AUDITED
CONSOLIDATED FINANCIAL STATEMENTS

SECURED FINANCE NETWORK, INC. AND AFFILIATE

SEPTEMBER 30, 2023

SECURED FINANCE NETWORK, INC. AND AFFILIATE

CONTENTS

FreedMaxick® CPAs, P.C.

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion
We have audited the financial statements of Secured Finance Network, Inc. and Affiliate (the “Association” or “SFN”), which comprise the consolidated statements of financial position as of September 30, 2023 and 2022, the related consolidated statements of activities and changes in net assets, cash flows, and functional expenses for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as of September 30, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion
We conducted our audits in accordance with auditing standards generally accepted in the United States of America (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 Association and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter
As discussed in Note 10 to the financial statements, as of October 1, 2022, the Company adopted the new accounting guidance ASC Topic 842, Leases. Our opinion is not modified with respect to this matter.

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 the 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 Association’s ability to continue as a going concern within one year after the date that the financial statements are issued or 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 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 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.

Other Matter
Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 22 – 27 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Freed Maxick CPAs, P.C.

Buffalo, New York
January 16, 2024

FreedMaxick® CPAs, P.C.

SECURED FINANCE NETWORK, INC. AND AFFILIATE

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30,

ASSETS	2023	2022
Current assets:		
Cash and cash equivalents	$ 1,369,649	$ 3,518,528
Investments, at fair value	4,383,188	1,855,158
Accounts receivable, net of allowance	227,601	286,032
Pledge receivables, net of allowance	85,000	79,200
Prepaid expenses	716,471	287,768
Due from related parties	67,509	64,009
Other assets	3,318	3,318
Total current assets	6,852,736	6,094,013
Right-of-use asset - operating lease	609,611	-
Property, plant and equipment, net	92,733	115,948
Total assets	$ 7,555,080	$ 6,209,961
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	$ 631,919	$ 448,701
Deferred membership dues	775,701	763,797
Deferred revenue, convention	1,703,522	1,621,490
Deferred revenue, events	20,500	29,500
Deferred revenue, other	96,921	96,882
Deferred rent	-	75,376
Line of credit	-	2,550
Current portion of right of use liability - operating lease	242,801	-
Current portion of long-term debt	44,000	-
Total current liabilities	3,515,364	3,038,296
Accrued pension and other post-employment benefits	89,930	186,825
Right-of-use liability - operating lease	431,010	-
Long-term debt	1,956,000	2,000,000
Total liabilities	5,992,304	5,225,121
Net assets:		
Without donor restrictions	1,562,776	984,840
Total liabilities and net assets	$ 7,555,080	$ 6,209,961

See accompanying notes.

SECURED FINANCE NETWORK, INC. AND AFFILIATE

CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED SEPTEMBER 30,

	2023	2022
Changes in net assets without donor restrictions:		
Operating activities:		
Revenue:		
Education	**$ 210,779**	$ 199,072
Conventions and conferences	**3,161,474**	2,474,056
Publications	**631,514**	571,479
Membership	**1,796,351**	1,465,541
Chapter	**10,000**	10,000
Events	**297,550**	259,250
Contributions	**439,658**	432,670
Contributed services	**292,350**	254,850
Total revenue	**6,839,676**	5,666,918
Expenses:		
Program services:		
Conventions and conferences	**2,648,641**	2,363,173
Publications	**605,117**	582,761
Educational programs	**646,941**	597,593
Foundation events	**214,103**	150,670
Members	**416,778**	401,308
Total program services	**4,531,580**	4,095,505
Support services:		
Management and general	**2,042,628**	1,468,445
Total support services	**2,042,628**	1,468,445
Total expenses	**6,574,208**	5,563,950
Change in net assets from operations	**265,468**	102,968
Non-operating income (expense):		
Other income	**20,150**	22,054
Other income - COVID stimulus	**-**	445,609
Interest and net investment income	**11,781**	16,563
Investment fees	**(15,407)**	(12,970)
Unrealized gain (loss) on investments	**115,923**	(88,719)
Realized gain (loss) on investments	**85,806**	(42,727)
Change in pension funded status	**94,215**	111,890
	312,468	451,700
Change in net assets without donor restrictions	**577,936**	554,668
Net assets, beginning of year	**984,840**	430,172
Net assets, end of year	**$ 1,562,776**	$ 984,840

See accompanying notes.

SECURED FINANCE NETWORK, INC. AND AFFILIATE

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30,

	2023	2022
Cash flows from operating activities:		
Change in net assets	$ 577,936	$ 554,668
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:		
Depreciation and amortization	23,215	55,568
Other income - COVID stimulus	-	(219,712)
Realized (gain) loss on sale of investments	(85,806)	42,727
Unrealized (gain) loss on investments	(115,923)	88,719
Bad debt (recovery) expense	(71,234)	69,477
Loss on disposal	-	14,031
Change in pension funded status	(94,215)	(111,890)
Decrease (increase) in assets:		
Accounts receivable	129,665	129,379
Pledge receivables	(5,800)	33,300
Prepaid expenses	(428,703)	(83,942)
Operating lease right-of-use assets	218,471	-
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	183,218	14,578
Deferred membership dues	11,904	299,131
Deferred revenue, convention	82,032	411,977
Deferred revenue, events	(9,000)	(11,000)
Deferred revenue, other	39	53,705
Deferred rent	-	(25,033)
Operating lease right-of-use liabilities	(229,647)	-
Accrued pension and other post-employment benefits	(2,680)	(12,182)
Net cash flows provided by operating activities	183,472	1,303,501
Cash flows from investing activities:		
Proceeds from sale of investments	8,099,458	2,530,538
Purchases of investments	(10,425,759)	(3,541,081)
Net cash flows used by investing activities	(2,326,301)	(1,010,543)
Cash flows from financing activities:		
Proceeds from notes payable	-	2,000,000
(Repayments) borrowings on line of credit	(2,550)	2,550
Repayments to related parties	(3,500)	(1,000)
Net cash flows (used) provided by financing activities	(6,050)	2,001,550
Net (decrease) increase in cash and cash equivalents	(2,148,879)	2,294,508
Cash and cash equivalents - beginning of year	3,518,528	1,224,020
Cash and cash equivalents - end of year	$ 1,369,649	$ 3,518,528
Supplemental cash flow information:		
Non-cash financing activity: Other income - COVID stimulus	$ -	$ 219,712

See accompanying notes.

SECURED FINANCE NETWORK, INC. AND AFFILIATE

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

	Conferences and Conventions	Publications	Educational Programs	Foundation Events	Members	Total Program	Management and General	Total
Salaries and wages	$ 432,708	$ 252,292	$ 131,978	$ -	$ 222,296	$ 1,039,274	$ 475,559	$ 1,514,833
Meals - meeting facilities	550,137	-	-	-	-	550,137	989	551,126
Bonus	201,351	64,432	64,432	-	60,405	390,620	12,081	402,701
Professional fees - other	69,331	-	56,151	-	10,000	135,482	224,166	359,648
Contributed expenses	4,735	-	292,350	-	-	297,085	-	297,085
Legal - legislative	-	-	-	-	-	-	278,277	278,277
Accounting/Audit	134,389	43,004	43,004	-	40,317	260,714	8,063	268,777
Lease expense	-	-	-	-	-	-	249,707	249,707
Audio/Visual	202,275	-	48	28,615	-	230,938	-	230,938
Marketing and promotions	171,329	-	-	-	4,946	176,275	52,283	228,558
Event reception	226,873	-	-	-	-	226,873	-	226,873
Software license fees	762	262	-	-	261	1,285	201,195	202,480
Meeting facility costs	-	-	-	148,203	-	148,203	-	148,203
Commissions	81,571	31,556	-	-	17,524	130,651	-	130,651
Hotel - meeting facility	130,164	-	-	-	-	130,164	26	130,190
Printing and copying	6,348	104,985	-	2,883	-	114,216	680	114,896
Payroll taxes	55,601	17,792	17,792	-	16,680	107,865	3,336	111,201
Bank and service charges	-	-	-	923	-	923	110,017	110,940
Health insurance	17,721	21,096	3,462	-	7,044	49,323	56,793	106,116
Legal - general	-	-	-	-	-	-	102,693	102,693
Instructor/Speaker fees	90,175	-	-	7,500	-	97,675	-	97,675
Office expenses	41,206	13,186	13,186	-	12,362	79,940	2,472	82,412
Tournaments and tours	56,520	-	-	-	-	56,520	-	56,520
Actuary	-	-	-	-	-	-	55,742	55,742
401k contribution	7,967	6,108	2,594	-	8,563	25,232	28,261	53,493
Postage and freight	11,555	32,700	15	17	364	44,651	3,581	48,232
Professional development	-	-	-	-	3,495	3,495	40,469	43,964
Hotel	25,183	-	-	723	1,442	27,348	8,978	36,326
Airfare	13,990	-	-	-	2,116	16,106	18,658	34,764
Instructor/Speaker expenses	17,488	-	-	-	-	17,488	16,000	33,488
HSA contribution	16,093	5,150	5,150	-	4,828	31,221	965	32,186
Event entertainment	26,343	-	-	-	-	26,343	698	27,041
Travel - other	11,653	-	1,556	134	526	13,869	12,767	26,636
Depreciation	-	-	-	-	-	-	23,215	23,215
Liability insurance	10,462	3,348	3,348	-	3,138	20,296	628	20,924
Other insurance	1,479	(98)	472	-	7	1,860	18,656	20,516
Telephone	10,128	3,241	3,241	-	3,039	19,649	606	20,255
D&O insurance	10,051	3,216	3,216	-	3,015	19,498	604	20,102
Conference booths	19,450	-	-	-	390	19,840	-	19,840
Dues and subscriptions	3,865	799	-	-	792	5,456	11,313	16,769
Meals	3,857	-	218	5,476	278	9,829	5,324	15,153
Contract labor	2,563	6,884	-	900	-	10,347	3,805	14,152
Awards	5,182	-	-	7,180	-	12,362	1,605	13,967
Severance	-	-	11,848	-	-	11,848	-	11,848
Photography	3,170	5,862	-	1,549	-	10,581	-	10,581
Charitable contributions	65	-	-	5,000	-	5,065	3,515	8,580
Miscellaneous event expenses (income)	1,134	-	-	5,000	-	6,134	705	6,839
Office rent	2,816	901	901	-	845	5,463	168	5,631
Payroll processing	-	-	-	-	-	-	5,222	5,222
Meeting registration	-	-	195	-	2,500	2,695	2,065	4,760
Event advertising & promo	4,519	-	-	-	-	4,519	-	4,519
Gifts	100	-	3,191	-	-	3,291	328	3,619
Entertainment	1,739	-	-	-	-	1,739	97	1,836
Miscellaneous expenses (income)	100	-	-	-	290	390	1,440	1,830
Auto	110	-	-	-	-	110	472	582
Computer accessories	-	-	-	-	-	-	405	405
State income taxes	-	-	-	-	-	-	352	352
Bookstore	-	-	(10)	-	-	(10)	-	(10)
Royalties	-	(202)	-	-	-	(202)	(215)	(417)
Bad debt expense	(35,617)	(11,397)	(11,397)	-	(10,685)	(69,096)	(2,138)	(71,234)
				-				
Total expenses	$ 2,648,641	$ 605,117	$ 646,941	$ 214,103	$ 416,778	$ 4,531,580	$ 2,042,628	$ 6,574,208

See accompanying notes.

SECURED FINANCE NETWORK, INC. AND AFFILIATE

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Conferences and Conventions	Publications	Educational Programs	Foundation Events	Members	Total Program	Management and General	Total
Salaries and wages	$ 398,140	$ 235,939	$ 137,377	$ 81,945	$ 207,919	$ 1,061,320	$ 390,770	$ 1,452,090
Meals - meeting facilities	443,903	-	-	20,236	-	464,139	82	464,221
Audio/Visual	310,476	12	103	17,446	-	328,037	-	328,037
Bonus	154,646	50,497	53,653	-	47,340	306,136	9,468	315,604
Professional fees - other	37,670	74	6,765	-	-	44,509	233,853	278,362
Contributed expenses	-	-	254,850	-	-	254,850	-	254,850
Office rent	121,973	39,828	42,317	-	37,339	241,457	7,468	248,925
Accounting/Audit	114,590	37,417	39,756	-	35,079	226,842	7,015	233,857
Marketing and promotions	160,605	19	-	669	-	161,293	47,945	209,238
Software license fees	820	196	-	-	308	1,324	155,207	156,531
Event reception	127,548	-	-	1,635	-	129,183	-	129,183
Legal - general	-	-	-	-	-	-	126,862	126,862
Legal - legislative	-	-	-	-	-	-	120,807	120,807
Bank and service charges	-	-	-	-	-	-	94,084	94,084
Health insurance	19,634	20,381	5,636	-	6,805	52,456	40,550	93,006
Commissions	58,254	22,521	-	-	11,180	91,955	-	91,955
Payroll taxes	42,757	13,962	14,834	-	13,089	84,642	2,618	87,260
Office expenses	41,267	13,475	14,317	-	12,633	81,692	2,526	84,218
Printing and copying	5,235	78,858	-	-	-	84,093	-	84,093
Hotel - meeting facility	72,476	-	-	20	-	72,496	-	72,496
Bad debt expense	34,044	11,116	11,811	-	10,422	67,393	2,084	69,477
Instructor/Speaker fees	60,231	-	-	-	-	60,231	-	60,231
Depreciation	-	-	-	-	-	-	55,568	55,568
Actuary	-	-	-	-	-	-	39,792	39,792
Postage and freight	4,082	30,013	397	-	-	34,492	2,821	37,313
401k contribution	4,862	5,539	802	-	8,071	19,274	16,830	36,104
Hotel	20,264	-	-	4,852	-	25,116	7,299	32,415
Tournaments and tours	31,327	-	1,000	-	-	32,327	-	32,327
Conference booths	29,934	-	-	-	-	29,934	-	29,934
Travel - other	16,489	-	868	935	55	18,347	8,924	27,271
HSA contribution	12,487	4,077	4,332	-	3,822	24,718	766	25,484
Telephone	11,158	3,643	3,871	-	3,416	22,088	683	22,771
D&O insurance	9,270	3,027	3,216	2,759	2,838	21,110	568	21,678
Dues and subscriptions	2,940	902	513	-	-	4,355	16,614	20,969
Liability insurance	-	-	-	-	-	-	19,561	19,561
Other insurance	950	(61)	662	-	-	1,551	17,818	19,369
Charitable contributions	-	-	-	5,000	-	5,000	14,302	19,302
Awards	1,410	-	-	11,504	-	12,914	-	12,914
Photography	4,965	4,650	-	1,350	-	10,965	-	10,965
Contract labor	2,276	6,676	-	800	-	9,752	-	9,752
Airfare	3,129	-	-	-	-	3,129	5,562	8,691
Professional development	347	-	-	-	-	347	7,790	8,137
Meeting facility costs	5,928	-	-	-	-	5,928	-	5,928
Meals	1,609	-	432	19	1,900	3,960	1,898	5,858
Event advertising & promo	5,397	-	-	-	-	5,397	-	5,397
Payroll processing	-	-	-	-	-	-	4,793	4,793
Event entertainment	-	-	-	1,500	-	1,500	1,487	2,987
Instructor/Speaker expenses	636	-	-	-	-	636	-	636
Severance	-	-	-	-	-	-	612	612
Publishing costs	-	-	-	-	-	-	516	516
Entertainment	33	-	-	-	-	33	468	501
Miscellaneous expenses (income)	167	-	86	-	(1,908)	(1,655)	2,074	419
Auto	88	-	-	-	-	88	286	374
Computer accessories	-	-	-	-	-	-	327	327
State income taxes	-	-	-	-	-	-	250	250
Bookstore	-	-	(5)	-	-	(5)	-	(5)
Royalties	-	-	-	-	-	-	(519)	(519)
Miscellaneous event expenses (income)	(10,844)	-	-	-	1,000	(9,844)	16	(9,828)
				-				
Total expenses	$ 2,363,173	$ 582,761	$ 597,593	$ 150,670	$ 401,308	$ 4,095,505	$ 1,468,445	$ 5,563,950

NOTE 1. ORGANIZATION AND NATURE OF OPERATIONS

Secured Finance Network, Inc., hereinafter referred to as "the Association" or "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. The Association provides networking, education, and advocacy services to its clients, and has approximately 277 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.

The Association 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, hereinafter referred to as "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.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES

Principles of Consolidation: The consolidated financial statements include the accounts of SFN and the Foundation, which are under common control. All significant intercompany balances and transactions have been eliminated in consolidation. Collectively, these entities are referred to as "the Organization."

Basis of Presentation: The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting. A summary of the major accounting policies followed in the preparation of the accompanying consolidated financial statements, which conform to accounting principles generally accepted in the United States of America (U.S. GAAP), is presented below.

Accounting Estimates: The preparation of consolidated 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 reporting period. Actual results could differ from those estimates.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (CONTINUED)

Net Assets: The consolidated financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

***Net Assets Without Donor Restrictions*:** Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting for the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

***Net Assets With Donor Restrictions*:** Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Organization must continue to use the resources in accordance with the donor's instructions.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the consolidated financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without 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 Organization, unless the donor provides more specific directions about the period of its use. There are no net assets with donor restrictions at September 30, 2023 and 2022.

***Classification of Transactions*:** All revenues and net gains are reported as increases in net assets without donor restrictions in the consolidated statements of activities and changes in net assets unless the donor specified the use of the related resources for a particular purpose or in a future period.

Expense Recognition and Allocation: The consolidated financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. 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 Organization.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The Organization generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when the annual report or donor acknowledgements contain requests for contributions, joint costs have been allocated between fundraising and management and general expenses in accordance with standards for accounting for costs of activities that include fundraising.

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, 2023 and 2022.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (CONTINUED)

Cash and Cash Equivalents: Cash equivalents are defined as short-term, highly liquid investments with original maturities of 90 days or less.

Investments: As defined by U.S. GAAP, 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. The Organization'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. Such investments are recorded at fair values (see Note 4).

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

Accounts Receivable and Uncollectible Accounts: The Association carries its accounts receivable at amounts invoiced less an allowance for uncollectible accounts. Credit is extended primarily to its members for dues and services. The net receivables at September 30, 2023 amounted to approximately $228,000 ($286,000 - 2022). On a periodic basis, the Association evaluates its allowance for uncollectible accounts, based upon history of past write-offs and collections. Management has determined that an allowance for doubtful accounts of approximately $40,000 was necessary as of September 30, 2023 ($127,000 - 2022).

Pledge Receivables: Pledge receivables are recorded in accordance with Accounting Standards Codification (ASC) Topic 958, which requires that contributions are recorded as revenue when an unconditional promise to give is received. The Organization recognizes pledge receivables in the consolidated statements of financial position at their fair values. The net pledge receivables at September 30, 2023 amounted to $85,000 ($79,200 - 2022). The Organization anticipates to receive all pledge receivables in the year ended 2023. Management has determined that an allowance for doubtful accounts of $41,000 was necessary as of September 30, 2023 ($25,000 - 2022).

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

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.

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.

Deferred Membership Dues: Deferred membership dues represent the invoicing of potential members who have not yet renewed their membership, as well as members who have already paid.

Deferred Convention Revenue: Deferred convention revenue represents amounts collected as of the years ended September 30, 2023 and 2022 relating to SFN's annual convention, which was held in November 2023 and November 2022, respectively. Deferred convention revenue amounted to $1,703,522 as of the year ended September 30, 2023 ($1,621,490 - 2022).

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (CONTINUED)

Deferred Events Revenue and Other Deferred Revenue: Deferred events 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, 2023, which amounted to $20,500 ($29,500 - 2022). Deferred education revenue represents prepayments of registrants for SFN sponsored educational seminars being held subsequent to September 30, 2023, which amounted to $8,685 ($2,500 - 2022). Deferred subscriptions revenue represents the invoicing of potential subscribers who have not yet renewed their subscription, as well as subscribers who have already paid, which amounted to $22,750 as of September 30, 2023 ($46,146 - 2022). 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 $65,486 as of September 30, 2023 ($48,236 - 2022).

Risks and Uncertainties: The Organization attempts to diversify its investment portfolios. Investment securities are exposed to various risks, such as interest rates, market, and credit. 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 Organization's investments. Accordingly, the valuation of investments at September 30, 2023 and 2022 may not necessarily be indicative of amounts that could be realized in a current market exchange.

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.

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. Opening balances as of October 1, 2021, were as follows:

	2021
Accounts receivable, net of allowance	$ 307,402
Deferred revenue	1,117,292
	$ 1,424,694

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, 2023 and 2022 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, 2023 and 2022 is reported as deferred revenue, other in the accompanying consolidated statements of financial position.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (CONTINUED)

Contributions are recognized as revenue at the date received and are considered to be available for unrestricted use unless specifically restricted by the contributor. Long-term unconditional promises to give are recorded as contributions at the net present value of the amounts expected to be collected. The discounts on these amounts are computed using risk-free interest rates applied to expected cash flows after any allowance for doubtful accounts applicable to the years in which the promises are received.

For performance obligations related to on-line sales of books and publications, revenue is recognized at the time materials are shipped to the customer and when the risk of loss and title transfers to the customer. Returns of books and publications are accepted for a reasonable length of time after the sale date. No reserve for returns has been established due to its immaterial nature.

For performance obligations related to contributed services control transfers to the customer at a point in time. A number of volunteers contribute significant time to the activities of the Association. 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.

For performance obligations related to COVID Stimulus control transfers to the Association at a point in time. The Association applied for Paycheck Protection Program loan funding and received funding in February 2021. In March 2022, the Association applied for forgiveness of the loan which was approved by the Small Business Administration. In accordance with ASC 958-605, the Association recognized the forgivable amount as other income - COVID stimulus. Under the provisions of the CARES Act, the Association was for refundable employee retention credits (“ERC”) subject to certain criteria. The Association recognized ERC revenue during the year ended September 30, 2022 which is included in other income - COVID stimulus.

Other income consist 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:

	2023	2022
Performance obligations satisfied at a point in time:		
Convention and conferences	**$ 3,161,474**	$ 2,474,056
Events	**297,550**	259,250
Education	**210,779**	199,072
Contributions	**439,658**	432,670
Contributed services	**292,350**	254,850
COVID stimulus	**-**	445,609
Other income	**30,150**	32,054
	4,431,961	4,097,561
Performance obligations satisfied over time:		
Member dues	**1,796,351**	1,465,541
Publications	**631,514**	571,479
	2,427,865	2,037,020
Total revenue subject to ASC 606	**$ 6,859,826**	$ 6,134,581

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (CONTINUED)

Concentration of Credit Risk: Financial instruments that potentially subject the Organization to concentrations of credit risks primarily consist of cash and cash equivalents, investments, and accounts receivables.

The Organization 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. 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, 2023 exceeded the balance insured by the FDIC by $677,077 ($2,651,635 - 2022). The Organization has investments in various exchange traded funds.

The Association extends credit based upon an evaluation of the customer's/member's financial condition and generally collateral is not required on accounts receivable. Generally, the Association maintains an allowance for doubtful accounts based upon factors surrounding the credit risk of customers/members, historical trends, and other information. To date, such losses have been within management's expectations.

Income Taxes: As stated in Note 1 to these consolidated financial statements, the Association 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.

U.S. GAAP provides guidance on the financial statement recognition and measurement for income tax position that the Organization has taken or expects to take in the Organization's income tax returns. The Organization takes many tax positions relative to tax laws, including those taken in determining whether tax is due, a refund is owed, a tax return needs to be filed, or the characterization of income is taxable (for example, unrelated business income) or nontaxable. The Organization has not recorded any liabilities relating to uncertain tax positions.

Contributed Nonfinancial Assets: In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires a not-for-profit entity to present contributed nonfinancial assets in the statement of activities as a line item that is separate from contributions of cash or other financial assets. ASU 2020-07 also requires additional qualitative and quantitative disclosures about contributed nonfinancial assets received, disaggregated by category. The Organization adopted ASU 2020-07 on October 1, 2022 (see Note 14).

Leases: In February 2016, the FASB issued ASC Topic 842, Leases, to increase transparency and comparability among organizations related to their leasing arrangements. The update requires lessees to recognize most leases on their balance sheets 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. ASC Topic 842 also requires additional disclosure of key quantitative and qualitative information for leasing arrangements. Similar to the previous lease guidance, the update retains a distinction between finance leases (similar to capital leases in ASC Topic 840, Leases) and operating leases, with classification affecting the pattern of expense recognition in the income statement. The Organization adopted ASC Topic 842 on October 1, 2022, using the optional transition method to the modified retrospective approach, which eliminates the requirement to restate the prior-period financial statements. Under this transition provision, the Organization has applied ASC Topic 842 to reporting periods beginning on October 1, 2022, while prior periods continue to be reported and disclosed in accordance with the Organization's historical accounting treatment under ASC Topic 840, Leases.

The Organization elected the "package of practical expedients" under the transition guidance within ASC Topic 842, in which the Organization does not reassess (1) the historical lease classification, (2) whether any existing contracts at transition are or contain leases, or (3) the initial direct costs for any existing leases. The Organization has not elected to adopt the "hindsight" practical expedient, and therefore will measure the ROU asset and lease liability using the remaining portion of the lease term upon adoption of ASC Topic 842 on October 1, 2022.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (CONTINUED)

The Organization 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 Organization 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 Organization also considers whether its service arrangements include the right to control the use of an asset.

The Organization 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 (or October 1, 2022, for existing leases upon the adoption of ASC Topic 842). 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 Organization made an accounting policy election available to non-public companies to utilize its incremental borrowing 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 Organization 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 Organization such as common area maintenance for real estate, which are variable in nature and recorded in variable lease expense in the period incurred.

Adoption of ASC Topic 842 resulted in the recording of additional ROU assets of approximately $828,000 and lease liabilities of approximately $903,000 related to the Organization’s operating leases at October 1, 2022. The adoption of the new lease standard did not materially impact members’ equity or cash flows and did not result in a cumulative-effect adjustment to the opening balance of members’ equity.

Recently Issued Accounting Pronouncement, Not Yet Adopted: In June 2016, the FASB issued ASU 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which creates a new credit impairment standard for financial instruments. The existing incurred loss model will be replaced with a current expected credit loss (“CECL”) model for both originated and acquired financial instruments carried at amortized cost and off-balance sheet credit exposures, including loans, loan commitments, held-to-maturity debt securities, financial guarantees, net investment in leases, and most receivables. Recognized amortized cost financial assets will be presented at the net amount expected to be collected through an allowance for credit losses. Expected credit losses on off-balance sheet credit exposures will be recognized through a liability. Expected credit losses on available-for-sale (“AFS”) debt securities will also be recognized through an allowance, however the allowance for an individual AFS debt security will be limited to the amount by which fair value is below amortized cost. Unlike current guidance, which requires certain favorable changes in expected cash flows to be accreted into interest income, both favorable and unfavorable changes in expected credit losses (and therefore the allowance) will be recognized through credit loss expense as they occur. With the exception of purchased financial assets with a more than insignificant amount of credit deterioration since origination, for which the initial allowance will be added to the purchase price of the assets, the initial allowance on financial assets subject to the scope (whether originated or acquired) will be recognized through credit loss expense. The ASU is effective for fiscal years beginning after December 15, 2022. The Organization is currently evaluating the impact of adopting this new guidance on its consolidated financial statements.

NOTE 3. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure that is, without donor or other restrictions limiting their use, within one year of September 30, 2023 and 2022 are:

	2023	2022
Current financial assets:		
Cash and cash equivalents	**$ 1,369,649**	$ 3,518,528
Investments	**4,383,188**	1,855,158
Accounts receivable, net of allowance	**227,601**	286,032
Pledge receivables, net of allowance	**85,000**	79,200
Amount available for general expenditures within one year	**$ 6,065,438**	$ 5,738,918

To help manage unanticipated liquidity needs, the Organization has a committed line of credit with additional availability in the approximate amount of $710,000 which it could draw upon (see Note 6).

NOTE 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 Organization'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, 2023 and 2022.

U.S. Treasury Bills: Valued at the closing price reported on the active market on which the individual U.S. treasury bills are traded. U.S. Treasury Bills are classified as a level 1 investments.

Exchange traded funds: Valued at the closing price reported on the active market on which the individual securities are traded. Exchange traded funds are classified as level 1 investments.

The following tables set forth financial assets measured at fair value in the statement of financial position and the respective levels to which the fair value measurements are classified within the fair value hierarchy as of September 30, 2023 and 2022:

	Assets at Fair Value as of September 30, 2023			
Asset Type	**(Level 1)**	**(Level 2)**	**(Level 3)**	**Total**
U.S. Treasury Bills	$ 3,989,143	$ -	$ -	$ 3,989,143
Exchange traded funds	394,045	-	-	394,045
Total	$ 4,383,188	$ -	$ -	$ 4,383,188

	Assets at Fair Value as of September 30, 2022			
Asset Type	**(Level 1)**	**(Level 2)**	**(Level 3)**	**Total**
U.S. Treasury Bills	$ 1,507,843	$ -	$ -	$ 1,507,843
Exchange traded funds	347,315	-	-	347,315
Total	$ 1,855,158	$ -	$ -	$ 1,855,158

NOTE 5. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consists of the following as of September 30:

Description	2023	2022
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
Total	**1,358,099**	1,358,099
Less: accumulated depreciation and amortization	**1,265,366**	1,242,151
Total property and equipment, net	$ **92,733**	$ 115,948

Depreciation and amortization charged to expense for the year ended September 30, 2023 was $23,215 ($55,568 - 2022).

NOTE 6. 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 7). 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, 2023, the line of credit allows for borrowings of up to approximately $710,000 ($635,000 - 2022). Interest is payable based on Daily Simple SOFR Loan Rate (5.31% at September 30, 2023). There was no outstanding balance on the line as of September 30, 2023. As of September 30, 2022 there was $2,550 outstanding balance on the line.

NOTE 7. 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 Organization's general and executive office space (See Note 10).

NOTE 8. NOTES PAYABLE

Notes payable consists of the following as of September 30:

	2023	2022
SBA - economic injury disaster loan	$ **2,000,000**	$ 2,000,000
Less: current portion, net	**44,000**	-
	$ **1,956,000**	$ 2,000,000

SBA - Economic Injury Disaster loan: 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 will begin 24 months from the date of the promissory note. 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.

NOTE 8. NOTES PAYABLE (CONTINUED)

Future minimum payments SBA - economic injury disaster loan for years subsequent to September 30, 2023 are approximately as follows:

2024	$ 44,000
2025	55,000
2026	56,000
2027	58,000
2028	59,000
Thereafter	1,728,000
	$ 2,000,000

Paycheck Protection Program loan: In response to the COVID-19 coronavirus, the federal government issued the Coronavirus Aid, Relief, and Economic Security (CARES) Act in March 2020. A section of the CARES Act included the Paycheck Protection Program (PPP) which provided funding to small businesses and non-profits impacted by COVID-19. The Association applied for the second round of loan funding through the PPP and received $219,712 in February 2021. Per the loan agreement, up to the full amount of the loan was eligible to be forgiven if all borrowed funds were used within the provisions set forth by the PPP. In March 2022, the Association applied for forgiveness of the loan which was approved by the Small Business Administration.

The Association recognized the forgivable amount as other income - COVID stimulus on the accompanying consolidated statements of activities and changes in net assets in the amount of $219,712 for the year ended September 30, 2022.

NOTE 9. RELATED PARTY TRANSACTIONS

The Organization, 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.

NOTE 10. 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 must maintain 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 7).

Lease expense, which includes real estate taxes and certain other operating costs, under this lease was $255,337 ($248,925 - 2022) before the Foundation reimbursement of $30,000 for the year ended September 30, 2023 and 2022. These net expenses have been allocated to the management and general expenses in the accompanying consolidated financial statements.

The weighted-average remaining operating lease term amounts to 1.6 years and the weighted-average discount rate for operating leases was 4.10% as of September 30, 2023.

NOTE 10. LEASES (CONTINUED)

The aggregate future lease payments for operating leases as of September 30, 2023 were as follows:

2024	$ 264,486
2025	265,145
2026	179,759
Total minimum lease payments	$ 709,390
Less: imputed interest	(35,581)
Lease liabilities at September 30, 2023	673,809
Less: current portion	(242,801)
Non-current portion of lease liabilities	$ 431,008

Future minimum lease commitments, as determined under Topic 840, for all non-cancellable leases are as follows as of September 30, 2022:

2023	$ 240,000
2024	240,000
2025	240,000
2026	100,000
Total minimum lease payments	$ 820,000

NOTE 11. COMMITMENTS

Employment Contract: The Organization is obligated under an employment agreement with an officer effective April 12, 2021, continuing through September 30, 2024. The agreement provides for among other things, duties of the officer, compensation, benefits, and criteria for incentive compensation.

NOTE 12. DEFINED CONTRIBUTION PENSION 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, 2023 amounted to $53,493 ($36,104 - 2022) and are allocated to the various departments in the accompanying consolidated statements of activities and changes in net assets.

NOTE 13. PENSION BENEFIT PLAN

The employees of the Organization 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.

Obligations and Funded Status: 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, 2023 and 2022.

The unfunded status of the plan as of September 30 is as follows:

	2023	2022
Change in Benefit Obligation:		
Benefit obligation at beginning of year	**$ 776,934**	$ 1,030,984
Interest cost	**34,152**	19,720
Actuarial gain	**(53,765)**	(247,775)
Less: benefits paid	**25,995**	25,995
Benefit obligation at end of year	**731,326**	776,934
Change in Plan Assets:		
Fair value of plan assets at beginning of year	**590,109**	720,087
Actual return on plan assets	**75,626**	(115,157)
Employer contributions prior to measurement date	**1,656**	11,174
Less: benefits paid	**25,995**	25,995
Fair value of plan assets at end of year	**641,396**	590,109
Unfunded status	**$ (89,930)**	$ (186,825)

The following is information for the pension plan that has an accumulated benefit obligation in excess of plan assets:

	2023	2022
Projected benefit obligation	**$ 731,326**	$ 776,934
Accumulated benefit obligation	**$ 731,326**	$ 776,934
Fair value of plan assets	**$ 641,396**	$ 590,109

Amounts recognized in accumulated net assets without donor restrictions related to the pension plan consist of:

	2023	2022
Recognized net actuarial loss	**$ 121,323**	$ 237,115
Total amount recognized	**$ 121,323**	$ 237,115
Components of net periodic benefit cost:		
Interest cost on benefit obligation	**$ 34,152**	$ 19,720
Expected return on plan assets	**(23,261)**	(28,709)
Amortization of net loss	**9,662**	14,420
Pension cost	**$ 20,553**	$ 5,431

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

Assumptions: The weighted average assumptions used to determine benefit obligations and net periodic benefit cost at September 30, 2023 and 2022 are as follows:

	2023	2022
Benefit obligations		
Discount rate	**5.75%**	5.25%
Rate of compensation increase	**N/A**	N/A

NOTE 13. PENSION BENEFIT PLAN (CONTINUED)

Net periodic benefit cost		
Discount rate	**5.25%**	2.25%
Rate of compensation increase	**N/A**	N/A
Expected 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:

	2023	2022
Cash and cash equivalents	**3.77%**	3.99%
Equities	**61.17%**	57.85%
Fixed income	**35.06%**	38.16%

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

Years Ending September 30,	
2024	$ 24,074
2025	22,698
2026	288,325
2027	19,842
Thereafter	72,991
Total	$ 427,930

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, 2023 and 2022:

	Assets at Fair Value as of September 30, 2023			
	(Level 1)	(Level 2)	(Level 3)	Total
Cash and cash equivalents	$ 24,180	$ -	$ -	$ 24,180
Equities	392,365	-	-	392,365
Fixed income mutual funds	224,851	-	-	224,851
Total assets at fair value	$ 641,396	$ -	$ -	$ 641,396

	Assets at Fair Value as of September 30, 2022			
	(Level 1)	(Level 2)	(Level 3)	Total
Cash and cash equivalents	$ 23,525	$ -	$ -	$ 23,525
Equities	341,382	-	-	341,382
Fixed income mutual funds	225,202	-	-	225,202
Total assets at fair value	$ 590,109	$ -	$ -	$ 590,109

NOTE 14. CONTRIBUTED NONFINANCIAL ASSETS

Contributed services are received by the organization and are reflected as nonfinancial contributed services recognized within the statement of activities and changes in net assets. Contributed nonfinancial assets recognized within the statement of activities and changes in net assets for the year ended September 30, were as follows:

	2023	2022
Contributed specialized services – events	**226,800**	181,500
Contributed specialized services – education	**65,550**	73,350
Total contributed services	**$ 292,350**	$ 254,850

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. 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.

NOTE 15. SUBSEQUENT EVENTS

In preparing these consolidated financial statements, the Organization has evaluated all events and transactions for potential recognition or disclosure through January 16, 2024, which is the date these consolidated financial statements were available to be issued.

SECURED FINANCE NETWORK, INC. AND AFFILIATE

CONSOLIDATING STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2023

ASSETS	Consolidated	Eliminations	Secured Finance Network, Inc.	Secured Finance Foundation
Current assets:				
Cash and cash equivalents	$ 1,369,649	$ -	$ 1,218,926	$ 150,723
Investments, at fair value	4,383,188	-	4,103,682	279,506
Accounts receivable, net of allowance	227,601	-	203,601	24,000
Pledge receivables, net of allowance	85,000	-	-	85,000
Prepaid expenses	716,471	-	714,276	2,195
Due from related parties	67,509	(176,518)	244,027	-
Other assets	3,318	-	3,318	-
Total current assets	6,852,736	(176,518)	6,487,830	541,424
Right-of-use asset - operating lease	609,611	-	609,611	-
Property, plant and equipment, net	92,733	-	92,733	-
Total assets	$ 7,555,080	$ (176,518)	$ 7,190,174	$ 541,424
LIABILITIES AND NET ASSETS				
Current liabilities:				
Accounts payable and accrued expenses	$ 631,919	$ -	$ 631,919	$ -
Deferred membership dues	775,701	-	775,701	-
Deferred revenue, convention	1,703,522	-	1,703,522	-
Deferred revenue, events	20,500	-	-	20,500
Deferred rent	-	-	-	-
Due to related parties	-	(176,518)	-	176,518
Line of credit	-	-	-	-
Current portion of right of use liability - operating lease	242,801	-	242,801	-
Current portion of long-term debt	44,000	-	44,000	-
Total current liabilities	3,515,364	(176,518)	3,494,864	197,018
Accrued pension and other post-employment benefits	89,930	-	89,930	-
Right-of-use liability - operating lease	431,010	-	431,010	-
Long-term debt	1,956,000	-	1,956,000	-
Total liabilities	5,992,304	(176,518)	5,971,804	197,018
Net assets:				
Without donor restrictions	1,562,776	-	1,218,370	344,406
Total liabilities and net assets	$ 7,555,080	$ (176,518)	$ 7,190,174	$ 541,424

SECURED FINANCE NETWORK, INC. AND AFFILIATE

CONSOLIDATING STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2022

ASSETS	Consolidated	Eliminations	Secured Finance Network, Inc.	Secured Finance Foundation
Current assets:				
Cash and cash equivalents	$ 3,518,528	$ -	$ 3,333,594	$ 184,934
Investments, at fair value	1,855,158	-	1,611,470	243,688
Accounts receivable, net of allowance	286,032	-	262,032	24,000
Pledge receivables, net of allowance	79,200	-	-	79,200
Prepaid expenses	287,768	-	285,573	2,195
Due from related parties	64,009	(263,442)	327,451	-
Other assets	3,318	-	3,318	-
Total current assets	6,094,013	(263,442)	5,823,438	534,017
Property, plant and equipment, net	115,948	-	115,948	-
Total assets	$ 6,209,961	$ (263,442)	$ 5,939,386	$ 534,017
LIABILITIES AND NET ASSETS				
Current liabilities:				
Accounts payable and accrued expenses	$ 448,701	$ -	$ 417,701	$ 31,000
Deferred membership dues	763,797	-	763,797	-
Deferred revenue, convention	1,621,490	-	1,621,490	-
Deferred revenue, events	29,500	-	-	29,500
Deferred revenue, other	96,882	-	96,882	-
Deferred rent	75,376	-	75,376	-
Due to related parties	-	(263,442)	-	263,442
Line of credit	2,550	-	2,550	-
Total current liabilities	3,038,296	(263,442)	2,977,796	323,942
Accrued pension and other post-employment benefits	186,825	-	186,825	-
Long-term debt	2,000,000	-	2,000,000	-
Total liabilities	5,225,121	(263,442)	5,164,621	323,942
Net assets:				
Without donor restrictions	984,840	-	774,765	210,075
Total liabilities and net assets	$ 6,209,961	$ (263,442)	$ 5,939,386	$ 534,017

SECURED FINANCE NETWORK, INC. AND AFFILIATE

CONSOLIDATING STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Consolidated	Eliminations	Secured Finance Network, Inc.	Secured Finance Foundation
Change in net assets without donor restrictions:				
Operating activities:				
Revenue:				
Education	$ 210,779	$ -	$ 210,779	$ -
Conventions and conferences	3,161,474	-	3,161,474	-
Publications	631,514	-	631,514	-
Membership	1,796,351	-	1,796,351	-
Chapter	10,000	-	10,000	-
Events	297,550	-	-	297,550
Contributions	439,658	-	-	439,658
Contributed services	292,350	-	292,350	-
Total revenue	6,839,676	-	6,102,468	737,208
Expenses:				
Program services:				
Conventions and conferences	2,648,641	-	2,643,784	4,857
Publications	605,117	-	605,117	-
Educational programs	646,941	-	546,843	100,098
Foundation events	214,103	-	5,923	208,180
Members	416,778	-	416,778	-
Total program services	4,531,580	-	4,218,445	313,135
Support services:				
Management and general	2,042,628	-	1,708,659	333,969
Total support services	2,042,628	-	1,708,659	333,969
Total expenses	6,574,208	-	5,927,104	647,104
Change in net assets from operations	265,468	-	175,364	90,104
Non-operating income (expense)				
Other income	20,150	-	(175)	20,325
Interest and net investment income	11,781	-	9,123	2,658
Investment fees	(15,407)	-	(11,922)	(3,485)
Unrealized gain on investments	115,923	-	91,194	24,729
Realized gain on investments	85,806	-	85,806	-
Change in pension funded status	94,215	-	94,215	-
	312,468	-	268,241	44,227
Change in net assets without donor restrictions	577,936	-	443,605	134,331
Net assets, beginning of year	984,840	-	774,765	210,075
Net assets, end of year	$ 1,562,776	$ -	$ 1,218,370	$ 344,406

CONSOLIDATING STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Consolidated	Eliminations	Secured Finance Network, Inc.	Secured Finance Foundation
Change in net assets without donor restrictions:				
Operating activities:				
Revenue:				
Education	$ 199,072	$ -	$ 199,072	$ -
Conventions and conferences	2,474,056	-	2,474,056	-
Publications	571,479	-	571,479	-
Membership	1,465,541	-	1,465,541	-
Chapter	10,000	-	10,000	-
Events	259,250	-	-	259,250
Contributions	432,670	-	-	432,670
Contributed services	254,850	-	254,850	-
Total revenue	5,666,918	-	4,974,998	691,920
Expenses:				
Program services:				
Conventions and conferences	2,363,173	-	2,313,148	50,025
Publications	582,761	-	582,761	-
Educational programs	597,593	-	497,585	100,008
Foundation events	150,670	-	-	150,670
Members	401,308	-	401,308	-
Total program services	4,095,505	-	3,794,802	300,703
Support services:				
Management and general	1,468,445	-	1,173,602	294,843
Total support services	1,468,445	-	1,173,602	294,843
Total expenses	5,563,950	-	4,968,404	595,546
Change in net assets from operations	102,968	-	6,594	96,374
Non-operating income (expense)				
Other income	22,054	-	-	22,054
Other income - COVID stimulus	445,609	-	445,609	-
Interest and net investment income	16,563	-	11,620	4,943
Investment fees	(12,970)	-	(9,344)	(3,626)
Unrealized loss on investments	(88,719)	-	(52,786)	(35,933)
Realized loss on investments	(42,727)	-	(36,815)	(5,912)
Change in pension funded status	111,890	-	111,890	-
	451,700	-	470,174	(18,474)
Change in net assets without donor restrictions	554,668	-	476,768	77,900
Net assets, beginning of year	430,172	-	297,997	132,175
Net assets, end of year	$ 984,840	$ -	$ 774,765	$ 210,075

SECURED FINANCE NETWORK, INC. AND AFFILIATE

CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Consolidated	Eliminations	Secured Finance Network, Inc.	Secured Finance Foundation
CASH FLOWS FROM OPERATING ACTIVITIES:				
Changes in net assets	$ 577,936	$ -	$ 443,605	$ 134,331
Adjustments to reconcile changes in net assets to net cash and cash equivalents provided by operating activities:				
Depreciation and amortization	23,215	-	23,215	-
Realized gain on sale of investments	(85,806)	-	(85,806)	-
Unrealized gain on investments	(115,923)	-	(91,194)	(24,729)
Bad debt (recovery) expense	(71,234)	-	(87,234)	16,000
Change in pension funded status	(94,215)	-	(94,215)	-
Decrease (increase) in assets:				
Accounts receivable	129,665	-	145,665	(16,000)
Pledge receivables	(5,800)	-	-	(5,800)
Prepaid expenses	(428,703)	-	(428,703)	-
Operating lease right-of-use assets	218,471	-	218,471	-
Increase (decrease) in liabilities:				
Accounts payable and accrued expenses	183,218	-	214,218	(31,000)
Deferred membership dues	11,904	-	11,904	-
Deferred revenue, convention	82,032	-	82,032	-
Deferred revenue, events	(9,000)	-	-	(9,000)
Deferred revenue, other	39	-	39	-
Operating lease right-of-use liabilities	(229,647)	-	(229,647)	-
Accrued pension and other post-employment benefits	(2,680)	-	(2,680)	-
Net cash flows provided by operating activities	183,472	-	119,670	63,802
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds from sale of investments	8,099,458	-	7,666,458	433,000
Purchases of investments	(10,425,759)	-	(9,981,670)	(444,089)
Net cash flows used by investing activities	(2,326,301)	-	(2,315,212)	(11,089)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Repayments on line of credit	(2,550)	-	(2,550)	-
Advances from (repayments to) related parties	(3,500)	-	83,424	(86,924)
Net cash flows provided (used) by financing activities	(6,050)	-	80,874	(86,924)
Net change in cash and cash equivalents	(2,148,879)	-	(2,114,668)	(34,211)
Cash and cash equivalents - beginning of year	3,518,528	-	3,333,594	184,934
Cash and cash equivalents - end of year	$ 1,369,649	$ -	$ 1,218,926	$ 150,723

SECURED FINANCE NETWORK, INC. AND AFFILIATE

CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Consolidated	Eliminations	Secured Finance Network, Inc.	Secured Finance Foundation
CASH FLOWS FROM OPERATING ACTIVITIES:				
Changes in net assets	$ 554,668	$ -	$ 476,768	$ 77,900
Adjustments to reconcile changes in net assets to net cash and cash equivalents provided by operating activities:				
Depreciation and amortization	55,568	-	55,568	-
Other income - COVID stimulus	(219,712)	-	(219,712)	-
Realized loss on sale of investments	42,727	-	36,815	5,912
Unrealized loss on investments	88,719	-	52,786	35,933
Bad debt expense	69,477	-	46,977	22,500
Loss on disposal	14,031	-	14,031	-
Change in pension funded status	(111,890)	-	(111,890)	-
Decrease (increase) in assets:				
Accounts receivable	129,379	-	130,054	(675)
Pledge receivables	33,300	-	-	33,300
Prepaid expenses	(83,942)	-	(141,492)	57,550
Operating lease right-of-use assets	-	-	-	-
Increase (decrease) in liabilities:				
Accounts payable and accrued expenses	14,578	-	(9,464)	24,042
Deferred membership dues	299,131	-	299,131	-
Deferred revenue, convention	411,977	-	411,977	-
Deferred revenue, events	(11,000)	-	-	(11,000)
Deferred revenue, other	53,705	-	53,705	-
Deferred rent	(25,033)	-	(25,033)	-
Accrued pension and other post-employment benefits	(12,182)	-	(12,182)	-
Net cash flows provided by operating activities	1,303,501	-	1,058,039	245,462
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds from sale of investments	2,530,538	-	2,224,842	305,696
Purchases of investments	(3,541,081)	-	(3,239,114)	(301,967)
Net cash flows (used) provided by investing activities	(1,010,543)	-	(1,014,272)	3,729
CASH FLOWS FROM FINANCING ACTIVITIES:				
Proceeds from notes payable	2,000,000	-	2,000,000	-
Borrowings on line of credit	2,550	-	2,550	-
Advances from (repayments to) related parties	(1,000)	-	160,365	(161,365)
Net cash flows provided (used) by financing activities	2,001,550	-	2,162,915	(161,365)
Net change in cash and cash equivalents	2,294,508	-	2,206,682	87,826
Cash and cash equivalents - beginning of year	1,224,020	-	1,126,912	97,108
Cash and cash equivalents - end of year	$ 3,518,528	$ -	$ 3,333,594	$ 184,934
SUPPLEMENTAL CASH FLOW INFORMATION:				
Non - cash financing activity: Other income - COVID stimulus	$ 219,712	$ -	$ 219,712	$ -