STOCKMAN KAST RYAN + COMPANY

# SHARING CONNEXION, INC. AND AFFILIATES

## Consolidated Financial Statements

## For the Years Ended June 30, 2024 and 2023,

## Supplemental Information

## And

## Independent Auditors' Report

## SHARING CONNEXION, INC. AND AFFILIATES

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STOCKMAN KAST RYAN + COMPANY

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**INDEPENDENT AUDITORS' REPORT**

Board of Directors
Sharing Connexion, Inc. and Affiliates

**Opinion**

We have audited the accompanying consolidated financial statements of Sharing Connexion, Inc. and Affiliates (the Organization), which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2024 and 2023, and the changes in their net assets and their 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. 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.

**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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

**Other Matters**

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The supplemental schedules on pages 19 through 20 are presented for purposes of additional analysis and are not a required part of the basic 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

*Stockman Kast Ryan + Co, LLP*

October 1, 2024

## SHARING CONNEXION, INC. AND AFFILIATES

### CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
### JUNE 30, 2024 AND 2023

| | 2024 | 2023 |
|---|---|---|
| **ASSETS** | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | $ 319,671 | $ 382,061 |
| Restricted cash | 82,361 | |
| Tenant receivable | 35,438 | |
| Real estate held for sale | 1,762,500 | |
| Prepaid expenses and other assets | 32,090 | 7,410 |
| Total current assets | 2,232,060 | 389,471 |
| PROPERTY, NET | 12,033,661 | 701,258 |
| TOTAL ASSETS | $ 14,265,721 | $ 1,090,729 |
| **LIABILITIES AND NET ASSETS** | | |
| CURRENT LIABILITIES | | |
| Accounts payable and accrued liabilities | $ 50,964 | $ 15,389 |
| Interest payable | 44,469 | 906 |
| Contributions held for others | 1,029,166 | |
| Rescue loan deposits | 21,000 | 21,000 |
| Tenant security deposits | 9,050 | 1,500 |
| Notes payable - related parties | 125,000 | 96,099 |
| Total current liabilities | 1,279,649 | 134,894 |
| Notes payable - related parties, long term | 600,000 | 100,000 |
| Notes payable - long term debt, net | 11,831,402 | 257,082 |
| Total liabilities | 13,711,051 | 491,976 |
| NET ASSETS | | |
| Without donor restrictions | 554,670 | 598,753 |
| Total net assets | 554,670 | 598,753 |
| TOTAL LIABILITIES AND NET ASSETS | $ 14,265,721 | $ 1,090,729 |

See notes to consolidated financial statements.

## SHARING CONNEXION, INC. AND AFFILIATES

### CONSOLIDATED STATEMENTS OF ACTIVITIES
### FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

| | 2024 | 2023 |
|---|---|---|
| REVENUES | | |
| Contributions and grants | $ 552,405 | $ 226,795 |
| In-kind contribution of real estate | 370,297 | |
| Rental revenue | 225,589 | 24,877 |
| In-kind contribution of service | 130,000 | |
| Interest income | 35,227 | 166,796 |
| Gain (loss) on sale of real estate | (8,787) | 10,838 |
| Other | 27,441 | 132 |
| Total revenues | 1,332,172 | 429,438 |
| EXPENSES | | |
| Program services | 1,024,966 | 266,114 |
| Supporting services: | | |
| General and administrative | 251,416 | 153,059 |
| Fundraising | 99,873 | 56,700 |
| Total expenses | 1,376,255 | 475,873 |
| CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTION | (44,083) | (46,435) |
| NET ASSETS, Beginning of year | 598,753 | 645,188 |
| NET ASSETS, End of year | $ 554,670 | $ 598,753 |

See notes to consolidated financial statements.

## SHARING CONNEXION, INC. AND AFFILIATES

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**
**FOR THE YEAR ENDED JUNE 30, 2024**

| | Program Services | Supporting Services: General and Administrative | Supporting Services: Fundraising | Total |
|---|---|---|---|---|
| Cost of real estate sold | $ 897,417 | | | $ 897,417 |
| Salaries and benefits | 103,973 | $ 155,053 | $ 93,081 | 352,107 |
| Write off of property related costs | 331,093 | | | 331,093 |
| Donations of real estate | 187,965 | | | 187,965 |
| Project expenses | 167,581 | 1,065 | | 168,646 |
| Interest | 142,753 | 2,500 | | 145,253 |
| Professional service fees | 45,712 | 71,601 | 6,742 | 124,055 |
| Depreciation | 25,997 | | | 25,997 |
| Insurance | 6,782 | 5,222 | | 12,004 |
| Amortization | 11,141 | | | 11,141 |
| Information technology | 1,469 | 7,797 | | 9,266 |
| Rent | | 6,208 | | 6,208 |
| Dues and subscriptions | | 1,395 | | 1,395 |
| Office expenses and supplies | 500 | 575 | | 1,075 |
| Conferences, conventions, meetings | | | 50 | 50 |
| Total expenses | 1,922,383 | 251,416 | 99,873 | 2,273,672 |
| Less expenses netted in revenue: | | | | |
| Cost of real estate sold | 897,417 | | | 897,417 |
| Total functional expenses | $ 1,024,966 | $ 251,416 | $ 99,873 | $ 1,376,255 |

See notes to consolidated financial statements.

## SHARING CONNEXION, INC. AND AFFILIATES

### CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
### FOR THE YEAR ENDED JUNE 30, 2023

| | | Supporting Services | | |
|---|---|---|---|---|
| | Program Services | General and Administrative | Fundraising | Total |
| Cost of real estate sold | $ 614,162 | | | $ 614,162 |
| Salaries and benefits | 76,170 | $ 64,666 | $ 38,820 | 179,656 |
| Interest | 119,291 | | | 119,291 |
| Professional service fees | 26,098 | 62,402 | 14,380 | 102,880 |
| Project expenses | 15,857 | 4,200 | | 20,057 |
| Information technology | 1,833 | 12,363 | | 14,196 |
| Amortization | 14,092 | | | 14,092 |
| Depreciation | 8,981 | | | 8,981 |
| Rent | | 6,208 | | 6,208 |
| Insurance | 3,792 | 1,183 | | 4,975 |
| Dues and subscriptions | | 133 | 3,500 | 3,633 |
| Office expenses and supplies | | 1,904 | | 1,904 |
| Total expenses | 880,276 | 153,059 | 56,700 | 1,090,035 |
| Less expenses netted in revenue: | | | | |
| Cost of real estate sold | 614,162 | | | 614,162 |
| Total functional expenses | $ 266,114 | $ 153,059 | $ 56,700 | $ 475,873 |

See notes to consolidated financial statements.

## SHARING CONNEXION, INC. AND AFFILIATES

### CONSOLIDATED STATEMENTS OF CASH FLOWS
### FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

| | 2024 | 2023 |
|---|---|---|
| OPERATING ACTIVITIES | | |
| Change in net assets | $ (44,083) | $ (46,435) |
| Adjustments to reconcile change in net assets | | |
| to net cash provided by (used in) operating activities: | | |
| Write off of property related costs | 331,093 | |
| Donations of real estate | (370,297) | |
| Donations of real estate to others | 187,965 | |
| Depreciation expense | 25,997 | 8,981 |
| Loss (gain) on sale of real estate | 8,787 | (10,838) |
| Amortization of loan fees | 11,141 | 15,478 |
| Changes in operating assets and liabilities: | | |
| Tenant receivable | (35,438) | 30,521 |
| Prepaid expenses and other assets | (24,680) | (6,462) |
| Accounts payable and accrued liabilities | 80,029 | 16,641 |
| Tenant security deposits | 7,550 | |
| Rescue loan deposits | | (20,954) |
| Net cash provided by (used in) operating activities | 178,064 | (13,068) |
| INVESTING ACTIVITIES | | |
| Repayment of notes receivable | 1,000,000 | 2,700,000 |
| Issuance of notes receivable | (1,000,000) | |
| Purchase of real estate | (353,884) | (270,026) |
| Proceeds from sale of real estate and property | 84,839 | 114,283 |
| Net cash provided by (used in) investing activities | (269,045) | 2,544,257 |
| FINANCING ACTIVITIES | | |
| Repayment of notes payable | | (2,500,000) |
| Proceeds from notes payable | 535,763 | |
| Proceeds (repayments) from notes payable to related parties | (55,000) | 55,000 |
| Payment of loan fees | (352,821) | |
| Net cash provided by (used in) financing activities | 127,942 | (2,445,000) |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | 36,961 | 86,189 |
| CASH AND CASH EQUIVALENTS, Beginning of year | 382,061 | 295,872 |
| CASH AND CASH EQUIVALENTS, End of year | $ 419,022 | $ 382,061 |

(Continued)

## SHARING CONNEXION, INC. AND AFFILIATES

### CONSOLIDATED STATEMENTS OF CASH FLOWS
### FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

| | 2024 | 2023 |
|---|---|---|
| Cash and cash equivalents | $ 319,671 | $ 382,061 |
| Restricted cash | 82,361 | |
| Total cash and cash equivalents | $ 402,032 | $ 382,061 |
| **SUPPLEMENTAL CASH FLOW INFORMATION** | | |
| Cash paid for interest | $ 308,544 | $ 112,231 |
| Contributions held for others reduced through settlement of sale of real estate and property | $ 674,500 | $ 448,875 |
| Contributions held for others recorded with donation of real estate and property | $ 1,703,666 | $ — |
| Acquistions of real estate and property through issuance of notes payable | $ 12,100,000 | $ — |

See notes to consolidated financial statements. (Concluded)

## 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Organization** —Established in 2015 in Denver, Colorado, Sharing Connexion, Inc. and 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 non-profit organizations and affordable housing providers. The Organization's mission is to provide affordable housing organizations and non-profit organizations with real estate expertise, funding and preservation. The vision is that real estate philanthropy will empower non-profit 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, Real Estate Affordable Housing and Real Estate Rescue serve non-profits nationwide; however, the Real Estate Impact program is Colorado-specific.

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

*Real Estate Impact:* The Organization uses their funds to make key real estate impact loans for buying, building and renovating affordable housing projects and non-profit 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 non-profit programs.

*Real Estate Rescue:* The Organization aims to preserve and protect affordable housing and non-profit organizations from displacement through short-term acquisition solutions. The Organization acts as a partner to quickly save facilities, either securing housing affordability or empowering a non-profit 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 non-profit at threat of displacement, the Organization purchases the property, stabilizes the non-profit's rent and enters into a purchase option agreement with the non-profit, shielding them from significant market appreciation for up to 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.

*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.

Sharing Connexion Impact Fund (SCIF) – The Organization historically benefited from a $30 million, "Prime Rate" credit facility from 1st Bank of Colorado. Unlike a line of credit, the Organization applied for project specific funding in conformity with then current underwriting criteria. Prior to March 16, 2024 when the Federal Reserve commenced its interest rate hikes, the Organization used the facility to fund multiple mission-based projects, however after this date, the cost of this financing became too expensive for the Organization to affordably fund projects. Accordingly, on May 12, 2024 the Organization formed SCIF to raise $20 million via a private placement offering of loan participations from social impact investors. The SCIF will pay investors approximately the Fed Funds Rate and the Organization will loan these funds to affordable housing developers and other non-profits at below market rates and at no greater than 55% "loan-to-value", with terms ranging from 1- 3 years. The Organization may increase its loan amounts to 60.5% by funding the incremental amount in a subordinated position. In September, 2024, the Organization surpassed its $2 million minimum and on September 10, 2024, SCIF filed Form D – Notice of Exempt Offering of Securities with the Securities Exchange Commission. As of the date of this report, SCIF has not funded any loans.

**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. Subsidiaries with activity during the years ended June 30, 2024 and 2023 are as follows:

- SCI – 8701 Huron, LLC
- SCI – 1108 Forest, LLC
- SCI – 918 Raymond, LLC
- SCI – Capitol City, LLC
- SCI – 472 N Broadway, LLC
- SCI – 8908 SW 50 Ave, LLC
- Sharing Connexion – Hawaii, LLC
- SCI – 1550 Elmira, LLC
- Sharing Connexion Impact Fund

All intercompany accounts and transactions have been eliminated in consolidation.

The Organization reports information on the accrual basis, in accordance with 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. As of June 30, 2024 and 2023, the Organization has no net assets with donor restrictions.

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 statement of activities.

**Use of Estimates** — Preparation of the 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 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 for payment of taxes, insurance and repairs as required under a note payable agreement.

**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.

Two donors comprised 56% and one donor comprised 44% of total contribution and grant revenue for the years ended June 30, 2024 and 2023, respectively. In-kind contributions of real estate were from three donors for the year ended June 30, 2024.

**Contributions Held for Others** —The Organization receives donations of real estate under which a portion of the proceeds from sale are to be provided to another organization. The portion estimated to be paid upon sale is reported as contributions held for others.

**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 the estimated fair value of land and/or building, which is estimated by reviewing comparable sales within the same submarket and/or region. Donations are used in one of the Organization's four key programs as identified in Note 1. Donated property has no restricted net assets associated with it.

*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 $25,997 and $8,981 for the years ended June 30, 2024 and 2023, 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. 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, 2024 and 2023, the Organization believes indicators of impairment do not exist.

**Revenue Recognition**

*Rental Revenue*

Rental revenue is earned monthly based on the terms of the lease, which are described in Note 3.

*Contribution Revenue*

Contributions and grants 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 assets 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 statement 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 statement of financial position. There were no refundable advances during the years ended June 30, 2024 and 2023.

**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 based on estimated use or benefit.

**Loan Deposits** — Rescue and Impact loan deposits are 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 (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 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 as of June 30, 2024 and 2023. 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 financial statements.

**Subsequent Events** — The Organization has evaluated subsequent events for recognition or disclosure through the date of the Independent Auditors' Report, which is the date the consolidated financial statements were available for issuance.

## 2. LIQUIDITY AND AVAILABILITY

The following represents the Organization's financial assets as of June 30, 2024 and 2023, reduced by amounts not available for general expenditures within one year:

| | 2024 | 2023 |
|---|---|---|
| Cash and cash equivalents | $ 319,671 | $ 382,061 |
| Restricted cash | 82,361 | |
| Tenant receivable | 35,438 | |
| Total financial assets | 437,470 | 382,061 |
| Less amounts not available to be used for general expenditures within one year: | | |
| Restricted cash | 82,361 | — |
| Total financial assets available for expenditure within one year | $ 355,109 | $ 382,061 |

As part of its liquidity management, the Organization structures its financial assets to be available to meet 60 days of normal operating expenses and as needed for capital transactions.

## 3. INVESTMENT IN REAL ESTATE AND PROPERTY

The Organization's real estate and property investments are provided below:

| | 2024 | | 2023 |
|---|---|---|---|
| | **Real Estate Held for Sale** | **Property** | **Property** |
| Buildings and improvements | $ 1,061,250 | $ 1,590,711 | $ 350,265 |
| Land | 701,250 | 10,178,709 | 38,918 |
| Acquisition costs | | 309,263 | 331,093 |
| Total | 1,762,500 | 12,078,683 | 720,276 |
| Less accumulated depreciation | — | (45,022) | (19,018) |
| Real estate held for sale and property, net | $ 1,762,500 | $ 12,033,611 | $ 701,258 |

## 4. NOTES RECEIVABLE

During the year ended June 30, 2024, the Organization issued a note receivable for $1,000,000 to an affordable housing developer to provide for short term funding. The note bore interest at 12% and matured on January 31, 2024. The note was repaid prior to June 30, 2024 and, accordingly, there is no balance on the accompanying consolidated statement of financial position. This note was part of the Real Estate Impact program.

## 5. NOTES PAYABLE

*SCI – Capital City, LLC*

On April 30, 2024, the Organization entered into a financing agreement for $6,176,000 with an interest rate of 6.68%. Interest payments of approximately $34,380 are due monthly through May 1, 2027. Monthly payments of principal and interest of $39,770 are due beginning June 1, 2027. The remaining principal plus any accrued and unpaid interest is due at maturity on May 1, 2029. The note is secured by a deed of trust on the property purchased with the note with "carve-out" obligations guaranteed by the CEO of the Organization. As of June 30, 2024, the note has a principal balance of $6,176,000. The carrying value of the note is reduced by unamortized loan fees of $302,576 as of June 30, 2024.

On April 24, 2024, the Organization entered into a forgivable and non-serviceable financing agreement for up to $2,600,000 at 0% interest. No principal payments are due unless the property pledged as security does not conform with the various affordability restrictions, or it is sold or transferred before maturity in April 2084. As of June 30, 2024, the note has a principal balance of $2,490,000. Subsequent to June 30, 2024, an additional $100,000 was borrowed.

On April 30, 2024, the Organization entered into a financing agreement for $1,500,000 with an interest rate of 3.00%. Interest payments of $3,750 are due monthly through June 1, 2027. Monthly payments of principal and interest of $6,761 are due beginning July 1, 2027.

Remaining principal plus any accrued and unpaid interest is due at maturity on May 1, 2054.The note is secured by a deed of trust on the property purchased with the note. As of June 30, 2024, the note has a principal balance of $1,500,000.

On April 30, 2024, the Organization entered into a financing agreement for $1,000,000 with an interest rate of 3.50%. Interest payments of $2,917 are due monthly through April 30, 2027 and then principal and interest payments of $34,861 are due. Remaining principal and any accrued and unpaid interest is due at maturity on October 31, 2029. The note is secured by a deed of trust on the property purchased with the note. As of June 30, 2024, the note has a principal balance of $1,000,000.

The carrying value of the note is reduced by unamortized loan fees of $12,373 as of June 30, 2024.

On April 30, 2024, the Organization entered into a financing agreement for $500,000 with an interest rate of 3.00%. Interest payments of $1,250 are due monthly through April 30, 2027 and then principal and interest payments of $17,320 are due. Remaining principal and any accrued and unpaid interest is due at maturity on October 31, 2029. The note is secured by a deed of trust on the property purchased with the note. As of June 30, 2024, the note has a principal balance of $500,000. The carrying value of the note is reduced by unamortized loan fees of $7,250 as of June 30, 2024.

On April 26, 2024, the Organization entered into a financing agreement for $250,000 with an interest rate of 3%. Interest payments of $1,875 are due quarterly and principal plus any accrued and unpaid interest is due at maturity on October 26, 2029. As of June 30, 2024, the note has a principal balance of $250,000. The carrying value of the note is reduced by unamortized loan fees of $4,838 as of June 30, 2024.

*SCI – 918 Raymond, LLC*

On August 30, 2023, the Organization entered into an unsecured financing agreement for $600,000 with a trust for which a board member of the Organization is a trustee with an interest rate of 4.05%. Interest payments of $12,150 are due semi-annually and principal plus any accrued and unpaid interest is due at maturity on August 29, 2027. As of June 30, 2024, the note has a principal balance of $600,000.

*SCI – 1550 Elmira, LLC*

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, 2024 and 2023, the note has a principal balance of $260,200. The carrying value of the note is reduced by unamortized loan fees of $1,732 and $3,118 as of June 30, 2024 and 2023, respectively.

*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% and due at the earlier of the disposition of the 38th and Holly property or December 31, 2023. The note was amended and is now due December 31, 2024. The balance due as of June 30, 2024 and 2023 is $100,000.

The Organization entered into a note payable with a related party during the year ended June 30, 2022 for $25,000. During the year ended June 30, 2023, the organization increased the amount of the note by $30,000. The note is non-interest bearing and has no stated repayment terms. The note was partially repaid and partially forgiven during the year ended June 30, 2024.

The Organization entered into a note payable with a related party during the year ended June 30, 2023 for $25,000. The note is non-interest bearing and has no stated repayment terms. The balance due as of June 30, 2024 and 2023 is $25,000.

See SCI – 918 Raymond, LLC above for a note payable to a trust for which a board member of the Organization is trustee.

Future minimum payments on all notes payable are as follows for the years ending June 30:

| | |
|---|---|
| 2025 | $ 125,000 |
| 2026 | 260,200 |
| 2027 | 56,416 |
| 2028 | 1,294,497 |
| 2029 | 6,750,033 |
| Thereafter | 4,415,054 |
| Total | $ 12,901,200 |

## 6. IN-KIND CONTRIBUTIONS OF REAL ESTATE

In-kind contributions of real estate consist of the following for the year ended June 30, 2024:

| | Revenue Recognized | Utilization in Programs / Activities | Donor Restriction | Valuation Techniques / Inputs |
|---|---|---|---|---|
| Modular homes | $ 222,965 | Real estate donation program | None | Comparable home sales |
| 472 N Broadway | 114,352 | Real estate donation program | None | Comparable property sales |
| 1108 Forest | 25,500 | Real estate donation program | None | Appraisal |
| 8701 Huron | 7,480 | Real estate rescue program | None | Comparable home sales |
| Total | $ 370,297 | | | |

## 7. LEASES

*Real Estate Held for Sale*

472 N Broadway is leased to a tenant for $3,250 per month through December 31, 2028. 918 Raymond is leased to a tenant for $3,000 per month through September 30, 2024.

*Property*

Capitol City Mobile Home Park leases mobile home sites to residents under one year agreements. 1550 Elmira is leased to a tenant through September 30, 2024 and the tenant has an option to purchase the real estate.

## 8. RELATED PARTY TRANSACTIONS

During the year ended June 30, 2024, services related to acquisition of real estate were provided by an entity owned by the CEO of the Organization. Revenue of $130,000 was recognized because the services would have needed to be purchased if not donated. The cost of the services was capitalized as part of the property acquisition cost.

See note 5 for notes payable to related parties. The Organization reimburses an entity owned by the CEO of the Organization for employee compensation, accounting and bookkeeping services and real estate/project management services. Reimbursements totaled $316,762 and $164,921 during the years ended June 30, 2024 and 2023, respectively.

## 9. SUBSEQUENT EVENTS

On September 20, 2024 the Organization sold the 918 Raymond property for $610,000.

# SHARING CONNEXION, INC. AND AFFILIATES

## SUPPLEMENTAL INFORMATION

## SHARING CONNEXION, INC. AND AFFILIATES

### SUPPLEMENTAL STATEMENT OF FINANCIAL POSITION – CAPITOL CITY MOBLE HOME PARK
### JUNE 30, 2024

| | | |
|---|---|---|
| **ASSETS** | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | $ | 134,727 |
| Restricted cash | | 82,361 |
| Tenant receivable | | 1,181 |
| Prepaid expenses | | 16,004 |
| Total current assets | | 234,273 |
| PROPERTY, NET | | 11,681,098 |
| TOTAL ASSETS | $ | 11,915,371 |
| **LIABILITIES AND NET ASSETS** | | |
| CURRENT LIABLIITIES | | |
| Accounts payable and accrued expenses | $ | 59,659 |
| Interest payable | | 43,563 |
| Tenant security deposits | | 7,550 |
| Due to SCI, LLC | | 10,110 |
| Total current liabilities | | 120,882 |
| Notes payable - long term debt, net | | 11,343,126 |
| Total liabilities | | 11,464,008 |
| NET ASSETS | | |
| Without donor restrictions | | 451,363 |
| Total net assets | | 451,363 |
| TOTAL LIABILITIES AND NET ASSETS | $ | 11,915,371 |

## SHARING CONNEXION, INC. AND AFFILIATES

### SUPPLEMENTAL STATEMENT OF ACTIVITIES – CAPITOL CITY MOBLE HOME PARK
### FOR THE YEAR ENDED JUNE 30, 2024

| | |
|---|---|
| REVENUES | |
| Contributions and grants | $ 262,708 |
| Rental revenue | 146,730 |
| Interest Income | 2,836 |
| Other | 2,314 |
| Total revenues | 414,588 |
| EXPENSES | |
| Interest expense | 100,898 |
| Reimbursable expenses | 50,039 |
| Management fees | 13,515 |
| Utilities | 11,543 |
| Amortization expense | 11,134 |
| Repairs and maintenance | 7,975 |
| Depreciation expense | 5,301 |
| Insurance | 3,201 |
| Real estate taxes | 1,126 |
| Other | 1,618 |
| Total expenses | 206,350 |
| CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTION | $ 208,238 |