Hampshire. During the years ended December 31, 2025 and 2024, LRCD earned $160,800 and $79,200 of the fee, respectively. LRCD was due $84,847 and $0 at December 31, 2025 and 2024, respectively. The balances have been eliminated from the financial statements through consolidation.

8. Related Party Transactions (continued)

Developer Fees (continued)
LRCD entered into a development services agreement with HH3. The agreement calls for payment of a $580,000 for the development services on a project located in Wolfeboro, New Hampshire. During the years ended December 31, 2025 and 2024, LRCD earned $310,470 and $0 of the fee, respectively. LRCD was due $310,470 and $0 at December 31, 2025 and 2024, respectively.

LRCD entered into a development services agreement with Gale School Support Corp. The agreement calls for payment of a $250,000 fee for the development services on a project located in Belmont, New Hampshire. During the years ended December 31, 2025 and 2024, LRCD earned $100,539 and $0 of the fee, respectively. LRCD was due $100,539 and $0 at December 31, 2025 and 2024, respectively. The balances have been eliminated from the financial statements through consolidation.

Notes and Operating Advances Receivable
LRCD entered into a long-term promissory note agreement with Mechanic. Interest accrues annually at the rate of 3.1%. The principal and accrued interest are due in their entirety on March 7, 2036. The balances have been eliminated from the financial statements through consolidation.

LRCD entered into a non-interest-bearing promissory note agreement with MFH during the year ended December 31, 2018. The original maturity date of December 31, 2019 was extended until December 31, 2026. The balance has been eliminated from the financial statements through consolidation.

LRCD entered into a promissory note agreement with Boynton. Interest accrues at the rate of 3%. The principal and accrued interest are due in their entirety on January 20, 2039. The note receivable and accrued interest receivable balances at December 31, 2024 were $17,000 and $5,622, respectively. The December 31, 2025 balances have been eliminated from the financial statements through consolidation.

LRCD entered into a 1% promissory note agreement with Lochmere I during the year ended December 31, 2011. Monthly principal and interest payments of $563 are due through January 31, 2031. The note receivable balance at December 31, 2025 and 2024 was $95,015 and $100,788, respectively.

LRCD entered into a $324,000 non-interest-bearing promissory note agreement with Lochmere I during the year ended December 31, 2012. The entire outstanding balance of the note shall be due and payable in full on April 25, 2029. The loan has been discounted to its present value using an implied interest rate of 4%. The discounted note receivable balance at December 31, 2025 and 2024 was $276,957 and $266,305, respectively.

LRCD made operating deficit loans to HHAHLP to cover operating deficits. The operating deficit loans accrue interest at 8%, compounded annually, and are payable from cash surplus. The balance outstanding was $35,200 and $20,200 at December 31, 2025 and 2024, respectively. The balance of deferred interest receivable at December 31, 2025 and 2024 was $26,993 and $23,219, respectively.

LRCD entered into a $32,000 non-interest-bearing promissory note agreement with HHAHLP during the year ended December 31, 2013. The entire outstanding balance of the note shall be due and payable in full on November 1, 2030. The note receivable balance at December 31, 2025 and 2024 was $32,000 and $32,000, respectively.

8. Related Party Transactions (continued)

Notes and Operating Advances Receivable (continued)
LRCD entered into a $400,000 non-interest-bearing promissory note agreement with Harriman Hill II Limited Partnership during the year ended December 31, 2014. The entire outstanding balance of the note shall be due and payable in full on June 24, 2028. The loan has been discounted to its present value using an implied interest rate of 4%. The discounted note receivable balance at December 31, 2025 and 2024 was $341,922 and $328,771, respectively.

LRCD entered into a $439,000 promissory note agreement with River's Edge Laconia Limited Partnership during the year ended December 31, 2015. The loan accrues interest at 5% per annum with payments due at 50% of annual cash surplus. The entire outstanding balance of the note shall be due and payable in full on May 3, 2045. The loan has been discounted to its present value using an implied interest rate of 4%. The discounted note and deferred interest receivable balance at December 31, 2025 and 2024 was $306,569 and $285,146, respectively.

LRCD entered into a $350,000 non-interest-bearing promissory note agreement with HHA Limited Partnership ("HHA") during the year ended December 31, 2019. The entire outstanding balance of the note shall be due and payable in full 15 years from the date of rehabilitation completion, which occurred on January 1, 2020. The loan has been discounted to its present value using an implied interest rate of 4%. The discounted note receivable balance at December 31, 2025 and 2024 was $245,905 and $236,448, respectively.

LRCD entered into a $475,000 non-interest-bearing promissory note agreement with HHA during the year ended December 31, 2019. The entire outstanding balance of the note shall be due and payable in full on July 11, 2049. Total funds advanced were $480,500 which exceeds the face value of the note by $5,500 due to additional grant funds. The loan has been discounted to its present value using an implied interest rate of 4%. The discounted note receivable balance at December 31, 2025 and 2024 was $187,453 and $180,243, respectively.

LRCD entered into a $285,000 non-interest-bearing promissory note agreement with GVK3 Limited Partnership during the year ended December 31, 2017. The entire outstanding balance of the note shall be due and payable in full on June 11, 2057. The loan has been discounted to its present value using an implied interest rate of 4%. The discounted note receivable balance at December 31, 2025 and 2024 was $81,630 and $78,490, respectively.

LRCD entered into a $475,000 non-interest-bearing promissory note agreement with HHM during the year ended December 31, 2021. During the year ended December 31, 2022, LRCD received additional grant funds and entered into a promissory note for an additional $232,000. The entire outstanding balance of the notes shall be due and payable in full on December 29, 2051. The loans have been discounted to their present value using an implied interest rate of 4%. The discounted notes receivable balance at December 31, 2025 and 2024 was $245,199 and $235,769, respectively.

LRCD entered into a $300,000 non-interest-bearing promissory note agreement with HHM during the year ended December 31, 2021. The entire outstanding balance of the note shall be due and payable on December 31, 2037. The loan has been discounted to its present value using an implied interest rate of 4%. The discounted note receivable balance at December 31, 2025 and 2024 was $187,379 and $180,172, respectively.

8. Related Party Transactions (continued)

Notes and Operating Advances Receivable (continued)
LRCD entered into a $475,000 non-interest-bearing promissory note agreement with HH3 during the year ended December 31, 2025. The entire outstanding balance of the note shall be due and payable on October 17, 2055. The loan has been discounted to its present value using an implied interest rate of 4%. The discounted note receivable balance at December 31, 2025 was $146,451.

LRCD entered into a $970,000 promissory note agreement with HH3 during the year ended December 31, 2025. The loan accrues interest at 3% per annum with payments due at 50% of annual cash surplus. The entire outstanding balance of the note shall be due and payable on October 17, 2055. The loan has been discounted to its present value using an implied interest rate of 4%. The discounted note and deferred interest receivable balance at December 31, 2025 was $303,919.

LRCD entered into a long-term promissory note agreement with Jameson Street Apartments Corp during the year ended December 31, 2025. Interest accrues annually at the rate of 6.5%. The principal and accrued interest are due in their entirety on March 31, 2036. The balances have been eliminated from the financial statements through consolidation.

Investments in Related Parties
The Organization maintains the following investments in related parties which have been recorded at cost as of December 31, 2025 and 2024:

Entity	Investor	Ownership %	2025	2024
HH3	Harriman Hill Apartments Corp	0.01%	$ 823,000	$ -
HHAHLP	LRCD	0.009%	100	100
			$ 823,100	$ 100

LRCD's investments in MFH, Mechanic, Boynton, and Harriman Hill Apartments Corp have been eliminated from the financial statements through consolidation.

Due to Related Parties
During the year ended December 31, 2025, HH3 overpaid for the predevelopment costs incurred by LRCD by $19,958. Reimbursement due to HH3 was $19,958 and $0 at December 31, 2025 and 2024, respectively.

Capital Distributions
LRCD received capital distributions from certain partnerships in which it is affiliated as follows:

	2025	2024
Boynton	$ -	$ 2,216
Harriman Hill II, LP	-	509
	$ -	$ 2,725

8. Related Party Transactions (continued)

Leases
On December 18, 2025, LRCD entered into a sale-leaseback transaction with Gale School Support Corp. The sale transaction occurred through a ground lease to lease the land and existing improvements for $1 annually over 99 years. The lease was below market rate and $566,801, the value of the property, was considered a donation from LRCD to Gale School Support Corp. The leaseback transaction occurred through a lease of the property back to LRCD. The leaseback commences on May 1, 2026 and expires on December 31, 2054. Rent is due quarterly based on an established rent schedule. These transactions have been eliminated from the financial statements through consolidation.

On December 18, 2025, Gale School Support Corp. entered into an agreement to lease playground equipment to LRCD. The lease commences on May 1, 2026 and expires on June 30, 2038. The lease calls for quarterly payments of $2,500 throughout the term and offers a purchase option at its appraised fair market value at the end of the lease term.

Resident Service Fees
LRCD receives resident service fees for supportive services it provides to certain partnerships in which it is affiliated. Performance obligations are satisfied as services are rendered and payments are typically received quarterly. Resident service fees receivable totaled $18,600 and $7,488 at December 31, 2025 and 2024, respectively. Resident service fees earned are as follows:

	2025	2024
HHA	$ 12,000	$ -
River's Edge	9,600	9,216
Lochmere I	8,400	-
HHM	7,500	-
HHAHLP	7,200	6,912
Harriman Hill II, LP	7,200	6,912
Lochmere II	5,700	-
Boynton	4,800	-
	$ 62,400	$ 23,040

Resident service fee balances related to MFH and Mechanic have been eliminated from the financial statements through consolidation. Resident service fee balances related to Boynton after June 18, 2025 have been eliminated from the financial statements through consolidation.

Management Incentive and Investor Services Fees
LRCD entered into management incentive fee agreements with certain limited partnerships in which it is a general partner. Performance obligations are satisfied as services are rendered and payments are typically received when surplus cash is available. Management incentive fees receivable totaled $1,892 and $3,620 at December 31, 2025 and 2024, respectively. Management incentive fees earned are as follows:

	2025	2024
HHM	$ 11,942	$ -
GVK3 LP	1,892	1,837
Harriman Hill II, LP	-	2,349
	$ 13,834	$ 4,186

8. Related Party Transactions (continued)

Grant Expense
Grants provided from LRCD to Bay Street Apartments Corp, Jameson Street Apartments Corp, and Gale School Support Corp have been eliminated from the financial statements through consolidation.

9. Short-term Debt

LRCD entered into a $1,745,311 one-year bridge loan bearing interest at 7% per annum. The purpose of the loan was to fund the loan made to COCRF, see Note 5, until grant funds related to the Gale School project are received. The loan requires monthly payments of interest until maturity on December 17, 2026. As of December 31, 2025, the loan balance of $1,713,873 less unamortized debt issuance costs of $19,744 resulted in a net short-term debt balance of $1,694,129.

10. Long-term Debt

Long-term debt consisted of the following at December 31, 2025 and 2024:

Lender	Interest Rate	Payment Amount	Maturity Date	Collateral	Balance at 12/31/25	Balance at 12/31/24	
Meredith Village Savings Bank	3%	$2,781/mo	December 2039	Frances Court	$ 381,104	$ 402,700	
NHHFA	0%	$0	May 2027	Pine Hill	350,000	350,000	
NHHFA	0%	$0	October 2052	Avery Hill	520,000	539,500	
NHHFA	0%	Cash surplus	July 2040	LNI	13,782	13,782	
Meredith Village Savings Bank	0%	$0	January 2039	Frances Court	231,938	223,017	(a)
LHRA	0%	$0	Property conveyance	Avery Hill	35,900	35,900	
Belknap County	0%	$0	December 2030	LNI	464,000	464,000	
CDFA	3%	$251/mo	December 2028	Avery Hill	8,612	11,322	
NHHFA	0%	$0	Construction closing	n/a	45,000	45,000	(b)
Meredith Village Savings Bank	4.87%	$2,783/mo	September 2039	Court Street	469,488	479,758	
NHHFA	0%	$0	October 2049	Compass House	1,080,256	1,080,256	
CDFA	4%	$0	July 2026	n/a	100,000	100,000	
NHHFA	0%	$0	Property conveyance	44 Pearl	22,000	22,000	
NHHFA	0%	$0	Property conveyance	334 South Main	33,000	33,000	
Eastern Lakes	2.75%	$8,574/mo	October 2027	n/a	200,000	-	
CDFA	4.5%	See footnote	December 2036	Note receivable	300,000	-	(c)
NHHFA	0%	$0	Property conveyance	Gale School	127,194	-	(d)
Bank of New Hampshire	0%	$0	July 2034	MFH	300,000	300,000	
City of Laconia	0%	$0	July 2034	MFH	479,550	479,550	
Bank of New Hampshire	6%	$1,561/mo	April 2035	MFH	133,088	135,834	(e)
Belknap County	0%	$0	March 2036	Mechanic	430,000	430,000	
NeighborWorks Capital Corp	6.9%	See footnote	July 2042	Bay Street	671,872	-	(f)
NHHFA	0%	Cash surplus	June 2054	Bay Street	1,067,000	856,686	
NHHFA	0%	Cash surplus	June 2054	Bay Street	433,000	-	
CDFA	3.75%	$409/mo	December 2035	Bay Street	68,985	-	
NHHFA	0%	Cash surplus	February 2055	Jameson Street	701,000	-	
Meredith Village Savings Bank	4.15%	$1,244/mo	January 2029	Boynton	158,695	-	(g)
NHHFA	0%	Cash surplus	January 2039	Boynton	444,399	-	(g)
Town of Meredith	0%	$0	January 2049	Boynton	120,787	-	(g)
USDA Rural Development ("RD")	1%	$2,122/mo	January 2040	Boynton	887,304	-	(h)
ENRV	1%	See footnote	June 2059	Gale School	3,687,740	-	(i)
ENRV	1%	See footnote	June 2059	Gale School	1,453,260	-	(j)
			Total long-term debt		15,418,954	6,002,305	
			Less: unamortized debt issuance costs		(289,933)	(4,865)	
			Net long-term debt balance		$ 15,129,021	$ 5,997,440	

10. Long-term Debt (continued)

(a) The $401,641 loan has been discounted using an imputed interest rate of 4.0%. Recovery of the discount was $8,921 and $8,578 for the years ended December 31, 2025 and 2024, respectively.
(b) The loan is for the payment of predevelopment costs related to the Mill Pond development project. The loan is payable at the time of construction loan closing. If the project cannot proceed and is determined to be infeasible, then the loan shall be forgiven, and no repayment expected.
(c) Monthly interest-only payments required for the first year, then monthly payments of principal and interest in the amount of $1,898 over a 20 year amortization period.
(d) A balance of $22,806 remains available to draw on this loan as of December 31, 2025.
(e) Original terms of the loan were an interest rate of 1.5% with monthly principal and interest payments of $1,211. The original maturity date was December 6, 2024, extended to March 6, 2025 at 6% interest. On April 10, 2025, the loan was refinanced with additional borrowings of $5,349. The terms detailed in the table above reflect the refinanced loan terms.
(f) The $673,380 construction to permanent loan requires monthly payments of interest only through July 27, 2026, when the loan converts to monthly payments of principal and interest to amortize the balance over a 30 year period.
(g) Boynton was not consolidated in the December 31, 2024 financial statements so the balances are not presented in the table above for that year.
(h) Boynton was not consolidated in the December 31, 2024 financial statements so the balances are not presented in the table above for that year. The loan has a stated interest rate of 4.875%. Under the terms of an interest credit agreement, RD reduces the interest paid on the mortgage to 1% provided the project is in compliance with its loan documents.
(i) Quarterly interest-only payments required through March 31, 2033. Commencing on April 1, 2033, quarterly principal and interest payments required according to an agreed upon amortization schedule.
(j) Quarterly interest-only payments required through March 31, 2033. A one-time principal payment in the amount of $26,500 shall be due and payable on December 18, 2032. Commencing on April 1, 2033, quarterly principal and interest payments required according to an agreed upon amortization schedule.

The liability under the mortgage notes is limited to the underlying value of the real estate collateral, assignment of rents and leases plus other amounts deposited with the lender.

Interest incurred on long-term debt during the year ended December 31, 2025 was $94,367, of which $86,852 was expensed and $7,515 was capitalized to fixed assets. Interest expense incurred on long-term debt during the year ended December 31, 2024 was $38,496.

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

2026	$ 355,548
2027	543,360
2028	112,845
2029	524,662
2030	547,543
Thereafter	13,334,996
Total long-term debt	15,418,954
Less: unamortized debt issuance costs	(289,933)
Total	$ 15,129,021

11. Amortization

Debt issuance costs, net of accumulated amortization, are presented as a deduction from the carrying value of the notes payable. Debt issuance costs totaling $372,344 and $52,620 as of December 31, 2025 and 2024, respectively, are amortized over the terms of their respective notes, ranging from one to forty years. Accumulated amortization was $62,667 and $47,755 as of December 31, 2025 and 2024, respectively. Amortization expense for the years ended December 31, 2025 and 2024 was $4,546 and $1,219, respectively. Amortization expense on debt issuance costs has been included as interest expense on the statement of functional expenses.

Estimated aggregate amortization expense for the succeeding five years as of December 31 are as follows:

2026	$	30,909
2027		11,165
2028		10,973
2029		10,828
2030		10,753

12. Company Credit Cards

LRCD maintains company credit cards for eight employees with a total credit line of $15,000. The individual credit limits range from $1,000 to $15,000. The balance is paid in full monthly. The balance due at December 31, 2025 and 2024 was $0 and $0, respectively.

13. Revolving Line of Credit

LRCD obtained a revolving line of credit in the amount of $500,000 from Meredith Village Savings Bank during the year ended December 31, 2021. Monthly interest is payable on the unpaid principal balance at a variable interest rate, which was 7.5% at December 31, 2025. All principal and interest is due and payable on the maturity date, November 19, 2029. The balance outstanding at December 31, 2025 and 2024 was $237,378 and $0, respectively. Interest expense incurred during the years ended December 31, 2025 and 2024 was $16,692 and $24,900, respectively.

14. Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes and periods.

	2025	2024
Subject to expenditure for specified purpose		
Tenant Support activities:		
Eviction prevention	$ 29,688	$ 44,235
Dental program	1,222	5,326
Resident services	9,170	-
Real Estate Development activities:		
Real estate development	3,046,223	3,476,815
Rental Properties activities:		
Capital expenditures	383,736	594,748
Asset Management activities:		
Asset management specialist salary and benefits	-	57,454
Total net assets with donor restrictions	$ 3,470,039	$ 4,178,578

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors.

	2025	2024
Purpose restrictions accomplished		
Transitional Housing expenses	$ -	$ 53,205
Tenant Support expenses	50,481	25,790
Real Estate Development expenses	125,637	434,755
Real Estate Development loans made	1,941,480	-
Real Estate Development project under development	-	623,516
Rental Properties fixed assets placed in service	470,000	-
Rental Properties project under development	206,632	-
Asset Management expenses	55,454	18,000
	2,849,684	1,155,266
Restriction released by donor		
De-obligation of grant receivable (Note 16)	6,380	34,014
Total net assets released from donor restrictions	$ 2,856,064	$ 1,189,280

15. Contributed Nonfinancial Assets

LRCD solicits and accepts gifts for purposes that will help the organization further and fulfill its mission. Contributions of significant nonfinancial assets are subject to review by the Board of Directory prior to acceptance. Whether to monetize or utilize contributed assets is determined on a case-by-case basis depending on the marketability and usefulness of the items to LRCD.

15. Contributed Nonfinancial Assets (continued)

During the years ended December 31, 2025 and 2024, LRCD was aided by 65 and 65 volunteers, respectively. Volunteers assisted with community gardens, community watch, holiday events, babysitting, transportation, and community clean-up. Volunteer time, of which no readily ascertainable value could be obtained, was not recorded on the books of LRCD for the years ended December 31, 2025 and 2024.

For the years ended December 31, 2025 and 2024, contributed nonfinancial assets recognized within the consolidated statement of activities included:

	2025	2024
Harriman Hill Phase 3 land	$ 583,000	$ -
Gale School fixed assets	9,901	556,900
Auditing services	6,800	7,600
Total	$ 599,701	$ 564,500

Contributed nonfinancial assets did not have donor-imposed restrictions. Fair market value for the Harriman Hill Phase 3 land and Gale School fixed assets were estimated based on the most recent appraisal. Fair market value for the auditing services was provided by the vendor.

16. Grants and Awards

LRCD received $2,601,755 and $2,414,140 in grants and awards during the years ended December 31, 2025 and 2024, respectively. During the years ended December 31, 2025 and 2024, grants receivable of $6,380 and $37,014, respectively, were written off due to de-obligation by the grantor.

LRCD received a short-term recoverable grant from LISC on June 1, 2020, in the amount of $25,000. The purpose of the grant is to finance predevelopment expenses of the Gale School project, see Note 6. LRCD shall repay all disbursed amounts in full on the earlier of the completion of the project or July 31, 2025, the maturity date as extended. If the project cannot proceed due to lack of financing or the completed project cannot generate sufficient revenue to repay the recoverable grant, then repayment of the portion that is unable to be repaid shall not be required. As of December 31, 2024, the total funds disbursed of $24,855 were presented as a current liability on the consolidated financial statements. During the year ended December 31, 2025, the $24,855 balance was forgiven and presented as a grant on the consolidated financial statements.

LRCD received a short-term recoverable grant from LISC on October 16, 2024, in the amount of $30,000. The purpose of the grant is to finance predevelopment expenses of the Mill Pond project, see Note 6. LRCD shall repay all disbursed amounts by October 1, 2026. No funds had been disbursed as of December 31, 2024. As of December 31, 2025, the total funds disbursed of $30,000 were presented as a current liability on the consolidated financial statements.

As part of a project development agreement related to HHAHLP, Eastern Lakes has promised to give LRCD all interest earned on certain loans made to HHAHLP. The deferred interest balance receivable by Eastern Lakes on the loans is $593,164 as of December 31, 2025. Since the deferred interest balance is payable solely from cash surplus of HHAHLP and there have been no payments of interest since inception of the notes, LRCD does not consider any of the balance collectable until HHAHLP begins making repayments. Accordingly, no contribution income or promise to give receivable have been recorded on these consolidated financial statements.

17. Lessor

Rental revenue attributable to residential leases are recorded when due from residents, generally upon the first day of each month. Leases are for periods of up to one year, with rental payments due monthly. Other revenue results from fees for late payments, cleaning, damages, and laundry facilities and is recorded when earned. Lease income from commercial leasing activity is detailed below.

LRCD has entered into a lease agreement with a third-party to operate the Compass House group home, see Note 24. The lease commenced on February 10, 2020 and has a one-year term with automatic one-year renewals. It does not call for any rent payments but is a net lease exempting LRCD from any expense related to the operation of the property. Any cost reimbursements received from the lessee are treated as rent income on these financial statements.

On December 18, 2025, LRCD entered into an agreement to sublease commercial space in the Gale School property to Lakes Region Community Services. The sublease commences on May 1, 2026 and expires on December 31, 2032, with one five-year extension available. Base rent shall be $2,500 per month, increased annually by 3%. Additional rent shall be payable for the tenant's share of operating expenses for the space. Annual base rent commitment under the terms of the sublease is as follows:

2026	$ 20,000
2027	30,600
2028	31,516
2029	32,464
2030	33,440
Thereafter	69,912
Total	$ 217,932

On December 18, 2025, LRCD entered into an agreement to sublease commercial space in the Gale School property to the Boys & Girls Club of Central and Southern New Hampshire, Inc. The sublease commences on May 1, 2026 and expires on December 31, 2032, with two five-year extensions available. Base rent shall be $2,500 per month, increased annually by 3%. Additional rent shall be payable for the tenant's share of operating expenses for the space. Annual base rent commitment under the terms of the sublease is as follows:

2026	$ 20,000
2027	30,600
2028	31,516
2029	32,464
2030	33,440
Thereafter	69,912
Total	$ 217,932

17. Lessor (continued)

Lease income recognized for the years ended December 31, 2025 and 2024, was as follows:

	2025	2024
Residential rental lease payments	$ 1,499,052	$ 1,123,462
Subsidy income on behalf of residential tenants (see Note 18)	108,852	47,803
Variable lease payment revenue	33,702	28,904
Total	$ 1,641,606	$ 1,200,169

18. Subsidy Income

LRCD contracted with the United States Department of Housing and Urban Development ("HUD") under Section 811 of the Cranston-Gonzalez National Affordable Housing Act of 1990 as amended, to provide rental assistance payments on behalf of qualified tenants for 5 units of the LACLT Scattered Sites. The current contract expires September 30, 2036. The length of the term is subject to availability, as determined by HUD, of sufficient appropriated funds. The agreement provides for a maximum annual contract commitment of $51,912.

MFH has contracted with HUD under Section 811 of the Cranston-Gonzalez National Affordable Housing Act of 1990 as amended, to provide rental assistance payments on behalf of qualified tenants for one unit at MFH. The current contract expires September 30, 2036. The length of the term is subject to availability, as determined by HUD, of sufficient appropriated funds. The agreement provides for a maximum annual contract commitment of $9,480.

Mechanic has contracted with HUD under Section 811 of the Cranston-Gonzalez National Affordable Housing Act of 1990 as amended, to provide rental assistance payments on behalf of qualified tenants for one unit at Mechanic. The current contract expires September 30, 2036. The length of the term is subject to availability, as determined by HUD, of sufficient appropriated funds. The agreement provides for a maximum annual contract commitment of $9,228.

Boynton entered into a rental assistance agreement with RD effective December 1, 2015. Under the agreement, RD will provide a total of $172,026 of rental assistance for 25 of the 32 units in the project. RD will pay the difference between the approved shelter cost for the project and the monthly tenant contribution as calculated and certified for each tenant household. The agreement expires automatically upon total distribution of the rental assistance. On July 26, 2021, the Partnership received an additional allocation of rental assistance which added two units to rental assistance, resulting in a total of 27 of the 32 units in the project receiving rental assistance. The agreement has been renewed regularly since inception with the most recent renewal on December 11, 2025 that provides for $223,032 of rental assistance.

19. Functional Allocation of Expenses

Expenses are charged to programs and supporting services directly, as applicable, and indirectly on the basis of periodic time and expense studies. General and administrative expenditures include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

20. Tax Sheltered Annuity

LRCD maintains a tax-deferred annuity plan for its employees under Internal Revenue Code Section 403(b). Only eligible employees can contribute to this plan and LRCD matches up to the first 3% of employee deferrals. LRCD contributed $13,446 and $17,086 to the plan during the years ended December 31, 2025 and 2024, respectively.

21. Acquisitions and Dispositions

On March 8, 2018, LRCD entered into an option agreement for the purchase of the Harriman Hill Phase 3 property by August 30, 2025, as extended. The option agreement was valued at $605,000 based on the appraised value of the land during the year ended December 31, 2025. The excess of $583,000 over the agreed upon purchase price of $22,000 was recognized as a contributed nonfinancial asset, see Note 15. On October 17, 2025, the option agreement was assigned to HH3 and accounted for as a capital contribution by Harriman Hill Apartments Corp on these consolidated financial statements, see Note 8.

On January 11, 2022, LRCD entered into an option agreement for the purchase of the Mill Pond property for $487,500 by May 1, 2027, as extended.

On May 30, 2025, LRCD sold the Noyes Road property for $285,000, resulting in a gain of $168,799 during the year ended December 31, 2025.

On December 19, 2024, the Gale School property was conveyed to LRCD for no consideration. The fair market value of the property was recognized as contributed nonfinancial asset revenue on these consolidated financial statements. See Notes 6 and 15.

On June 18, 2025, LRCD acquired the limited partner interest in Boynton in exchange for the acquisition of the liabilities. Due to the assets of Boynton exceeding the acquired liabilities, an inherent contribution from the exiting limited partner was recognized in the amount of $2,976,660.

On November 14, 2025, LRCD entered into an agreement to sell the Elm Street property for $600,000. Subsequent to December 31, 2025, the property was sold, see Note 25.

During the year ended December 31, 2025, LRCD disposed of land with a carrying value of $8,526 resulting in a loss on disposal of fixed assets of equal value.

22. Concentration of Credit Risk

Financial instruments that potentially subject the Organization to a concentration of credit risk consist principally of cash and cash equivalents. To mitigate risk, LRCD has collateralization agreements with various financial institutions that hold funds in excess of federally insured limits. An Insured Cash Sweep Deposit Placement Agreement with Franklin Savings Bank allows their funds to be swept into multiple accounts as needed to fully insure the balance on hand. A Sweep Repurchase Agreement with Meredith Village Savings Bank collateralizes balances with investments in long-term bonds which are still at risk of value loss. Deposits on hand with TD Bank are fully collateralized with a letter of credit. As of December 31, 2025, the uncollateralized account balances exceeded federally insured limits by $3,399,230. The Organization has not experienced any losses in such accounts.

22. Concentration of Credit Risk (continued)

LRCD receives approximately 62% of its funding from grants and contributions. A reduction in the funding would impair its ability to operate. LRCD's management does not anticipate a reduction in funding.

MFH, Mechanic, Bay Street Apartments Corp, and James Street Apartments Corp operate properties located in Laconia, New Hampshire. Boynton operates a property located in Meredith, New Hampshire. Future operations could be affected by changes in economic or other conditions in that geographical area or by changes in the demand for such housing.

The Organization obtains and employs substantial capital and operating subsidies from various federal, state and local governmental agencies. Legislative or regulatory changes in the operations or funding of federal, state and local programs could have a material impact on future results. See Note 18. In addition, the Organization obtains funding from private equity groups including national, state and local banks and financial institutions. This funding is also based on government programs, including Low Income Housing Tax Credits ("LIHTC"). Legislative changes (including changes to Federal Income Tax laws) could impact the level of funding received from these groups and could have a material impact on future results.

Changes in the current economic and credit market (e.g., a rise in inflation and/or interest rates) environment could increase the cost of capital or limit the ability to access capital. Failure to comply with covenants and conditions imposed by the agreements governing the Organization's indebtedness could restrict future borrowing or cause debt to become immediately due and payable. Failure to renew existing loans could impact working capital, capital expenditures, acquisitions, debt service or other business needs.

23. Commitments and Contingencies

Affordable Housing Restrictions
LRCD received an Affordable Housing Program grant from Meredith Village Savings Bank in the amount of $400,000 during the year ended December 31, 2014. The grant was restricted to the rehabilitation of rental real estate for the Harriman Hill Phase II project. In connection with the grant, LRCD entered into an affordable housing program agreement that stipulates the project comply with certain affordability restrictions for 20 years. If the stipulations of the agreement are not met, the grant is subject to recapture in full. LRCD believes it is in compliance with the restrictions at December 31, 2025 and 2024.

LRCD has acted as sponsor for various low-income and affordable housing developments. These developments have received various forms of funding from federal, state, and local sources. The terms of these funding agreements generally require that the projects maintain affordable housing and low-income eligibility status. If such status is not maintained, LRCD may be obligated to remedy any defaults in the requirements and may be liable to repay certain amounts to investors and lenders. Management is not aware of any instances of noncompliance that would impair its assets.

MFH entered into an Affordable Housing Program Agreement in order to obtain a $300,000 loan from Bank of New Hampshire. See Note 10. The agreement requires MFH to ensure rents and tenant incomes meet the targeting commitments outlined in the application for funding over a period of fifteen years.

23. Commitments and Contingencies (continued)

Guarantees

LRCD has entered into various agreements with certain limited partnerships or their affiliated general partners whereby LRCD guarantees to loan funds to the partnerships in the event that the partnerships incur operating deficits as defined in the respective partnership agreements or fail to meet their current financial obligations. These agreements expire at various times based on the terms of the underlying partnership or guaranty agreements. The maximum potential amount of future payments under these guarantees as of December 31, 2025 was $377,004. As of the date of this report, LRCD was not obligated for any balance over what had been paid or advanced through December 31, 2025, see Note 8.

LRCD has entered into various agreements with certain limited partnerships or their affiliated general partners whereby LRCD offers tax indemnification in the event of LIHTC recapture. LRCD's potential liability under these agreements is dependent upon IRS audits and final letters of determination of the limited partnerships' qualified basis in tax credit properties. However, management is not aware of any known liability for tax credit recapture. These agreements expire at various times based on the compliance period for each limited partnership under Internal Revenue Code Section 42. The maximum potential liability under these guarantees as of December 31, 2025 was $12,317,856. LRCD has not been required to fund any amounts under these guarantees and has not recorded any liabilities associated with these guarantees.

LRCD has entered into various agreements with certain limited partnerships or their affiliated general partners whereby LRCD guarantees to contribute funds to the partnerships in the event that the partnerships are unable to pay the entire development fee for the construction of the property. These agreements expire at various times based on the terms of the underlying partnership or guaranty agreements. The maximum potential liability under these guarantees as of December 31, 2025 was $610,059 relating to three limited partnerships. LRCD has not been required to fund any amounts under these guarantees and has not recorded any liabilities associated with these guarantees.

LRCD has entered into an agreement with a limited partnership or their affiliated general partner whereby LRCD provides assurance of project completion and provides a repayment guarantee for the associated loan. The guarantee terminates when construction is complete and permanent financing repays the construction loan. The maximum potential liability under this guarantee as of December 31, 2025 was $6,909,487.

LRCD has entered into various agreements with certain limited partnerships or their affiliated general partners whereby LRCD guarantees to purchase the limited partner interest in the partnerships in the event that certain terms of the partnership agreements are not met. These agreements expire at various times based on the terms of the underlying partnership or guaranty agreements. The maximum potential liability under these guarantees as of December 31, 2025 was $20,456,098. LRCD has not been required to fund any amounts under these guarantees and has not recorded any liabilities associated with these guarantees.

23. Commitments and Contingencies (continued)

Guarantees (continued)
LRCD has entered into various agreements with certain limited partnerships or their affiliated general partners whereby LRCD offers indemnification in the event that the partnerships or limited partners become liable under any environmental or securities laws, or certain general partner actions or inactions. However, management is not aware of any known liability. These agreements expire at various times based on the terms of the underlying partnership or guaranty agreements. The maximum potential liability under these guarantees as of December 31, 2025 was unlimited relating to five limited partnerships. LRCD has not been required to fund any amounts under these guarantees and has not recorded any liabilities associated with these guarantees.

Property Liens
The City of Laconia provided a Community Development Block Grant for the acquisition and renovation of the Court Street Office. The City has placed a lien on the property. The lien requires LRCD to use the property to service primarily low- and moderate-income persons through February 7, 2029.

CDFA Awards
LRCD received an award from CDFA on June 12, 2018 for $300,000 in tax credits. Once LRCD secured pledges from third parties to CDFA to purchase the tax credits, $240,000 of grant funds would be available for release to LRCD. LRCD has agreed to lend all the CDFA funds to HH3. As of December 31, 2020, all $300,000 of pledges had been secured and $240,000 of the grant had been recognized. The entire balance of the grant had been received as of December 31, 2024. The funds were contributed to HH3 as capital during the year ended December 31, 2025. See Note 8.

LRCD received an award from CDFA on June 24, 2021 for $750,000 in tax credits which was increased to $1,000,000 with a supplemental award on December 28, 2023. Once LRCD secured pledges from third parties to CDFA to purchase the tax credits, $800,000 of grant funds would be available for release to LRCD to fund the Gale School project, see Note 6. As of December 31, 2024, all $1,000,000 of pledges had been secured and $800,000 of the grant had been recognized. The entire balance of the grant had been received as of December 31, 2025.

Options to Purchase and Rights of First Refusal
Through its ownership of general partner entities in certain limited partnerships, LRCD has options to purchase and rights of first refusal on various low-income housing properties. These options and rights are only available after the expiration of certain time periods or the occurrence of certain events.

Compass House
During the year ended December 31, 2019, LRCD moved its administrative office from Union Avenue to Court Street. The vacated Union Avenue building was redeveloped to serve as an eight-bed group house for women in recovery from substance use disorder. Since the revenue of the group house is dependent on the demand for services, there is a risk that the group house cannot afford to cover all operating expenses. In that situation, LRCD as owner of the property and holder of the mortgage would need to cover essential operating expenses, such as repairs and maintenance, real estate taxes, insurance, and utilities. The risk is mitigated to the extent any reserve funds are available to cover those specific expenses, see Note 3. During the years ended December 31, 2025 and 2024, LRCD incurred $11,703 and $29,025 of expenses, respectively, related to the operation of Compass House that were not covered by tenant revenues.

23. Commitments and Contingencies (continued)

Gale School
On June 18, 2025, the Organization committed to a $3,847,737 construction contract for the redevelopment of the Gale School property, of which $1,566,907 has been incurred as of December 31, 2025.

On December 18, 2025, LRCD entered into an investment fund put/call agreement with Capital One, the sole-owner of COCRF. The agreement grants Capital One to sell its interest in COCRF to LRCD for $1,000 by December 19, 2032, the end of the put option period. If Capital One does not sell its interest to LRCD by December 19, 2032, LRCD may exercise a call to purchase the interest for an amount equal to the fair market value of the interest.

LRCD and Gale School Support Corp. have entered into an indemnification agreement with Capital One whereby they offer indemnification in the event of the occurrence of specified NMTC recapture events. LRCD's potential liability under this agreement is dependent upon the cause and amount of the recapture, as well as any penalties and interest assessed and other recapture costs. Management is not aware of any known liability for tax credit recapture. The maximum potential liability under this agreement as of December 31, 2025 was $2,067,000. LRCD has not been required to fund any amounts under this agreement and has not recorded any liabilities associated with it.

Letter of Credit
As of December 31, 2025, LRCD had an outstanding irrevocable letter of credit totaling $155,000. This letter of credit was issued by Franklin Savings Bank in favor of the Town of Wolfeboro to provide a financial guarantee for LRCD's performance of certain site improvements at the Harriman Hill Phase 3 property. LRCD's obligations under the letter of credit are secured by cash held in Franklin Savings Bank accounts.

The letter of credit is set to expire on September 9, 2026. In the event that a release has not been issued from the Town of Wolfeboro prior to the expiration date, Franklin Savings Bank shall pay the remaining face value of the letter of credit to the town. As of December 31, 2025, no amounts have been drawn against the letter of credit.

24. Restrictive Covenants

New Hampshire Housing Finance Authority
NHHFA provided funding for the renovation of Bay Street Apartments Corp, Jameson Street Apartments Corp, Boynton, and LRCD's Avery Hill, Pine Hill, LNI, and Compass House properties. Bay Street Apartments Corp, Jameson Street Apartments Corp, Boynton, and LRCD entered into regulatory agreements with NHHFA in consideration for receiving the mortgage notes. Bay Street Apartments Corp, Jameson Street Apartments Corp, Boynton, and LRCD must meet the provisions of those agreements until the mortgage notes are paid in full. NHHFA has also placed long-term land-use restrictions on those properties which limit the uses of the properties.

In consideration for awarding LIHTCs, NHHFA placed long-term land-use restrictions on MFH, Mechanic, and Boynton which limits the uses of the properties.

25. Subsequent Event

On March 12, 2026, the Elm Street property sold for $600,000 with LRCD receiving $464,512 of cash proceeds at closing.

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

To the Board of Directors
Laconia Area Community Land Trust, Inc.
d/b/a Lakes Region Community Developers
Laconia, New Hampshire

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Laconia Area Community Land Trust, Inc. (a nonprofit organization) d/b/a Lakes Region Community Developers ("LRCD") and subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2025, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated April 1, 2026.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be significant deficiencies. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as items 2025-001, 2025-002, and 2025-003 that we consider to be material weaknesses.

Report on Compliance and Other Matters

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

LRCD's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on LRCD's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Responses. LRCD's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Nesseralla & Company, LLC
Concord, New Hampshire
April 1, 2026

Finding 2025-001 – Grant Accounting

Criteria:	ASC 205-10-45-1A states "A full set of financial statements for a period shall show all of the following: a. Financial position at the end of the period b. Earnings (net income) for the period…"
Condition:	The unaudited December 31, 2025 financial statements did not include the revenue of two grant awards and grants receivable did not reflect all receipts.
Cause:	The grant awards were not communicated with the Finance Director. Some grantors paid LRCD's vendors directly when grant funds were requested, so receipt was not recorded as the cash did not flow through LRCD.
Effect or potential effect:	There is a potential for future misstatements of grant revenue and receivables if corrective action is not taken.
Management's response:	The Controller shall familiarize themselves with the project files for each project under development and maintain an updated list of sources for each project, showing which sources have been recorded and which require further documentation in order to record. The Controller shall meet each month with the Real Estate Development Director and the Asset Management Director to review the updated list of sources for each project under development; discuss the status of each source; and identify the documentation necessary to record income in a timely manner. The project sources worksheets shall be reviewed by the Finance Committee each month.

Finding 2025-002 – Related Party Balances

Criteria:	ASC 205-10-45-1A states "A full set of financial statements for a period shall show all of the following: a. Financial position at the end of the period b. Earnings (net income) for the period…"
Condition:	The unaudited December 31, 2025 financial statements included misstatements of revenues, expenses, receivables, payables, and net assets due to unreconciled related party balances.
Cause:	The accounting records of LRCD were not reconciled to the accounting records of related parties.
Effect or potential effect:	There is a potential for future misstatements of related party balances if corrective action is not taken.
Management's response:	The Controller shall familiarize themselves with the deal structure for each project under development and discuss financial statement impacts during monthly meetings with Real Estate and Asset Management. The Controller shall consult on a quarterly with an independent CPA to review related party transactions and reconcile related party balances.

Finding 2025-003 – Capital Asset Balances

Criteria: ASC 205-10-45-1A states “A full set of financial statements for a period shall show all of the following:

a. Financial position at the end of the period
b. Earnings (net income) for the period…”

Condition: The unaudited December 31, 2025 financial statements included misstatements of cash, receivables, prepaid expenses, fixed assets, projects under development, debt, payables, depreciation and amortization.

Cause: Capital asset transactions, such as acquisition/financing closings, fixed assets placed in service, and depreciation/amortization, were not recorded properly.

Effect or potential effect: There is a potential for future misstatements of capital asset transactions if corrective action is not taken.

Management’s response: The Controller shall perform in depth analyses of significant capital and closing transactions and engage an independent CPA to assist in making development entries to ensure proper recording in the accounting records.

LACONIA AREA COMMUNITY LAND TRUST, INC.
d/b/a LAKES REGION COMMUNITY DEVELOPERS
SUPPLEMENTAL SCHEDULE OF RENTAL INCOME AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025

	85 Elm Street	44 Pearl Street	155 Oak Street	24 Walnut Street	334 South Main Street	199 Washington Street	79 Lincoln Street	21 Winter Street	23 Winter Street	Frances Court
Rental and Other Income	$ 53,843	$ 34,870	$ 24,801	$ 31,830	$ 22,551	$ 22,899	$ 33,235	$ 38,451	$ 33,037	$ 104,949
Subsidy Income	-	-	-	-	4,790	-	-	13,389	10,578	-
Total Income	53,843	34,870	24,801	31,830	27,341	22,899	33,235	51,840	43,615	104,949
Operating Expenses										
Insurance	483	800	646	914	773	587	826	3,106	2,394	3,096
Advertising	30	-	-	-	-	-	-	-	-	-
Professional fees	879	900	855	900	900	900	900	885	900	-
Management fees	3,504	1,752	1,752	2,628	2,628	1,752	1,752	4,380	4,380	7,800
Depreciation	15,774	7,881	5,183	4,920	9,288	5,011	6,294	9,345	6,928	19,276
Interest - amortization of debt issuance costs	-	-	-	-	-	-	-	-	-	-
Bad debt expense	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	11,837
Repairs and maintenance	47,217	5,375	6,804	6,989	22,638	9,376	4,410	27,133	18,999	24,353
Utilities	7,997	764	2,632	999	3,615	3,097	4,531	7,686	8,034	1,312
Snow and trash removal	2,043	1,021	1,021	1,532	1,532	1,021	1,021	2,554	2,554	13,154
Property taxes	6,794	5,249	4,565	6,637	5,211	4,340	5,760	5,439	5,419	11,188
State taxes	-	-	-	-	-	-	-	-	-	-
Water and sewer	3,671	2,721	1,224	1,508	1,044	1,425	4,228	2,770	2,358	9,658
Office expense and supplies	1,941	-	-	-	-	-	-	-	-	558
Telephone	-	-	-	-	-	-	-	-	-	-
Miscellaneous	596	431	182	36	1,656	119	128	147	190	641
Total Expenses	90,929	26,894	24,864	27,063	49,285	27,628	29,850	63,445	52,156	102,873
Income (Loss) before Non-operating Income (Expenses)	(37,086)	7,976	(63)	4,767	(21,944)	(4,729)	3,385	(11,605)	(8,541)	2,076
Non-operating Income (Expenses)										
Investment income	136	-	-	-	-	-	-	-	-	9
Gain (Loss) on sale of real estate	-	-	-	-	-	-	-	-	-	-
Total Non-operating Income (Expenses)	136	-	-	-	-	-	-	-	-	9
Income (Loss)	$ (36,950)	$ 7,976	$ (63)	$ 4,767	$ (21,944)	$ (4,729)	$ 3,385	$ (11,605)	$ (8,541)	$ 2,085
Supplemental Information:										
Principal repayment of loans	-	-	-	-	-	-	-	-	-	21,596
Depreciation	15,774	7,881	5,183	4,920	9,288	5,011	6,294	9,345	6,928	19,276

LACONIA AREA COMMUNITY LAND TRUST, INC.
d/b/a LAKES REGION COMMUNITY DEVELOPERS
SUPPLEMENTAL SCHEDULE OF RENTAL INCOME AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025

	Single Family Homes	Avery Hill	Pine Hill	LNI	MFH	Mechanic School	Bay Street	Jameson Street	Boynton Road	Total
Rental and Other Income	$ 16,525	$ 171,555	$ 233,562	$ 224,491	$ 178,670	$ 61,439	$ 101,504	$ -	$ 136,886	$ 1,525,098
Subsidy Income	-	-	-	-	5,648	7,161	-	-	67,286	108,852
Total Income	16,525	171,555	233,562	224,491	184,318	68,600	101,504	-	204,172	1,633,950
Operating Expenses										
Insurance	245	10,904	18,744	14,008	4,139	1,752	3,194	-	8,992	75,603
Advertising	-	-	-	-	-	-	-	-	-	30
Professional fees	294	2,240	2,285	2,193	2,980	3,800	1,375	1,200	5,195	29,581
Management fees	-	12,264	15,768	16,644	15,768	5,256	6,570	219	17,908	122,725
Depreciation	3,174	44,425	38,760	17,820	64,571	38,573	67,013	6,889	72,497	443,622
Interest - amortization of debt issuance costs	-	-	312	-	498	155	1,853	538	332	3,688
Bad debt expense	-	13,791	-	-	19,422	-	-	-	4,213	37,426
Interest	-	296	-	-	8,958	-	26,282	-	15,071	62,444
Repairs and maintenance	1,504	40,067	90,061	65,310	93,206	33,439	21,241	24	74,557	592,703
Utilities	-	8,124	20,406	7,488	6,745	3,762	8,458	747	20,564	116,961
Snow and trash removal	-	6,670	14,091	18,046	16,073	7,945	2,996	-	20,626	113,900
Property taxes	4,122	7,435	10,844	9,721	8,998	2,849	10,375	971	20,521	136,438
State taxes	-	-	-	-	-	-	-	-	84	84
Water and sewer	694	11,610	14,081	15,159	13,322	4,470	2,631	-	21,840	114,414
Office expense and supplies	-	978	1,258	1,322	1,255	421	2,411	-	571	10,715
Telephone	-	-	-	-	-	-	610	-	4,599	5,209
Miscellaneous	424	1,243	2,526	846	1,550	766	3,375	48	1,266	16,170
Total Expenses	10,457	160,047	229,136	168,557	257,485	103,188	158,384	10,636	288,836	1,881,713
Income (Loss) before										
Non-operating Income (Expenses)	6,068	11,508	4,426	55,934	(73,167)	(34,588)	(56,880)	(10,636)	(84,664)	(247,763)
Non-operating Income (Expenses)										
Investment income	-	2,346	1,834	2,966	80	12	491	380	2,909	11,163
Gain (Loss) on sale of real estate	168,799	-	-	-	-	-	-	-	-	168,799
Total Non-operating Income (Expenses)	168,799	2,346	1,834	2,966	80	12	491	380	2,909	179,962
Income (Loss)	$ 174,867	$ 13,854	$ 6,260	$ 58,900	$ (73,087)	$ (34,576)	$ (56,389)	$ (10,256)	$ (81,755)	$ (67,801)
Supplemental Information:										
Principal repayment of loans	-	22,210	-	-	8,095	-	1,508	-	9,987	63,396
Depreciation	3,174	44,425	38,760	17,820	64,571	38,573	67,013	6,889	72,497	443,622

LACONIA AREA COMMUNITY LAND TRUST, INC.
d/b/a LAKES REGION COMMUNITY DEVELOPERS
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2025

ASSETS	LACLT, Inc.	MFH LP	Mechanic School LP	Bay Street Apartments Corp	Jameson Street Apartments Corp	Boynton Road LP
Current Assets						
Cash	$ 777,310	$ 90,127	$ 81,180	$ 37,058	$ 6,654	$ 17,132
Tenant rents and subsidy receivable	22,943	5,312	664	741	-	6,113
Current portion of grants						
and contributions receivable	2,272,984	-	-	4,600	-	-
Due from related parties	201,651	-	-	-	-	-
Other receivables	23,592	-	-	-	-	-
Prepaid expenses	139,746	15,899	4,639	5,055	2,674	11,335
Total Current Assets	3,438,226	111,338	86,483	47,454	9,328	34,580
Restricted Cash						
Restricted reserves	558,799	-	-	40,712	20,381	567,008
Total Restricted Cash	558,799	-	-	40,712	20,381	567,008
Fixed assets, at cost -						
net of accumulated depreciation	6,695,338	2,124,870	418,426	2,783,829	884,707	3,946,048
Noncurrent Assets						
Tenant security deposits held in trust	58,827	12,667	4,753	2,757	10	27,607
Grants and contributions						
receivable, net of current portion	1,011,929	-	-	-	-	-
Notes receivable	3,687,740	-	-	-	-	-
Projects under development	977,425	-	-	-	-	-
Investments in marketable securities						
at fair market value	113,892	-	-	-	-	-
Developer fees receivable	652,044	-	-	-	-	-
Notes and operating advances						
receivable from related parties	2,614,778	-	-	-	-	-
Investment in related parties	5,453,672	-	-	-	-	-
Total Noncurrent Assets	14,570,307	12,667	4,753	2,757	10	27,607
Total Assets	$ 25,262,670	$ 2,248,875	$ 509,662	$ 2,874,752	$ 914,426	$ 4,575,243

See Independent Auditor's Report

LACONIA AREA COMMUNITY LAND TRUST, INC.
d/b/a LAKES REGION COMMUNITY DEVELOPERS
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2025

ASSETS	Gale School Support Corp	Harriman Hill Apartments Corp	Total	Intercompany Eliminations	Consolidated Total
Current Assets					
Cash	$ -	$ -	$ 1,009,461	$ -	$ 1,009,461
Tenant rents and subsidy receivable	-	-	35,773	-	35,773
Current portion of grants and contributions receivable	-	-	2,277,584	-	2,277,584
Due from related parties	-	-	201,651	(196,671)	4,980
Other receivables	-	-	23,592	(4,200)	19,392
Prepaid expenses	-	-	179,348	-	179,348
Total Current Assets	-	-	3,727,409	(200,871)	3,526,538
Restricted Cash					
Restricted reserves	3,728,440	-	4,915,340	-	4,915,340
Total Restricted Cash	3,728,440	-	4,915,340	-	4,915,340
Fixed assets, at cost - net of accumulated depreciation	566,801	-	17,420,019	(240,000)	17,180,019
Noncurrent Assets					
Tenant security deposits held in trust	-	-	106,621	-	106,621
Grants and contributions receivable, net of current portion	-	-	1,011,929	-	1,011,929
Notes receivable	-	-	3,687,740	-	3,687,740
Projects under development	2,042,623	-	3,020,048	(100,539)	2,919,509
Investments in marketable securities at fair market value	-	-	113,892	-	113,892
Developer fees receivable	-	-	652,044	(185,386)	466,658
Notes and operating advances receivable from related parties	-	-	2,614,778	(102,186)	2,512,592
Investment in related parties	-	823,000	6,276,672	(5,453,572)	823,100
Total Noncurrent Assets	2,042,623	823,000	17,483,724	(5,841,683)	11,642,041
Total Assets	$ 6,337,864	$ 823,000	$ 43,546,492	$ (6,282,554)	$ 37,263,938

See Independent Auditor's Report

LACONIA AREA COMMUNITY LAND TRUST, INC.
d/b/a LAKES REGION COMMUNITY DEVELOPERS
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2025

LIABILITIES AND NET ASSETS	LACLT, Inc.	MFH LP	Mechanic School LP	Bay Street Apartments Corp	Jameson Street Apartments Corp	Boynton Road LP
Current Liabilities						
Short-term debt, net of debt issuance costs	$ 1,694,129	$ -	$ -	$ -	$ -	$ -
Current portion of long-term debt	315,635	30,932	-	10,028	-	18,953
Due to related parties	19,958	135	13,720	2,286	153,578	-
Accounts payable	177,331	9,593	2,213	973	293	17,849
Prepaid rent	27,922	4,984	1,336	1,418	-	5,279
Accrued expenses	42,205	466	-	3,162	-	11,131
Recoverable grant	30,000	-	-	-	-	-
Total Current Liabilities	2,307,180	46,110	17,269	17,867	153,871	53,212
Long-term Liabilities						
Long-term debt, net of current portion and debt issuance costs	4,065,895	896,224	458,322	2,171,188	691,976	1,601,057
Line of credit	237,378	-	-	-	-	-
Deferred developer fee	-	-	-	84,847	-	-
Deferred interest payable	-	-	21,842	-	-	3,532
Tenant security deposits	58,768	12,650	4,742	2,739	-	27,592
Total Long-term Liabilities	4,362,041	908,874	484,906	2,258,774	691,976	1,632,181
Total Liabilities	6,669,221	954,984	502,175	2,276,641	845,847	1,685,393
Net Assets						
Without donor restrictions	15,123,410	1,293,891	7,487	598,111	68,579	2,889,850
With donor restrictions	3,470,039	-	-	-	-	-
Total Net Assets	18,593,449	1,293,891	7,487	598,111	68,579	2,889,850
Total Liabilities and Net Assets	$ 25,262,670	$ 2,248,875	$ 509,662	$ 2,874,752	$ 914,426	$ 4,575,243

See Independent Auditor's Report

LACONIA AREA COMMUNITY LAND TRUST, INC.
d/b/a LAKES REGION COMMUNITY DEVELOPERS
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2025

LIABILITIES AND NET ASSETS	Gale School Support Corp	Harriman Hill Apartments Corp	Total	Intercompany Eliminations	Consolidated Total
Current Liabilities					
Short-term debt, net of					
debt issuance costs	$ -	$ -	$ 1,694,129	$ -	$ 1,694,129
Current portion of long-term debt	-	-	375,548	(20,000)	355,548
Due to related parties	26,952	-	216,629	(196,671)	19,958
Accounts payable	17	-	208,269	(4,200)	204,069
Prepaid rent	-	-	40,939	-	40,939
Accrued expenses	480,270	-	537,234	-	537,234
Recoverable grant	-	-	30,000	-	30,000
Total Current Liabilities	507,239	-	3,102,748	(220,871)	2,881,877
Long-term Liabilities					
Long-term debt, net of current portion					
and debt issuance costs	4,945,623	-	14,830,285	(56,812)	14,773,473
Line of credit	-	-	237,378	-	237,378
Deferred developer fee	100,539	-	185,386	(185,386)	-
Deferred interest payable	-	-	25,374	(25,374)	-
Tenant security deposits	-	-	106,491	-	106,491
Total Long-term Liabilities	5,046,162	-	15,384,914	(267,572)	15,117,342
Total Liabilities	5,553,401	-	18,487,662	(488,443)	17,999,219
Net Assets					
Without donor restrictions	784,463	823,000	21,588,791	(5,794,111)	15,794,680
With donor restrictions	-	-	3,470,039	-	3,470,039
Total Net Assets	784,463	823,000	25,058,830	(5,794,111)	19,264,719
Total Liabilities and Net Assets	$ 6,337,864	$ 823,000	$ 43,546,492	$ (6,282,554)	$ 37,263,938

See Independent Auditor's Report

LACONIA AREA COMMUNITY LAND TRUST, INC.
d/b/a LAKES REGION COMMUNITY DEVELOPERS
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025

	LACLT, Inc.				
	Other Operating Programs	Real Estate Development	Total Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support					
Contributions	$ 8,049	$ -	$ 8,049	$ 45,670	$ 53,719
Contributed nonfinancial assets	599,701	-	599,701	-	599,701
Grants	365,660	-	365,660	2,101,855	2,467,515
Resident service fees	74,400	-	74,400	-	74,400
Rental income and land lease revenue	1,054,255	-	1,054,255	-	1,054,255
Subsidy income	28,757	-	28,757	-	28,757
Developer fees	-	571,809	571,809	-	571,809
Management incentive fees	-	13,834	13,834	-	13,834
Miscellanous	7,136	-	7,136	-	7,136
Net assets released from restrictions	105,935	2,750,129	2,856,064	(2,856,064)	-
Total Revenue and Support	2,243,893	3,335,772	5,579,665	(708,539)	4,871,126
Functional Expenses					
Program Services:					
Tenant Support	223,632	-	223,632	-	223,632
Real Estate Development	-	1,215,370	1,215,370	-	1,215,370
Rental Properties	1,063,184	-	1,063,184	-	1,063,184
Asset Management	204,160	-	204,160	-	204,160
Community Building & Engagement	36,281	-	36,281	-	36,281
Supporting Services:					
Fundraising	46,463	-	46,463	-	46,463
General and Administrative	186,958	-	186,958	-	186,958
Total Functional Expenses	1,760,678	1,215,370	2,976,048	-	2,976,048
Change in Net Assets Before Non-operating Income and Expenses	483,215	2,120,402	2,603,617	(708,539)	1,895,078
Non-operating Income (Expenses)					
Investment income	65,732	-	65,732	-	65,732
Unrealized loss on investment	(19,041)	-	(19,041)	-	(19,041)
Realized gain on investment	42,627	-	42,627	-	42,627
Discount on notes receivable	(1,000,007)	-	(1,000,007)	-	(1,000,007)
Recovery of discount on notes receivable	60,247	-	60,247	-	60,247
Recovery of discount on note payable	(8,921)	-	(8,921)	-	(8,921)
De-obligation of grants receivable	-	(6,380)	(6,380)	-	(6,380)
Inherent contribution	2,976,660	-	2,976,660	-	2,976,660
Loss on disposal of fixed assets	(8,526)	-	(8,526)	-	(8,526)
Gain on sale of fixed assets	168,799	-	168,799	-	168,799
Total Non-operating Income (Expenses)	2,277,570	(6,380)	2,271,190	-	2,271,190
Change in Net Assets	2,760,785	2,114,022	4,874,807	(708,539)	4,166,268
Net Assets, beginning of year	10,248,603	-	10,248,603	4,178,578	14,427,181
Acquisition of LP interest	-	-	-	-	-
Capital contributions	-	-	-	-	-
Transfers	2,114,022	(2,114,022)	-	-	-
Net Assets, end of year	$ 15,123,410	$ -	$ 15,123,410	$ 3,470,039	$ 18,593,449

LACONIA AREA COMMUNITY LAND TRUST, INC.
d/b/a LAKES REGION COMMUNITY DEVELOPERS
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025

	MFH LP	Mechanic School LP	Bay Street Apartments Corp	Jameson Street Apartments Corp	Boynton Road LP
Revenue and Other Support					
Contributions	$ -	$ -	$ -	$ -	$ -
Contributed nonfinancial assets	-	-	-	-	-
Grants	-	-	162,291	78,835	-
Resident service fees	-	-	-	-	-
Rental income and land lease revenue	178,670	61,439	101,504	-	136,886
Subsidy income	5,648	7,161	-	-	67,286
Developer fees	-	-	-	-	-
Management incentive fees	-	-	-	-	-
Miscellanous	-	-	-	-	-
Net assets released from restrictions	-	-	-	-	-
Total Revenue and Support	184,318	68,600	263,795	78,835	204,172
Functional Expenses					
Program Services:					
Tenant Support	-	-	-	-	-
Real Estate Development	-	-	-	-	-
Rental Properties	262,885	105,918	158,384	10,636	293,891
Asset Management	-	-	-	-	-
Community Building & Engagement	-	-	-	-	-
Supporting Services:					
Fundraising	-	-	-	-	-
General and Administrative	-	-	-	-	-
Total Functional Expenses	262,885	105,918	158,384	10,636	293,891
Change in Net Assets Before Non-operating Income and Expenses	(78,567)	(37,318)	105,411	68,199	(89,719)
Non-operating Income (Expenses)					
Investment income	80	12	491	380	2,909
Unrealized loss on investment	-	-	-	-	-
Realized gain on investment	-	-	-	-	-
Discount on notes receivable	-	-	-	-	-
Recovery of discount on notes receivable	-	-	-	-	-
Recovery of discount on note payable	-	-	-	-	-
De-obligation of grants receivable	-	-	-	-	-
Inherent contribution	-	-	-	-	-
Loss on disposal of fixed assets	-	-	-	-	-
Gain on sale of fixed assets	-	-	-	-	-
Total Non-operating Income (Expenses)	80	12	491	380	2,909
Change in Net Assets	(78,487)	(37,306)	105,902	68,579	(86,810)
Net Assets, beginning of year	783,630	44,793	492,209	-	-
Acquisition of LP interest	-	-	-	-	2,976,660
Capital contributions	588,748	-	-	-	-
Transfers	-	-	-	-	-
Net Assets, end of year	$ 1,293,891	$ 7,487	$ 598,111	$ 68,579	$ 2,889,850

LACONIA AREA COMMUNITY LAND TRUST, INC.
d/b/a LAKES REGION COMMUNITY DEVELOPERS
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025

	Gale School Support Corp	Harriman Hill Apartments Corp	Total	Inter-Company Eliminations	Consolidated Total
Revenue and Other Support					
Contributions	$ -	$ -	$ 53,719	$ -	$ 53,719
Contributed nonfinancial assets	785,519	-	1,385,220	(785,519)	599,701
Grants	-	-	2,708,641	(106,886)	2,601,755
Resident service fees	-	-	74,400	(12,000)	62,400
Rental income and land lease revenue	-	-	1,532,754	-	1,532,754
Subsidy income	-	-	108,852	-	108,852
Developer fees	-	-	571,809	(261,339)	310,470
Management incentive fees	-	-	13,834	-	13,834
Miscellanous	-	-	7,136	-	7,136
Net assets released from restrictions	-	-	-	-	-
Total Revenue and Support	785,519	-	6,456,365	(1,165,744)	5,290,621
Functional Expenses					
Program Services:					
Tenant Support	-	-	223,632	-	223,632
Real Estate Development	1,056	-	1,216,426	(892,405)	324,021
Rental Properties	-	-	1,894,898	(13,185)	1,881,713
Asset Management	-	-	204,160	-	204,160
Community Building & Engagement	-	-	36,281	-	36,281
Supporting Services:					
Fundraising	-	-	46,463	-	46,463
General and Administrative	-	-	186,958	-	186,958
Total Functional Expenses	1,056	-	3,808,818	(905,590)	2,903,228
Change in Net Assets Before Non-operating Income and Expenses	784,463	-	2,647,547	(260,154)	2,387,393
Non-operating Income (Expenses)					
Investment income	-	-	69,604	(1,185)	68,419
Unrealized loss on investment	-	-	(19,041)	-	(19,041)
Realized gain on investment	-	-	42,627	-	42,627
Discount on notes receivable	-	-	(1,000,007)	-	(1,000,007)
Recovery of discount on notes receivable	-	-	60,247	-	60,247
Recovery of discount on note payable	-	-	(8,921)	-	(8,921)
De-obligation of grants receivable	-	-	(6,380)	-	(6,380)
Inherent contribution	-	-	2,976,660	-	2,976,660
Loss on disposal of fixed assets	-	-	(8,526)	-	(8,526)
Gain on sale of fixed assets	-	-	168,799	-	168,799
Total Non-operating Income (Expenses)	-	-	2,275,062	(1,185)	2,273,877
Change in Net Assets	784,463	-	4,922,609	(261,339)	4,661,270
Net Assets, beginning of year	-	-	15,747,813	(1,144,364)	14,603,449
Acquisition of LP interest	-	-	2,976,660	(2,976,660)	-
Capital contributions	-	823,000	1,411,748	(1,411,748)	-
Transfers	-	-	-	-	-
Net Assets, end of year	$ 784,463	$ 823,000	$ 25,058,830	$ (5,794,111)	$ 19,264,719

See Independent Auditor's Report