

# AmFin Financial Corporation and Subsidiaries

Consolidated Financial Statements  
September 30, 2025 and 2024

The report accompanying these financial statements was issued by  
BDO USA, P.C., a Virginia professional corporation, and the U.S.  
member of BDO International Limited, a UK company limited by guarantee



AMFIN FINANCIAL CORPORATION AND SUBSIDIARIES

SEPTEMBER 30, 2025 AND 2024

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT .....	2-4
CONSOLIDATED BALANCE SHEETS	
September 30, 2025 and 2024.....	5
CONSOLIDATED STATEMENTS OF OPERATIONS	
Years ended September 30, 2025 and 2024.....	6
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY	
Years ended September 30, 2025 and 2024.....	7
CONSOLIDATED STATEMENTS OF CASH FLOWS	
Years ended September 30, 2025 and 2024.....	8
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS .....	9 - 17
SUPPLEMENTARY INFORMATION	
Consolidating Balance Sheets	
September 30, 2025.....	18
September 30, 2024.....	19
Consolidating Statements of Operations	
Year ended September 30, 2025 .....	20
Year ended September 30, 2024 .....	21

## Independent Auditor's Report

Board of Directors  
AmFin Financial Corporation and Subsidiaries  
Cleveland, Ohio

### *Opinion*

We have audited the consolidated financial statements of AmFin Financial Corporation and its subsidiaries (the Company), which comprise the consolidated balance sheets as of September 30, 2025 and 2024, and the related consolidated statements of operations, changes in shareholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of September 30, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinion*

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

### *Responsibilities of Management for the Financial Statements*

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

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



### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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



***Supplementary Information***

Our audits were performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary consolidating information starting on page 18, is presented for the 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 audits 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.

***BDO USA, P.C.***

Cleveland, Ohio  
January 29, 2026

**Consolidated Balance Sheets**  
**September 30, 2025 and 2024**

	2025	2024
<b>Assets</b>		
<b>Cash and Cash Equivalents</b>		
Cash in financial institutions	\$ 204,767	\$ 474,750
Money market funds	5,871,258	4,814,984
 <b>Total Cash and Cash Equivalents</b>	 6,076,025	 5,289,734
 <b>Investments</b>		
Trading investments, at fair value	18,489,418	17,990,820
Equity-method investments	47,526,670	21,611,303
 <b>Total Investments</b>	 66,016,088	 39,602,123
 <b>Other Assets</b>		
Prepaid expenses	18,750	25,150
Deferred tax asset - net	121,414,400	126,947,200
Valuation allowance for deferred tax asset	(121,414,400)	(126,947,200)
 <b>Total Other Assets</b>	 18,750	 25,150
 <b>Total Assets</b>	 \$ 72,110,863	 \$ 44,917,007
 <b>Liabilities &amp; Shareholders' Equity</b>		
 <b>Liabilities</b>		
Accrued expenses and other liabilities	\$ 31,250	\$ 34,949
 <b>Total Liabilities</b>	 31,250	 34,949
 <b>Shareholders' Equity</b>		
Common stock, no par value - shares authorized 450,000; issued 207,245 shares; outstanding 161,366 shares	1,036,225	1,036,225
Retained earnings	151,350,273	124,152,718
Treasury stock, at cost - 45,979 shares	(80,306,885)	(80,306,885)
 <b>Total Shareholders' Equity</b>	 72,079,613	 44,882,058
 <b>Total Liabilities and Shareholders' Equity</b>	 \$ 72,110,863	 \$ 44,917,007

*See accompanying notes to the consolidated financial statements.*

**Consolidated Statements of Operations**  
**September 30, 2025 and 2024**

	<b>2025</b>	<b>2024</b>
<b>Equity in income (loss) from subsidiaries and partnerships</b>		
Equity in income (loss) from subsidiaries and partnerships	\$ 27,018,950	\$ (346,448)
<b>Total Equity in income (loss) from subsidiaries and partnerships</b>	<b>27,018,950</b>	<b>(346,448)</b>
<b>Interest and Dividend Income</b>	<b>1,147,445</b>	<b>247,771</b>
Unrealized (Loss) Gain on U.S. Treasury Bills	(147,700)	179,246
<b>Operating Income</b>	<b>28,018,695</b>	<b>80,569</b>
<b>Operating Expenses</b>		
Professional fees	658,553	873,511
Insurance expense	156,250	143,750
Other expenses	6,337	4,401
<b>Total Operating Expenses</b>	<b>821,140</b>	<b>1,021,662</b>
<b>Net Income (Loss)</b>	<b>\$ 27,197,555</b>	<b>\$ (941,093)</b>

*See accompanying notes to the consolidated financial statements.*

**Consolidated Statements of Changes in Shareholders' Equity**  
**Years Ended December 30, 2025 and 2024**

	<b>Number of Shares Outstanding</b>	<b>Common Stock</b>	<b>Retained Earnings</b>	<b>Treasury Stock</b>	<b>Total Shareholders' Equity</b>
Balance, October 1, 2023	161,421	\$ 1,036,225	\$ 125,093,811	\$ (80,278,210)	\$ 45,851,826
Repurchase of Treasury Stock	(55)			(28,675)	(28,675)
Net Loss	-	-	(941,093)	-	(941,093)
Balance, September 30, 2024	161,366	\$ 1,036,225	\$ 124,152,718	\$ (80,306,885)	\$ 44,882,058
Net Income	-	-	27,197,555	-	27,197,555
<b>Balance, September 30, 2025</b>	<b>161,366</b>	<b>\$ 1,036,225</b>	<b>\$ 151,350,273</b>	<b>\$ (80,306,885)</b>	<b>\$ 72,079,613</b>

*See accompanying notes to the consolidated financial statements.*

**Consolidated Statements of Cash Flows**  
**Years Ended September 30, 2025 and 2024**

	<b>2025</b>	<b>2024</b>
<b>Cash Flows From (For) Operating Activities</b>		
Net income (loss)	\$ 27,197,555	\$ (941,093)
Adjustments to reconcile net income (loss) to net cash from (for) operating activities:		
Unrealized loss on U.S. Treasury Bills	147,700	179,246
Equity in (loss) income from subsidiaries and partnerships	(27,018,950)	346,448
Changes in operating assets and liabilities:		
Decrease (increase) in other assets	6,250	(6,250)
(Decrease) increase in accrued expenses and other liabilities	(3,699)	11,198
<b>Net Cash From (For) Operating Activities</b>	<b>328,856</b>	<b>(410,451)</b>
<b>Cash Flows From Investing Activities</b>		
Purchases of U.S. Treasury Bills	(1,200,000)	(17,811,574)
Proceeds from sales of U.S. Treasury Bills	553,854	2,009,160
Return of capital from equity-method investments	1,103,581	18,669,988
<b>Net Cash From Investing Activities</b>	<b>457,435</b>	<b>2,867,574</b>
<b>Cash Flows For Financing Activities</b>		
Purchase of treasury stock	-	(28,675)
<b>Net Cash For Financing Activities</b>	<b>-</b>	<b>(28,675)</b>
<b>Net Increase In Cash and Cash Equivalents</b>	<b>786,291</b>	<b>2,428,448</b>
Cash and Cash Equivalents, beginning of year	5,289,734	2,861,286
<b>Cash and Cash Equivalents, end of year</b>	<b>\$ 6,076,025</b>	<b>\$ 5,289,734</b>

*See accompanying notes to the consolidated financial statements.*

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. ORGANIZATION AND DESCRIPTION OF BUSINESS

AmFin Financial Corporation (AmFin or the Company), formerly AmTrust Financial Corporation (AmTrust), was organized under the laws of the State of Ohio in 1977 and operated as the holding company of a consolidated group engaged in various financial services and the parent of AmTrust Bank and its subsidiaries.

AmFin Real Estate Investments, Inc. (AREII), a wholly owned subsidiary of AmFin, presently derives its revenue from limited partnership investments accounted for under the equity method, interest and dividends on money market accounts, and records the results of operations of its smaller subsidiary on the equity method.

AmFin Properties, Inc. (API), wholly owned subsidiary of AREII, derives its revenue from partnership investments.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying consolidated financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Principles of Consolidation and Variable Interest Entities

The accompanying consolidated financial statements include the accounts of AmFin and its wholly owned subsidiaries. All significant inter-company accounts and transactions have been eliminated in consolidation.

Variable Interest Entities (VIEs) are legal entities that meet certain criteria primarily related to their design and ability to finance their own operations. A VIE is an entity in which either (a) the equity investment at risk is not sufficient to permit the entity to finance its own activities without additional financial support or (b) the voting rights of the equity investors are not proportional to their obligations to absorb the expected losses of the entity or their rights to receive the expected residual returns of the entity. An entity would be required to consolidate a VIE if the company had a controlling financial interest in the VIE. Such an interest would make the entity the primary beneficiary of the VIE.

In October 2018, the Financial Accounting Standards Board (FASB) amended Accounting Standards Codification (ASC) 810, *Consolidations*. Under the amended guidance, a non-public entity has the option to exempt itself from applying the VIE consolidation model to qualifying common control arrangements. The Company has adopted the accounting alternative offered to non-public entities for common control arrangements. In accordance with this alternative, the Company has not evaluated qualifying entities under the guidance in the VIE subsections of ASC 810.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Certain judgments and estimates are considered in determining the value of investments in limited partnerships, including current economic indicators, changes in demand for residential properties, as well as the timing of expected sales of units. Actual results may differ from these judgments and estimates and could have a material adverse effect on the Company's financial condition or operating results.

Cash and Cash Equivalents

All highly liquid investments purchased with a maturity of three months or less are considered to be cash equivalents and are carried at cost, plus accrued interest, which approximates fair value.

Cash and cash equivalents are deposited with financial institutions that the Company believes are creditworthy and while balances, at times, may exceed federally insured limits, the Company has never experienced any losses related to these balances.

Trading Investments

The Company engages in trading activities for its own account and consists of U.S. Treasury bills that are held principally to earn interest in the near term. They are recorded at fair value with changes in fair value included in earnings. Interest and dividends are included in interest and dividend income.

Investments Held to Maturity

Investments held to maturity are those that the Company has the ability and intent to hold until maturity and are reported at amortized cost.

Equity-Method Investments

The Company invests in limited partnerships which are accounted for under the equity method. Under this method, the investment is initially recorded at cost and is subsequently adjusted for contributions, distributions and the Company's share of the profit or loss of the partnership.

The Company's share of the profit or loss of the partnership is shown in the consolidated statements of operations as equity in income (loss) from subsidiaries and partnerships.

When investments accounted for under the equity method are, in the aggregate, material in relation to the financial position and results of operations of the Company, the Company will disclose summarized financial information of the total assets, liabilities, and results of operations of the investees in the notes or in separate statements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equity-Method Investments (continued)

At each reporting date, the Company determines whether its investments are other than temporarily impaired. If there is evidence, based on estimated discounted future cash flow calculations, that the recoverable amount from the investment is less than its carrying value, the investment is considered impaired and the consolidated statement of operations is charged to reduce the carrying value of the investment to the expected recoverable amount.

Revenue Recognition

Revenues consist principally of the Company's share of the annual profits and losses from partnership investments and, to a lesser extent, from interest and dividends earned from U.S. Treasury bills, money market funds, and other marketable securities and unrealized losses from U.S. Treasury bills.

Income Taxes

The Company is subject to the income tax laws of the U.S., its states and municipalities. These tax laws are complex and subject to different interpretations by the taxpayer and the relevant governmental taxing authorities.

Deferred income taxes are determined using the balance sheet method. Deferred taxes are recognized for the future tax consequences attributable to differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates that will apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized as income or expense in the period that includes the enactment date.

The Company regularly reviews the carrying amount of its deferred tax assets to determine if the establishment of a valuation allowance is necessary. If, based on the available evidence, it is more likely than not that all or a portion of the Company's deferred tax assets will not be realized in future periods, a deferred tax valuation allowance is established. Consideration is given to various positive and negative factors that could affect the realization of the deferred tax assets. In evaluating this available evidence, management considers, among other things, historical financial performance, expectation of future earnings, length of statutory carryforward periods, experience with operating tax loss and tax credit carryforwards that may expire unused, tax-planning strategies and timing of reversals of temporary differences. The Company's evaluation is based on current tax laws as well as management's expectations of future performance.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (continued)

The Company initially recognizes tax positions in the consolidated financial statements when it is more likely than not that the position will be sustained upon examination by the tax authorities. Such tax positions are initially and subsequently measured as the largest amount of tax benefit that is greater than 50% likely of being realized upon ultimate settlement with the tax authority assuming full knowledge of the position and all relevant facts. In establishing a provision for income tax expense, the Company makes judgments and interpretations about the application of these inherently complex tax laws within the framework of existing GAAP. The Company recognizes interest and penalties related to uncertain tax positions as a component of provision for income taxes. As of September 30, 2025 and 2024, the Company did not have a liability for unrecognized tax positions.

## 3. FAIR VALUE MEASUREMENTS

ASC 820, *Fair Value Measurement*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobserved inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Company has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 inputs must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 3. FAIR VALUE MEASUREMENTS (Continued)

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

There have been no changes in the methodologies used as of September 30, 2025 and 2024. The following is a description of the valuation methodologies used for assets measured at fair value.

*Money Market Funds:* Money market funds are valued at the daily closing price as reported by the fund.

*U.S. Treasury Bills:* U.S. Treasury bills are valued based on quoted market prices of similar instruments in active markets.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Company believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, the Company's assets at fair value as of September 30, 2025 and 2024:

September 30, 2025	Fair Value Measurements at Reporting Date Using			
	Level 1	Level 2	Level 3	Total
<b>Asset at Fair Value</b>				
U.S. Treasury bills	\$ -	\$ 18,489,418	\$ -	\$ 18,489,418
Money market fund	5,871,258	-	-	5,871,258
Balance, September 30, 2025	<u>\$ 5,871,258</u>	<u>\$ 18,489,418</u>	<u>\$ -</u>	<u>\$ 24,360,676</u>
September 30, 2024	Fair Value Measurements at Reporting Date Using			
	Level 1	Level 2	Level 3	Total
<b>Asset at Fair Value</b>				
U.S. Treasury bills	\$ -	\$ 17,990,820	\$ -	\$ 17,990,820
Money market fund	4,814,984	-	-	4,814,984
Balance, September 30, 2024	<u>\$ 4,814,984</u>	<u>\$ 17,990,820</u>	<u>\$ -</u>	<u>\$ 22,805,804</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 4. INVESTMENT HELD TO MATURITY

At September 30, 2025 and 2024, investment held to maturity consists of 2,000 preferred shares of ALESCO Preferred Funding III, Ltd., the issuer of certain fixed and floating rate notes secured by a portfolio of collateral debt securities, purchased for \$1,472,100. The collateral debt securities, designed to provide the source of repayment for the notes, consist of capital securities, subordinated notes and preferred securities issued by holding companies of banks, thrifts, their trust subsidiaries or other depository institutions. Proceeds from the collateral debt securities cannot be distributed to the holders of the preferred shares until all of the notes have been paid in full and costs and expenses satisfied. Any remaining collateral securing the notes will be liquidated in April 2034, at which time any final proceeds will be available for distributions to the holders of the preferred shares. The Company has fully impaired the asset for \$1,472,100 as of September 30, 2025 and 2024 to reduce the carrying value of the investment due to impairment of the collateral debt securities.

## 5. EQUITY-METHOD INVESTMENTS

The Company held investments in the following limited partnerships totaling \$47,526,670 and \$21,611,303 as of September 30, 2025 and 2024, respectively. The majority of the partnerships are involved in investing in residential real estate activities.

The Company evaluates its partnership investments for impairment at each reporting date. As of September 30, 2025, investments considered to be impaired is shown below.

Partnership Name	% Interest	Cumulative Capital		Investment Balance	Impairment	Investment Balance - Net
		Contributions	Distributions			
Boynton 441						
Development LP	49.2	\$ 67,596,672	\$ 87,024,271	\$ 871,575	\$ -	\$ 871,575
Hyder Development LP	49.2	45,066,293	72,955,957	-	-	-
Canyon Commercial LP	23.9	6,746,785	6,711,214	2,431,891	-	2,431,891
Estero Palm LP	28.5	35,000,000	18,378,535	42,023,284	-	42,023,284
Lexin AmFin Real Estate						
Partners, LP	19.5	7,910,000	2,321,199	24,106	-	24,106
Other	Various	7,738,124	9,448,264	2,175,814	-	2,175,814
		<u>\$ 170,057,874</u>	<u>\$ 196,839,440</u>	<u>\$ 47,526,670</u>	<u>\$ -</u>	<u>\$ 47,526,670</u>

The Company evaluates its partnership investments for impairment at each reporting date. As of September 30, 2024, investments considered to be impaired is shown below.

Partnership Name	% Interest	Cumulative Capital		Investment Balance	Impairment	Investment Balance - Net
		Contributions	Distributions			
Boynton 441						
Development LP	49.2	\$ 67,596,672	\$ 87,024,271	\$ 871,675	\$ -	\$ 871,675
Hyder Development LP	49.2	45,066,293	72,330,430	602,372	-	602,372
Canyon Commercial LP	23.9	6,746,785	6,484,467	2,144,002	-	2,144,002
Estero Palm LP	28.5	35,000,000	18,378,535	16,204,888	-	16,204,888
Lexin AmFin Real Estate						
Partners, LP	19.5	7,910,000	2,321,199	27,636	-	27,636
Other	Various	7,738,124	9,196,957	1,760,730	-	1,760,730
		<u>\$ 170,057,874</u>	<u>\$ 195,735,859</u>	<u>\$ 21,611,303</u>	<u>\$ -</u>	<u>\$ 21,611,303</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 5. EQUITY-METHOD INVESTMENTS (Continued)

The summarized financial information as of September 30, 2025 and 2024 for the Company's partnership investments is shown below:

	2025	2024
<b>Assets:</b>		
Cash and investments	\$ 10,982,274	\$ 6,741,148
Net fixed assets	159,923,847	20,750,722
Construction in progress	555,878	555,878
Other assets	<u>19,117,171</u>	<u>150,760,765</u>
	<u><u>\$ 190,579,170</u></u>	<u><u>\$ 178,808,513</u></u>
<b>Liabilities and equity:</b>		
Accounts payable and accrued expenses	\$ 53,606,760	\$ 92,848,894
Mortgage notes payable	6,379,908	7,130,870
Total liabilities	<u>59,986,668</u>	<u>99,979,764</u>
Equity	<u>130,592,502</u>	<u>78,828,749</u>
	<u><u>\$ 190,579,170</u></u>	<u><u>\$ 178,808,513</u></u>
<b>Operating information for the years ended:</b>	<b>2025</b>	<b>2024</b>
Operating revenue	\$ 179,383,779	\$ 6,401,783
Operating expenses	<u>(133,154,864)</u>	<u>(10,307,806)</u>
Net income (loss)	<u><u>\$ 46,228,915</u></u>	<u><u>\$ (3,906,023)</u></u>

## 6. RELATED PARTY TRANSACTIONS

Management services were provided to the Company by Midwest Management Services, LLC (Midwest). One of the Company's directors is the son-in-law of a managing member of Midwest and another director is the son of another managing member.

Midwest was paid \$5,000 per month for management services, for a total of \$60,000 for the years ended September 30, 2025 and 2024. Management services fees are included in professional fees on the Company's consolidated statements of operations.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 7. INCOME TAXES

The total income tax provision differs from expected amounts computed by applying the applicable statutory federal income tax rate to income before federal income taxes due to the increase in valuation allowance associated with the Company's net operating loss carryforwards offset by partnership permanent differences:

	2025		2024	
	Amount	Percentage of Pretax Income	Amount	Percentage of Pretax Income
Federal income tax at statutory rates	\$ 5,619,140	21.00%	\$ 78,933	21.00%
Increase in deferred tax valuation allowance	(5,532,800)	(20.68%)	(188,400)	(50.13%)
Capital loss carryforward expiration	196,799	0.74%	113,913	30.31%
Partnership permanent differences	(283,139)	(1.06%)	(4,446)	(1.18%)
Actual tax benefit	\$ -	-	\$ -	-

The net tax effect of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are as follows:

	2025	2024
Deferred tax assets:		
Basis difference on equity investment	\$ 595,524	\$ 595,524
Basis differences on partnership investments	-	425,299
Net operating loss carryforward	125,206,339	125,390,442
Capital loss carryforward	160	217,308
Tax credit carryforwards	361,443	361,443
Other	34	84
Total gross deferred tax assets	126,163,500	126,990,100
Less: Valuation allowance	(121,414,400)	(126,947,200)
Deferred tax assets net of valuation allowance	4,749,100	42,900
Deferred tax liabilities:		
Basis differences on partnership investments	(4,749,100)	(42,900)
Deferred tax liabilities	(4,749,100)	(42,900)
Net deferred tax asset	\$ -	\$ -

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 7. INCOME TAXES (Continued)

A valuation allowance is established to reduce the deferred tax asset if it is more likely than not that the related tax benefit will not be realized. As of September 30, 2025 and 2024, the Company had no remaining tax carryback ability and management determined that it was more likely than not that the majority of net deferred tax assets would not be realized due to uncertainties surrounding the timing and amounts of future taxable income.

At September 30, 2025 and 2024, the Company has federal net operating loss carryforwards of \$596,220,660 and \$597,097,342, respectively, in the United States that can be utilized against future taxable income. Substantially all of the net operating loss carryforwards will expire in various years through 2036, with the exception of \$731,391 that may be carried forward indefinitely. In addition, the Company has capital loss carryforwards of \$762 that will expire in various years through 2026.

The Company files a consolidated federal income tax return. Pursuant to a tax-sharing agreement with its subsidiaries, each member's federal income tax liability is computed on a separate return basis determined by applying 21% to taxable income. The Company pays federal income taxes on behalf of the group, as required, and settles the tax obligation on a current basis in accordance with the tax-sharing agreement.

## 8. CONTINGENCIES

In the course of normal operations, the Company is subject to various claims and assessments, including those related to the various taxing authorities, and is not currently involved in litigation. At this time, management is unaware of any material claims and/or assessments and believes the ultimate resolution of any unasserted claims and/or assessments will not have a material adverse impact on the Company's business or financial position.

## 9. SUBSEQUENT EVENT

Management has evaluated subsequent events through January 29, 2026, the date the consolidated financial statements were available to be issued, for possible recognition or disclosure in the consolidated financial statements. No events, other than those below, have occurred subsequently that require disclosure or recognition.

On December 22, 2025, management received a \$13,358,000 distribution from Estero Palm LP.

**Consolidating Balance Sheet**  
September 30, 2025

	AmFin Financial Corporation	AmFin Real Estate Investments Inc.	AmFin Properties Inc.	Eliminations	Consolidated
<b>Cash and Cash Equivalents</b>					
Cash in financial institutions	\$ 3,473	\$ 66,696	\$ 134,598	-	\$ 204,767
Money market funds	3,135,033	2,736,225	-	-	5,871,258
<b>Total Cash and Cash Equivalents</b>	<b>3,138,506</b>	<b>2,802,921</b>	<b>134,598</b>	-	<b>6,076,025</b>
<b>Investments</b>					
Trading investments, at fair value	-	18,489,418	-	-	18,489,418
Equity-method investments	-	47,502,564	24,106	-	47,526,670
Investment in and advances to consolidated subsidiaries	67,865,612	(33,851,648)	-	(34,013,964)	-
<b>Total Investments</b>	<b>67,865,612</b>	<b>32,140,334</b>	<b>24,106</b>	<b>(34,013,964)</b>	<b>66,016,088</b>
<b>Other Assets</b>					
Prepaid expenses	18,750	-	-	-	18,750
Due from (to) affiliates	1,087,995	(1,179,747)	91,752	-	-
Deferred tax asset - net	117,461,700	3,727,100	225,600	-	121,414,400
Valuation allowance for deferred tax asset	(117,461,700)	(3,727,100)	(225,600)	-	(121,414,400)
<b>Total Other Assets</b>	<b>1,106,745</b>	<b>(1,179,747)</b>	<b>91,752</b>	-	<b>18,750</b>
<b>Total Assets</b>	<b>\$ 72,110,863</b>	<b>\$ 33,763,508</b>	<b>\$ 250,456</b>	<b>\$ (34,013,964)</b>	<b>\$ 72,110,863</b>
<b>Liabilities &amp; Shareholders' Equity</b>					
<b>Liabilities</b>					
Accrued expenses and other liabilities	\$ 31,250	\$ -	\$ -	\$ -	\$ 31,250
<b>Total Liabilities</b>	<b>31,250</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>31,250</b>
<b>Shareholders' Equity</b>					
Common stock, no par value - shares authorized 450,000; issued 207,245 shares; outstanding 161,366 shares	1,036,225	500	100	(600)	1,036,225
Paid-in capital	-	-	5,200,722	(5,200,722)	-
Retained earnings (accumulated deficit)	151,350,273	33,763,008	(4,950,366)	(28,812,642)	151,350,273
Treasury stock, at cost - 45,979 shares	(80,306,885)	-	-	-	(80,306,885)
<b>Total Shareholders' Equity</b>	<b>72,079,613</b>	<b>33,763,508</b>	<b>250,456</b>	<b>(34,013,964)</b>	<b>72,079,613</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 72,110,863</b>	<b>\$ 33,763,508</b>	<b>\$ 250,456</b>	<b>\$ (34,013,964)</b>	<b>\$ 72,110,863</b>

See *Independent Auditor's Report*.

**Consolidating Balance Sheet**  
September 30, 2024

	AmFin Financial Corporation	AmFin Real Estate Investments Inc.	AmFin Properties Inc.	Eliminations	Consolidated
<b>Cash and Cash Equivalents</b>					
Cash in financial institutions	\$ 44,218	\$ 295,914	\$ 134,618	-	\$ 474,750
Money market funds	3,779,187	1,035,797	-	-	4,814,984
<b>Total Cash and Cash Equivalents</b>	<b>3,823,405</b>	<b>1,331,711</b>	<b>134,618</b>	-	<b>5,289,734</b>
<b>Investments</b>					
Trading assets, at fair value	-	17,990,820	-	-	17,990,820
Equity-method investments	-	21,583,667	27,636	-	21,611,303
Investment in and advances to consolidated subsidiaries	41,533,905	(33,852,684)	-	(7,681,221)	-
<b>Total Investments</b>	<b>41,533,905</b>	<b>5,721,803</b>	<b>27,636</b>	<b>(7,681,221)</b>	<b>39,602,123</b>
<b>Other Assets</b>					
Prepaid expenses	25,000	150	-	-	25,150
Due from (to) affiliates	763,783	(850,949)	87,166	-	-
Deferred tax asset - net	117,641,600	9,076,200	229,400	-	126,947,200
Valuation allowance for deferred tax asset	(117,641,600)	(9,076,200)	(229,400)	-	(126,947,200)
<b>Total Other Assets</b>	<b>788,783</b>	<b>(850,799)</b>	<b>87,166</b>	-	<b>25,150</b>
<b>Total Assets</b>	<b>\$ 46,146,093</b>	<b>\$ 6,202,715</b>	<b>\$ 249,420</b>	<b>\$ (7,681,221)</b>	<b>\$ 44,917,007</b>
<b>Liabilities &amp; Shareholders' Equity</b>					
<b>Liabilities</b>					
Accrued expenses and other liabilities	\$ 34,949	\$ -	\$ -	\$ -	\$ 34,949
<b>Total Liabilities</b>	<b>34,949</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>34,949</b>
<b>Shareholders' Equity</b>					
Common stock, no par value - shares authorized 450,000; issued 207,245 shares; outstanding 161,366 shares	1,036,225	500	100	(600)	1,036,225
Paid-in capital	-	-	5,200,722	(5,200,722)	-
Retained earnings (accumulated deficit)	125,381,804	6,202,215	(4,951,402)	(2,479,899)	124,152,718
Treasury stock, at cost - 45,979 shares	(80,306,885)	-	-	-	(80,306,885)
<b>Total Shareholders' Equity</b>	<b>46,111,144</b>	<b>6,202,715</b>	<b>249,420</b>	<b>(7,681,221)</b>	<b>44,882,058</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 46,146,093</b>	<b>\$ 6,202,715</b>	<b>\$ 249,420</b>	<b>\$ (7,681,221)</b>	<b>\$ 44,917,007</b>

See Independent Auditor's Report.

**Consolidating Statement of Operations**  
**Year Ended September 30, 2025**

	AmFin Financial Corporation	AmFin Real Estate Investments Inc.	AmFin Properties Inc.	Eliminations	Consolidated
<b>Equity in Income (Loss) from Subsidiaries and Partnerships</b>					
Equity in income (loss) from subsidiaries and partnerships	\$ 27,560,793	\$ 27,023,365	\$ (3,530)	\$ (27,561,678)	\$ 27,018,950
<b>Total Equity in Income (Loss) from Subsidiaries and Partnerships</b>	<b>27,560,793</b>	<b>27,023,365</b>	<b>(3,530)</b>	<b>(27,561,678)</b>	<b>27,018,950</b>
Interest and Dividend Income	133,376	1,014,069	-	-	1,147,445
Unrealized Loss on U.S. Treasury Bills	-	(147,700)	-	-	(147,700)
<b>Operating Income (Loss)</b>	<b>27,694,169</b>	<b>27,889,734</b>	<b>(3,530)</b>	<b>(27,561,678)</b>	<b>28,018,695</b>
<b>Operating Expenses</b>					
Professional fees	658,553	-	-	-	658,553
Insurance expense	156,250	-	-	-	156,250
Other expenses	6,023	294	20	-	6,337
<b>Total Operating Expenses</b>	<b>820,826</b>	<b>294</b>	<b>20</b>	<b>-</b>	<b>821,140</b>
<b>Net Income (Loss) Before Income Taxes</b>	<b>26,873,343</b>	<b>27,889,440</b>	<b>(3,550)</b>	<b>(27,561,678)</b>	<b>27,197,555</b>
<b>Income Tax (Benefit) Expense</b>	<b>(324,212)</b>	<b>328,798</b>	<b>(4,586)</b>	<b>-</b>	<b>-</b>
<b>Net Income (Loss)</b>	<b>\$ 27,197,555</b>	<b>\$ 27,560,642</b>	<b>\$ 1,036</b>	<b>\$ (27,561,678)</b>	<b>\$ 27,197,555</b>

*See Independent Auditor's Report.*

**Consolidating Statement of Operations**  
Year Ended September 30, 2024

	AmFin Financial Corporation	AmFin Real Estate Investments Inc.	AmFin Properties Inc.	Eliminations	Consolidated
<b>Equity in Loss from Subsidiaries and Partnerships</b>					
Equity in loss from subsidiaries and partnerships	\$ (476,476)	\$ (342,021)	\$ (4,427)	\$ 476,476	\$ (346,448)
<b>Total Equity in Loss from Subsidiaries and Partnerships</b>	<b>(476,476)</b>	<b>(342,021)</b>	<b>(4,427)</b>	<b>476,476</b>	<b>(346,448)</b>
Interest and Dividend Income	197,451	50,320	-	-	247,771
Unrealized Gain on U.S. Treasury Bills	-	179,246	-	-	179,246
<b>Operating (Loss) Income</b>	<b>(279,025)</b>	<b>(112,455)</b>	<b>(4,427)</b>	<b>476,476</b>	<b>80,569</b>
<b>Operating Expenses</b>					
Professional fees	873,511	-	-	-	873,511
Insurance expense	143,750	-	-	-	143,750
Other expenses	4,192	164	45	-	4,401
<b>Total Operating Expenses</b>	<b>1,021,453</b>	<b>164</b>	<b>45</b>	<b>-</b>	<b>1,021,662</b>
<b>Net Loss Before Income Taxes</b>	<b>(1,300,478)</b>	<b>(112,619)</b>	<b>(4,472)</b>	<b>476,476</b>	<b>(941,093)</b>
<b>Income Tax (Benefit) Expense</b>	<b>(359,385)</b>	<b>358,943</b>	<b>442</b>	<b>-</b>	<b>-</b>
<b>Net Loss</b>	<b>\$ (941,093)</b>	<b>\$ (471,562)</b>	<b>\$ (4,914)</b>	<b>\$ 476,476</b>	<b>\$ (941,093)</b>

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