AmFin Financial Corporation and Subsidiaries

Consolidated Financial Statements
September 30, 2020

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AMFIN FINANCIAL CORPORATION AND SUBSIDIARIES

SEPTEMBER 30, 2020

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Independent Accountants' Review Report

Board of Directors
AmFin Financial Corporation and Subsidiaries

We have reviewed the accompanying consolidated financial statements of AmFin Financial Corporation and Subsidiaries (the Company), which comprise the consolidated balance sheet as of September 30, 2020, and the related consolidated statements of income, shareholders' equity, and cash flows for the year then ended, and the related notes to the consolidated financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the consolidated financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Accountant's Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the consolidated financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying consolidated financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

The supplementary information included in the accompanying consolidated balance sheet and consolidated statement of income is presented for purposes of additional analysis and is not a required part of the basic 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 supplementary information has been subjected to the review procedures applied in our review of the basic consolidated financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and do not express an opinion on such information.

Cohen & Company Ltd.

Cleveland, Ohio
May 18, 2021

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800.229.1099 | 866.818.4538 FAX | cohencpa.com

Consolidated Balance Sheet
September 30, 2020

Assets		
Cash and Cash Equivalents		
Cash in financial institutions	$	330,157
Money market Investments		35,460,821
Total Cash and Cash Equivalents		35,790,978
Investments		
Marketable securities at fair value - net of unrealized loss of $106,699		270,000
Investment held to maturity - net of valuation allowance of $1,471,960		150
Commercial loan - net of deferred loan fees of $21,500		3,478,500
Partnerships and joint ventures - net of valuation allowance of $701,800		5,282,522
Total Investments		9,031,172
Other Assets		
Prepaid expenses		22,222
Accounts and interest receivable		11,167
Current income tax receivable		104,886
Deferred tax asset - net		126,873,000
Valuation allowance for deferred tax asset		(126,873,000)
Total Other Assets		138,275
Total Assets	$	44,960,425
Liabilities & Shareholders' Equity		
Liabilities		
Accrued expenses and other liabilities	$	62,988
Total liabilities		62,988
Shareholders' Equity		
Common stock, no par value - shares authorized 207,500; issued 207,245 shares; outstanding 161,421 shares		1,036,225
Retained earnings		124,139,422
Treasury stock, at cost – 45,824 shares		(80,278,210)
Total Shareholders' Equity		44,897,437
Total Liabilities and Shareholders' Equity	$	44,960,425

See Independent Accountants' Review Report and notes to the consolidated financial statements.

Consolidated Statement of Income
Year Ended September 30, 2020

Equity in Earnings of Partnerships & Joint Ventures		
Equity in earnings of partnerships & joint ventures before provision for valuation allowance	$	**9,251,358**
Provision for valuation allowance		**(249,600)**
Total Equity in Earnings of Partnerships & Joint Ventures		**9,001,758**
Interest and Dividend Income		**256,268**
Unrealized Loss on Investment Securities		**(106,689)**
Operating Income		**9,151,337**
Operating Expenses		
Professional fees		**504,365**
Insurance expense		**133,333**
Other expenses		**8,851**
Total Operating Expenses		**646,549**
Net Income	$	**8,504,788**

See Independent Accountants' Review Report and notes to the consolidated financial statements.

Consolidated Statement of Shareholders' Equity
Year ended September 30, 2020

	Number of Shares Outstanding		Common Stock		Retained Earnings		Treasury Stock		Total Shareholders' Equity
Balance, September 30, 2019	161,421	$	1,036,225	$	115,634,634	$	(80,278,210)	$	36,392,649
Net Income	-		-		8,504,788		-		8,504,788
Balance, September 30, 2020	**161,421**	**$**	**1,036,225**	**$**	**124,139,422**	**$**	**(80,278,210)**	**$**	**44,897,437**

See Independent Accountants' Review Report and notes to the consolidated financial statements

Consolidated Statement of Cash Flows
Year ended September 30, 2020

Cash Flows From Operating Activities		
Net income	$	**8,504,788**
Adjustments to reconcile net income to net cash for operating activities:		
Provision for valuation allowance		**249,600**
Unrealized loss on investment securities		**106,689**
Equity in earnings of partnerships & joint ventures		**(9,251,358)**
Changes in operating assets and liabilities:		
Decrease in prepaid expenses		**133,332**
Increase in deferred loan fees		**21,500**
Decrease in current income tax receivable		**390,228**
Increase in deferred tax asset		**104,886**
Increase in accounts and interest receivable		**(11,167)**
Decrease in accrued expenses and other liabilities		**(119,768)**
Net Cash For Operating Activities		**128,730**
Cash Flows From Investing Activities		
Return of investment from partnerships & joint ventures		**15,524,111**
Purchase of investment securities		**(376,699)**
Loan Receivable		**(3,500,000)**
Net Cash From Investing Activities		**11,647,412**
Net Increase In Cash and Cash Equivalents		**11,776,142**
Cash and Cash Equivalents, beginning of year		**24,014,836**
Cash and Cash Equivalents, end of year	$	**35,790,978**

See Independent Accountants' Review Report and 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 on a money market account, and records the results of operations of its three smaller subsidiaries on the equity method.

AmFin Investments, Inc. (AII) and AmFin Properties, Inc. (API), wholly owned subsidiaries of AREII, derive their revenue from partnership investments.

On November 30, 2009, AmTrust and its non-bank subsidiaries filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code of the Northern District of Ohio. Under the provisions of that chapter, the Company was permitted to reorganize its business for the benefit of its creditors and shareholders to assure that its remaining assets could be disposed of in an organized and equitable manner.

On December 4, 2009, the FDIC seized the assets of AmTrust Bank and its subsidiaries and sold them to another financial institution. AmTrust Bank and its subsidiaries ceased to be members of the Company's consolidated group.

In January 2010, the Company formally changed its name from AmTrust Financial Corporation to AmFin Financial Corporation to avoid any confusion with its prior AmTrust Bank subsidiary.

In January 2011, AmFin's creditors voted to accept the Company's plan of reorganization which provided for an orderly disposition of assets to satisfy approved creditor claims of approximately $177.6 million. In addition, in 2014 the Company agreed to certain legal settlements resulting in an additional subordinated claim of approximately $6.0 million.

By September 30, 2018, sales of assets and distributions received from real estate investments acquired prior to filing bankruptcy provided sufficient cash to enable the Company to pay all but approximately $13.3 million of claims. The remaining claims at that date consisted of approximately $7.4 million related to junior subordinated debentures and a subordinated claim of approximately $6.0 million related to a legal settlement. Both claims were paid in November 2018 and AmFin completed its plan of reorganization.

In January 2019, shareholders restructured the board of directors and retained new management in order to position the Company for future opportunities including acquisitions and mergers in various industries, as well as additional investments in partnerships. As management and the board develop these strategies, distributions from partnerships have been temporarily invested in cash and cash equivalent investments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION AND DESCRIPTION OF BUSINESS (Continued)

COVID-19 Impact

The ongoing COVID-19 pandemic has caused an economic downturn on a global scale, disrupted global supply chains, and created significant uncertainty, volatility, and disruption across economies and financial markets. The COVID-19 pandemic remains a rapidly evolving situation. The extent of the impact of COVID-19 on the Company and its financial results will depend on future developments, including the duration and spread of the outbreak within the markets in which it operates and the related impact on consumer confidence and spending, all of which are highly uncertain.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES BASIS OF PRESENTATION

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.

The VIE and primary beneficiary analysis is subject to significant judgment. Management of the Company has analyzed its relationship with all the limited partnerships in which it invests and has determined the limited partnerships are not VIEs to the Company, as the general partner controls the partnerships.

Use of Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES BASIS OF PRESENTATION (Continued)

Use of Estimates (continued)

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.

Marketable Securities

Marketable securities are carried at fair value, with changes in fair value reported in net income.

Investment Securities

Investment securities held to maturity are those that the company has the ability and intent to hold until maturity and are reported at amortized cost less any valuation allowance.

Commercial Loans

Loans that management has the ability and intent to hold for the foreseeable future or until maturity or payoff are reported at the principal balance outstanding, net of deferred loan fees and costs, and an allowance for loan losses. Interest income on a commercial loan is discontinued and the loan is placed on a non-accrual status at the time the loan is 90 days delinquent unless the loan is well-secured and in process of collection. Commercial loans are charged off to the extent principal and interest is deemed uncollectible. All interest accrued but not received for loans placed on non-accrual is reversed against interest income. Interest received on such loans is accounted for on the cash-basis until qualifying for return to accrual. Under the cash-basis method, interest income is recorded when the payment is received in cash. Loans are returned to an accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES BASIS OF PRESENTATION (Continued)

Equity Method Investments (continued)

The Company's share of the profit or loss of the partnership is shown in the consolidated statement of income.

At each reporting date, the Company determines whether its partnership investment is 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 partnership is considered impaired and the consolidated statement of income is charged to establish a valuation allowance to reduce the carrying value of the investment to the expected recoverable amount. If, after a prior recognized impairment, the expected recoverable amount is greater than the carrying value of the partnership, the valuation allowance is reversed.

The Company recorded a provision for a valuation allowance of $249,600 for the year ended September 30, 2020.

Prepaid Expenses and Other Assets

Prepaid expenses and other assets primarily consist of prepaid insurance and Federal income taxes receivable. Amortization of prepaid insurance was $133,333 for the year ended September 30, 2020.

Revenue and Expense 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 securities, money market funds, and other marketable securities.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES BASIS OF PRESENTATION (Continued)

Income Taxes (continued)

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 which 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.

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.

Recent Accounting Policies

On October 1, 2019, the Company adopted the requirements of Financial Accounting Standards Board's (FASB) Accounting Standard Update [ASU] 2016-01, *Financial Instruments-Overall: Recognition and Measurement of Financial Assets and Financial Liabilities* (Topic 825). ASU 2016-01 primarily affects the accounting for equity investments, financial liabilities under the fair value option, and the presentation and disclosure requirements for financial instruments. This adoption did not have any material impact on the Company's consolidated financial statements at adoption and for the year ended September 30, 2020.

In June 2016, the FASB issued ASU 2016-13, *Measurement of Credit Losses on Financial Instruments* (Topic 326), which requires measurement and recognition of expected credit losses for financial assets. The update impacts financial assets that are not accounted for at fair value through net income. This update is effective for the Company's annual reporting period effective October 1, 2023, with early adoption permitted as of October 1, 2020. The Company is currently evaluating the potential impact of the guidance on its consolidated financial statements.

On October 1, 2019, the Company adopted ASU 2016-15, *Classification of Certain Cash Receipts and Cash Payments* (Topic 230), which makes a number of changes meant to add or clarify guidance on the classification of certain cash receipts and payments in the consolidated statement of cash flows. This adoption did not have any material impact on the Company's consolidated financial statements at adoption and for the year ended September 30, 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES BASIS OF PRESENTATION (Continued)

Subsequent Events

Management has evaluated subsequent events through May 18, 2021, the date the consolidated financial statements were available to be issued.

3. MARKETABLE SECURITIES

Marketable securities consist of 50,000 shares of common stock of Preferred Apartment Communities, Inc. Cost and fair values of marketable securities at September 30, 2020, are as follows:

	Cost	Gross Unrealized Loss	Fair Value
Domestic common stock	$ 376,699	$ (106,699)	$ 270,000

There were no realized gains or losses on marketable securities during 2020.

The framework for measuring fair value 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) and the lowest priority to unobservable inputs (Level 3).

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

Level 2 Other significant observable inputs including: 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; or inputs that are derived principally from or corroborated by observable market data by correlation or other means

Level 3 Significant unobservable inputs (including the Company's own assumptions used to determine value)

Assets measured at fair value on a recurring basis, are comprised of the following at September 30, 2020:

	Level 1	Level 2	Level 3
Domestic common stock	$ 270,000		

Common stock is valued at quoted market prices. The Company did not hold any Level 2 or Level 3 assets during 2020 and there were no transfers between levels during 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. INVESTMENT SECURITIES

Investment securities consist 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. 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 provided a valuation allowance to reduce the carrying value of the investment due to impairment of the collateral debt securities.

5. PARTNERSHIP INVESTMENTS

The Company held investments in the following limited partnerships totaling $5,984,322 at September 30, 2020. The majority of the partnerships are involved in investing in residential real estate activities and maintain their books on a calendar year basis. Accordingly, the equity in earnings of the limited partnerships recorded by the Company is for the partnership year ended December 31, 2019. This is consistent with ASC 323-10-35-6, as the Company has consistently reported a year lag as a result of the December 31, 2019 financial statements being the most recent available financial statements provided by the investees to the Company.

The Company evaluates its partnership investments for impairment at each reporting date. At September 30, 2020, a valuation allowance for investments considered to be impaired is shown below.

Partnership Name	% Interest	Cumulative Capital Contributions	Cumulative Capital Distributions	Investment Balance	Valuation Allowance
Boynton 441 Development LP	49.2	$ 67,596,672	$ 85,357,129	$ 1,866,998	$ -
Hyder Development LP	49.2	45,066,293	72,172,916	795,373	(195,400)
Canyon Commercial LP	23.9	6,746,785	5,544,248	2,197,205	-
Lexin AmFin Real Estate Partners, LP	19.5	7,910,000	2,296,784	515,197	(456,900)
Other	Various	25,613,124	78,232,366	609,549	(49,500)
		$ 152,932,874	$ 243,603,443	$5,984,322	$ (701,800)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. PARTNERSHIP INVESTMENTS (Continued)

The combined summarized statement of operations and statement of net assets information for equity method investments at year ended December 31, 2019 are as follows:

Combined Statement of Operations	$ 18,399,243
Combined Statement of Net Assets	
Total cash	$ 3,559,270
Total other assets	5,011
Total other investments	20,950,438
Total combined assets	$ 24,514,719
Total liabilities	7,884
Partners' capital accounts	$ 24,506,835

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, or a total of $60,000 for the year ended September 30, 2020. Management services fees are included in professional fees on the Company's consolidated statement of income.

7. INCOME TAXES

The components of the income tax benefit are as follows:

	2020
Current:	
Federal	$ (104,886)
Deferred:	
Federal	104,886
Total income tax benefit	$ -

On December 22, 2017, the Tax Cuts and Jobs Act (the Act) was signed into law. Under the Act, the Alternative Minimum Tax Credit carry-forward will be refunded from 2018 to 2021. As a result of the Act, the Company has recorded $104,886 of current tax benefit relating to the amount of Alternative Minimum Tax Credit expected to be refunded for the period ending September 30, 2020. Also, a tax benefit of $104,886 was recorded relating to the release of the valuation allowance recorded against the remaining $104,886 of the Alternative Minimum Tax Credit which is expected to be fully refunded by 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. INCOME TAXES

The total income tax benefit differs from expected amounts computed by applying the applicable statutory federal income tax rate to income before federal income taxes due primarily to the reversal of a portion of the valuation allowance associated with the Company's net operating loss carryforwards:

	Amount	Percent of Pretax Income
Federal income tax at statutory rates	$ 1,786,005	21.00 %
Decrease in deferred tax valuation allowance	(1,868,814)	(21.97)%
Other	82,809	.97 %
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:

	2020
Deferred tax assets:	
Basis difference on equity investment	$ 588,157
Net operating loss carryforward	125,618,688
Capital loss carryforward	504,956
Unrealized loss on securities	22,407
Tax credit carryforward	361,443
Other	4,584
Total gross deferred tax assets	127,100,235
Less valuation allowance	(126,873,000)
Deferred tax assets net of valuation allowance	227,235
Deferred tax liabilities:	
Partnership basis difference	(227,235)
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, 2020, 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, 2020, the Company has federal net operating loss carryforwards of $598,184,226 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 $232,423 that may be carried forward indefinitely. The Company also has federal tax credit carryforwards of $361,443 which will expire at September 30, 2021. In addition, the Company has capital loss carryforwards of $2,404,554 that will expire in various years through 2025.

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 involved in various litigation that Management intends to defend vigorously. 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.

Consolidating Balance Sheet
September 30, 2020

	AmFin Financial Corporation	AmFin Real Estate Investments Inc.	AmFin Investments Inc.	AmFin Properties Inc.	AmFin Management Inc.	Eliminations	Consolidated
Cash and Cash Equivalents							
Cash in financial institutions	$ 20,632	$ 83,810	$ 8,373	$ 217,189	$ 153	$ -	$ 330,157
Money market Investments	32,460,246	3,000,575	-	-	-	-	35,460,821
Total Cash and Cash Equivalents	32,480,878	3,084,385	8,373	217,189	153	-	35,790,978
Investments							
Securities at fair value - net of unrealized loss of 106,699	270,000	-	-	-	-	-	270,000
Held to maturity - net of valuation allowance of $1,471,95C	-	150	-	-	-	-	150
Commercial Loan - net of deferred loan fees of $21,500	-	3,478,500	-	-	-	-	3,478,500
Partnerships and joint ventures - net of valuation allowance of $701,80C	-	5,226,054	(1,829)	58,297	-	-	5,282,522
Investment in consolidated subsidiaries	11,959,519	(6,599,078)	(2,808)	(106,931)	15	(5,250,717)	-
Total Investments	12,229,519	2,105,626	(4,637)	(48,634)	15	(5,250,717)	9,031,172
Other Assets							
Prepaid expenses	22,222	-	-	-	-	-	22,222
Accounts and interest receivable	-	11,167	-	-	-	-	11,167
Current income tax receivable	104,886	-	-	-	-	-	104,886
Deferred tax asset - net	118,179,100	8,823,400	900	(132,100)	1,700	-	126,873,000
Valuation allowance for deferred tax asset	(118,056,180)	(8,814,223)	(899)	-	(1,698)	-	(126,873,000)
Total Other Assets	250,028	20,344	1	(132,100)	2	-	138,275
Total Assets	$ 44,960,425	$ 5,210,355	$ 3,737	$ 36,455	$ 170	$ (5,250,717)	$ 44,960,425
Liabilities & Shareholders' Equity							
Liabilities							
Accrued expenses and other liabilities	$ 62,988	$ -	$ -	$ -	$ -	$ -	$ 62,988
Total liabilities	62,988	-	-	-	-	-	62,988
Shareholders' Equity							
Common stock, no par value - shares authorized 207,500; issued 207,245 shares; outstanding 161,421 shares	1,036,225	500	100	100	100	(800)	1,036,225
Paid-in capital	-	-	196,509	5,200,722	-	(5,397,231)	-
Retained earnings	124,139,422	5,209,855	(192,872)	(5,164,367)	70	147,314	124,139,422
Treasury stock, at cost – 45,824 shares	(80,278,210)	-	-	-	-	-	(80,278,210)
Total Shareholders' Equity	44,897,437	5,210,355	3,737	36,455	170	(5,250,717)	44,897,437
Total Liabilities and Shareholders' Equity	$ 44,960,425	$ 5,210,355	$ 3,737	$ 36,455	$ 170	$ (5,250,717)	$ 44,960,425

See Independent Accountants' Review Report and notes to the consolidated financial statements.

Consolidating Statement of Income
Year Ended September 30, 2020

	AmFin Financial Corporation	AmFin Real Estate Investments Inc.	AmFin Investments Inc.	AmFin Properties Inc.	AmFin Management Inc.	Eliminations	Consolidated
Equity in Earnings of Partnerships & Joint Ventures							
Equity in earnings of partnerships before provision for valuation allowance	$ 3,773,972	$ 9,103,234	$ 1,727	$ 181,321	$ -	$ (3,808,896)	$ 9,251,358
Provision for valuation allowance	-	(203,400)	-	(46,200)			(249,600)
Total Equity in Earnings of Partnerships & Joint Ventures	3,773,972	8,899,834	1,727	135,121	-	(3,808,896)	9,001,758
Interest and Dividend Income	238,222	18,046	-	-	-	-	256,268
Unrealized Loss on Investment Securities	(106,699)	10					(106,689)
Operating Income	3,905,495	8,917,890	1,727	135,121	-	(3,808,896)	9,151,337
Operating Expenses							
Professional fees	504,365	-	-	-	-	-	504,365
Insurance expense	133,333	-	-	-	-	-	133,333
Other expenses	8,752	99	-	-	-	-	8,851
Total Operating Expenses	646,450	99	-	-	-	-	646,549
Net Income Before Income Taxes	3,259,045	8,917,791	1,727	135,121	-	(3,808,896)	8,504,788
Income Tax (Benefit) Expense	(5,245,743)	5,143,819	2,808	99,131	(15)	-	-
Net Income	$ 8,504,788	$ 3,773,972	$ (1,081)	$ 35,990	$ 15	$ (3,808,896)	$ 8,504,788

See Independent Accountants' Review Report and notes to the consolidated financial statements.