



**SHARING CONNEXION, INC.
AND AFFILIATES**

Financial Statements

For the Years Ended June 30, 2022 and 2021

And

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Sharing Connexion, Inc.

Opinion

We have audited the accompanying consolidated financial statements of Sharing Connexion, Inc. and affiliates (the Organization), which comprise the consolidated statement of financial position of June 30, 2022, 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 Sharing Connexion, Inc. and affiliates as of June 30, 2022, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion on Financial Statements

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 Auditors' 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Financial Statements

The financial statements of the Organization as of June 30, 2021 were audited by other auditors whose report dated May 3, 2022 expressed an unmodified opinion on those financial statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 financial statements are available to be issued.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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, 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 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 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 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 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.

Stockman Kast Ryan + Co. LLP

March 22, 2023

SHARING CONNEXION, INC. AND AFFILIATES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION JUNE 30, 2022 AND 2021

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 274,918	\$ 285,010
Restricted cash	20,954	
Interest receivable	30,521	
Contributions receivable		23,500
Real estate held for sale	498,750	44,193
Other assets	948	
Total current assets	826,091	352,703
NOTE RECEIVABLE	2,700,000	
PROPERTY, NET	493,783	388,127
TOTAL ASSETS	<u>\$ 4,019,874</u>	<u>\$ 740,830</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 507	\$ 100
Interest payable	10,257	
Deferred liabilities		25,000
Rescue loan deposits	41,954	21,000
Contributions held for others	448,875	
Tenant security deposits	1,500	1,500
Notes payable - related parties	29,989	8,768
Total current liabilities	533,082	56,368
Notes payable - long term debt	2,841,604	
Total liabilities	3,374,686	56,368
NET ASSETS		
Without donor restrictions	645,188	644,462
With donor restrictions		40,000
Total net assets	645,188	684,462
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,019,874</u>	<u>\$ 740,830</u>

See notes to financial statements.

SHARING CONNEXION, INC. AND AFFILIATES

CONSOLIDATED STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE						
Contributions	\$ 71,280		\$ 71,280	\$ 19,278	\$ 40,000	\$ 59,278
Interest on notes receivable	62,691		62,691	79,625		79,625
In-kind contribution of real estate	49,875		49,875	30,000		30,000
Program service revenue	58,500		58,500	2,059		2,059
Other	2,262		2,262	73		73
Gain (loss) on sale of real estate	(327)		(327)	172,875		172,875
PPP loan forgiveness				13,200		13,200
Net assets released from restriction	40,000	\$ (40,000)		60,841	(60,841)	
Total revenues	<u>284,281</u>	<u>(40,000)</u>	<u>244,281</u>	<u>377,951</u>	<u>(20,841)</u>	<u>357,110</u>
EXPENSES						
Program services	155,912		155,912	324,461		324,461
General and administrative	109,065		109,065	51,855		51,855
Fund raising	18,578		18,578	27,679		27,679
Total expenses	<u>283,555</u>	<u>—</u>	<u>283,555</u>	<u>403,995</u>	<u>—</u>	<u>403,995</u>
CHANGE IN NET ASSETS	726	(40,000)	(39,274)	(26,044)	(20,841)	(46,885)
NET ASSETS, Beginning of year	<u>644,462</u>	<u>40,000</u>	<u>684,462</u>	<u>670,506</u>	<u>60,841</u>	<u>731,347</u>
NET ASSETS, End of year	<u>\$ 645,188</u>	<u>\$ —</u>	<u>\$ 645,188</u>	<u>\$ 644,462</u>	<u>\$ 40,000</u>	<u>\$ 684,462</u>

See notes to financial statements.

SHARING CONNEXION, INC. AND AFFILIATES

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

For the Year Ended June 30, 2022

	Program Services	Management Administrative	Fundraising	Total
Salaries and benefits	\$ 50,689	\$ 48,865	\$ 13,099	\$ 112,653
Professional service fees	22,861	41,066	5,479	69,406
Interest	57,457			57,457
Cost of real estate sold	50,383			50,383
Information technology	7,871	9,846		17,717
Depreciation	8,981			8,981
Insurance	2,636	2,891		5,527
Project expenses	3,834	14		3,848
Rent		3,457		3,457
Conferences, conventions, meetings	1,583	1,583		3,166
Dues and subscriptions		795		795
Office expenses and supplies		548		548
Total expenses	206,295	109,065	18,578	333,938
Less expenses netted in revenue:				
Cost of real estate sold	50,383			50,383
Total functional expenses	<u>\$ 155,912</u>	<u>\$ 109,065</u>	<u>\$ 18,578</u>	<u>\$ 283,555</u>

For the Year Ended June 30, 2021

	Program Services	Management Administrative	Fundraising	Total
Cost of real estate sold	\$ 1,190,500			\$ 1,190,500
Project expenses	213,955			213,955
Salaries and benefits	39,452	\$ 42,851	\$ 3,587	85,890
Interest	51,351			51,351
Professional service fees	5,144	4,927	24,092	34,163
Amortization	12,523			12,523
Insurance	175	2,221		2,396
Information technology	546	798		1,344
Depreciation	1,056			1,056
Conferences, conventions, meetings	99	675		774
Dues and subscriptions	160	160		320
Office expenses and supplies		223		223
Total expenses	1,514,961	51,855	27,679	1,594,495
Less expenses netted in revenue:				
Cost of real estate sold	1,190,500			1,190,500
Total functional expenses	<u>\$ 324,461</u>	<u>\$ 51,855</u>	<u>\$ 27,679</u>	<u>\$ 403,995</u>

See notes to financial statements.

SHARING CONNEXION, INC. AND AFFILIATES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
OPERATING ACTIVITIES		
Change in net assets	\$ (39,274)	\$ (46,885)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation expense	8,981	1,056
Loss (gain) on sale of real estate and property	327	(172,875)
PPP Loan Forgiveness		(13,200)
Donated real estate	(49,875)	(30,000)
Amortization of loan fees	5,737	
Changes in operating assets and liabilities:		
Accounts and contributions receivable	23,500	39,538
Interest receivable	(30,521)	
Other assets	(948)	38,503
Accounts payable and accrued liabilities	10,664	100
Deferred liabilities	(25,000)	(302,190)
Deposits		(2,000)
Rescue Loan Deposits	20,954	(429,000)
Net cash used in operating activities	<u>(75,455)</u>	<u>(916,953)</u>
INVESTING ACTIVITIES		
Repayment (issuance) of notes receivable	(2,700,000)	1,850,000
Purchase of real estate	(114,581)	(477,543)
Proceeds from sale of real estate and property	43,810	1,364,019
Net cash provided by (used in) investing activities	<u>(2,770,771)</u>	<u>2,736,476</u>
FINANCING ACTIVITIES		
Proceeds from notes payable	2,860,200	
Notes payable to related parties	21,221	
Payment of loan fees	(24,333)	
Principal payments on notes payable		(1,825,288)
Net cash provided by (used in) financing activities	<u>2,857,088</u>	<u>(1,825,288)</u>
Net change in cash and cash equivalents	10,862	(5,765)
Cash and cash equivalents, beginning of year	285,010	290,775
Cash and cash equivalents, end of year	<u>\$ 295,872</u>	<u>\$ 285,010</u>
Cash and cash equivalents	274,918	285,010
Restricted cash	20,954	
Total cash and cash equivalents	<u>\$ 295,872</u>	<u>\$ 285,010</u>
Supplemental cash flow information		
Cash paid for interest	<u>\$ 47,200</u>	<u>\$ 51,351</u>

See notes to financial statements.

SHARING CONNEXION, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization — Established in 2015 in Denver, Colorado, Sharing Connexion, Inc., and its affiliates (the Organization) began with the idea to use the expertise and resources of key real estate industry leaders to solve the pressing real estate needs of nonprofit organization and affordable housing providers. The Organization’s mission is to provide affordable housing organizations and nonprofit organizations with real estate expertise, funding and preservation. The vision is that real estate philanthropy will empower nonprofit organizations and expand affordable housing options. The Organization activates its mission through four key programs: Real Estate Donations, Real Estate Impact, Real Estate Rescue and Real Estate Affordable Housing. Real Estate Donations and Real Estate Affordable Housing serve nonprofits nationwide; however, the Real Estate Impact and Rescue programs are Colorado-specific.

Real Estate Donations

The Organization teams up with nonprofit organizations to make donations of real estate less complicated. With the Organization’s expertise and partnership, they mitigate the nonprofit organization’s risk, maximize the value of the property, and arrange the sale, thus growing the nonprofit organizations funds and capacity to serve their mission. The Organization ensures that nonprofits can accept gifts of real property and aims to make this an easy, simple process, equipping the nonprofit with the confidence of expertise and assistance from a fellow missional partner, the Organization.

Real Estate Impact

The Organization uses their fund to make key real estate impact loans for buying, building and renovating affordable housing projects and nonprofit organizations program spaces. The loans offer low-interest solutions for mission-based real estate transactions serving in-need populations. The Real Estate Impact program has three “gap financing” tools: pre-development loans, acquisition loans and bridge loans. This program has selected focus areas to measure and evaluate a high missional impact for both key affordable housing needs and nonprofit programs.

Real Estate Rescue

The Organization aims to preserve and protect affordable housing and nonprofit organization real estate from displacement through short-term acquisition solutions. The Organization acts as a partner to quickly save facilities, either securing housing affordability or empowering a nonprofit organization into ownership. In markets that are quickly appreciating, the Organization can “rescue” property to save it for missional use. In the case of a nonprofit at threat of displacement, the Organization purchases the property, stabilizes the nonprofit’s rent and enters into a purchase option agreement with the nonprofit, shielding them from significant market appreciation for three years.

In the case of affordable housing, the Organization can save and hold naturally occurring affordable housing, and affordable housing that may be distressed or going to market as affordability restrictions end. The Organization will partner with affordable housing developers and property managers to ensure the property remains affordable. The Organization eventually exits the project after selecting the affordable housing partner who is now financially positioned to maintain the affordability of the property.

Real Estate Affordable Housing

One of the Organization's goals is to assist in the creation of affordable housing by acquiring development land, either by acquisition or by governmental grant. If necessary, the Organization would oversee the entitlement and infrastructure improvement of a site – the Organization will not engage in vertical development. Once the land is entitled and the infrastructure is in-place, the Organization would lease the land to vertical developers at a nominal rate, with long-term affordability restrictions to ensure the resulting housing remains affordable for at least 99 years. This model would be administered by a community land trust, controlled by the Organization. The Organization would receive management fees to oversee ground lease administration.

Basis of Presentation — The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The consolidated financial statements include the consolidated accounts of Sharing Connexion Inc. and its wholly owned subsidiaries. The subsidiaries are created as individual LLC's to own the underlying real estate assets. All intercompany accounts and transactions have been eliminated in consolidation.

The Organization reports information on the accrual basis, in accordance with generally accepted accounting principles ("GAAP"), regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

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's 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 passage of time. Other donor restrictions are perpetual in nature whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the Consolidated Statements of Activities.

Use of Estimates — The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures 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, and such differences could be material.

Cash and Cash Equivalents — The Organization considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Restricted cash — Restricted cash consists of cash reserves held in escrow as required under a note receivable agreement and a purchase agreement.

Contributions Receivable — Contributions receivable represent unconditional promises to give. Contributions receivable that are expected to be collected within one year are recorded at their net realizable value. All amounts were due within one year, so there was no adjustment to the value of contributions receivable. Management periodically reviews accounts to determine uncollectible amounts. Balances deemed uncollectible are written off in the period they are determined to be uncollectible. Management believes all amounts are collectible, and therefore there is no allowance as of June 30, 2022 and 2021.

Notes Receivable — Notes receivable are reported at outstanding principal plus accrued interest. All notes were deemed collectible therefore there was no adjustment for uncollectible amounts.

Concentration and Credit Risks — Cash and cash equivalents are maintained at financial institutions and, at times, balances may exceed federally insured limits. The Organization has never experienced any losses related to these balances. The Organization had no amounts on deposit in excess of federally insured limits at June 30, 2022 and 2021.

As of June 30, 2021, there were three donors that individually represented more than 10% of contributions receivable, for a total of 96% of the total contribution receivable balance.

Two donors comprised 91% and three donors comprised 44% of total contribution revenue for the years ended June 30, 2022, and 2021, respectively.

Real Estate and Property

Acquisition of Real Estate and Property — Real Estate and Property, including land, building and improvements are stated at cost, less accumulated depreciation.

Donated Real Estate and Property — Real Estate and property that is donated, including land, building and improvements are stated at estimated the fair value of land and/or building, which is estimated by reviewing comparable sales within the same submarket and/or region.

Depreciation of Property — The Organization calculates depreciation on a straight-line basis over the estimated useful lives of the property of 39 years. Depreciation was \$8,981 and \$1,056 for the years ended June 30, 2022 and 2021, respectively.

Review of Carrying Value of Property for Impairment — The Organization follows the provision of the Financial Accounting Standard Board (“FASB”) Accounting Standards Codification (“ASC”) 360, Impairment of Long-Lived Assets. Management reviews long-lived assets, including real estate, for impairment when conditions exist that may indicate that the carrying amount of a long-lived asset may not be recoverable. Recoverability of the asset is measured by comparison of its carrying amount to undiscounted future net cash flows the asset is expected to generate. Specifically, management projects undiscounted cash flows expected over the period to be benefited. If such assets are considered to be impaired, the impairment recognized is measured as the amount by which the carrying amount of the asset exceeds its fair market value.

Estimates of expected future cash flows represent management’s best estimate based on currently available information and reasonable and supportable assumptions.

Any impairment recognized is permanent and may not be restored. As of June 30, 2022 and 2021, the Organization believes indicators of impairment do not exist.

Revenue Recognition

Contracts with Customers

Effective July 1, 2020, the Organization adopted ASU 2014-09, Topic 606, Revenue from Contracts with Customers, using the modified retrospective method. This standard applies to all contracts with customers, except for contracts that are within the scope of other standards, such as contributions, leases, insurance, collaborative arrangements and financial instruments. Under Topic 606, an entity recognizes revenue when it transfers control of the promised goods or services to its customer, in an amount that reflects the consideration which the entity expects to receive in exchange for those goods or services. If control transfers to the customer over time, an entity selects a method to measure progress that is consistent with the objective of depicting its performance.

Program service revenue consist of the fees paid to the Organization through lending activities and allocations from preparing the real estate for sale, selling the real estate, and other related management costs. The program service revenue is earned when the Organization sells the property and has completed their services.

Rental Revenue

Rental revenue is scoped out of Topic 606 and is earned monthly based on the terms of the lease, which are described in Note 3.

Contribution Revenue

Contributions and grants are scoped out of Topic 606 and are recorded as revenue when an unconditional promise to give has been made. Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods, or are restricted by the donor for specific purposes, are reported as net asset with donor restrictions. When donor restrictions expire, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified through releases in the Consolidated Statements of Activities and changes in net assets.

Contributions which contain donor-imposed conditions are not included as support until the conditions are substantially met, or the likelihood of not meeting the conditions is remote. Cash received in advance of meeting the conditions are reported as refundable advances on the Consolidated Statements of Financial Position. There were no refundable advances at years ended June 30, 2022 and 2021, respectively.

Functional Allocation of Expenses — The costs of providing the various programs and other activities have been summarized on a functional basis in the Consolidated Statements of Activities. The details of functional expenses by natural classification are presented in the Consolidated Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

Loan Deposits — Rescue and Impact loan deposits are those deposits made to the Organization. The amount represents the funds that are on deposit with the Organization that are due back to the customer upon completion of the transaction.

Income Taxes and Tax Status — The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the “IRC”). Accordingly, no provision for income taxes is made for federal, state, or local taxes. In addition, the Internal Revenue Service (“IRS”) has determined that the Organization is not a private foundation within the meaning of Section 509(a) of the IRC.

The Organization applies a more-likely-than-not measurement methodology to reflect the consolidated financial statement impact of uncertain tax positions taken or expected to be taken in a tax return. Management has determined no uncertain tax positions have been taken, and therefore, no amount has been recognized at years ended June 30, 2022, and 2021. If incurred, interest and penalties associated with tax positions are recorded in the period assessed as general and administrative expense. The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the consolidated financial statements.

New Accounting Pronouncements Issued but Not Yet Adopted — In February 2016, FASB issued ASU 2016-02, Leases (“Topic 842”). This ASU requires that a lease liability and related right-of-use asset representing the lessee’s right to use or control the asset be recorded on the Consolidated Statements of Financial Position upon the commencement of all leases except for short-term leases. The effect of leases in the Consolidated Statements of Activities and changes in net assets and the Consolidated Statements of Cash Flows will be substantially unchanged from the existing lease accounting guidance as the Organization has no material operating leases. The guidance is effective for the Organization for fiscal years beginning after December 15, 2021, with early adoption permitted. The Organization is currently evaluating the impact of the new guidance on its consolidated financial statements and has elected not to adopt this ASU early in these consolidated financial statements.

2. LIQUIDITY AND AVAILABILITY

The following represents the Organization's financial assets as of June 30, 2022 and 2021, reduced by amounts not available for general expenditures within one year:

	2022	2021
Cash and cash equivalents	\$ 274,918	\$ 285,010
Restricted cash	20,954	
Interest receivable	30,521	
Contributions receivable	<u> </u>	<u>23,500</u>
Total financial assets	326,393	308,510
Less amounts not available to be used for general expenditures within one year:		
Cash restricted for escrow	(20,954)	
Net assets restricted by donors	<u> </u>	<u>(40,000)</u>
Total financial assets available for expenditure within one year	<u>\$ 305,439</u>	<u>\$ 268,510</u>

3. INVESTMENT IN REAL ESTATE AND PROPERTY

The Organization's real estate and property investments during the years ended June 30, 2022 and 2021 are provided below.

SCI – 8908 SW 50 Ave LLC

During the year ended June 30, 2022, property including land and buildings was donated to the Organization. This was valued at \$498,750. The donor agreement specifies that the Organization is entitled to the greater of 10% of net sales proceeds or \$10,000 while the remaining sales proceeds are to be remitted to The Xerces Society, Inc. (Xerces). This property was sold subsequent to year end. See Note 7. This property was a project of the Real Estate Donation program. The Organization worked with nonprofit, Xerces, to facilitate this gift on their behalf. Xerces provides science-based research and conservation for invertebrate species.

Sharing Connexion – Hawaii LLC

During the year ended June 30, 2022, this entity was formed to acquire land on which affordable housing would be developed. Land planning costs of \$114,636 were capitalized related to specific land expected to be donated to the Organization. The land planning costs are included in property in the consolidated statements of financial position. This property is a project of the Real Estate Affordable Housing program and protects land in Maui County from being used for purposes other than affordable housing. The land could facilitate approximately 800 affordable housing units.

SCI-157 LLC

During the year ended June 30, 2017, property including land and buildings was purchased by the Organization for approximately \$708,000. This property was leased until it was sold during the year

ended June 30, 2021. During the year ended June 30, 2021, the property was sold for \$724,000 for a gain of approximately \$45,000. This property was a project of the Real Estate Rescue program. It protected the continuous use of a safe house and transitional housing shelter for young women exiting sex trafficking. Upon its purchase, the nonprofit had more financial stability and support and could continue operating the property and their mission on their own.

3803 Dollar Lake Drive LLC

During the year ended June 30, 2018, property including land and buildings was donated to the Organization. This was valued at \$650,000. Improvements of approximately \$250,000 were made to the land and building. During the year ended June 30, 2020, part of the property was sold for \$879,000 for a gain of approximately \$386,000. During the year ended June 30, 2021, the remaining property was sold for \$565,000 for a gain of approximately \$127,000. This property was a project of the Real Estate Donation program. The Organization worked with nonprofit, Children's Hospital Colorado Foundation (CHCF), to facilitate this gift on their behalf. CHCF advances the mission of Children's Hospital, providing support to children and families, initiating research and innovation, and working toward health equity.

61 NY Land

During the year ended June 30, 2021, property of land was donated to the Organization. This was valued at approximately \$44,000. During the year ended June 30, 2022, the property was sold and sales proceeds were approximately \$44,000. This property was a project of the Real Estate Donation program. The Organization worked with New York nonprofit, Chai Lifeline, to facilitate this gift on their behalf. Chai Lifeline provides assistance to children and families with cancer and other chronic illnesses.

SCI-1550 Elmira, LLC

During the year ended June 30, 2021, property including land and building was purchased by the Organization for approximately \$390,000. This property is a project of the Real Estate Rescue program. The Organization preserved the facility and continued operations of nonprofit, Caring and Sharing Community Resource and Transformation Center ("Caring and Sharing"). At time of this Fiscal Year end, Caring and Sharing has been provided with stabilized, below-market rent to continue the operations of their food bank and social services. During the year ended June 30, 2022, Caring and Sharing entered into a purchase option agreement to secure their future ability to purchase this facility and shield it from market appreciation. The option agreement provides for a purchase price of approximately \$395,000 which escalates 2% per year and expires on June 1, 2024.

SCI-119 Maury LLC

During the year ended June 30, 2021, property including land and buildings was donated to the Organization. This was valued at approximately \$74,000. During the year ended June 30, 2021, the property was sold for \$75,000 for a gain of approximately \$1,000.

This property was a project of the Real Estate Donation program. The Organization worked with New York nonprofit, Chai Lifeline, to facilitate this gift on their behalf. Chai Lifeline provides assistance to children and families with cancer and other chronic illnesses.

4. NOTES RECEIVABLE

On February 11, 2022, the Organization entered into a promissory note (“38th and Holly Promissory Note”) with 38th and Holly LLC, whereby, the Organization provided \$2,700,000. Amounts provided under the 38th and Holly Promissory Note bear interest at 5.95% per year. Repayments are fixed monthly payments of \$8,854 and the principal plus unpaid accrued interest is due at maturity on August 11, 2023. The 38th and Holly Promissory Note is secured by a deed of trust. As of June 30, 2022, the 38th and Holly Promissory Note has a principal balance of \$2,700,000 and accrued interest of \$30,521.

5. NOTES PAYABLE

Note Payable – 38th and Holly

On February 11, 2022, the Organization entered into a financing agreement for \$2,500,000 with an interest rate of 4.25%. Interest payments are due monthly commencing on March 5, 2022 and principal plus any accrued and unpaid interest is due at maturity on August 5, 2023. The note is secured by a deed of trust on the property purchased with the note and is guaranteed by the CEO of the Organization. As of June 30, 2022, the note has a principal balance of \$2,500,000 and accrued interest of \$30. The carrying value of the note is reduced by unamortized loan fees of \$14,092 as of June 30, 2022.

Note Payable – SCI 1550 Elmira

On September 30, 2021, the Organization entered into a financing agreement for \$260,200 with an interest rate of 4.18%. Interest payments are due monthly commencing on October 22, 2021 and principal plus any accrued and unpaid interest is due at maturity on September 22, 2025. The note is secured by a deed of trust on the property purchased with the note and is guaranteed by the CEO of the Organization. As of June 30, 2022, the note has a principal balance of \$260,200 and accrued interest of \$9,381. The carrying value of the note is reduced by unamortized loan fees of \$4,504 as of June 30, 2022.

Paycheck Protection Program

On March 27, 2021, the Coronavirus Aid, Relief, and Economic Security (CARES) Act (the “Act”) was enacted. The CARES Act is an emergency economic stimulus package in response to the Coronavirus outbreak, which among other things contains numerous income tax provisions. It also appropriated funds for the SBA Paycheck Protection Program (“PPP”) loans that are forgivable in certain situations to promote continued employment.

On April 28, 2020, the Organization obtained a PPP loan in the amount of \$13,200. The forgiveness of the loan is dependent on the Organization’s meeting the eligibility requirements as well as adherence to the forgiveness criteria. The Organization believed that it met the eligibility requirements to apply for forgiveness of this debt under the loan program and submitted a loan forgiveness application. The Organization received notice of forgiveness of the full PPP loan balance of \$13,200, plus any accrued interest, from the SBA on May 25, 2021.

Notes Payable to Related Parties

The Organization entered into a note payable with a related party during the year ended June 30, 2022 for \$100,000 bearing interest at 2.5% at the earlier of the disposition of the 38th and Holly property or December 31, 2023. The balance due as of June 30, 2022 was \$100,000.

The Organization entered into a note payable with a related party during the year ended June 30, 2022 for \$25,000. The note is non-interest bearing and has not stated repayment terms. The balance due as of June 30, 2022 was \$25,000.

The Organization entered into a note payable with a related party of approximately \$3,000 during the year ended June 30, 2018. This note was repaid in full during the year ended June 30, 2021.

The Organization entered into a note payable with a related party during the year ended June 30, 2020 for approximately \$60,000 and the balance due as of June 30, 2021 was approximately \$9,000. This note was paid in full during the year ended June 30, 2022.

The Organization entered into a note payable to a related party during the year ended June 30, 2020 for \$100,000 and the note was paid in full during the year ended June 30, 2021.

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are comprised of the following restrictions as of June 30, 2021:

Time	\$ 12,500
Programs	<u>27,500</u>
Total net assets with donor restrictions	<u>\$ 40,000</u>

7. SUBSEQUENT EVENTS

The Organization's management has evaluated events subsequent to and occurring after June 30, 2022 and through the date of the Independent Auditors' Report, which is the date the financial statements were available to be issued.

On January 26, 2023, the Organization sold the 8908 SW 50 Ave property for approximately \$625,000.