

**Secured Finance Foundation
Financial Statements
September 30, 2025 and 2024
With Independent Auditor's Report**

Secured Finance Foundation
Table of Contents
September 30, 2025 and 2024

Independent Auditor's Report 1

Statements of Financial Position 3

Statements of Activities and Changes in Net Assets 4

Statements of Functional Expenses 5

Statements of Cash Flows 7

Notes to Financial Statements 8

Independent Auditor's Report

To the Board of Directors of
Secured Finance Foundation:

Opinion

We have audited the financial statement of Secured Finance Foundation (the "Foundation"), which comprise the statement of financial position as of September 30, 2025, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Secured Finance Foundation as of September 30, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Secured Finance Foundation 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.

Other Matter

The financial statements of the Foundation as of and for the year ended September 30, 2024, were audited by Freed Maxick, P.C. On August 1, 2025, Freed Maxick, P.C. joined WithumSmith+Brown, PC. Freed Maxick, P.C. expressed an unmodified opinion on those statements dated December 20, 2024.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Foundation's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 Foundation'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 Foundation'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.

Withum Smith + Brown, PC

February 12, 2026

**Secured Finance Foundation
Statements of Financial Position
September 30, 2025 and 2024**

	2025	2024
Assets		
Cash and cash equivalents	\$ 295,361	\$ 242,462
Investments, at fair value	276,633	317,884
Events receivable, net	14,000	33,800
Contributions receivable, net	7,000	3,950
Prepaid expenses	3,645	295
Due from related party	259,612	86,929
Total assets	\$ 856,251	\$ 685,320
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ -	\$ 48,000
Deferred revenue, events	13,000	46,000
Total liabilities	13,000	94,000
Net assets		
Net assets without donor restrictions	843,251	591,320
Total liabilities and net assets	\$ 856,251	\$ 685,320

The Notes to Financial Statements are an integral part of these statements.

Secured Finance Foundation
Statements of Activities and Changes in Net Assets
Years Ended September 30, 2025 and 2024

	2025	2024
Revenue and support		
Contributions	\$ 530,161	\$ 502,225
Events	310,350	252,050
Survey revenue	47,500	-
Total revenue and support	<u>888,011</u>	<u>754,275</u>
Expenses		
Program services		
Conventions and conferences	10,000	8,000
Educational programs	100,041	100,008
Foundation events	205,632	193,849
Survey	36,900	-
Total program services	<u>352,573</u>	<u>301,857</u>
Support services		
Management and general	318,193	276,438
Total expenses	<u>670,766</u>	<u>578,295</u>
Change in net assets from operations	217,245	175,980
Non-operating activities		
Other income	2,500	28,835
Interest and net investment return	1,572	(74)
Unrealized gain on investments	15,392	34,663
Realized gain on investments	15,222	7,510
Total non-operating activities	<u>34,686</u>	<u>70,934</u>
Change in net assets	251,931	246,914
Net assets		
Beginning of year	591,320	344,406
End of year	<u>\$ 843,251</u>	<u>\$ 591,320</u>

The Notes to Financial Statements are an integral part of these statements.

**Secured Finance Foundation
Statement of Functional Expenses
Year Ended September 30, 2025**

	Conventions	Educational Programs	Foundation Events	Survey	Total Program	Management and General	Total
Professional fees - other	\$ -	\$ -	\$ -	\$ 36,900	\$ 36,900	\$ 179,000	\$ 215,900
Meeting facility costs	-	-	149,987	-	149,987	-	149,987
Personnel, travel, insurance, and professional fees (related party reimbursement)	-	100,008	-	-	100,008	-	100,008
Salaries and benefits (related party reimbursement)	-	-	-	-	-	69,996	69,996
Charitable contributions	10,000	-	10,000	-	20,000	20,000	40,000
Office rent (related party reimbursement)	-	-	-	-	-	30,000	30,000
Audio/Visual	-	-	29,813	-	29,813	-	29,813
Bad debt expense	-	-	-	-	-	8,250	8,250
Marketing and promotions	-	-	6,565	-	6,565	-	6,565
Accounting and audit fees	-	-	-	-	-	4,700	4,700
Event entertainment	-	-	3,697	-	3,697	-	3,697
D&O insurance	-	-	-	-	-	3,562	3,562
Professional development	-	-	-	-	-	2,350	2,350
Awards	-	-	2,258	-	2,258	-	2,258
Photography	-	-	1,813	-	1,813	-	1,813
Miscellaneous event expenses	-	-	904	-	904	-	904
Travel - other	-	-	506	-	506	-	506
Other insurance	-	-	-	-	-	295	295
Printing and copying	-	-	53	-	53	-	53
Bank and service charges	-	-	-	-	-	40	40
Other expenses	-	-	36	-	36	-	36
Software license fees	-	33	-	-	33	-	33
Total expenses	\$ 10,000	\$ 100,041	\$ 205,632	\$ 36,900	\$ 352,573	\$ 318,193	\$ 670,766

The Notes to Financial Statements are an integral part of this statement.

**Secured Finance Foundation
Statement of Functional Expenses
Year Ended September 30, 2024**

	Conventions	Educational Programs	Foundation Events	Total Program	Management and General	Total
Professional fees - other	\$ -	\$ -	\$ -	\$ -	\$ 160,915	\$ 160,915
Meeting facility costs	-	-	120,591	120,591	-	120,591
Personnel, travel, insurance, and professional fees (related party reimbursement)	-	100,008	-	100,008	-	100,008
Salaries and benefits (related party reimbursement)	-	-	-	-	69,996	69,996
Audio/Visual	-	-	35,789	35,789	-	35,789
Charitable contributions	8,000	-	7,695	15,695	16,250	31,945
Office rent (related party reimbursement)	-	-	-	-	30,000	30,000
Miscellaneous event expenses	-	-	16,740	16,740	-	16,740
Awards	-	-	243	243	4,420	4,663
Event reception	-	-	4,260	4,260	-	4,260
D&O insurance	-	-	-	-	3,459	3,459
Printing and copying	-	-	2,946	2,946	-	2,946
Marketing and promotions	-	-	1,732	1,732	-	1,732
Travel - other	-	-	1,382	1,382	-	1,382
Bank and service charges	-	-	-	-	1,133	1,133
Event advertising & promotion	-	-	855	855	-	855
Event entertainment	-	-	854	854	-	854
Hotel - meeting facility	-	-	762	762	-	762
Other insurance	-	-	-	-	590	590
Other expenses	-	-	-	-	125	125
Bad debt recovery	-	-	-	-	(10,450)	(10,450)
Total expenses	\$ 8,000	\$ 100,008	\$ 193,849	\$ 301,857	\$ 276,438	\$ 578,295

The Notes to Financial Statements are an integral part of this statement.

Secured Finance Foundation
Statements of Cash Flows
Years Ended September 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Operating activities		
Change in net assets	\$ 251,931	\$ 246,914
Adjustment to reconcile change in net assets to net cash and cash equivalents (used in) provided by operating activities		
Realized gain on sale of investments	(15,222)	(7,510)
Unrealized gain on investments	(15,392)	(34,663)
Bad debt (recovery) expense	8,250	(10,450)
Change in assets		
Events receivable	9,500	(9,800)
Contributions receivable	(1,000)	91,500
Prepaid expenses	(3,350)	1,900
Due from related party	(172,683)	(86,929)
Change in liabilities		
Accounts payable and accrued expenses	(48,000)	48,000
Due to related party	-	(176,518)
Deferred revenue, events	(33,000)	25,500
Net cash (used in) provided by operating activities	<u>(18,966)</u>	<u>87,944</u>
Investing activities		
Proceeds from sale of investments	362,328	411,539
Purchase of investments	(290,463)	(407,744)
Net cash provided by investing activities	<u>71,865</u>	<u>3,795</u>
Net change in cash and cash equivalents	52,899	91,739
Cash and cash equivalents		
Beginning of year	242,462	150,723
End of year	<u>\$ 295,361</u>	<u>\$ 242,462</u>

The Notes to Financial Statements are an integral part of these statements.

Secured Finance Foundation Notes to Financial Statements September 30, 2025 and 2024

1. Nature of Operations

Secured Finance Foundation (the "Foundation") was incorporated in the state of Delaware in 1990 and is a not-for-profit Foundation exempt from Federal taxes under Sections 501 of the Internal Revenue Code.

The Foundation was formed primarily to raise funds for the development of asset-based lending and factoring educational programs for Secured Finance Network, Inc. ("SFN"). Over the years, the Foundation has been supported, not only financially, but with the time and efforts of some of the more significant institutions and individuals in the industry, in particular, the consultants, accountants, field examiners, appraisers, and lawyers that are a critical part of the day-to-day business of SFN.

Thanks to such support, the Foundation has been essential in funding, among other things: the development of new education programs, industry studies, marquee speakers at major SFN events and educational programs at the chapter level.

2. Summary of Significant Accounting Policies

a. Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

b. Accounting Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Significant estimates include the fair value of investments, the valuation of receivables and the allocation of functional expenses. Actual results could differ from those estimates.

c. Net Assets

Financial reporting by not-for-profit organizations requires that resources be classified for accounting and reporting purposes into net asset categories according to donor-imposed restrictions.

The net assets of the Foundation are reported as follows:

Without Donor Restrictions: Net assets that are not restricted by donor-imposed stipulations and are available for the general operations of the Foundation. Net assets without donor restrictions may be designated for specific purposes by the Foundation or may be limited by contractual agreements with outside parties. In addition, net assets without donor restrictions includes board-designated endowment funds.

With Donor Restrictions: Net assets subject to donor-imposed restrictions that will be met either by the actions of the Foundation or through the passage of time. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. All donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from donor restrictions.

Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the Foundation, unless the donor provides more specific directions about the period of its use. There are no net assets with donor restrictions at September 30, 2025 and 2024.

**Secured Finance Foundation
Notes to Financial Statements
September 30, 2025 and 2024**

d. Allocation of Functional Expenses

The costs of providing program and supporting services have been summarized on a functional basis in the statements of activities and changes in net assets and detailed within the statements of functional expenses. Expenses directly attributed to a specific function are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated based on time and effort or other reasonable allocation bases such as usage, space, and cost-driver analysis, depending on the nature of the expense.

Management and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Foundation.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The Foundation generally does not conduct its fundraising activities in conjunction with its other activities.

e. Cash Equivalents

The Foundation considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. At September 30, 2025 and 2024, cash equivalents consisted primarily of money market accounts.

f. Investments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return is reported in the statements of activities and changes in net assets and consists of interest and dividend income, realized and unrealized gains and losses, less investment expenses. The Foundation's investments consist of exchange traded funds, which are publicly traded on national securities exchanges and have readily available quoted market values.

The Foundation's investments are managed in accordance with a formal investment policy approved by the Finance Committee, which emphasizes preservation of capital, liquidity, and long-term asset growth. The portfolio is allocated among equity, fixed income, and cash asset classes within defined target ranges, and prohibits speculative investments, private placements, derivatives (except within mutual funds for risk management), and other high-risk activities. Investment performance and allocation are reviewed quarterly and rebalanced as needed to remain within policy guideline.

g. Contributions and Events Receivable

The Foundation records contributions and events receivable that are expected to be collected within one year at net realizable value. The Foundation monitors the collectability of these receivables, and an allowance is recorded based on historical experience and a review of subsequent collections.

The net contributions receivable at September 30, 2025 amounted to \$7,000 (\$3,950 - 2024). The Foundation expects to collect all contributions receivable within one year. Management has determined that an allowance for doubtful accounts of \$38,800 was necessary as of September 30, 2025 (\$30,550 - 2024).

The net events receivables at September 30, 2025 amounted to \$14,000 (\$33,800 - 2024). The Foundation expects to collect all events receivable within one year. Management has determined that an allowance for doubtful accounts of \$10,300 was necessary as of September 30, 2025. Allowance for doubtful accounts was not necessary as of September 30, 2024.

**Secured Finance Foundation
Notes to Financial Statements
September 30, 2025 and 2024**

h. Concentration of Credit Risk

Financial instruments that potentially subject the Foundation to concentrations of credit risk primarily consist of cash and cash equivalents, and investments. The Foundation places its cash and cash equivalents with high credit quality financial institutions. Cash balances are insured by the FDIC up to \$250,000 per depositor; however, at times, such balances with any one financial institution may be in excess of FDIC insurance limits. Any loss incurred or a lack of access to such funds could have a significant adverse impact on the Foundation's financial position, result of its activities, and cash flows. The Foundation's cash balance on deposit at September 30, 2025 and 2024 did not exceed the balance insured by the FDIC.

i. Revenue Recognition

The Foundation adheres to Accounting Standards Update 2014-09 (ASC 606) Revenue from Contracts with Customers. ASC 606 requires an entity to recognize revenue to depict the transfer of control of services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those services. A performance obligation is a promise in a contract to transfer a distinct service to a customer. The Foundation recognizes revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. Revenue from contracts with customers are treated as revenues without donor restrictions.

The timing of revenue recognition may not align with the right to invoice the customer. The Organization records accounts receivable when it has the unconditional right to issue an invoice and receive payment, regardless of whether revenue has been recognized. If revenue has not yet been recognized, a contract liability (deferred revenue) also is recorded. If revenue is recognized in advance of the right to invoice, a contract asset (unbilled receivable) is recorded. There were no balances as of September 30, 2023.

Survey revenue is accounted for as a performance obligation satisfied at a point in time. The performance obligation is considered fulfilled when control of the survey results transfers to the customer, which occurs upon delivery or availability of the completed survey report. At that point, the Foundation has no further performance obligations associated with the sale.

Other income consists primarily of auction proceeds from the annual convention, which are recognized upon the occurrence of the sponsored event.

Disaggregation of revenue: In the following table, revenue is disaggregated by timing of satisfaction of performance obligations for the years ended September 30:

	2025	2024
Performance obligations satisfied at a point in time		
Survey revenue	\$ 47,500	\$ -
Other income	2,500	28,835
	<u>\$ 50,000</u>	<u>\$ 28,835</u>

**Secured Finance Foundation
Notes to Financial Statements
September 30, 2025 and 2024**

j. Contributions and Nonexchange Transactions

The Foundation recognizes revenue from contributions in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958-605, Not-for-Profit Entities—Revenue Recognition. The Foundation recognizes all unconditional contributions received as revenue in the period received. Conditional promises to give, that is, those with a measurable performance or other measurable barrier, and a right of return or release, are not recognized in revenue until the conditions on which they depend have been substantially met. The Foundation holds events for which revenue is recorded as a nonexchange transaction. The Foundation has determined the donor does not receive anything of commensurate value in exchange for their contribution. Therefore, these transactions are accounted for as contributions rather than exchange revenue. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions which increases that net asset class when a restriction is fulfilled. Net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. There were no assets with donor restrictions as of September 30, 2025 and 2024.

k. Risks and Uncertainties

The Foundation attempts to diversify its investment portfolios. Investment securities are exposed to various risks, such as interest rates, market, and credit risks. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in value of investment securities, it is at least possible that changes in risks in the near term could materially affect investment balances, as reported. The financial markets' volatility may significantly impact the subsequent valuation of the Foundation's investments. Accordingly, the valuation of investments at September 30, 2025 and 2024 may not necessarily be indicative of amounts that could be realized in a current market exchange.

l. Income Taxes

The Foundation is exempt from federal income tax under Section 501(c)(3) of the United States Internal Revenue Code and exempt from state income taxes under state law, and no provision for such income tax has been reflected in the accompanying financial statements. The Foundation has evaluated uncertain tax positions with respect to its operations and concluded there are no such positions at September 30, 2025 and 2024. The Foundation did not recognize any tax-related interest or penalties during the periods presented in these financial statements.

m. Advertising Costs

Advertising costs are expensed as incurred. There was no advertising expense for the year ended September 30, 2025. Advertising expense was \$855 for the year ended September 30, 2024.

n. Prior Year Reclassification

Certain prior year amounts have been reclassified to conform to the current year presentation. These reclassifications had no effect on previously reported net assets.

o. Subsequent Events

In preparing these financial statements, the Foundation has evaluated all events and transactions for potential recognition or disclosure through February 12, 2026, which is the date these financial statements were available to be issued.

**Secured Finance Foundation
Notes to Financial Statements
September 30, 2025 and 2024**

3. Liquidity and Availability

As of September 30, 2025 and 2024, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses and fulfillment of liabilities, were as follows:

	2025	2024
Financial assets		
Cash and cash equivalents	\$ 295,361	\$ 242,462
Events receivable, net	14,000	33,800
Contributions receivable, net	7,000	3,950
Investments	276,633	317,884
Amount available for general expenditures within one year	\$ 592,994	\$ 598,096

To help manage unanticipated liquidity needs, the Foundation has the ability to receive support from SFN.

4. Fair Value Measurements

GAAP establishes a fair value hierarchy that requires companies to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. GAAP's valuation techniques are based on observable and unobservable inputs. Observable inputs reflect readily obtainable data from independent sources, while unobservable inputs reflect the Foundation's market assumptions. GAAP classifies these inputs into the following hierarchy:

Level 1 - Quoted market prices in active markets for identical assets or liabilities.

Level 2 - Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3 - Unobservable inputs that are not corroborated by market data.

Following is a description of the valuation methodologies used at September 30, 2025 and 2024.

U.S. Treasury Bills: Valued at the closing price reported on the active market on which the individual U.S. treasury bills are traded.

Exchange Traded Funds: Valued at the closing price reported on the active market on which the individual securities are traded.

The following tables set forth financial assets measured at fair value in the statements of financial position and the respective levels to which the fair value measurements are classified within the fair value hierarchy as of September 30, 2025 and 2024:

	Assets at Fair Value as of September 30, 2025			
	Level 1	Level 2	Level 3	Total
U.S. Treasury Bills	\$ 107,119	\$ -	\$ -	\$ 107,119
Exchange traded funds	169,514	-	-	169,514
	\$ 276,633	\$ -	\$ -	\$ 276,633

**Secured Finance Foundation
Notes to Financial Statements
September 30, 2025 and 2024**

Assets at Fair Value as of September 30, 2024

	Level 1		Level 2		Level 3		Total
U.S. Treasury Bills	\$ 161,868	\$	-	\$	-	\$	161,868
Exchange traded funds	156,016		-		-		156,016
	\$ 317,884	\$	-	\$	-	\$	317,884

5. Related Party Transactions

SFN performs administrative and facility services on behalf of the Foundation for a contracted amount. Related contracted services expense for facility service provided by SFN amounted to approximately \$30,000 for the years ended September 30, 2025 and 2024.

The Foundation also incurs fees payable to SFN in the amount of approximately \$170,000 for the years ended September 30, 2025 and 2024 for services rendered in connection with staff salary and benefits, other personnel expenses, insurance, travel and professional fees.

Accounts receivable from related party represents amounts due from SFN. These amounts are non-interest bearing and are expected to be paid within the next year. Due from related party for the year ended September 30, 2025 amounted to \$259,612 (\$86,929 - 2024).

Accounts payable to related party represents amounts owed to SFN. These amounts are non-interest bearing and are expected to be repaid within the next year. There were no due to related party amounts for the years ended September 30, 2025 and 2024.