

**Secured Finance Network, Inc. and Affiliate
Consolidated Financial Statements
September 30, 2025 and 2024
With Independent Auditor's Report**

Secured Finance Network, Inc. and Affiliate
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September 30, 2025 and 2024

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Independent Auditor's Report

To the Board of Directors of
Secured Finance Network, Inc. and Affiliate:

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Secured Finance Network, Inc. and Affiliate as of September 30, 2025, 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

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 Consolidated Financial Statements section of our report. We are required to be independent of the Association 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 consolidated financial statements of the Association 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 consolidated statements dated December 20, 2024.

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Withum Smith & Brown, PC

February 12, 2026

Secured Finance Network, Inc. and Affiliate
Consolidated Statements of Financial Position
September 30, 2025 and 2024

	2025	2024
Assets		
Current assets		
Cash and cash equivalents	\$ 2,141,832	\$ 1,683,414
Contributions receivables, net	21,000	37,750
Accounts receivable, net	246,389	254,901
Due from related parties	75,194	73,444
Investments	4,188,376	4,486,373
Other assets	3,318	3,318
Prepaid expenses	897,747	780,711
Total current assets	7,573,856	7,319,911
Property and equipment, net	60,634	73,273
Right-of-use assets - finance lease	15,301	21,811
Right-of-use assets - operating leases	157,930	386,276
Total assets	\$ 7,807,721	\$ 7,801,271
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 612,444	\$ 508,189
Current portion of long-term debt	56,126	54,605
Current finance lease liability	6,541	6,292
Current operating lease liability	177,668	253,343
Deferred revenue, other	126,603	121,608
Deferred revenue, conventions and conferences	1,873,900	1,982,282
Deferred revenue, membership	865,048	780,507
Deferred revenue, events	13,000	46,000
Total current liabilities	3,731,330	3,752,826
Long-term debt	1,844,897	1,901,023
Accrued pension and other post-employment benefits	66,057	30,839
Lease liability for finance lease	9,663	16,253
Lease liability for operating lease	-	177,659
Total liabilities	5,651,947	5,878,600
Net assets		
Without donor restrictions	2,155,774	1,922,671
Total liabilities and net assets	\$ 7,807,721	\$ 7,801,271

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

**Secured Finance Network, Inc. and Affiliate
Consolidated Statements of Activities and Changes in Net Assets
Years Ended September 30, 2025 and 2024**

	2025	2024
Revenue and support		
Conventions and conferences	\$ 3,697,452	\$ 3,448,542
Survey revenue	47,500	-
Events	310,350	252,050
Contributions	530,161	502,225
Contributed services	319,950	309,000
Chapter	9,000	12,000
Membership	1,988,722	1,877,120
Publications	492,413	533,424
Education	245,320	226,723
Total revenue and support	<u>7,640,868</u>	<u>7,161,084</u>
Expenses		
Program services		
Conventions and conferences	3,240,945	3,296,761
Publications	601,894	584,278
Educational programs	530,473	474,677
Foundation events	205,632	193,849
Members	491,278	402,749
Total program services	<u>5,070,222</u>	<u>4,952,314</u>
Support services		
Management and general	2,508,766	2,317,452
Total expenses	<u>7,578,988</u>	<u>7,269,766</u>
Changes in net assets from operations	<u>61,880</u>	<u>(108,682)</u>
Non-operating activities		
Other income	2,500	28,575
Interest and net investment return	87,856	89,853
Realized gain on investments	90,081	109,295
Unrealized gain on investments	34,530	193,069
Change in pension funded status	(43,744)	47,785
Total nonoperating activities	<u>171,223</u>	<u>468,577</u>
Changes in net assets without donor restrictions	233,103	359,895
Net assets without donor restrictions		
Beginning of year	1,922,671	1,562,776
End of year	<u>\$ 2,155,774</u>	<u>\$ 1,922,671</u>

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

**Secured Finance Network, Inc. and Affiliate
Consolidated Statement of Functional Expenses
Year Ended September 30, 2025**

	Conventions and Conferences	Publications	Educational Programs	Foundation Events	Members	Total Program	Management and General	Total
Salaries and wages	\$ 493,904	\$ 284,923	\$ 181,606	\$ -	\$ 252,985	\$ 1,213,418	\$ 569,907	\$ 1,783,325
Meals - meeting facilities	608,468	-	-	-	-	608,468	1,123	609,591
Professional fees - other	18,549	107	35,178	-	36,900	90,734	356,493	447,227
Meeting facility costs	280,619	-	-	149,987	358	430,964	-	430,964
Bonus	191,000	61,120	61,120	-	57,300	370,540	11,460	382,000
Marketing and promotions	224,406	2,834	-	6,565	7,000	240,805	101,044	341,849
Audio and visual	307,573	-	3,681	29,813	-	341,067	16	341,083
Contributed expenses	201,600	-	118,350	-	17,270	337,220	-	337,220
Legal - legislative	-	-	-	-	-	-	321,593	321,593
Lease expense	-	-	-	-	-	-	255,072	255,072
Accounting and audit fees	125,317	40,101	40,101	-	37,595	243,114	7,520	250,634
Software license fees	124	-	152	-	304	580	226,122	226,702
Commissions	113,832	16,669	-	-	6,211	136,712	-	136,712
Actuary	-	-	-	-	-	-	136,707	136,707
Instructor and speaker fees	117,104	-	12,600	-	-	129,704	-	129,704
Payroll taxes	64,126	20,520	20,520	-	19,238	124,404	3,848	128,252
Bank and service charges	-	-	-	-	255	255	121,006	121,261
Health Insurance	26,498	24,421	8,160	-	8,127	67,206	40,892	108,098
Legal - general	-	-	-	-	-	-	97,749	97,749
Printing and copying	19,990	72,818	-	53	103	92,964	-	92,964
Event reception	77,034	-	-	-	350	77,384	-	77,384
Miscellaneous event expenses	65,962	-	-	904	1,000	67,866	2,058	69,924
401(k) contribution	6,394	6,334	2,986	-	8,739	24,453	30,602	55,055
Interest expense	-	-	-	-	-	-	53,115	53,115
Bad debt expense	26,220	8,390	8,390	-	7,866	50,866	1,574	52,440
Office expenses	24,254	7,761	7,761	-	7,276	47,052	1,455	48,507
Charitable contributions	12,500	-	-	10,000	-	22,500	22,500	45,000
Travel - other	13,317	12	520	506	4,771	19,126	24,503	43,629
Other Insurance	1,902	892	1,065	-	534	4,393	38,102	42,495

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

**Secured Finance Network, Inc. and Affiliate
Consolidated Statement of Functional Expenses
Year Ended September 30, 2025**

	Conventions and Conferences	Publications	Educational Programs	Foundation Events	Members	Total Program	Management and General	Total
Hotel - meeting facility	\$ 30,882	\$ -	\$ -	\$ -	\$ -	\$ 30,882	\$ -	\$ 30,882
HSA contribution	14,795	4,734	4,734	-	4,439	28,702	888	29,590
Professional development	-	15	14,630	-	-	14,645	11,700	26,345
Hotel	14,962	-	-	-	837	15,799	10,511	26,310
Tournaments and tours	26,048	-	-	-	-	26,048	-	26,048
Postage and freight	-	25,842	-	-	-	25,842	202	26,044
Instructor and speaker expenses	24,831	-	-	-	-	24,831	-	24,831
Severance	24,500	-	-	-	-	24,500	-	24,500
Dues and subscriptions	781	418	380	-	3,686	5,265	18,040	23,305
Conference booths	20,366	-	-	-	-	20,366	-	20,366
Liability insurance	9,476	3,032	3,032	-	2,843	18,383	568	18,951
Telephone	8,150	2,608	2,608	-	2,445	15,811	489	16,300
Event entertainment	11,026	-	-	3,697	-	14,723	-	14,723
Contract labor	4,077	9,329	-	-	-	13,406	-	13,406
Airfare	4,418	-	282	-	130	4,830	8,444	13,274
Meals	3,909	-	125	36	466	4,536	8,729	13,265
D&O insurance	6,532	2,090	2,090	-	1,959	12,671	392	13,063
Depreciation	-	-	-	-	-	-	12,639	12,639
Meeting registration	6,450	-	265	-	125	6,840	2,349	9,189
Photography	-	4,639	-	1,813	-	6,452	-	6,452
Payroll processing	-	-	-	-	-	-	5,888	5,888
Awards	3,160	-	-	2,258	-	5,418	-	5,418
Event advertising and promotion	3,290	-	-	-	-	3,290	-	3,290
Publishing costs	-	2,459	-	-	-	2,459	-	2,459
Gifts	213	-	-	-	-	213	1,945	2,158
Event rental fee	2,042	-	-	-	-	2,042	-	2,042

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

**Secured Finance Network, Inc. and Affiliate
Consolidated Statement of Functional Expenses
Year Ended September 30, 2025**

	Conventions and Conferences	Publications	Educational Programs	Foundation Events	Members	Total Program	Management and General	Total
Miscellaneous expenses	\$ 132	\$ -	\$ 10	\$ -	\$ 127	\$ 269	\$ 1,077	\$ 1,346
Entertainment	202	-	127	-	39	368	411	779
State income tax	-	-	-	-	-	-	256	256
Computer accessories	10	21	-	-	-	31	46	77
Auto	-	-	-	-	-	-	33	33
Royalties	-	(195)	-	-	-	(195)	(302)	(497)
	<u>\$ 3,240,945</u>	<u>\$ 601,894</u>	<u>\$ 530,473</u>	<u>\$ 205,632</u>	<u>\$ 491,278</u>	<u>\$ 5,070,222</u>	<u>\$ 2,508,766</u>	<u>\$ 7,578,988</u>

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

**Secured Finance Network, Inc. and Affiliate
Consolidated Statement of Functional Expenses
Year Ended September 30, 2024**

	Conventions and Conferences	Publications	Educational Programs	Foundation Events	Members	Total Program	Management and General	Total
Salaries and wages	\$ 492,572	\$ 264,743	\$ 171,452	\$ -	\$ 225,302	\$ 1,154,069	\$ 578,249	\$ 1,732,318
Meals - meeting facilities	760,229	-	207	-	-	760,436	5,700	766,136
Professional fees - other	104,672	24	70,425	-	-	175,121	348,680	523,801
Legal - legislative	-	-	-	-	-	-	336,215	336,215
Bonus	167,925	53,736	53,736	-	50,378	325,775	10,075	335,850
Contributed expenses	249,340	-	64,200	-	-	313,540	-	313,540
Marketing and promotions	263,456	1,560	-	1,732	178	266,926	30,045	296,971
Accounting and audit fees	142,674	45,656	45,656	-	42,802	276,788	8,560	285,348
Audio and visual	237,990	-	10,454	35,789	-	284,233	864	285,097
Lease expense	-	-	-	-	-	-	257,201	257,201
Software license fees	918	261	130	-	109	1,418	184,535	185,953
Meeting facility costs	24,730	-	-	120,591	-	145,321	-	145,321
Instructor and speaker fees	136,542	-	-	-	-	136,542	-	136,542
Payroll taxes	61,668	19,734	19,734	-	18,501	119,637	3,699	123,336
Bank and service charges	-	-	-	-	-	-	120,653	120,653
Commissions	86,261	25,745	-	-	4,044	116,050	-	116,050
Hotel - meeting facility	104,669	-	-	762	-	105,431	-	105,431
Legal - general	-	-	-	-	-	-	105,365	105,365
Printing and copying	16,349	84,379	-	2,946	-	103,674	88	103,762
Health insurance	26,747	22,067	6,948	-	7,367	63,129	38,561	101,690
Event reception	81,916	-	25	4,260	205	86,406	-	86,406
Office expenses	28,409	9,091	9,091	-	8,523	55,114	1,703	56,817
Actuary	-	-	-	-	-	-	54,946	54,946
401(k) contribution	6,138	6,200	2,277	-	9,748	24,363	28,817	53,180
Tournaments and tours	51,205	-	-	-	-	51,205	-	51,205
Travel - other	26,727	-	292	1,382	2,056	30,457	17,761	48,218
Postage and freight	16,956	27,289	-	-	1,582	45,827	424	46,251
Interest expense	-	-	-	-	-	-	45,381	45,381
Miscellaneous event expenses	21,667	-	-	16,740	2,000	40,407	1,658	42,065

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

Secured Finance Network, Inc. and Affiliate
Consolidated Statement of Functional Expenses
Year Ended September 30, 2024

	Conventions and Conferences		Publications	Educational Programs		Foundation Events		Members	Total Program	Management and General		Total				
Conference booths	\$	31,280	\$	-	\$	-	\$	-	\$	8,446	\$	39,726	\$	-	\$	39,726
Severance		39,214		-		-		-		39,214		-		-		39,214
Charitable contributions		12,578		-		-		7,695		2,500		22,773		16,250		39,023
HSA contribution		17,315		5,541		5,541		-		5,194		33,591		1,038		34,629
Hotel		18,346		-		-		-		1,368		19,714		9,869		29,583
Other Insurance		7,171		20		1,022		-		143		8,356		21,147		29,503
Dues and subscriptions		937		133		2,208		-		3,489		6,767		21,187		27,954
Liability insurance		11,469		3,670		3,670		-		3,441		22,250		688		22,938
D&O insurance		10,623		3,399		3,399		-		3,187		20,608		637		21,245
Airfare		5,942		-		-		-		512		6,454		13,497		19,951
Depreciation		-		-		-		-		-		-		19,460		19,460
Telephone		9,053		2,897		2,897		-		2,716		17,563		542		18,105
Professional development		4,276		-		2,750		-		-		7,026		8,328		15,354
Contract labor		3,253		9,053		-		-		-		12,306		-		12,306
Meals		4,295		-		882		-		842		6,019		4,716		10,735
Instructor and speaker expenses		8,690		-		-		-		-		8,690		-		8,690
Awards		1,771		-		154		243		-		2,168		6,266		8,434
Entertainment		-		-		26		-		29		55		5,397		5,452
Payroll processing		-		-		-		-		-		-		4,559		4,559
Event advertising and promotion		2,416		-		-		855		-		3,271		-		3,271
Event rental fee		2,861		-		-		-		-		2,861		-		2,861
Event entertainment		1,548		-		-		854		-		2,402		-		2,402
Meeting registration		150		-		95		-		415		660		1,700		2,360
Miscellaneous expenses		128		-		-		-		104		232		2,054		2,286
Photography		1,340		825		-		-		-		2,165		-		2,165
Gifts		-		200		-		-		-		200		1,425		1,625
Publishing costs		-		821		-		-		-		821		-		821
Computer accessories		452		20		-		-		-		472		60		532

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

**Secured Finance Network, Inc. and Affiliate
Consolidated Statement of Functional Expenses
Year Ended September 30, 2024**

	Conventions and Conferences		Publications		Educational Programs		Foundation Events		Members		Total Program		Management and General		Total	
State income taxes	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	250	\$	250
Auto		-		-		-		-		-		-		83		83
Royalties		-		(192)		-		-		-		(192)		(394)		(586)
Bad debt recovery		(8,107)		(2,594)		(2,594)		-		(2,432)		(15,727)		(487)		(16,214)
	\$	3,296,761	\$	584,278	\$	474,677	\$	193,849	\$	402,749	\$	4,952,314	\$	2,317,452	\$	7,269,766

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

**Secured Finance Network, Inc. and Affiliate
Consolidated Statements of Cash Flows
Years Ended September 30, 2025 and 2024**

	2025	2024
Operating activities		
Change in net assets	\$ 233,103	\$ 359,895
Adjustment to reconcile change in net assets to net cash and cash equivalents (used in) provided by operating activities		
Depreciation and amortization	19,149	23,687
Realized gain on sale of investments	(90,081)	(109,295)
Unrealized gain on investments	(34,530)	(193,038)
Bad debt expense (recovery)	52,440	(16,214)
Change in pension funded status	43,744	(47,785)
Change in assets		
Accounts receivable	(35,678)	(45,536)
Events receivable	9,500	(9,800)
Contributions receivable	(1,000)	91,500
Prepaid expenses	(117,036)	(64,240)
Operating lease right-of-use assets	228,346	223,335
Due from related parties	(1,750)	(5,935)
Change in liabilities		
Accounts payable and accrued expenses	104,255	(123,730)
Deferred membership dues	84,541	4,806
Deferred revenue, convention	(108,382)	278,760
Deferred revenue, events	(33,000)	25,500
Deferred revenue, other	4,995	24,687
Lease liability for operating lease	(253,334)	(242,809)
Accrued pension and other post-employment benefits	(8,526)	(11,306)
Net cash provided by operating activities	<u>96,756</u>	<u>162,482</u>
Investing activities		
Proceeds from sale of investments	4,075,439	6,249,963
Purchase of investments	(3,652,831)	(6,050,815)
Net cash provided by investing activities	<u>422,608</u>	<u>199,148</u>
Financing activities		
Repayment on EIDL loan	(54,605)	(44,372)
Principal payments on finance lease	(6,341)	(3,493)
Net cash used in financing activities	<u>(60,946)</u>	<u>(47,865)</u>
Change in cash and cash equivalents	458,418	313,765
Cash and cash equivalents		
Beginning of year	1,683,414	1,369,649
End of year	<u>\$ 2,141,832</u>	<u>\$ 1,683,414</u>
Supplemental disclosure of cash flow information		
Cash paid during the year for		
Interest	<u>\$ 53,115</u>	<u>\$ 45,381</u>

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

Secured Finance Network, Inc. and Affiliate

Notes to Consolidated Financial Statements

September 30, 2025 and 2024

1. Organization and Nature of Operations

Secured Finance Network, Inc. ("SFN,") was incorporated in the state of Delaware on March 9, 1953 and is a not for profit organization exempt from Federal taxes under Section 501(c)(6) of the Internal Revenue Code.

Founded in 1944, SFN is an international trade organization headquartered in New York City and is dedicated to the asset-based lending and factoring service industries. SFN provides networking, education, and advocacy services to its clients, and has approximately 270 member companies and 21 chapters. Members include the asset-based lending arms of domestic and foreign commercial banks, small and large independent finance companies, factoring organizations and financing subsidiaries of major industrial corporations. SFN membership is by organization, not by individual, and is comprised of approximately 30% banks and 70% non-bank financial institutions.

SFN offers several publications, including The Secured Lender, which publishes eight (8) print issues per year that is devoted exclusively to the asset-based financial services industry. TSL Express email news bulletin, which is sent out daily, features links to breaking industry news, deals and personnel announcements and also features original content. Additionally, SFN's website, www.sfnet.com, contains industry information for its members and industry service providers, as well as those seeking financing. TSL's Deal Alert monthly newsletter informs readers of the most recent deals closed in the industry. The SFN Newsletter is another monthly publication, which covers all of SFN's events and latest offerings.

SFN conducts conventions, meetings and educational events throughout the year including but not limited to the Annual Convention; Asset-Based Capital Conference; and the Independent Finance and Factoring Roundtable.

Secured Finance Foundation (the "Foundation") was incorporated in the state of Delaware in 1990 and is a not for profit organization exempt from Federal taxes under Section 501(c)(3) 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 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 commercial finance.

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. Principles of Consolidation

The consolidated financial statements include the accounts of SFN and the Foundation (collectively the "Association"). All significant intercompany balances and transactions have been eliminated in consolidation.

b. Basis of Accounting

The consolidated financial statements of the Association 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").

c. 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 consolidated 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, the valuation of accrued pension, and the allocation of functional expenses. Actual results could differ from those estimates.

Secured Finance Network, Inc. and Affiliate Notes to Consolidated Financial Statements September 30, 2025 and 2024

d. 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 Association 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 Association. Net assets without donor restrictions may be designated for specific purposes by the Association 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 Association 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 consolidated 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 Association, 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.

e. Allocation of Functional Expenses

The costs of providing program and supporting services have been summarized on a functional basis in the consolidated statements of activities and changes in net assets and detailed within the consolidated 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. The expenses that are allocated include various overhead expenses, which are allocated based on space used or actual usage, as well as salaries, bonuses, and payroll taxes which are allocated on the basis of a percentage of time incurred. Every year the basis on which costs are allocated are evaluated.

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 Association.

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

f. Valuation of Long-lived Assets

The Association periodically evaluates the carrying value of long-lived assets to be held and used and long-lived assets to be disposed of when events and circumstances warrant such review. These evaluations and reviews are generally done in conjunction with the annual business planning cycle. If the carrying value of a long-lived asset is considered impaired, a loss is recognized in the following manner: (1) based on the amount by which the carrying value exceeds the fair value of the long-lived asset for assets to be held and used, or (2) the amount by which the carrying value exceeds the fair value less cost of asset disposal. Fair value is determined primarily using the anticipated cash flows. There have been no asset impairments at September 30, 2025 and 2024.

Secured Finance Network, Inc. and Affiliate Notes to Consolidated Financial Statements September 30, 2025 and 2024

g. Cash Equivalents

The Association 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.

h. Investments

Fair value is 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 consolidated statements of financial position. Net investment return is reported in the consolidated 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 Association's investments consist of U.S. Treasury Bills and, various exchange traded funds consisting of fixed income, domestic equities, and international equities that are purchased through mutual funds, closed end funds, and unit investment trusts, which are publicly traded on national securities exchanges and have readily available quoted market values.

Interest and investment income primarily include interest earned on long-term investment funds and fixed income securities and dividends earned on equity securities.

The Association'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.

i. Accounts Receivable

The Association carries its accounts receivable at amounts invoiced less an allowance for credit losses. Credit is extended primarily to its members for dues and services. The net receivables at September 30, 2025 amounted to \$246,389 (\$254,901 - 2024). On a periodic basis, the Association evaluates its allowance for credit losses, based upon history of past write-offs and collections and current and future economic conditions. Management has determined that an allowance for credit losses of \$78,361 was necessary as of September 30, 2025 (\$34,171 - 2024). Accounts receivable at September 30, 2023 amounted to \$227,601.

j. Contributions Receivable

The Association records contributions receivable, which includes events receivable, that are expected to be collected within one year at net realizable value. The Association 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 \$21,000 (\$37,750 - 2024). The Association 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).

k. Other Assets

Other assets are comprised of items available for sale on the SFN website.

l. Property and Equipment

Property and equipment are stated at cost. Depreciation and amortization is determined using the straight-line method over the estimated useful lives of the depreciable assets, which range from three to seven years.

The estimated useful lives of leasehold improvements are the lesser of the estimated life of the improvement or the remaining term of the lease.

Secured Finance Network, Inc. and Affiliate Notes to Consolidated Financial Statements September 30, 2025 and 2024

Major renewals and improvements that extend the useful life of the assets are capitalized while minor replacements, maintenance, and repairs are charged to current operations as incurred. Upon retirement or disposal of assets, the cost and related accumulated depreciation are removed from the consolidated statements of financial position and any gain or loss is reflected in the consolidated statements of activities and changes in net assets.

m. Deferred Membership Dues

Membership dues are received in advance and represent exchange transactions in which members receive commensurate value through access to membership benefits over the applicable membership period. Accordingly, membership dues are recognized as revenue over the period in which the related benefits are provided, generally on a straight-line basis. Amounts received in advance of the membership period are recorded as deferred membership dues and included in contract liabilities on the statement of financial position.

n. Deferred Convention and Conferences Revenue

Deferred convention and conferences revenue represents amounts collected and registrations that are noncancelable as of the years ended September 30, 2025 and 2024 relating to SFN's annual convention, which was held in November 2025 and November 2024, respectively. Deferred convention revenue amounted to \$1,873,900 as of September 30, 2025 (\$1,982,282 - 2024).

o. Deferred Event Revenue and Other Deferred Revenue

Deferred event revenue and other deferred revenue is comprised of amounts relating to deferred events; education revenue; magazine subscriptions; conference registrations; and customer credits. Deferred events revenue represents prepayments of registrants for SFN sponsored events being held subsequent to September 30, 2025, which amounted to \$13,000 (\$46,000 - 2024). Deferred education revenue represents prepayments of registrants for SFN sponsored educational seminars being held subsequent to September 30, 2025, which amounted to \$14,865 (\$6,240 - 2024). Deferred subscription revenue represents amounts billed or collected in advance for subscription services that had not yet been provided as of the reporting date, including invoices issued for pending subscription renewals and payments received for active subscriptions, which amounted to \$21,599 as of September 30, 2025 (\$50,272 - 2024). Customer credits are established upon either the cancellation of registrations for conferences and educational events after a specified date or the return of merchandise. These credits will expire over a twelve-month period and amounted to \$90,139 as of September 30, 2025 (\$65,096 - 2024).

p. Revenue Recognition

The Association 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 Association 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 Association 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. Ending balances as of September 30, 2023, were as follows:

Accounts receivable, net	\$ 203,601
Deferred revenue	2,596,644
	<u>\$ 2,800,245</u>

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For performance obligations related to membership dues, control transfers to the customer over time. Membership dues are recognized ratably over the membership period, which is typically one year, which begins in the first month of the member's anniversary period. The portion of dues that relates to a membership period extending beyond September 30, 2025 and 2024 is reported as deferred membership dues in the accompanying consolidated statements of financial position.

For performance obligations related to registration fees for conventions, conferences, other events, and educational seminars, control transfers to the customer at a point in time. Revenues from conventions, conferences, other events, and educational seminars are recognized in the period in which the event or seminar is held. The portion relating to an event or seminar that is held subsequent to September 30, 2025 and 2024 is reported as deferred revenue, other in the accompanying consolidated statements of financial position.

For performance obligations related to on-line sales of publications, revenue is recognized ratably over the subscription period, as control of the service transfers to the customer throughout that period. Access to the publications is considered transferred to the customer when login credentials or delivery mechanisms are made available. Because the product is delivered digitally, no returns reserve is necessary, and no right of return exists once access is granted.

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 and 2024:

	2025	2024
Performance obligations satisfied at a point in time		
Convention and conferences	\$ 3,697,452	\$ 3,448,542
Education	245,320	226,723
Survey revenue	47,500	-
Other income	11,500	40,575
	<u>4,001,772</u>	<u>3,715,840</u>
Performance obligations satisfied over time		
Member dues	1,988,722	1,877,120
Publications	492,413	533,424
	<u>2,481,135</u>	<u>2,410,544</u>
Total revenue subject to ASC 606	<u>\$ 6,482,907</u>	<u>\$ 6,126,384</u>

Secured Finance Network, Inc. and Affiliate Notes to Consolidated Financial Statements September 30, 2025 and 2024

q. Contributions and Nonexchange Transactions

The Association 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 Association 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 Association holds events for which revenue is recorded as a nonexchange transaction. The Association 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 statement of activities as net assets released from restrictions. There were no assets with donor restrictions as of September 30, 2025 and 2024. Donated services are recorded as revenue, along with the corresponding expenses, at the fair value of the services donated only for those contributed services that require specialized skills and are provided by individuals possessing those skills and that the Association would otherwise be required to purchase had they not been contributed.

r. Risks and Uncertainties

The Association 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 Association'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.

s. Concentration of Credit Risk

Financial instruments that potentially subject the Association to concentrations of credit risks primarily consist of cash and cash equivalents, investments, and accounts receivable. The Association 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. Furthermore, cash balances held by third parties, i.e., PayPal, Inc., are not covered under the FDIC Act unless PayPal acts as an agent for its customers and places funds into an FDIC insured institution. The Organization's cash balance on deposit at September 30, 2025 exceeded the balance insured by the FDIC by \$984.134 (\$573,846 - 2024).

t. Income Taxes

As stated in Note 1 to these consolidated financial statements, SFN and the Foundation are not for profit entities as described under Sections 501(c)(6) and Sections 501(c)(3), respectively, of the Internal Revenue Code.

SFN and the Foundation are exempt from federal income tax and state income taxes under state law, and no provision for such income tax has been reflected in the accompanying consolidated financial statements. The Association has evaluated uncertain tax positions with respect to its operations and concluded there are no such positions at September 30, 2025 and 2024. The Association did not recognize any tax-related interest or penalties during the period presented in these consolidated financial statements.

Secured Finance Network, Inc. and Affiliate
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u. Leases

The Association determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the Association obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Association also considers whether its service arrangements include the right to control the use of an asset.

The Association recognizes leases on its consolidated statements of financial position as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Leases are classified as either finance leases or operating leases based on certain criteria. Classification of the lease affects the pattern of expense recognition in the consolidated statements of activities and changes in net assets.

The Association made an accounting policy election available under ASC Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease. The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. To determine the present value of lease payments, the Association made an accounting policy election available to non-public companies to utilize its risk-free rate, which is aligned with the lease term at the lease commencement date (or remaining term for leases existing upon the adoption of ASC Topic 842).

Future lease payments may include fixed rent escalation clauses or payments that depend on an index (such as the consumer price index), which is initially measured using the index or rate at lease commencement. Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable they will be incurred.

The Association has made an accounting policy election to account for lease and non-lease components in its contracts as a single lease component for all leases. The non-lease components typically represent additional services transferred to the Association such as common area maintenance for real estate, which are variable in nature and recorded in variable lease expense in the period incurred.

v. 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.

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	\$ 2,141,832	\$ 1,683,414
Accounts receivable, net	246,389	254,901
Investments	4,188,376	4,486,373
Events receivable, net	14,000	33,800
Contributions receivable, net	7,000	3,950
Total financial assets and liquidity resources available within one year for general expenditure	\$ 6,597,597	\$ 6,462,438

Secured Finance Network, Inc. and Affiliate
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To help manage unanticipated liquidity needs, the Association has a committed line of credit with additional availability which it could draw upon (see Note 5).

4. Fair Value Measurements

U.S. 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. U.S. 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 Association's market assumptions. U.S. 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 consolidated 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:

	September 30, 2025			
	Level 1	Level 2	Level 3	Total
U.S. Treasury bills	\$ 3,615,585	\$ -	\$ -	\$ 3,615,585
Exchange traded funds	572,791	-	-	572,791
	<u>\$ 4,188,376</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,188,376</u>

	September 30, 2024			
	Level 1	Level 2	Level 3	Total
U.S. Treasury bills	\$ 3,982,653	\$ -	\$ -	\$ 3,982,653
Exchange traded funds	503,720	-	-	503,720
	<u>\$ 4,486,373</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,486,373</u>

Secured Finance Network, Inc. and Affiliate
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5. Line of Credit Agreement

Pursuant to an agreement with Merrill Lynch, the Association maintains a secured revolving line of credit, which is due on demand. The agreement enables the Association to borrow an amount equaling approximately sixty percent (60%) of the exchange traded funds balance, which changes daily and is based on the nature of the holdings, plus ninety-five percent (95%) of the preferred money deposit account. The borrowing base is further reduced by a standby letter of credit that is pledged as collateral against the account (see Note 8). In the event the value of the investments falls below the required minimum collateral, Merrill Lynch will initiate a collateral call to reinstate the borrowings to the values in the agreement. As of September 30, 2025, the line of credit allows for borrowings of up to approximately \$514,000 (\$765,000 - 2024). Interest is payable based on Daily Simple Secured Overnight Financing Rate (SOFR), which was 4.24% at September 30, 2025 (4.96% - 2024). There was no outstanding balance on the line as of September 30, 2025 and 2024.

6. Property and Equipment, Net

	2025	2024
Computer software	\$ 693,905	\$ 693,905
Furniture and fixtures	213,010	213,010
Leased equipment	179,783	179,783
Computer equipment	145,216	145,216
Leasehold improvements	123,759	123,759
Convention equipment	2,426	2,426
	<hr/> 1,358,099	<hr/> 1,358,099
Less: Accumulated depreciation and amortization	1,297,465	1,284,826
Total property and equipment, net	<hr/> \$ 60,634	<hr/> \$ 73,273

Depreciation expense for the year ended September 30, 2025 was \$12,639 (\$19,460 - 2024).

7. Leases

The Association leases office premises at 7 Penn Plaza, New York, NY under a non-cancelable operating lease that expires in May 2026. In addition to base rental payments, the lease generally provides the lessee to pay real estate taxes and certain other operating costs of the leased property. This lease agreement includes scheduled lease increases over the term of the lease, which in accordance with U.S. GAAP will be recognized on a straight-line basis over the term of the lease.

In lieu of a cash security deposit, an irrevocable standby letter of credit in the amount of \$175,000 be maintained in effect at all times during the term of lease or replaced with cash security. As the Association was not in default under the lease agreement after three years, the letter of credit was reduced to \$150,000 during the year ended September 30, 2013 (See Note 8).

Lease expense, which includes real estate taxes and certain other operating costs, under this lease was \$255,072 (\$257,201 - 2024) before the Foundation reimbursement of \$30,000 for each of the years ended September 30, 2025 and 2024. These expenses have been included in management and general expenses in the accompanying consolidated financial statements.

The Association also leases a copier under a finance lease agreement with an original term of 4 years. The Association's finance lease does not contain any material restrictive covenants or residual value guarantees.

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Weighted average lease terms and discount rates are as follows as of September 30, 2025 and 2024:

	2025	2024
Weighted-average remaining lease term		
Operating lease	0.7 years	1.7 years
Finance lease	2.4 years	3.4 years
	2025	2024
Weighted average discount rate		
Operating lease	4.01%	4.01%
Finance lease	3.88%	3.88%

Other information is as follows as of September 30, 2025 and 2024:

	2025	2024
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from finance leases	\$ 764	\$ 623
Financing cash flows from finance leases	\$ 6,341	\$ 3,493
Operating cash flows from operating lease	\$ 265,145	\$ 259,580

The aggregate future lease payments for operating and finance leases as of September 30, 2025 were as follows:

	Operating Lease	Finance Lease
2026	\$ 179,759	\$ 7,056
2027	-	7,056
2028	-	2,940
Total minimum lease payments	179,759	17,052
Less: Imputed interest	(2,091)	(848)
Lease liabilities at September 30, 2025	177,668	16,204
Less: Current portion	(177,668)	(6,541)
Non-current portion of lease liabilities	\$ -	\$ 9,663

8. Standby Letter of Credit

On April 10, 2008, the Association entered into an agreement with Merrill Lynch to establish an irrevocable standby letter of credit for an amount up to \$150,000, which is renewable annually and serves as a security deposit for the Association's general and executive office space (See Note 7).

**Secured Finance Network, Inc. and Affiliate
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9. Notes Payables

Notes payable consists of the following as of September 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
SBA - economic injury disaster loan	\$ 1,901,023	\$ 1,955,628
Less: Current portion, net	56,126	54,605
	<u>\$ 1,844,897</u>	<u>\$ 1,901,023</u>

On November 11, 2021, SFN was approved and received \$2,000,000, through U.S Small Business Administration ("SBA") authorized under Section 7(b) of the Small Business Act through a COVID-19 economic injury disaster loan ("EIDL"). Under the terms of the EIDL, monthly installment payments including principal and interest of \$8,975 began in December 2023. The balance of the principal and interest will be due in 30 years from the date of the promissory note and bears interest at 2.75%. The EIDL is collateralized by substantially all of the assets of SFN.

Future minimum payments SBA - economic injury disaster loan for years subsequent to September 30, 2025 are approximately as follows:

Year ending September 30,

2026	\$ 56,126
2027	57,689
2028	59,295
2029	60,947
2030	62,644
Thereafter	1,604,322
	<u>\$ 1,901,023</u>

10. Related Party Transactions

The Association, in the ordinary course of business, obtains from and grants cash advances to its local chapters. These advances are unsecured, non-interest bearing and have no terms of repayment. The balance as of September 30, 2025 amounted to \$75,194 (\$73,444 - 2024).

11. Commitments

The Association is obligated under an employment agreement with an officer effective April 12, 2021, continuing through September 30, 2027. The agreement provides for, among other things, duties of the officer, compensation, benefits, and criteria for incentive compensation.

12. Defined Contribution Plan

The Association is the sponsor and administrator of a defined contribution pension plan (the "Plan"). All employees of the Association are eligible to participate in the Plan after the first six (6) months of continuous full-time employment. The Association currently contributes three percent (3%) of each participating employee's annual salary toward this Plan. However, the Association may, at its discretion, terminate such contributions at any time and for any reason but such termination shall not affect any participating employee's right to contributions made prior to termination.

The participants are fully vested in all contributions made to the Plan. Contributions by the Association to the Plan for the year ended September 30, 2025 amounted to \$55,055 (\$53,180 - 2024) and are allocated to the various departments in the accompanying consolidated statements of activities and changes in net assets.

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13. Pension Benefits Plan

The employees of the Association are covered by a non-contributory defined benefit pension plan. All employees are eligible to participate after the attainment of age 21 and completion of one year of service. Benefits are based upon the average compensation of the last 5 years of employment. The plan was frozen as of October 1, 2007. The Association's funding policy is to annually contribute the amount necessary to meet the minimum funding requirements of ERISA.

The following tables summarize changes in the benefit obligation, the plan assets and the unfunded status of the Association's defined benefit pension plan, as well as the components of net periodic benefit costs, and key assumptions. The measurement dates for plan assets and obligations were September 30, 2025 and 2024.

The unfunded status of the plan as of September 30, 2025 and 2024 is as follows:

	2025	2024
Change in benefit obligation		
Benefit obligation at beginning of year	\$ 787,261	\$ 731,326
Interest cost	30,130	35,418
Actuarial loss	96,528	46,512
Less: Benefits paid	(37,428)	(25,995)
Benefit obligation at end of year	876,491	787,261
Change in plan assets		
Fair value of plan assets at beginning of year	756,422	641,396
Actual return on plan assets	84,890	134,109
Employer contributions prior to measurement date	6,550	6,912
Less: Benefits paid	(37,428)	(25,995)
Fair value of plan assets at end of year	810,434	756,422
Unfunded status	\$ (66,057)	\$ (30,839)

The following is information for the pension plan that has an accumulated benefit obligation in excess of plan assets at September 30, 2025 and 2024:

	2025	2024
Projected benefit obligation	\$ 876,491	\$ 787,261
Accumulated benefit obligation	\$ 876,491	\$ 787,261
Fair value of plan assets	\$ 810,434	\$ 756,422

Amounts recognized in accumulated net assets without donor restrictions related to the pension plan at September 30, 2025 and 2024 consist of:

	2025	2024
Recognized net actuarial loss	\$ 101,081	\$ 57,244
Total amount recognized	\$ 101,081	\$ 57,244

Secured Finance Network, Inc. and Affiliate
Notes to Consolidated Financial Statements
September 30, 2025 and 2024

	2025	2024
Components of net periodic benefit cost		
Interest cost on benefit obligation	\$ 30,130	\$ 35,418
Expected return on plan assets	(32,199)	(26,627)
Amortization of net loss	-	3,109
Pension cost (credit)	\$ (2,069)	\$ 11,900

Pension costs are included in non-operating in the consolidated statements of activities and changes in net assets.

The weighted average assumptions used to determine benefit obligations and net periodic benefit cost at September 30, 2025 and 2024 are as follows:

	2025	2024
Benefit obligations		
Discount rate	5.00%	4.50%
Rate of compensation increase	N/A	N/A
Net periodic benefit cost		
Discount rate	4.50%	5.75%
Rate of compensation	N/A	N/A
Excepted long-term rate of return on assets	5.00%	5.00%

Historical and future expected returns of multiple asset classes were analyzed to develop a risk-free real rate of return and risk premiums for each asset class. The overall rate for each asset class was developed by combining a long-term inflation component, the risk-free real rate of return, and the associated risk premium. A weighted average rate was developed based on those overall rates and the target asset allocation of the plan.

The plan's weighted average asset allocation by asset category is as follows:

	2025	2024
Cash and cash equivalents	16.43%	1.91%
Equities	64.53%	61.15%
Fixed income	19.04%	36.94%

The following benefit payments are expected to be paid approximately as follows:

2026	\$ 310,866
2027	44,784
2028	43,078
2029	41,087
Thereafter	308,931
	<u>\$ 748,746</u>

Secured Finance Network, Inc. and Affiliate
Notes to Consolidated Financial Statements
September 30, 2025 and 2024

The following table sets forth by level, within the fair value hierarchy as discussed in Note 4, the plan's assets at fair value as of September 30, 2025 and 2024:

	September 30, 2025			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 133,123	\$ -	\$ -	\$ 133,123
Equities	522,987	-	-	522,987
Fixed income mutual funds	154,324	-	-	154,324
Total assets at fair value	\$ 810,434	\$ -	\$ -	\$ 810,434

	September 30, 2024			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 14,482	\$ -	\$ -	\$ 14,482
Equities	462,538	-	-	462,538
Fixed income mutual funds	279,402	-	-	279,402
Total assets at fair value	\$ 756,422	\$ -	\$ -	\$ 756,422

14. Contributed Nonfinancial Assets

Contributed services are received by the Association and are reflected as nonfinancial contributed services recognized within the consolidated statements of activities and changes in net assets. Contributed nonfinancial assets recognized within the consolidated statements of activities and changes in net assets for the years ended September 30, 2025 and 2024 were as follows:

Non-financial contributions category	Type of contributions for beneficiaries	Valuation		
			2025	2024
Contributed services	Professional services for Standard industry education during events pricing for similar services	\$ 319,950	\$ 309,000	

The Organization recognized contributed nonfinancial assets as revenue. Contributed nonfinancial assets did not have donor-imposed restrictions.

A number of volunteers contribute significant time to various events and education seminars of the Association, which do not meet the criteria for recognition.

15. Subsequent Events

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

Supplementary Information

**Secured Finance Network, Inc. and Affiliate
Consolidating Statement of Financial Position
September 30, 2025**

	Total Consolidated			
	Secured Finance Network, Inc. 2025	Secured Finance Foundation 2025	Eliminating 2025	Total 2025
Assets				
Current assets				
Cash and cash equivalents	\$ 1,846,471	\$ 295,361	\$ -	\$ 2,141,832
Contributions receivable, net	-	21,000	-	21,000
Accounts receivable, net	246,389	-	-	246,389
Due from related parties	75,194	259,612	(259,612)	75,194
Investments	3,911,743	276,633	-	4,188,376
Other assets	3,318	-	-	3,318
Prepaid expenses	894,102	3,645	-	897,747
Total current assets	6,977,217	856,251	(259,612)	7,573,856
Property and equipment, net	60,634	-	-	60,634
Right-of-use assets, finance lease	15,301	-	-	15,301
Right-of-use assets, operating leases	157,930	-	-	157,930
Total assets	\$ 7,211,082	\$ 856,251	\$ (259,612)	\$ 7,807,721

See Independent Auditor's Report.

**Secured Finance Network, Inc. and Affiliate
Consolidating Statement of Financial Position
September 30, 2025**

	Total Consolidated			
	Secured Finance Network, Inc. 2025	Secured Finance Foundation 2025	Eliminating 2025	Total 2025
Liabilities and Net Assets				
Liabilities				
Current liabilities				
Accounts payable and accrued expenses	\$ 612,444	\$ -	\$ -	\$ 612,444
Current maturities of long-term debt	56,126	-	-	56,126
Current finance lease liability	6,541	-	-	6,541
Current operating lease liability	177,668	-	-	177,668
Deferred revenue	2,865,551	13,000	-	2,878,551
Due to related party	259,612	-	(259,612)	-
Total current liabilities	3,977,942	13,000	(259,612)	3,731,330
Long-term debt	\$ 1,844,897	\$ -	\$ -	\$ 1,844,897
Accrued pension and other post-employment benefits	66,057	-	-	66,057
Lease liability for finance lease	9,663	-	-	9,663
Total liabilities	5,898,559	13,000	(259,612)	5,651,947
Net assets				
Net assets without donor restrictions	1,312,523	843,251	-	2,155,774
Total liabilities and net assets	\$ 7,211,082	\$ 856,251	\$ (259,612)	\$ 7,807,721

See Independent Auditor's Report.

**Secured Finance Network, Inc. and Affiliate
Consolidating Statement of Financial Position
September 30, 2024**

	Total Consolidated			
	Secured Finance Network, Inc. 2024	Secured Finance Foundation 2024	Eliminating 2024	Total 2024
Assets				
Current assets				
Cash and cash equivalents	\$ 1,440,952	\$ 242,462	\$ -	\$ 1,683,414
Contributions receivable, net	-	37,750	-	37,750
Accounts receivable, net	254,901	-	-	254,901
Due from related parties	73,444	86,929	(86,929)	73,444
Investments	4,168,489	317,884	-	4,486,373
Other assets	3,318	-	-	3,318
Prepaid expenses	780,416	295	-	780,711
Total current assets	6,721,520	685,320	(86,929)	7,319,911
Property and equipment, net	73,273	-	-	73,273
Right-of-use assets, finance lease	21,811	-	-	21,811
Right-of-use assets, operating leases	386,276	-	-	386,276
Total assets	\$ 7,202,880	\$ 685,320	\$ (86,929)	\$ 7,801,271

See Independent Auditor's Report.

**Secured Finance Network, Inc. and Affiliate
Consolidating Statement of Financial Position
September 30, 2024**

	Total Consolidated			
	Secured Finance Network, Inc. 2024	Secured Finance Foundation 2024	Eliminating 2024	Total 2024
Liabilities and Net Assets				
Liabilities				
Current liabilities				
Accounts payable and accrued expenses	460,189	48,000	-	508,189
Current maturities of long-term debt	54,605	-	-	54,605
Current finance lease liability	6,292	-	-	6,292
Current operating lease liability	253,343	-	-	253,343
Deferred revenue	2,884,397	46,000	-	2,930,397
Due to related party	86,929	-	(86,929)	-
Total current liabilities	3,745,755	94,000	(86,929)	3,752,826
Long-term debt	\$ 1,901,023	\$ -	\$ -	\$ 1,901,023
Accrued pension and other post-employment benefits	30,839	-	-	30,839
Lease liability for finance lease	16,253	-	-	16,253
Lease liability for operating lease	177,659	-	-	177,659
Total liabilities	5,871,529	94,000	(86,929)	5,878,600
Net assets				
Net assets without donor restrictions	1,331,351	591,320	-	1,922,671
Total liabilities and net assets	\$ 7,202,880	\$ 685,320	\$ (86,929)	\$ 7,801,271

See Independent Auditor's Report.

**Secured Finance Network, Inc. and Affiliate
Consolidating Statement of Activities and Changes in Net Assets
Year Ended September 30, 2025**

	Total Consolidated			
	Secured Finance Network, Inc. 2025	Secured Finance Foundation 2025	Eliminating 2025	Total 2025
Revenue and support				
Conventions and conferences	\$ 3,697,452	\$ -	\$ -	\$ 3,697,452
Survey Revenue	-	47,500	-	47,500
Events	-	310,350	-	310,350
Contributions	-	530,161	-	530,161
Contributed services	319,950	-	-	319,950
Chapter	9,000	-	-	9,000
Membership	1,988,722	-	-	1,988,722
Publications	492,413	-	-	492,413
Education	245,320	-	-	245,320
Total revenue	6,752,857	888,011	-	7,640,868
Expenses				
Program services				
Conventions and conferences	3,230,945	10,000	-	3,240,945
Publications	601,894	-	-	601,894
Educational programs	430,432	100,041	-	530,473
Foundation events	-	205,632	-	205,632
Members	454,378	36,900	-	491,278
Total program services	4,717,649	352,573	-	5,070,222
Support services				
Management and general	2,190,573	318,193	-	2,508,766
Total expenses	6,908,222	670,766	-	7,578,988
Change in net assets from operations	(155,365)	217,245	-	61,880

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**Secured Finance Network, Inc. and Affiliate
Consolidating Statement of Activities and Changes in Net Assets
Year Ended September 30, 2025**

	Total Consolidated			
	Secured Finance Network, Inc. 2025	Secured Finance Foundation 2025	Eliminating 2025	Total 2025
Non-operating activities				
Other income	-	2,500	-	2,500
Interest and net investment return	86,284	1,572	-	87,856
Realized gain on investments	74,859	15,222	-	90,081
Unrealized gain on investments	19,138	15,392	-	34,530
Change in pension funded status	(43,744)	-	-	(43,744)
Total non-operating activities	136,537	34,686	-	171,223
Changes in net assets	(18,828)	251,931	-	233,103
Net assets				
Beginning of year	1,331,351	591,320	-	1,922,671
End of year	\$ 1,312,523	\$ 843,251	\$ -	\$ 2,155,774

See Independent Auditor's Report.

**Secured Finance Network, Inc. and Affiliate
Consolidating Statement of Activities and Changes in Net Assets
Year Ended September 30, 2024**

	Total Consolidated			
	Secured Finance Network, Inc. 2024	Secured Finance Foundation 2024	Eliminating 2024	Total 2024
Revenue and support				
Conventions and conferences	\$ 3,448,542	\$ -	\$ -	\$ 3,448,542
Events	-	252,050	-	252,050
Contributions	-	502,225	-	502,225
Contributed services	309,000	-	-	309,000
Chapter	12,000	-	-	12,000
Membership	1,877,120	-	-	1,877,120
Publications	533,424	-	-	533,424
Education	226,723	-	-	226,723
Total revenue and support	6,406,809	754,275	-	7,161,084
Expenses				
Program services				
Conventions and conferences	3,288,761	8,000	-	3,296,761
Publications	584,278	-	-	584,278
Educational programs	374,669	100,008	-	474,677
Foundation events	-	193,849	-	193,849
Members	402,749	-	-	402,749
Total program services	4,650,457	301,857	-	4,952,314
Support services				
Management and general	2,041,014	276,438	-	2,317,452
Total expenses	6,691,471	578,295	-	7,269,766
Change in net assets from operations	(284,662)	175,980	-	(108,682)

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**Secured Finance Network, Inc. and Affiliate
Consolidating Statement of Activities and Changes in Net Assets
Year Ended September 30, 2024**

	Total Consolidated			
	Secured Finance Network, Inc. 2024	Secured Finance Foundation 2024	Eliminating 2024	Total 2024
Non-operating activities				
Other income	\$ (259)	\$ 28,835	\$ -	\$ 28,575
Interest and net investment return	89,927	(74)	-	89,853
Realized gain on investments	101,785	7,510	-	109,295
Unrealized gain on investments	158,405	34,663	-	193,069
Change in pension funded status	47,785	-	-	47,785
Total non-operating activities	397,643	70,934	-	468,577
Changes in net assets	112,981	246,914	-	359,895
Net assets				
Beginning of year	1,218,370	344,406	-	1,562,776
End of year	\$ 1,331,351	\$ 591,320	\$ -	\$ 1,922,671

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**Secured Finance Network, Inc. and Affiliate
Consolidating Statement of Cash Flows
Year Ended September 30, 2025**

	Total Consolidated			
	Secured Finance Network, Inc. 2025	Secured Finance Foundation 2025	Eliminating 2025	Total 2025
Operating activities				
Change in net assets	\$ (18,828)	\$ 251,931	\$ -	\$ 233,103
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities				
Depreciation and amortization	19,149	-	-	19,149
Realized gain on investments	(74,859)	(15,222)	-	(90,081)
Unrealized gain on investments	(19,138)	(15,392)	-	(34,530)
Bad debt expense	44,190	8,250	-	52,440
Change in pension funded status	43,744	-	-	43,744
Change in operating assets				
Accounts receivable	(35,678)	-	-	(35,678)
Events receivable	-	9,500	-	9,500
Contributions receivable	-	(1,000)	-	(1,000)
Prepaid expenses	(113,686)	(3,350)	-	(117,036)
Operating lease right-of-use assets	228,346	-	-	228,346
Due from related parties	(1,750)	(172,683)	172,683	(1,750)
Change in operating liabilities				
Accounts payable and accrued expenses	152,255	(48,000)	-	104,255
Deferred membership dues	84,541	-	-	84,541
Deferred revenue - convention	(108,382)	-	-	(108,382)
Deferred revenue - events	-	(33,000)	-	(33,000)
Deferred revenue - other	4,995	-	-	4,995
Lease liability for operating lease	(253,334)	-	-	(253,334)
Accrued pension and other post-employment benefits	(8,526)	-	-	(8,526)
Due to related party	\$ 172,683	\$ -	\$ (172,683)	\$ -
Net cash provided by (used in) operating activities	115,722	(18,966)	-	96,756

See Independent Auditor's Report.

**Secured Finance Network, Inc. and Affiliate
Consolidating Statement of Cash Flows
Year Ended September 30, 2025**

	Total Consolidated			
	Secured Finance Network, Inc. 2025	Secured Finance Foundation 2025	Eliminating 2025	Total 2025
Investing activities				
Proceeds from sale of investments	3,713,111	362,328	-	4,075,439
Purchase of investments	(3,362,368)	(290,463)	-	(3,652,831)
Net cash provided by investing activities	350,743	71,865	-	422,608
Financing activities				
Repayments on EIDL loan	(54,605)	-	-	(54,605)
Principal payments on finance leases	(6,341)	-	-	(6,341)
Net cash used in financing activities	(60,946)	-	-	(60,946)
Change in cash and cash equivalents	405,519	52,899	-	458,418
Cash and cash equivalents				
Beginning of year	1,440,952	242,462	-	1,683,414
End of year	\$ 1,846,471	\$ 295,361	\$ -	\$ 2,141,832

See Independent Auditor's Report.

**Secured Finance Network, Inc. and Affiliate
Consolidating Statement of Cash Flows
Year Ended September 30, 2024**

	Total Consolidated			
	Secured Finance Network, Inc. 2024	Secured Finance Foundation 2024	Eliminating 2024	Total 2024
Operating activities				
Change in net assets	\$ 112,981	\$ 246,914	\$ -	\$ 359,895
Adjustments to reconcile change in net assets to net cash provided by operating activities				
Depreciation and amortization	23,687	-	-	23,687
Realized gain on investments	(101,785)	(7,510)	-	(109,295)
Unrealized gain on investments	(158,375)	(34,663)	-	(193,038)
Bad debt recovery	(5,764)	(10,450)	-	(16,214)
Change in pension funded status	(47,785)	-	-	(47,785)
Change in operating assets				
Accounts receivable	(45,536)	-	-	(45,536)
Events receivable	-	(9,800)	-	(9,800)
Contributions receivable	-	91,500	-	91,500
Prepaid expenses	(66,140)	1,900	-	(64,240)
Operating lease right-of-use assets	223,335	-	-	223,335
Due from related parties	170,583	(263,447)	86,929	(5,935)
Change in operating liabilities				
Accounts payable and accrued expenses	(171,730)	48,000	-	(123,730)
Deferred membership dues	4,806	-	-	4,806
Deferred revenue - convention	278,760	-	-	278,760
Deferred revenue - events	-	25,500	-	25,500
Deferred revenue - other	24,687	-	-	24,687
Lease liability for operating lease	(242,809)	-	-	(242,809)
Accrued pension and other post-employment benefits	(11,306)	-	-	(11,306)
Due to related party	\$ 86,929	\$ -	\$ (86,929)	\$ -
Net cash provided by operating activities	74,538	87,944	-	162,482

See Independent Auditor's Report.

**Secured Finance Network, Inc. and Affiliate
Consolidating Statement of Cash Flows
Year Ended September 30, 2024**

	Total Consolidated			
	Secured Finance Network, Inc. 2024	Secured Finance Foundation 2024	Eliminating 2024	Total 2024
Investing activities				
Proceeds from sale of investments	5,838,424	411,539	-	6,249,963
Purchase of investments	(5,643,071)	(407,744)	-	(6,050,815)
Net cash provided by investing activities	195,353	3,795	-	199,148
Financing activities				
Repayments on EIDL loan	(44,372)	-	-	(44,372)
Principal payments on finance leases	(3,493)	-	-	(3,493)
Net cash used in financing activities	(47,865)	-	-	(47,865)
Change in cash and cash equivalents	222,026	91,739	-	313,765
Cash and cash equivalents				
Beginning of year	1,218,926	150,723	-	1,369,649
End of year	\$ 1,440,952	\$ 242,462	\$ -	\$ 1,683,414

See Independent Auditor's Report.