LIFE REMODELED AND SUBSIDIARY

CONSOLIDATED AUDITED FINANCIAL STATEMENTS

Year ended December 31, 2025

LIFE REMODELED AND SUBSIDIARY

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of Life Remodeled and Subsidiary

Opinion

We have audited the accompanying consolidated financial statements of Life Remodeled and Subsidiary (the "Organization"), 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2025, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

Report on Consolidating Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information in the Consolidating Statement of Financial Position and Consolidating Statement of Activities are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and results of operations of the individual organizations, and they are 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 consolidated financial statements. The consolidating 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 consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

UHY LLP

Farmington Hills, Michigan
April 13, 2026

LIFE REMODELED AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
December 31, 2025

ASSETS	
CURRENT ASSETS	
Cash	$ 2,496,443
Resticted cash	5,611,462
Accounts receivable, net	24,136
Pledges receivable	290,015
Prepaid expenses	14,954
Total current assets	8,437,010
PLEDGES RECEIVABLE, net of current portion	502,397
LEVERAGED LOAN RECEIVABLE	10,450,000
PROPERTY AND EQUIPMENT, net	12,535,499
Total assets	$ 31,924,906
LIABILITIES AND NET ASSETS	
LIABILITIES	
Current portion of long-term debt	$ 2,497,348
Accounts payable	1,692,272
Accrued expenses	62,850
Deferred revenue	615,599
Security deposits	81,307
Total current liabilities	4,949,376
LONG-TERM DEBT, net of current portion	14,015,973
Total liabilities	18,965,349
NET ASSETS	
Without donor restrictions	12,117,770
With donor restrictions	841,787
Total net assets	12,959,557
Total liabilities and net assets	$ 31,924,906

See notes to consolidated financial statements.

LIFE REMODELED AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES
Year ended December 31, 2025

	Without donor Restrictions	With donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Grants and contributions	$ 1,018,493	$ 2,462,927	$ 3,481,420
In-kind contributions	1,507,491	-	1,507,491
Rental income	1,156,685	-	1,156,685
Interest income	88,043	-	88,043
Special events	130,081	-	130,081
Other income	47,466	-	47,466
Total revenues and other support	3,948,259	2,462,927	6,411,186
Net assets released from restrictions	4,136,659	(4,136,659)	-
EXPENSES			
Program services	3,712,736	-	3,712,736
Management and general	334,195	-	334,195
Fundraising	529,549	-	529,549
Total expenses	4,576,480	-	4,576,480
CHANGE IN NET ASSETS	3,508,438	(1,673,732)	1,834,706
NET ASSETS - Beginning of year	8,609,332	2,515,519	11,124,851
NET ASSETS - End of year	$ 12,117,770	$ 841,787	$ 12,959,557

See notes to consolidated financial statements.

LIFE REMODELED
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2025

	Program Services	Management and General	Fundraising	Total
Rent in-kind expense	$ 1,438,023	$ 6,188	$ 6,187	$ 1,450,398
Wages-staff	820,809	153,294	296,504	1,270,607
Program expense	165,060	-	-	165,060
Repairs and maintenance	114,050	-	262	114,312
Utilities	404,980	3,586	500	409,066
Depreciation and amortization	116,990	-	-	116,990
Community engagement	32,989	-	-	32,989
In-kind expense	48,106	-	-	48,106
Bad debt expense	15,943	-	10,000	25,943
Insurance	108,169	5,727	-	113,896
Travel and meetings	4,728	27,170	27,487	59,385
Office expense	8,549	35,308	9,467	53,324
Interest expense	182,106	-	-	182,106
Marketing	107,375	6,161	25,341	138,877
Professional fees	96,682	79,344	112,740	288,766
Contract labor	45,159	-	-	45,159
Education	2,391	7,403	21,361	31,155
Dues and subscriptions	607	9,412	16,916	26,935
Bank fees	20	602	2,784	3,406
Total expenses	$ 3,712,736	$ 334,195	$ 529,549	$ 4,576,480

See notes to consolidated financial statements.

LIFE REMODELED AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended December 31, 2025

OPERATING ACTIVITIES	
Change in net assets	$ 1,834,706
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
In-kind capital donations	(8,990)
Depreciation and amortization	116,990
Bad debt expense	25,943
Amortization of debt issuance costs	19,319
Changes in assets and liabilities:	
Pledges receivable	645,050
Accounts receivable	(39,479)
Prepaid expenses	10,164
Accounts payable	431,007
Deferred revenue	46,129
Security deposits	2,291
Accrued expenses	(4,383)
Net cash provided by operating activities	3,078,747
INVESTING ACTIVITIES	
Purchases of property and equipment	(5,248,238)
Funding of leveraged loan	(10,450,000)
Net cash used in investing activities	(15,698,238)
FINANCING ACTIVITIES	
Borrowings of long term debt	18,913,105
Loan repayments	(1,779,764)
Payments of debt issuance costs	(639,339)
Net cash provided by financing activities	16,494,002
NET CHANGE IN CASH AND RESTRICTED CASH	3,874,511
CASH AND RESTRICTED CASH, beginning of year	4,233,394
CASH AND RESTRICTED CASH, end of year	$ 8,107,905
RECONCILIATION OF CASH AND RESTRICTED CASH:	
Cash	$ 2,496,443
Restricted Cash	$ 5,611,462
SUPPLEMENTAL CASH FLOW INFORMATION:	
Cash paid for interest	$ 240,633
Construction in progress included in accounts payable	$ 1,205,844

See notes to consolidated financial statements.

NOTE 1 – NATURE OF OPERATION

The following is a summary of certain accounting policies followed in the preparation of these consolidated financial statements. The policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the consolidated financial statements.

Organization

There's a lot of talk but not enough walk when it comes to revitalizing Detroit neighborhoods. Life Remodeled ("LR") believes Detroiters have all the talent they need, but many don't have access to all the opportunities they deserve. Therefore, we repurpose vacant properties into one stop hubs of opportunity for entire families to thrive. We fill these spaces with the best and brightest nonprofit organizations who are providing youth programs, workforce development, and human services to tens of thousands of students and community members each year. We help our nonprofit tenants collaborate and create far greater life transformation together than was previously possible alone. Together, we ensure three things:

1. Detroit students perform at or above grade level in math and reading
2. Families have access to essential health and wellness services
3. Community members obtain higher paying jobs and achieve economic self-sufficiency

In addition, each year we mobilize thousands of volunteers over six days to beautify Detroit neighborhoods, and we help guide nonprofits to increase lasting impact and build dream teams.

Life Remodeled Title Holding Corporation ("LRTHC") is a not-for-profit corporation and was formed in December 2024. LRTHC is organized and operated exclusively for the purpose of holding title to property, collecting income therefrom, and turning over the entire amount, less expense to Life Remodeled.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of certain accounting policies followed in the preparation of these consolidated financial statements. The policies conform to generally accepted accounting principles (GAAP) and have been consistently applied in the preparation of the consolidated financial statements.

Principles of Consolidation

The consolidated financial statements include the accounts of LR and its controlled company, LRTH (Collectively, the "Organization").

All significant intercompany balances and transactions have been eliminated in consolidation.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation

The Organization follows accounting standards set by the Financial Accounting Standards Board (FASB). The FASB sets generally accepted accounting principles (GAAP) that the Organization follows to ensure they consistently report their financial condition, results of operations and cash flows. References to GAAP issued by the FASB in the following footnotes are the FASB *Accounting Standards Codification (ASC)*.

The consolidated financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

> **Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization management and the board of directors.
>
> **Net assets with donor restrictions:** Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Measure of Operations

The consolidated statement of activities report all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consists of those items attributable to the Organization’s ongoing activities. The Organization’s operations are all classified as operating activities.

Use of Estimates

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

Cash and Concentration of Credit Risk

The Organization maintains, in certain financial institutions and with certain brokers throughout the year, cash balances which at times may exceed federally insured amounts. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk. Management has deemed this as a normal business risk.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted Cash

As part of the New Market Tax Credit transaction as discussed in Note 11, the Organization is required to establish a restricted cash account held for fees and interest payments on the loans and is also required to establish a restricted cash account held for payments for the Anchor Detroit project. At December 31, 2025, restricted cash totaled $5,611,462, of which $584,525 was restricted for fees and interest payments and $5,026,937 was restricted for payments for the Anchor Detroit project.

Accounts Receivable and Allowance for Credit Losses

Accounts receivable consists primarily of tenant rent and are stated net of the allowance for credit losses. The Organization does not require collateral for its accounts receivable and all accounts are expected to be received within one year. Accounts receivables are written off when they are determined to be uncollectible. The allowance for credit losses is estimated based on expected credit losses considering the Organization's historical losses, the existing economic conditions with the Organizations industry, and the financial stability of its customers. The Organization has recorded an allowance for credit losses of $15,943 as of December 31, 2025.

Pledges Receivable

Pledges receivables consist of unconditional promises to give that are recognized as contributions when the promise is received. All pledges receivable are initially valued at fair value using the three-year risk-free Treasury rate. The carrying amount of pledges receivable is reduced by a valuation allowance that reflects management's best estimate of the amounts that will not be collected. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to pledges receivable. Management has determined that no valuation allowance is required at December 31, 2025.

Property and Equipment

Property and equipment purchased by the Organization are stated at cost. Donated property and equipment are recorded at approximate fair value on the date of donation. Expenditures for major betterments and additions are capitalized, while replacements, maintenance and repairs which do not improve or extend the life of the respective assets are expensed as incurred. Depreciation and amortization of property and equipment is computed on a straight-line basis over the estimated useful lives of the assets, which range from three to thirty-nine years.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-Lived Assets

The Organization evaluates long-lived assets including property and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used are measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flow expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flow, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the fair value of the asset.

Deferred Revenue

Deferred revenue results from the Organization recognizing payments on grants awarded, but conditions in the grant agreement have not yet been met, and rental payments received in advance which are deferred until earned.

Deferred Financing Costs

Deferred financing costs related to the issuance of debt are capitalized and amortized to interest expenses over the term of the respective credit agreements. Deferred financing costs are presented as a direct reduction from long-term debt in the Organization's consolidated statement of financial position.

Revenue Recognition

Grants and Contribution

All contributions are considered to be for unrestricted use unless specifically restricted by the donor. Contributions of cash and other assets, including unconditional promises to give in the future, are reported as revenue when received and measured at fair value. Donor promises to give in the future are recorded at the present value of estimated future cash flows.

Unconditional contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give, that is those with a measurable performance or other barrier, and a right of return or right of release, are not recognized until the conditions to which they depend on have been substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets.

When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same reporting period are ported as contributions with donor restricted and net assets released from restrictions.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Contributed Non-Financial Assets, Services and Facility

Businesses, individuals, and others contribute materials and services toward the fulfillment of programs, fundraising campaigns and general managerial administration. To the extent that contributions of material and services are objectively measurable and represent program or support expenditures that would otherwise be incurred by the Organization, they are reflected in program services, management and general, and fundraising expenses in the statement of activities. Donated materials and services are recorded at the fair market value upon receipt. Donated facility is based on current market rates for rental facilities. For contributed asset that does not allow the Organization to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist depending on the type of asset.

The Organization also had 33,861 total hours from individuals who volunteer their time and perform a variety of tasks that assist with programs, fundraising and administrative support for the year ended December 31, 2025. These donated services were not recognized in the consolidated financial statements because they did not meet the criteria for recognition under ASC topic Contributions.

Revenue Recognition for Contracts with Customers

The Organization's revenue stream under contracts with customers is comprised of the ticket sales revenue received in conjunction with special events. The Organization performs an analysis to determine if the revenue from the ticket sales from special event constitute separate performance obligations. This is determined by when the customer can obtain substantial benefit from the service, or the performance of the service is complete. The transaction price is calculated as the amount of consideration to which the Organization expects to be entitled (such as the price of ticket for events). The following explains the performance obligations related to each revenue stream and how they are recognized.

> *Special Events* – The Organization recognized special event ticket sales at the time the event occurs. The exchange portion and contribution portion of the special event is reported as part of the grants and contribution in the statements of activities. For the year ended December 31, 2025, revenue was $197,619 and related costs were $67,538. Total net special events revenue was $130,081.

Special events do not contain variable consideration. In some situations, the Organization bills the customer and collects cash prior to the satisfaction of the performance obligation, which results in the Organization recognizing contract liabilities upon receipt of payment. There were no contract liabilities and receivables related to contracts with customers for the year ended December 31, 2025.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Rental Revenue

The Organization recognizes rental revenues as they become due according to the lease agreement. The Organization uses the straight-line method for recognizing rental revenue. Rental payments received in advance are deferred until earned. At December 31, 2025, the Organization had $115,599 as deferred revenue.

Interest Expense

Total interest costs incurred during the year ended December 31, 2025, was $257,442, of which $94,655 was capitalized in connection with construction in progress.

Income Taxes

LR is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (“IRC”). In addition, the Organization qualifies for charitable contribution deductions under IRC Section 170(b)(1)(A) and has been classified as a supporting organization other than a private foundation under Section 509(a)(2).

LRTHC, is a not-for-profit organization exempt from income taxes under Section 501(c)(2) of the Internal Revenue Code (“IRC”). LRTHC had no tax liability for the year ended December 31, 2025.

Although the Organization has been granted income tax exemption by the Internal Revenue Service, such exemption does not apply to “unrelated business taxable income” under IRC Section 513(a). The Organization believes that it has been operating within tax exempt status and has no unrelated business income.

ASC guidance regarding accounting for uncertainty in income taxes clarifies the accounting for income taxes by prescribing the minimum recognition threshold income tax position is required to meet before being recognized in the consolidated financial statements and applies to all income tax positions. Each income tax position is assessed using a two-step process. A determination is first made as to whether it is more likely than not that the income tax position will be sustained, based upon technical merits, upon examination by the taxing authorities. If the income tax position is expected to meet the more likely than not criteria, the benefit recorded in the consolidated financial statements equals the largest amount that is greater than 50% likely to be realized upon its ultimate settlement. At December 31, 2025, there were no uncertain tax positions that require accrual.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Expenses are allocated between program services, management and general, and fundraising activities based on the purpose of the expense. In addition, certain expenses are allocated between the functional expense classifications based on time or cost study of where efforts are made.

Subsequent Events

The Organization has performed a review of events subsequent to the consolidated statement of financial position through April 13, 2026, the date the financials were available to be issued.

NOTE 3 – PLEDGES RECEIVABLE

Pledges receivable consists of the following at December 31, 2025:

Amounts due in:	
Less than one year	$ 307,000
One to five years	502,900
	809,900
Less: present value discount	17,488
Net pledges receivable	792,412
Current portion of the pledge receivable	290,015
Long term portion of pledge receivable	$ 502,397

Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using a discount rate of 3.55% for the year ended December 31, 2025.

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2025:

Leasehold improvements	$ 3,632,734
Furniture and fixtures	270,604
Construction in progress	9,473,224
	13,376,562
Accumulated depreciation and amortization	(841,063)
Property and equipment, net	$ 12,535,499

Depreciation and amortization expense was $116,990 for the year ended December 31, 2025.

NOTE 4 – LONG-TERM DEBT

Long-term debt is summarized as follows at December 31, 2025:

Notes payable to a financial institution with interest at 7.25% maturing Mary 1, 2030 with quarterly interest only interest payments conmmencing April 2025. Principal payments are required when the Organization collects its campaign pledges and development fees.	$ 2,583,341
Notes payable to a financial institution with interest at 1.03% maturing March 2055 with quarterly interest only interest payments for the first seven years, conmmencing April 2025.	8,730,000
Notes payable to a financial institution with interest at 1.03% maturing March 2055 with quarterly interest only interest payments for the firs seven years, conmmencing April 2025.	5,820,000
	17,133,341
Less unamortized debt issuance costs	(620,020)
Total	16,513,321
Less current portion	(2,497,348)
Long-term portion	$ 14,015,973

Debt issuance costs related to long term debt are presented in the statement of financial position as a direct reduction from the carrying amount of long-term debt. During the year ended December 31, 2025, the Organization incurred debt issuance costs of $639,339 in connection with the debt related to the New Market Tax Credit. These costs are being amortized as interest expense over the term of the related debt. Total amortization expense for debt issuance costs was $19,319 for the year ended December 31, 2025.

NOTE 4 – LONG-TERM DEBT (Continued)

Aggregate minimum principal payments on long-term debt are follows:

Years ended December 31,	Amount
2026	$ 2,497,348
2027	85,993
2028-2030	-
Subsequent to 2030	14,550,000
	$ 17,133,341

The $8,730,000 and $5,820,000 notes are related to the New Market Tax Credit and are subject to fulfillment of certain transaction requirements as defined in each respective note. The loans have a contractual maturity date of 30 years. After the 7-year compliance period, the Company expects to exercise a put/call option that would result in extinguishment of the debt at a nominal amount. Accordingly, although included in long-term maturities, the Company does not expect to repay the full principal balance. See Note 11 for additional information.

NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were comprised of the following at December 31, 2025:

Denby Capital Campaign	$ 702,900
Youth Programming	38,887
Time restriction	100,000
	$ 841,787

NOTE 6 – LEASE REVENUE

The Organization rents office spaces under non-cancellable operating lease agreements to unrelated entities through March 2028. Tenant rent payments range from $546 to $17,106 per month, based on the size of the suites being rented. Rental income under these agreements totaled $1,156,685 for the year ended December 31, 2025. For the year ended December 31, 2025, approximately 40% of base rents were provided from three tenants.

Lease revenue is included in the consolidated statement of activities as part of the operating income. Cash receipts from operating leases are classified within cash flows from operating activities. The Organization subleases the original building that is being leased with DPSCD as discussed in Notes 8 and 10.

NOTE 6 – LEASE REVENUE (Continued)

The following is an analysis of the carrying amounts of the underlying assets related to the building lease revenue at December 31, 2025.

Leasehold improvements	$ 3,632,734
Furniture and fixtures	106,508
	3,739,242
Accumulated depreciation and amortization	691,962
Total cost, net	$ 3,047,280

Future undiscounted minimum lease payments due under operating lease agreements for the next three years are as follows:

Years ending December 31,	Amount
2026	$ 622,234
2027	297,667
2028	59,440
Total	$ 979,341

NOTE 7 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of December 31, 2025, reduced by the amounts not available for general use within one year due to contractual or donor-imposed restrictions or internal designations.

Financial assets	
Cash	$ 2,496,443
Pledges receivable	792,412
Accounts receivable	24,136
Total financial assets	3,312,991
Amounts not available for general use	
Donor restricted funds	(841,787)
Financial assets available to meet general expenditures within one year	$ 2,471,204

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

NOTE 8 – BUILDING LEASES

The Organization has a lease agreement with Detroit Public School Community District (DPSCD) to rent the Durfee Elementary-Middle School for $1 per year. The lease matures in June 2037 and includes three optional renewals for ten years each. The Organization records in-kind revenue and in-kind rent expense for the difference between the fair market value of the annual lease and the amount paid. The in-kind rent related to the Durfee Building was $1,450,395 for year ended December 31, 2025.

NOTE 9 – CONDITIONAL GRANTS

During 2024, the Organization received $500,000 related to a conditional grant. As of December 31, 2025, the Organization has not yet fulfilled the conditions of the grant.

As discussed in Note 8, the Organization has an existing conditional grant to receive in-kind rent from DPSCD. A condition of the DPSCD lease is that the Organization must sub-lease the facility to organizations that provide benefits and opportunities in the community. If the Organization fails to use the facility for purposes required by the lease, an event of default on the lease will occur. The Organization recognizes the fair value of the in-kind use of facilities as both revenue and expense in the period it is received and used.

NOTE 10 – DEFERRED REVENUE

Deferred revenue consists of the following at December 31, 2025:

Deferred revenue - rent	$ 115,599
Deferred revenue - conditional grant	500,000
	$ 615,599

NOTE 11 – NEW MARKET TAX CREDIT

In April 2025, the Organization entered into financing arrangements under the New Market Tax Credit (NMTC) program with various third-party investors. The financing allows the Organization to receive low-interest loans or investment capital from certified community development entities (“CDEs”) which allows third-party investors to receive Federal income tax credits based upon the amount of total investment in projects in certain “low-income communities.”

A new entity, Life Remodeled Title Holding Company was formed to acquire, own, develop and provide commercial rental space to a Neighborhood Opportunity Hub (“Anchor Detroit”) in Detroit, Michigan. The building will be a mixed-use community hub, including workforce development and education advancement programming. The CDE’s and other investors will provide financing for the project.

The financing arrangements were structured with the third-party investors, an independent investment fund (“Investment Fund”) and their wholly owned CDEs in connection with the Organization’s participation in qualified transactions under the NMTC program. As an inducement to such third-party investors and a CDE to invest in the project, Life Remodeled committed to contribute $10,450,000 via a leveraged loan. The leveraged loan is reflected as a leveraged loan receivable on the consolidated statement of financial position. The leveraged loan receivable matures in June 2048 and is subject to quarterly interest at 1%. Interest income received for the year ended December 31, 2025 amounted to $74,021.

NOTE 11 – NEW MARKET TAX CREDIT (Continued)

The Investors are entitled to substantially all of the benefits derived from the tax credits. The NMTC tax credits are subject to recapture for a compliance period of seven years. During the compliance period, the Organization is required to comply with various regulations and contractual provisions that apply to the NMTC arrangements. In connection with the project, the Organization received loans totaling $14,550,000 as described in Note 4. If NMTC compliance requirements are met, the balance of each outstanding leverage loan will be forgiven upon extinguishment of each debt instrument related to the respective NMTC agreements. The Organization expects these loans will be forgiven before any principal is due.

In connection with the NMTC program, LR entered into an agreement ("Put and Call Agreement") in which LR grants to the Investment Fund Member's an option (the "Put") to sell the Investment Fund Member's 100% membership interest (the "Interest") in the Investment Fund to LR following the compliance period of seven years for the greater of a) $1,000 plus the amount of all transfer or excise taxes imposed upon the Investment Fund Member in connection with the transfer of the Interest or b) the sum of certain unpaid obligations, as defined in the Put and Call Agreement. If the Put is not exercised, then LR has the right to purchase (the "Call") the Fund Member's Interest at an amount equal to the fair market value of the Investment Fund Member's Interest. LR expects the Put or Call option will be executed after the seven-year compliance period concludes.

NOTE 12 – CONTRIBUTED NON-FINANCIAL ASSETS, SERVICES AND FACILITY

The Organization recognizes contributed nonfinancial assets within revenue, including contributed leasehold improvements, equipment, food, fuel, office supplies, beautification supplies, waste removal and marketing services. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions and able to be used by the Organization as determined by the board of directors and management.

The following table presents the contributed nonfinancial assets and services measured at fair value for the year ended December 31, 2025:

	December 31, 2025	Utilization in Programs/Activities	Donor Restrictions	Valuation Techniques and Inputs
Rent	1,450,395	Durfee Innovation Society	No associated donor restrictions	Estimated the fair value based on usable square footage of the facility multiplied by the fair market value of the lease rate per square footage.
Equipment	44,596	Six Day Project and Durfee Innovation Society	No associated donor restrictions	Retail value of goods provided by donor.
Waste Removal	12,500	Six Day Project	No associated donor restrictions	Retail value of goods provided by donor.
	$ 1,507,491			

NOTE 13 – DEVELOPMENT SERVICES AGREEMENT

In April 2025, LR entered into a development services agreement with LRTH in connection with the Anchor Detroit project. Under the agreement, LR provides development management services for the construction, renovation and development of the project. The contract provides for total payments of $1 million from LRTH to LR. LRTH records the associated costs as part of the project's capitalized construction-in-progress. Development management services were $561,981 for the year ended December 31, 2025.

Because LRTH is consolidated into LR's financial statements, all intercompany balances and transactions arising from this development services agreement are eliminated in consolidation. As a result, no revenue, expense, asset, or liability related to this agreement is reflected in the accompany consolidated financial statements.

SUPPLEMENTARY INFORMATION

LIFE REMODELED AND SUBSIDIARY
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
December 31, 2025

	Life Remodeled	Life Remodeled Title Holding Corporation	Eliminations	Total
ASSETS				
CURRENT ASSETS				
Cash	$ 2,496,443	$ -	$ -	$ 2,496,443
Restricted cash	-	5,611,462	-	5,611,462
Accounts receivable, net	24,136	-	-	24,136
Pledges receivable, net	290,015	-	-	290,015
Related party loan	1,256,268	-	(1,256,268)	-
Prepaid expenses	14,954	-	-	14,954
Total current assets	4,081,816	5,611,462	(1,256,268)	8,437,010
PLEDGES RECEIVABLE, net of current portion	502,397	-	-	502,397
LEVERAGED LOAN RECEIVABLE	10,450,000	-	-	10,450,000
PROPERTY AND EQUIPMENT, net	3,107,275	9,990,205	(561,981)	12,535,499
INVESTMENT IN SUBSIDIARY	668,603	-	(668,603)	-
Total assets	$ 18,810,091	$ 15,601,667	$ (2,486,852)	$ 31,924,906
LIABILITIES AND NET ASSETS				
LIABILITIES				
Current portion of long-term debt	$ 2,497,348	$ -	-	$ 2,497,348
Accounts payable	1,692,272	-	-	1,692,272
Related party loan	-	1,256,268	(1,256,268)	-
Accrued expenses	62,850	-	-	62,850
Deferred revenue	615,599	-	-	615,599
Security deposits	81,307	-	-	81,307
Total current liabilities	4,949,376	1,256,268	(1,256,268)	4,949,376
LONG-TERM DEBT, net of current portion	-	14,015,973	-	14,015,973
Total liabilities	4,949,376	15,272,241	(1,256,268)	18,965,349
NET ASSETS				
Without donor restrictions	13,018,928	329,426	(1,230,584)	12,117,770
With donor restrictions	841,787	-	-	841,787
Total net assets	13,860,715	329,426	(1,230,584)	12,959,557
Total liabilities and net assets	$ 18,810,091	$ 15,601,667	$ (2,486,852)	$ 31,924,906

LIFE REMODELED AND SUBSIDIARY
CONSOLIDATING STATEMENT OF ACTIVITIES
Year ended December 31, 2025

	Life Remodeled			Life Remodeled Title Holding Corporation		
	Without donor Restrictions	With donor Restrictions	Total	Without donor Restrictions	Eliminations	Total
REVENUES AND OTHER SUPPORT						
Grants and contributions	$ 1,018,493	$ 2,462,927	$ 3,481,420	$ -	$ -	$ 3,481,420
In-kind contributions	1,507,491	-	1,507,491	-	-	1,507,491
Rental income	1,156,685	-	1,156,685	-	-	1,156,685
Interest income	88,043	-	88,043	-	-	88,043
Special events	130,081	-	130,081	-	-	130,081
Other income	926,287	-	926,287	-	(878,821)	47,466
Total revenues and other support	4,827,080	2,462,927	7,290,007	-	(878,821)	6,411,186
Net assets released from restrictions	4,136,659	(4,136,659)	-	-	-	-
EXPENSES						
Program services	3,700,599	-	3,700,599	328,977	(316,840)	3,712,736
Management and general	323,995	-	323,995	10,200	-	334,195
Fundraising	529,549	-	529,549	-	-	529,549
Total expenses	4,554,143	-	4,554,143	339,177	(316,840)	4,576,480
CHANGE IN NET ASSETS	4,409,596	(1,673,732)	2,735,864	(339,177)	(561,981)	1,834,706
NET ASSETS - Beginning of year	8,609,332	2,515,519	11,124,851	-	-	11,124,851
Contribution from Life Remodeled	-	-	-	668,603	(668,603)	-
NET ASSETS - End of year	$ 13,018,928	$ 841,787	$ 13,860,715	$ 329,426	$ (1,230,584)	$ 12,959,557