SEPP MANAGEMENT COMPANY, INC. AND SEPP, INC. AND SUBSIDIARIES

Combined Financial Statements
and Supplemental Information

June 30, 2025

(With Independent Auditors' Report Thereon)

SEPP MANAGEMENT COMPANY, INC. AND
SEPP, INC. AND SUBSIDIARIES

Table of Contents

* * * * * *

EFPR GROUP, CPAs PLLC
Certified Public Accountants

6390 Main Street, Suite 200
Williamsville, New York 14221

P 716.634.0700
TF 800.546.7556
W EFPRadvisory.com

INDEPENDENT AUDITORS' REPORT

The Board of Directors
SEPP Management Company, Inc. and SEPP, Inc.:

Report on the Audit of the Combined Financial Statements

Opinion

We have audited the accompanying combined financial statements of the SEPP Management Company, Inc. and SEPP, Inc. and Subsidiaries (collectively, referred to as the Organization), which comprise the combined statement of financial position as of June 30, 2025, and the related combined statement of activities and cash flows for the year then ended, and the related notes to combined financial statements.

In our opinion, the combined financial statements present fairly, in all material respects, the financial position of SEPP Management Company, Inc. and SEPP, Inc. and Subsidiaries as of June 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Combined Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Combined Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Combined Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Report on Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying supplemental information included in Schedules 1 through 5 are presented for purposes of additional analysis and are not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audits of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined 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 combined financial statements as a whole.

EFPR Group, CPAs, PLLC

Williamsville, New York
December 9, 2025

SEPP MANAGEMENT COMPANY, INC. AND
SEPP, INC. AND SUBSIDIARIES
Combined Statement of Financial Position
June 30, 2025
with comparative totals for 2024

Assets	SEPP, Inc. and Subsidiaries	SEPP Management Company, Inc.	SEPP Development	Eliminations	Total 2025	Total 2024
Current assets:						
Cash - general operating	$ 862,780	508,986	95,136	-	1,466,902	1,475,839
Investments	2,176,130	335,065	-	-	2,511,195	2,329,703
Receivables	2,700	157,764	-	(95,765)	64,699	75,619
Inventory	-	7,398	-	-	7,398	13,511
Prepaid expenses	238,725	1,198	22,649	(31,000)	231,572	127,028
Total current assets	3,280,335	1,010,411	117,785	(126,765)	4,281,766	4,021,700
Notes receivable - related parties, less allowance of $900,000 in 2025 and 2024	285,500	-	-	(285,500)	-	285,500
Restricted deposits:						
Tenants' security deposits	177,720	-	-	-	177,720	139,558
Tax and insurance escrow	250,828	-	-	-	250,828	183,361
Operating reserve	436,456	-	-	-	436,456	302,756
Mortgage insurance premium escrow	8,991	-	-	-	8,991	12,299
Reserve for replacements	1,599,329	-	-	-	1,599,329	1,165,896
Residual receipts	1,469,935	-	-	-	1,469,935	1,119,952
Total restricted deposits	3,943,259	-	-	-	3,943,259	2,923,822
Property and equipment, at cost:						
Land	771,216	-	92,300	-	863,516	610,216
Buildings and improvements	34,906,998	368,345	844,011	-	36,119,354	26,239,810
Furniture and equipment	2,611,099	254,352	26,158	-	2,891,609	2,090,033
Vehicles	18,336	52,033	-	-	70,369	70,369
	38,307,649	674,730	962,469	-	39,944,848	29,010,428
Less accumulated depreciation	(24,049,328)	(506,110)	(141,853)	-	(24,697,291)	(19,846,185)
Net property and equipment	14,258,321	168,620	820,616	-	15,247,557	9,164,243
Other asset - investment in 333 Grande Avenue LLC	806,714	-	-	-	806,714	800,000
Total assets	$ 22,574,129	1,179,031	938,401	(412,265)	24,279,296	17,195,265

(Continued)

See accompanying notes to combined financial statements.

SEPP MANAGEMENT COMPANY, INC. AND
SEPP, INC. AND SUBSIDIARIES
Combined Statement of Financial Position, Continued

Liabilities and Net Assets	SEPP, Inc. and Subsidiaries	SEPP Management Company, Inc.	SEPP Development	Eliminations	Total 2025	Total 2024
Current liabilities:						
Accounts payable	$ 188,730	62,665	16,414	(95,765)	172,044	169,663
Accrued expenses	87,377	101,782	-	-	189,159	174,687
Deferred revenue	-	31,000	-	(31,000)	-	-
Current installments of mortgages payable	194,802	-	43,820	-	238,622	183,439
Total current liabilities	470,909	195,447	60,234	(126,765)	599,825	527,789
Tenants' security deposits	177,720	-	-	-	177,720	139,558
Mortgages payable, excluding current installments	11,259,568	-	874,174	(285,500)	11,848,242	9,354,370
Debt issuance costs	(42,750)	-	-	-	(42,750)	(44,687)
Mortgages payable, excluding current installments and unamortized debt issuance costs	11,216,818	-	874,174	(285,500)	11,805,492	9,309,683
Total liabilities	11,865,447	195,447	934,408	(412,265)	12,583,037	9,977,030
Net assets without donor restrictions	10,708,682	983,584	3,993	-	11,696,259	7,218,235
Total liabilities and net assets	$ 22,574,129	1,179,031	938,401	(412,265)	24,279,296	17,195,265

See accompanying notes to combined financial statements.

SEPP MANAGEMENT COMPANY, INC. AND
SEPP, INC. AND SUBSIDIARIES
Combined Statement of Activities
Year ended June 30, 2025
with comparative totals for 2024

	SEPP, Inc. and Subsidiaries	SEPP Management Company, Inc.	SEPP Development	Eliminations	Total 2025	Total 2024
Revenue:						
Contributions	$ 119,691	143,875	-	(121,783)	141,783	917,181
Rental revenue	4,019,495	9,014	208,906	-	4,237,415	3,377,454
Management fees	-	447,375	-	(254,680)	192,695	186,413
Laundry and exterminating income	17,972	63,799	1,295	(12,320)	70,746	68,200
Return to owner	6,390	-	-	-	6,390	104,038
Investment income	183,130	22,567	18	-	205,715	168,018
Other revenue	105,367	171,564	-	-	276,931	509,319
Total revenue	4,452,045	858,194	210,219	(388,783)	5,131,675	5,330,623
Expenses:						
Administrative	1,213,204	851,188	19,381	(388,783)	1,694,990	1,314,192
Utilities	353,563	8,528	11,609	-	373,700	256,266
Maintenance and operating	954,591	11,285	18,559	-	984,435	769,277
Taxes and insurance	312,824	14,505	47,335	-	374,664	250,954
Financial	252,191	-	32,748	-	284,939	248,994
Other	-	10,727	-	-	10,727	13,900
Total expenses	3,086,373	896,233	129,632	(388,783)	3,723,455	2,853,583
Change in net assets (deficit) before depreciation	1,365,672	(38,039)	80,587	-	1,408,220	2,477,040
Depreciation	(946,359)	(29,955)	(35,384)	-	(1,011,698)	(674,012)
Change in net assets without donor restrictions	419,313	(67,994)	45,203	-	396,522	1,803,028
Capital contributions	296,574	-	-	-	296,574	1,688,860
Transfer of net assets	-	-	(41,210)	-	(41,210)	-
Net assets without donor restrictions at beginning of year	9,992,795	1,051,578	-	-	11,044,373	3,726,347
Net assets without donor restrictions at end of year	$ 10,708,682	983,584	3,993	-	11,696,259	7,218,235

See accompanying notes to combined financial statements.

SEPP MANAGEMENT COMPANY, INC. AND
SEPP, INC. AND SUBSIDIARIES
Combined Statement of Cash Flows
Year ended June 30, 2025
with comparative totals for 2024

	2025	2024
Cash flows from operating activities:		
Change in net assets without donor restrictions	$ 396,522	1,803,028
Adjustments to reconcile change in net assets without donor restrictions to net cash provided by operating activities:		
Depreciation	1,011,698	674,012
Amortization of debt issuance costs	1,937	1,937
Unrealized and realized (gain) loss on investments	(96,682)	12,505
Changes in:		
Receivables	10,920	(33,653)
Inventory	6,113	(1,076)
Prepaid expenses	(57,386)	(65,044)
Accounts payable	(33,359)	14,341
Accrued expenses	(6,528)	(23,084)
Net cash provided by operating activities	1,233,235	2,382,966
Cash flows from investing activities:		
Purchase of investments	(84,810)	(168,365)
Additions to property and equipment	(469,266)	(2,444,961)
Increase in investment in LLC	(6,714)	(800,000)
Net cash used in investing activities	(560,790)	(3,413,326)
Cash flows from financing activities:		
Repayment of mortgages payable	(183,439)	(63,580)
Capital contributions	14,412	1,688,860
Net cash provided by (used in) financing activities	(169,027)	1,625,280
Net change in cash and equivalents	503,418	594,920
Cash and equivalents at beginning of year	4,260,103	3,665,183
Transfer of cash and equivalents	468,920	-
Cash and equivalents at end of year	$ 5,232,441	4,260,103

(Continued)

See accompanying notes to combined financial statements.

SEPP MANAGEMENT COMPANY, INC. AND
SEPP, INC. AND SUBSIDIARIES
Combined Statement of Cash Flows Continued

	2025	2024
Supplemental schedule of cash flow information:		
Cash paid during the year for interest	$ 220,289	229,660
Classification of cash and equivalents:		
Operations	1,466,902	1,475,839
Tax and insurance escrow	250,828	183,361
Operating reserve	436,456	302,756
Mortgage insurance premium escrow	8,991	12,299
Reserve for replacements	1,599,329	1,165,896
Residual receipts	1,469,935	1,119,952
	$ 5,232,441	4,260,103
Supplemental schedule of noncash activities - transferred from Harry L. Apartments Company I, Inc.:		
Net assets without donor restrictions	3,787,982	-
Prepaid expenses	(24,509)	-
Property and equipment	(9,502,685)	-
Accumulated depreciation	3,972,670	-
Accounts payable	19,326	-
Accrued expenses	21,000	-
Mortgage payable	2,100,000	-
Cash and equivalents transferred	$ 373,784	-
Supplemental schedule of noncash activities - transferred from SEPP Development Corporation:		
Net assets without donor restrictions	3,993	-
Prepaid expenses	(22,649)	-
Property and equipment	(962,469)	-
Accumulated depreciation	141,853	-
Accounts payable	16,414	-
Mortgage payable	917,994	-
Cash and equivalents transferred	$ 95,136	-

See accompanying notes to combined financial statements.

(1) Summary of Significant Accounting Policies

(a) Organization

The Organization is composed of affiliated entities which are described as follows:

SEPP, Inc. - SEPP, Inc. is a not-for-profit neighborhood preservation agency established to promote revitalization activities in designated neighborhoods in New York State, to provide funding in the form of grants, and to provide technical assistance.

SEPP Management Company, Inc. - SEPP Management Company, Inc. serves as the managing agent for twelve housing projects. SEPP Management Company, Inc. is related to SEPP, Inc. through common directors.

SEPP Development Corporation - SEPP Development Corporation (SEPP Development) is a for profit entity that owns Carolyn Arms Apartments. SEPP Development is wholly-owned by SEPP, Inc.

Marian Apartments - Marian Apartments (Marian) is a corporation formed to acquire an interest in real property located in Endwell, New York and to construct and operate thereon an apartment complex of 102 units. Marian is operated under Section 231 of the National Housing Act and regulated by the U.S. Department of Housing and Urban Development (HUD) with respect to rental charges and operating methods. Marian is wholly owned by SEPP, Inc.

SEPP Rural Elderly Housing, Inc. d/b/a Whitney Point Apartments - SEPP Rural Elderly Housing, Inc. d/b/a Whitney Point Apartments (Whitney) was organized in 1990 to develop, construct, own, maintain and operate a 24-unit rental housing project for persons of low and moderate income. The major activities of Whitney are governed by Rural Development (RD). Whitney is related to the Organization through common directors.

SEPP Housing Development Fund Corporation d/b/a Wells Apartments - SEPP Housing Development Fund Corporation d/b/a Wells Apartments (Wells) was formed on July 27, 1987 as a not-for-profit corporation to acquire an interest in real property located in Johnson City, New York and to construct and operate thereon an apartment complex of 50 units. The project is operated under Section 202 of the National Housing Act and regulated by HUD with respect to rental charges and operating methods. Wells is related to the Organization through common directors.

Creamery Hills, L.P. - Creamery Hills, L.P. (Creamery) was organized in 1996 as a limited partnership to own, develop, rehabilitate, maintain and operate a 24-unit rental housing project for persons of low and moderate income. The project is located in the Town of Harford, New York. The major activities of Creamery are governed by the partnership agreement and New York State Division of Housing and Community Renewal (DHCR). Creamery is wholly owned by SEPP, Inc.

(1) Summary of Significant Accounting Policies, Continued

(a) Organization, Continued

Cardinal Cove, L.P. - Cardinal Cove, L.P. (Cardinal Cove) was organized in 2015 as a limited partnership to own, develop, rehabilitate, maintain and operate a 50-unit rental project for persons of low and moderate income. The project is located in the Town of Union, New York. SEPP Cardinal Cove, Inc. is one of the general partners in Cardinal Cove. SEPP Cardinal Cove, Inc. is wholly owned by SEPP, Inc.

Watkins Glen Apartments Company I, L.P. - Watkins Glen Apartments Company I, L.P. (Watkins Glen) was organized in 2015 as a limited partnership to own, develop, rehabilitate, maintain and operate a 51-unit rental project for persons of low and moderate income. The project is located in the Village of Watkins Glen, New York. SEPP Watkins Glen, Inc. is one of the general partners in Watkins Glen. SEPP Watkins Glen, Inc. is wholly owned by SEPP, Inc.

Nichols Notch Apartments Company I, L.P. - Nichols Notch Apartments Company I, L.P. (Nichols Notch) was organized in 2002 as a limited partnership to develop, construct, own, maintain and operate a 57-unit rental housing project for persons of low and moderate income. The project is located in the Village of Endicott, New York and is currently known as Nichols Notch Apartments. The major activities of Nichols Notch are governed by the partnership agreement and New York State Housing Trust Fund Corporation (HTFC). Nichols Notch is wholly owned by SEPP, Inc.

Windsor Housing Company I, L.P. - Windsor Housing Company I, L.P. (Windsor Housing) was organized in 1997 as a limited partnership to develop, construct, own, maintain and operate a 24-unit rental housing project for persons of low and moderate income pursuant to Sections 515(b) and 521 of the Housing Act of 1949, as amended, and Article XVII-A of the New York State Private Housing Financing Law which provides for interest and rental subsidies. The project is located in Windsor, New York and is currently known as Windsor Woods Apartments. The major activities of Windsor Housing are governed by the partnership agreement, RD and HTFC. Windsor Housing is wholly owned by SEPP, Inc.

Hamilton House Apartments Company I, L.P. - Hamilton House Apartments Company I, L.P. (Hamilton House) was organized in 1998 as a limited partnership to develop, construct, own, maintain and operate a 37-unit rental housing project for persons of low and moderate income. The project is located in Binghamton, New York and is currently known as Hamilton House Apartments. The major activities of the Partnership are governed by the partnership agreement and HTFC. Hamilton House is wholly owned by SEPP, Inc.

(1) Summary of Significant Accounting Policies, Continued

(a) Organization, Continued

Harry L. Apartments Company I, L.P. - Harry L. Apartments Company I, L.P. (Harry L.) was organized in 2007 as a limited partnership to develop, construct, own, maintain and operate a 60-unit rental housing project for persons of low and moderate income. The project is located in the Village of Johnson City, New York and is currently referred to as Harry L. Apartments. The major activities of the Partnership are governed by the partnership agreement and HTFC. SEPP Harry L., Inc. is the general partner of Harry L. As of December 31, 2023, Harry L. is wholly owned by SEPP, Inc.

Fairmont Park Apartments, L.P. - Fairmont Park Apartments, L.P. (Fairmont Park) was organized in June 2020 as a limited partnership to own, develop, rehabilitate, maintain and operate a 34-unit rental project for persons of low and moderate income. The project is located in the Town of Union. SEPP Fairmont Park, Inc. is one of the general partners in Fairmont Park. SEPP Fairmont Park, Inc. is wholly owned by SEPP, Inc.

333 Grande Avenue LLC - 333 Grande Avenue LLC (Grande Avenue) was organized in New York State as a limited liability company to own, develop, maintain and operate a 72-unit rental project. SEPP Grand Avenue Corp. is a 50% owner of the .01% managing member (333 Grand Avenue Managers LLC). SEPP Grand Avenue Corp. is wholly owned by SEPP, Inc.

(b) Principles of Combination

The accompanying combined financial statements reflect the combination of the individual financial statements (collectively, the Organization). All significant intercompany accounts and transactions have been eliminated in the combination. The year end of Creamery Hills, L.P, Nichols Notch Apartments Company I, L.P, Windsor Housing Company I, L.P., Hamilton House Apartments I, L.P. and SEPP Development Corporation is December 31. The financial information as of December 31, 2024 is combined in these financial statements. Management has determined that the effects of the difference in year end is immaterial.

(c) Basis of Accounting

The combined financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

(d) Basis of Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets without donor restrictions represents resources available for the general support of the Organization’s activities. Net assets with donor restrictions are those whose use has been limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled by actions of the Organization. The Organization had only net assets without donor restrictions in 2025 and 2024.

(1) Summary of Significant Accounting Policies, Continued

(e) Estimates

The preparation of the combined financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(f) Cash and Equivalents

For purposes of the combined statement of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

(g) Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash accounts in financial institutions. The Organization maintains financial instruments at financial institutions which periodically may exceed federally insured limits. At June 30, 2025 and 2024, the Organization had $288,477 and $334,292, respectively, in excess of the federally insured limits. These balances do not reflect the funds held by the bank for the Organization's escrow accounts.

(h) Receivables and Bad Debts

The Organization's accounts receivable are primarily derived from rental income. At each combined statement of financial position date, the Organization recognizes an expected allowance for credit losses. This estimate is calculated on a pooled basis where similar characteristics exist and individually when there are no shared characteristics.

The allowance method is derived from a review of the Organization's historical losses based on an aging of receivables. Historical losses have been consistent. This estimate is adjusted for management's assessment of current conditions, forecasts of future events, and other factors deemed relevant risk factors. As a result, management has determined that the allowance for credit losses is adequate.

The Organization writes off receivables when there is information that indicates that there is no possibility of collection. If any recoveries are made from any accounts receivable previously written off, they will be recognized in revenue. There were no write-offs for the years ended June 30, 2025 and 2024.

(i) Investments

Investments are reported at their fair values based on quoted market prices. Realized and unrealized gains and losses are included in the combined statement of activities as changes in net assets without donor restrictions.

(j) Inventory

Inventories of supplies (appliances) are stated at the lower of cost or market.

(1) Summary of Significant Accounting Policies, Continued

(k) Capitalization and Depreciation

Property and equipment are recorded at cost or fair market value at the date of the gift in the case of donated equipment. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of equipment are recorded as unrestricted support. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property and equipment, the appropriate property and equipment accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the combined statement of activities.

(l) Long-Lived Assets

The Organization reviews its rental property for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. For assets held and used, if the undiscounted cash flows estimated to be generated by those assets are less than their carrying amounts, an impairment loss has occurred. The amount of the impairment loss is equal to the asset's carrying value over its estimated fair value. At June 30, 2025 and 2024, no impairment loss has been recognized by the Organization.

(m) Debt Issuance Costs

Debt issuance costs, which represent the cost of obtaining certain financing, net of accumulated amortization, are being amortized on the straight-line method over the term of the debt and are reported as a direct deduction from the face amount of the mortgage payable to which such costs relate. Amortization expense amounted to $1,937 for the years ended June 30, 2025 and 2024, and is included as a component of interest expense on the combined statement of activities.

(n) Rental Income

Rental income is recognized as rentals become due. Rental payments received in advance are deferred until earned. All leases between the Organization and the tenants of the property are short-term operating leases.

(o) Promises to Give

Contributions are recognized when the donor makes an unconditional promise to give to the Organization. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as 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.

(1) Summary of Significant Accounting Policies, Continued

(p) Contracts with Customers

Under Accounting Standards Update (ASU) No. 2014-09 (Topic 606) - Revenue from Contracts with Customers, revenue is recognized when promised goods or services are transferred to customers in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for these goods or services. The Organization utilizes a five-step framework as identified in ASU No. 2014-09. The primary sources of revenue from contracts with customers for the Organization are as follows:

Program revenue consists of owners investment, fees for service, and property management fees. Program revenue consist of a single performance obligation and are recognized over time using the straight line method on a monthly basis as the service is performed.

Management fees consist of a single performance obligation and are recognized over time using the straight line method on a monthly basis as the service is performed.

Factors that could impact the nature, amount, timing and uncertainty of revenue or cash flow of the Organization include vacancies and staffing. Revenue from contracts with customers received in advance are deferred and recognized once earned. Revenue from contracts with customers are generally nonrefundable, billed monthly and payment is typically due within 30 days of the invoice date.

Billings, cash collections and timing of revenue recognition can result in contract assets and liabilities on the consolidated statements of financial position. The Organization can receive payments from customers before revenue is recognized, resulting in deferred revenue. These amounts are liquidated when revenue is recognized.

Receivables from contracts with customers was as follows at June 30:

	2025	2024	2023
Receivables	$ 70,506	36,755	25,717

(q) Subsequent Events

The Organization has evaluated subsequent events through the date of the report which is the date the combined financial statements were available to be issued.

(1) Summary of Significant Accounting Policies, Continued

(r) Income Taxes

SEPP Management Company, Inc., SEPP, Inc., Marian Apartments, SEPP Housing Development Fund Corporation and SEPP Rural Elderly Housing, Inc. are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code); therefore, no provision for income taxes is reflected in the combined financial statements. The Organizations have been classified as a publicly supported organization that is not a private foundation under Section 509(a) of the Code. The Organizations presently discloses or recognizes income tax positions based on management's estimate of whether it is reasonably possible or probable that a liability has been incurred for unrecognized income taxes. Management has concluded that the Organizations have taken no uncertain tax positions that require adjustment in its combined financial statements. U.S. Forms 990 filed by the Organizations are subject to examination by taxing authorities.

SEPP Harry L., Inc., Creamery Hills, Inc., SEPP Nichols, Inc., SEPP Cardinal Cove, Inc., SEPP Watkins Glen, Inc., SEPP Fairmont Park, Inc. and SEPP Development Corporation are for profit entities subject to federal and state income taxes on net income. These entities adopted the accounting standard regarding "Accounting for Uncertain Tax Positions." This standard provides detailed guidance for financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in the entities' financial statements. It requires an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will not be sustained upon examination. The adoption of this standard had no material effect on the entities' financial position, results of operations, or cash flows.

Creamery Hills, L.P., Nichols Notch Apartments Company I, L.P., Windsor Housing Company I, L.P. and Hamilton House Apartments Company I, L.P. have elected to be treated as a pass-through entity for income tax purposes and, as such, are not subject to income taxes. Rather, all items of taxable income, deductions and tax credits are passed through to and are reported by its owners on their respective income tax returns. Their federal tax status as a pass-through entity is based on their legal status as partnerships. Accordingly, Creamery Hills, L.P., Nichols Notch Apartments Company I, L.P., Windsor Housing Company I, L.P. and Hamilton House Apartments Company I, L.P. are not required to take any tax positions in order to qualify as a pass-through entity. Creamery Hills, L.P., Nichols Notch Apartments Company I, L.P., Windsor Housing Company I, L.P. and Hamilton House Apartments Company I, L.P. are required to file and do file tax returns with the Internal Revenue Service and other taxing authorities. Accordingly, these combined financial statements do not reflect a provision for income taxes and Creamery Hills, L.P., Nichols Notch Apartments Company I, L.P., Windsor Housing Company I, L.P. and Hamilton House Apartments Company I, L.P. have no other tax positions which must be considered for disclosure.

(2) Liquidity

The Organization has $1,531,601 of financial assets available within one year of the combined statement of financial position date to meet cash needs for general expenditures, consisting of $1,466,902 of cash - general operating and $64,699 of receivables. None of these financial assets are subject to donor or contractual restrictions that make them unavailable for general expenditure within one year of the 2025 combined statement of financial position. Additionally, the Organization has available $2,511,195 in investments at June 30, 2025, however, use of the investments for operating purposes is subject to approval by the Board of Directors. As more fully described in note 7, the Organization has a line of credit of $50,000, which can be drawn upon in the event of an unanticipated liquidity need.

(3) Notes Receivable - Related Parties

Notes receivable - related parties at June 30, 2025 and 2024 consist of the following:

		2025	2024
A non-interest bearing note receivable from SEPP Development. Payment on the outstanding balance shall be due upon demand. The note is eliminated in the combined financial statements.	$	-	285,500
1% note receivable from Watkins Glen. Payment of the outstanding principal balance and accrued interest, shall be due March 1, 2047.		900,000	900,000
		900,000	1,185,500
Less allowance for credit losses.		(900,000)	(900,000)
Total notes receivable - related parties	$	-	285,500

(4) Investments

The following tables set forth the Organization's investments at fair value by level type, within the fair value hierarchy, as of June 30, 2025 and 2024.

		2025			
		Level 1	Level 2	Level 3	Total
Cash and equivalents	$	776,533	-	-	776,533
U.S. Government securities		71,518	-	-	71,518
Common stocks		1,236,214	-	-	1,236,214
Corporate fixed income		-	309,719	-	309,719
Mutual funds		117,211	-	-	117,211
	$	2,201,476	309,719	-	2,511,195

(4) Investments, Continued

	2024			
	Level 1	Level 2	Level 3	Total
Cash and equivalents	$ 750,650	-	-	750,650
U.S. Government securities	71,084	-	-	71,084
Common stocks	1,089,654	-	-	1,089,654
Corporate fixed income	-	314,662	-	314,662
Mutual funds	103,653	-	-	103,653
	$ 2,015,041	314,662	-	2,329,703

Financial Instruments

Investments in marketable securities at June 30, 2025 and 2024 are stated at fair value. In accordance with the policy of carrying investments at fair value, the change in the net unrealized appreciation or depreciation is included in the combined statement of activities. A summary of investment income for the years ended June 30, 2025 and 2024 is as follows:

	2025	2024
Interest and dividends	$ 109,033	180,523
Realized gain on investments	20,279	37,643
Unrealized gain (loss) on investments	76,403	(50,148)
Total investment income	$ 205,715	168,018

Fair Value Measurements

A framework has been established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

(4) Investments, Continued

Fair Value Measurements, Continued

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used during the years ended June 30, 2025 and 2024.

- U.S. Government securities - Valued using pricing models maximizing the use of observable inputs for similar securities.
- Common stocks - Valued at the closing price reported on the active market on which the individual securities are traded.
- Corporate fixed income - Valued at the daily closing price as reported on the active market on which the individual bonds are listed.
- Mutual funds - Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

(5) Investment in Partnerships/ Limited Liability Companies

SEPP Cardinal Cove, Inc. is one of the general partners of Cardinal Cove (0.0051%), SEPP Watkins Glen, Inc. is one of the general partners in Watkins Glen (0.0051%). SEPP Fairmont Park, Inc. is one of the general partners in Fairmont Park (.0051%). SEPP Grand Avenue Corp. is a 50% owner of the managing member of Grande Avenue (0.005%). SEPP Cardinal Cove, Inc., SEPP Watkins Glen, Inc. and SEPP Fairmont Park, Inc. have the same Board members as SEPP Management Co., Inc. These investments have been recorded using the equity method of accounting. Under the equity method, the investment in Cardinal Cove, Watkins Glen and Fairmont Park has been reduced to zero. The Organization discontinues recording its share of losses in the partnership once its investment in the partnerships is reduced to zero. Grande Avenue was under construction at June 30, 2025.

The financial position as of December 31, 2024 and results of operations of the partnerships for the year ended December 31, 2024 are summarized as follows:

	Cardinal Cove	Watkins Glen	Fairmont Park
Current assets	$ 99,679	58,605	69,261
Current liabilities	(173,781)	(165,711)	(48,268)
Working capital	(74,102)	(107,106)	20,993
Restricted deposits	347,630	235,432	317,820
Property and equipment, net	8,932,555	9,363,680	9,505,167
Other assets	35,000	655,839	35,000
Long-term debt	(6,399,367)	(4,478,677)	(4,515,103)
Other liabilities	(26,398)	(26,506)	(44,553)
Partners' equity	$ 2,815,318	5,642,662	5,319,324
Gross income	$ 381,813	443,933	298,620
Net loss	$ (370,590)	(315,088)	(407,957)

(6) Mortgages Payable

Mortgages payable at June 30, 2025 and 2024 are summarized as follows:

	2025	2024
Whitney is financed by a 50-year mortgage payable to RD. The Corporation has entered into an interest subsidy agreement with RD which effectively reduces the interest rate to approximately 1% over the term of the loan. The 8.75% mortgage is payable in monthly installments of $7,051, net of the interest subsidy, through the year 2040. During 2025 and 2024, the interest subsidy payments of $60,111, have been treated as a reduction of interest expense. The apartment project is pledged as collateral for the mortgage.	$ 699,724	722,031
Creamery is financed by a 5.75% thirty-year mortgage payable to CPC in the original amount of $625,000 dated September 21, 2023. The apartment project is pledged as collateral for the mortgage.	615,575	623,692
Wells is indebted under a mortgage loan agreement in the original amount of $2,246,900 under a HUD-insured loan agreement which bears interest at 3.98%. The note is secured by deeds of trust on the property and equipment and was payable in level monthly installments (principle and interest) of $10,426 through June 2049. The note is payable in level monthly installments (principle and interest) of $9,981 through June 2049. The apartment project is pledged as collateral for the mortgage.	1,853,560	1,898,584
Marian is financed by a mortgage payable to Midland Loan with an original balance of $1,974,000 payable in monthly installments of $13,360 including principal and interest at a rate of 6.22% through year 2031. The apartment project is pledged as collateral for the mortgage.	846,413	950,541

(6) Mortgages Payable, Continued

	2025	2024
Nichols Notch is financed by a 1% mortgage note payable to HTFC. The entire principal balance is due and payable in full on June 4, 2034, the thirtieth anniversary of the date of execution of the mortgage note. Interest is payable annually and shall be paid from excess income as defined in the regulatory agreement. Accrued interest amounted to $20,000 at December 31, 2024 and 2023.	$ 2,000,000	2,000,000
Nichols Notch is obligated under the terms of a note from SEPP, Inc. (FHLB loan). The lender has provided the note under the terms of the Affordable Housing Program (AHP) Direct Subsidy Agreement with the Federal Home Loan Bank of New York and M&T Bank. The note is non-interest bearing.	614,399	614,399
Windsor Housing original thirty-year first mortgage note is payable to RD in the amount of $284,420, with interest at the rate of 7.25%. The Partnership has entered into an interest subsidy agreement with RD which effectively reduces the interest rate to approximately 1% over the term of the loan. The mortgage is payable in monthly installments (calculated based on an amortization period of thirty-six years) of $603, net of the interest subsidy, through the year 2033, at which time the entire unpaid interest and principal is due and payable in full. During 2024 and 2023, the interest subsidy payments of $13,955 have been treated as a reduction of interest expense. Accrued interest payable amounted to $264 and $288 at December 31, 2024 and 2023, respectively.	236,665	240,528
Windsor Housing original second mortgage note is payable to HTFC, with interest at the rate of 1%. The entire balance is due and payable in full in January 2047, the fiftieth anniversary of the date of execution of the mortgage note. Interest is payable annually and shall be paid from excess income prior to distribution of any return of equity, each as defined in the regulatory agreement. There was no accrued interest payable at December 31, 2024 and 2023.	718,187	718,187

(6) Mortgages Payable, Continued

	2025	2024
Hamilton House is financed by a 1% mortgage payable to HTFC. The entire principal balance is due and payable in full on December 18, 2030, the thirtieth anniversary of the date of execution of the mortgage note. Interest is payable annually and shall be paid from excess income as defined in the regulatory agreement. Accrued interest amounted to $35,484 and $70,354 at December 31, 2024 and 2023.	$ 1,769,847	1,769,847
Harry L. is financed by a 1% mortgage note payable to HTFC. The entire principal balance is due and payable in full on March 5, 2037, the thirtieth anniversary of the date of execution of the mortgage note. Interest is payable annually and shall be paid from excess income as defined in the regulatory agreement. Accrued interest amounted to $21,000 at December 31, 2024.	2,100,000	-
SEPP Development is indebted under a mortgage payable to Carolyn Arm Properties in the original amount of $784,550, payable in monthly installments of $6,204 including principal and interest at a rate of 5% through 2036.	632,494	-
Mortgages payable	12,086,864	9,537,809
Less current installments	(238,622)	(183,439)
Mortgages payable, excluding current installments	11,848,242	9,354,370
Less unamortized debt issuance costs	(42,750)	(44,687)
Mortgages payable, excluding current installments and unamortized debt issuance costs	$ 11,805,492	9,309,683

The aggregate maturity of the mortgages payable for the five years following June 30, 2025 and thereafter is as follows:

2026	$ 238,622
2027	252,895
2028	268,068
2029	284,203
2030	301,370
Thereafter	10,741,706
	$ 12,086,864

(7) Line of Credit

SEPP, Inc. has available a bank line of credit up to $50,000. At June 30, 2025 and 2024, there was no outstanding balance on this line of credit. Interest on the line of credit is at prime plus 1.75% (9.25% at June 30, 2025).

(8) Functional Expenses

The Organization is a neighborhood preservation agency that promotes revitalization activities in designed neighborhoods. The Organization also serves as the managing agent for twelve housing projects. All expenses related to providing these services have been allocated to program services with the exception of certain components within administrative and taxes and insurance expense. Salaries and benefits are allocated among program and support services based on time and effort. Office and miscellaneous expenses are allocated based on direct usage. The allocation of expenses on a functional basis for the years ended June 30, 2025 and 2024 is as follows:

	2025	2024
Program services:		
Utilities	$ 373,700	256,266
Maintenance and operating	984,435	769,277
Financial	284,939	248,994
Taxes and insurance	374,664	250,954
Other	10,727	13,900
Depreciation	1,011,698	674,012
Total program services	3,040,163	2,213,403
Support services - management and general activities - administrative	1,694,990	1,314,192
Total expenses	$ 4,735,153	3,527,595

(9) Related Parties Transactions

SEPP Management Company, Inc. serves as the managing agent for twelve housing projects which have common directors as the Corporation. The housing projects pay management fees based upon a set percentage of their gross rents and other receipts. During the years ended June 30, 2025 and 2024, total management fees amounted to $447,375 and $428,618, respectively. Certain housing projects also pay bookkeeping fees equal to a fee per unit. During the years ended June 30, 2025 and 2024, total bookkeeping fees, which are included in other revenue on the accompanying combined statement of activities, amounted to $16,236.

(9) Related Parties Transactions, Continued

During the years ended June 30, 2025 and 2024, SEPP Management Company, Inc. also served as the exterminating agent and the laundry machine agent for nine related housing projects. Total service fees from the related parties for the years ended June 30, 2025 and 2024 amounted to $63,799 and $65,091, respectively.

SEPP, Inc. has a note receivable from Watkins Glen in the amount of $900,000 as of June 30, 2025 and 2024 (note 3).

(10) Retirement Plan

The Organization sponsors a 403(b) retirement savings plan. Employees are eligible who are at least 21 years of age, and have completed one year or at least 1,000 hours of service. Employees are 100% vested upon entrance into the plan. Employee contributions to the plan range from 1% to 15% of compensation. The Organization will contribute 2% of compensation and, in addition will match $.50 of each dollar, up to the first 4% of pay deferral. The Organization paid $40,261 and $34,892 during the years ended June 30, 2025 and 2024, respectively, into the plan.

(11) Compensated Absences

The employment contracts between SEPP Management Company, Inc. and its full-time employees allow for various cumulative and non-cumulative compensated leaves. Part-time employees earn personal and holiday time. Full-time employees earn vacation leave per year based upon length of employment. Employees may carry a specified amount of vacation leave to the next year. Therefore a liability of $37,594 and $23,151 is recorded as of June 30, 2025 and 2024, respectively. Sick leave is earned and may not be accumulated, but is not earned as compensation upon termination; therefore no liability is recorded as of June 30, 2025 and 2024.

Schedule 1

SEPP MANAGEMENT COMPANY, INC. AND
SEPP, INC. AND SUBSIDIARIES
Consolidating Statement of Financial Position - SEPP, Inc. and Subsidiaries
June 30, 2025

Assets	SEPP, Inc.	Marian Apartments	Creamery Hills, L.P.	Wells Apartments	Whitney Point Apartments	Nichols Notch Apartments Company I, L.P.	Windsor Housing Company I, L.P.	Hamilton House Apartments Company I, L.P.	Harry L. Apartments Company I, Inc.	Eliminations	Total
Current assets:											
Cash - general operating	$ 148,640	389,920	33,023	71,411	43,892	61,941	45,296	26,391	42,266	-	862,780
Investments	2,176,130	-	-	-	-	-	-	-	-	-	2,176,130
Receivables	2,700	-	-	-	-	-	-	-	-	-	2,700
Due from related parties	35,659	-	-	-	-	-	-	-	-	(35,659)	-
Prepaid expenses	111,565	39,125	8,453	3,875	13,191	22,084	7,654	8,269	24,509	-	238,725
Total current assets	2,474,694	429,045	41,476	75,286	57,083	84,025	52,950	34,660	66,775	(35,659)	3,280,335
Note receivable - related parties, less allowance of $900,000	285,500	-	-	-	-	-	-	-	-	-	285,500
Restricted deposits:											
Tenants' security deposits	-	33,041	16,318	15,702	14,487	29,197	15,585	20,014	33,376	-	177,720
Tax and insurance escrow	-	25,894	32,611	19,421	10,084	77,869	8,464	30,318	46,167	-	250,828
Operating reserve	-	-	24,010	-	-	190,458	-	92,976	129,012	-	436,456
Mortgage insurance premium escrow	-	3,057	-	5,934	-	-	-	-	-	-	8,991
Reserve for replacements	-	500,980	48,761	465,745	74,157	224,657	72,185	56,505	156,339	-	1,599,329
Residual receipts	-	1,414,177	-	55,758	-	-	-	-	-	-	1,469,935
Total restricted deposits	-	1,977,149	121,700	562,560	98,728	522,181	96,234	199,813	364,894	-	3,943,259
Property and equipment, at cost:											
Land	-	20,943	-	175,309	31,300	250,000	32,664	100,000	161,000	-	771,216
Buildings and improvements	-	6,036,340	3,267,635	2,943,683	1,244,654	6,461,335	1,863,453	4,156,916	8,932,982	-	34,906,998
Furniture and equipment	45,088	301,272	280,762	309,888	131,090	814,581	246,948	72,767	408,703	-	2,611,099
Vehicles	-	18,336	-	-	-	-	-	-	-	-	18,336
	45,088	6,376,891	3,548,397	3,428,880	1,407,044	7,525,916	2,143,065	4,329,683	9,502,685	-	38,307,649
Less accumulated depreciation	(45,088)	(5,303,084)	(1,819,911)	(2,699,824)	(1,024,934)	(3,848,052)	(1,941,413)	(3,394,352)	(3,972,670)	-	(24,049,328)
Net property and equipment	-	1,073,807	1,728,486	729,056	382,110	3,677,864	201,652	935,331	5,530,015	-	14,258,321
Other asset - investment in partnerships	3,402,048	-	-	-	-	-	-	-	-	(2,595,334)	806,714
Total assets	$ 6,162,242	3,480,001	1,891,662	1,366,902	537,921	4,284,070	350,836	1,169,804	5,961,684	(2,630,993)	22,574,129
Liabilities and Net Assets											
Current liabilities:											
Accounts payable	-	68,843	21,971	27,229	9,642	19,810	9,195	48,373	19,326	(35,659)	188,730
Accrued expenses	-	4,387	-	6,148	94	20,000	264	35,484	21,000	-	87,377
Current installments of mortgages payable	-	110,865	8,597	46,850	24,338	-	4,152	-	-	-	194,802
Total current liabilities	-	184,095	30,568	80,227	34,074	39,810	13,611	83,857	40,326	(35,659)	470,909
Tenants' security deposits	-	33,041	16,318	15,702	14,487	29,197	15,585	20,014	33,376	-	177,720
Mortgages payable, excluding current installments	-	735,548	606,978	1,806,710	675,386	2,614,399	950,700	1,769,847	2,100,000	-	11,259,568
Debt issuance costs	-	-	-	(42,250)	-	-	-	(500)	-	-	(42,750)
Mortgages payable, excluding current installments and unamortized debt issuance costs	-	735,548	606,978	1,764,460	675,386	2,614,399	950,700	1,769,347	2,100,000	-	11,216,818
Total liabilities	-	952,684	653,864	1,860,389	723,947	2,683,406	979,896	1,873,218	2,173,702	(35,659)	11,865,447
Net assets (deficit) without donor restrictions	6,162,242	2,527,317	1,237,798	(493,487)	(186,026)	1,600,664	(629,060)	(703,414)	3,787,982	(2,595,334)	10,708,682
Total liabilities and net assets	$ 6,162,242	3,480,001	1,891,662	1,366,902	537,921	4,284,070	350,836	1,169,804	5,961,684	(2,630,993)	22,574,129

Schedule 2

SEPP MANAGEMENT COMPANY, INC. AND
SEPP, INC. AND SUBSIDIARIES
Consolidating Statement of Activities - SEPP, Inc. and Subsidiaries
Year ended June 30, 2025

	SEPP, Inc.	Marian Apartments	Creamery Hills, L.P.	Wells Apartments	Whitney Point Apartments	Nichols Notch Apartments Company I, L.P.	Windsor Housing Company I, L.P.	Hamilton House Apartments Company I, L.P.	Harry L. Apartments Company I, Inc.	Eliminations	Total
Revenue:											
Contributions	$ 346,130	-	-	-	-	-	-	-	-	(226,439)	119,691
Rental revenue	-	1,446,117	222,826	669,861	207,936	447,015	218,218	295,443	512,079	-	4,019,495
Laundry and exterminating income	-	5,890	1,433	2,373	1,018	1,940	829	1,606	2,883	-	17,972
Return to owner	6,390	-	-	-	-	-	-	-	-		6,390
Investment income	181,774	659	23	362	94	95	18	38	67	-	183,130
Other revenue	33,300	31,000	8	41,036	-	13	-	10	-	-	105,367
Total revenue	567,594	1,483,666	224,290	713,632	209,048	449,063	219,065	297,097	515,029	(226,439)	4,452,045
Expenses:											
Administrative	134,827	333,027	52,871	208,849	66,788	128,931	64,194	85,711	138,006	-	1,213,204
Utilities	2,300	67,768	24,654	67,077	18,786	41,506	24,658	39,380	67,434	-	353,563
Maintenance and operating	-	356,743	66,898	94,282	47,258	138,987	54,424	62,991	133,008	-	954,591
Taxes and insurance	-	76,476	24,128	29,098	24,572	40,218	30,668	26,692	60,972	-	312,824
Financial	-	59,675	35,651	86,552	1,693	20,000	10,537	17,083	21,000	-	252,191
Total expenses	137,127	893,689	204,202	485,858	159,097	369,642	184,481	231,857	420,420	-	3,086,373
Change in net assets (deficit) before depreciation	430,467	589,977	20,088	227,774	49,951	79,421	34,584	65,240	94,609	(226,439)	1,365,672
Depreciation	-	(99,815)	(110,203)	(56,250)	(41,879)	(176,328)	(73,611)	(148,542)	(239,731)	-	(946,359)
Change in net assets (deficit) without donor restrictions	430,467	490,162	(90,115)	171,524	8,072	(96,907)	(39,027)	(83,302)	(145,122)	(226,439)	419,313
Capital contributions (distributions)	-	-	-	-	-	181,598	(6,990)	15,000	106,966	-	296,574
Net assets (deficit) without donor restrictions at beginning of year	5,731,775	2,037,155	1,327,913	(665,011)	(194,098)	1,515,973	(583,043)	(635,112)	3,826,138	(2,368,895)	9,992,795
Net assets (deficit) without donor restrictions at end of year	$ 6,162,242	2,527,317	1,237,798	(493,487)	(186,026)	1,600,664	(629,060)	(703,414)	3,787,982	(2,595,334)	10,708,682

Schedule 3

SEPP MANAGEMENT COMPANY, INC. AND
SEPP, INC. AND SUBSIDIARIES
Consolidating Statement of Financial Position - SEPP, Inc. and Subsidiaries
June 30, 2024

Assets	SEPP, Inc.	Marian Apartments	Creamery Hills, L.P.	Wells Apartments	Whitney Point Apartments	Nichols Notch Apartments Company I, L.P.	Windsor Housing Company I, L.P.	Hamilton House Apartments Company I, L.P.	Eliminations	Total
Current assets:										
Cash - general operating	$ 191,692	406,803	26,436	80,844	33,141	81,365	33,096	40,144	-	893,521
Investments	2,008,495	-	-	-	-	-	-	-	-	2,008,495
Receivables	20,000	-	134	-	-	482	210	386	-	21,212
Due from related parties	30,659	12,000	-	-	-	-	-	-	(42,659)	-
Prepaid expenses	58,834	38,922	7,827	3,665	11,977	20,886	7,177	7,656	-	156,944
Total current assets	2,309,680	457,725	34,397	84,509	45,118	102,733	40,483	48,186	(42,659)	3,080,172
Note receivable - related parties, less allowance of $900,000	285,500	-	-	-	-	-	-	-	-	285,500
Restricted deposits:										
Tenants' security deposits	-	30,707	16,570	14,842	13,917	28,130	15,519	19,873	-	139,558
Tax and insurance escrow	-	13,736	29,275	8,967	9,113	74,868	8,617	38,785	-	183,361
Operating reserve	-	-	24,005	-	-	184,154	-	94,597	-	302,756
Mortgage insurance premium escrow	-	3,397	-	8,902	-	-	-	-	-	12,299
Reserve for replacements	-	350,669	57,310	382,526	69,678	169,518	70,348	65,847	-	1,165,896
Residual receipts	-	1,091,643	-	28,309	-	-	-	-	-	1,119,952
Total restricted deposits	-	1,490,152	127,160	443,546	92,708	456,670	94,484	219,102	-	2,923,822
Property and equipment, at cost:										
Land	-	20,943	-	175,309	31,300	250,000	32,664	100,000	-	610,216
Buildings and improvements	-	6,017,498	3,267,635	2,943,683	1,241,629	6,453,239	1,851,054	4,096,727	-	25,871,465
Furniture and equipment	45,088	278,272	265,001	235,830	126,190	601,557	246,948	56,593	-	1,855,479
Vehicles	-	18,336	-	-	-	-	-	-	-	18,336
	45,088	6,335,049	3,532,636	3,354,822	1,399,119	7,304,796	2,130,666	4,253,320	-	28,355,496
Less accumulated depreciation	(45,088)	(5,203,269)	(1,709,708)	(2,643,574)	(983,055)	(3,671,724)	(1,867,802)	(3,245,810)	-	(19,370,030)
Net property and equipment	-	1,131,780	1,822,928	711,248	416,064	3,633,072	262,864	1,007,510	-	8,985,466
Other asset - investment in partnerships	3,168,895	-	-	-	-	-	-	-	(2,368,895)	800,000
Total assets	$ 5,764,075	3,079,657	1,984,485	1,239,303	553,890	4,192,475	397,831	1,274,798	(2,411,554)	16,074,960
Liabilities and Net Assets										
Current liabilities:										
Accounts payable	20,300	56,327	5,651	28,602	11,441	13,973	6,352	50,512	(20,000)	173,158
Accrued expenses	-	4,927	-	6,297	599	20,000	288	70,354	-	102,465
Current installments of mortgages payable	-	104,196	8,117	45,068	22,309	-	3,863	-	-	183,553
Total current liabilities	20,300	165,450	13,768	79,967	34,349	33,973	10,503	120,866	(20,000)	459,176
Tenants' security deposits	-	30,707	16,570	14,842	13,917	28,130	15,519	19,873	-	139,558
Loan to related party	12,000	-	10,659	-	-	-	-	-	(22,659)	-
Mortgages payable, excluding current installments	-	846,345	615,575	1,853,516	699,722	2,614,399	954,852	1,769,847	-	9,354,256
Debt issuance costs	-	-	-	(44,011)	-	-	-	(676)	-	(44,687)
Mortgages payable, excluding current installments and unamortized debt issuance costs	-	846,345	615,575	1,809,505	699,722	2,614,399	954,852	1,769,171	-	9,309,569
Total liabilities	32,300	1,042,502	656,572	1,904,314	747,988	2,676,502	980,874	1,909,910	(42,659)	9,908,303
Net assets (deficit) without donor restrictions	5,731,775	2,037,155	1,327,913	(665,011)	(194,098)	1,515,973	(583,043)	(635,112)	(2,368,895)	6,166,657
Total liabilities and net assets	$ 5,764,075	3,079,657	1,984,485	1,239,303	553,890	4,192,475	397,831	1,274,798	(2,411,554)	16,074,960

Schedule 4

SEPP MANAGEMENT COMPANY, INC. AND
SEPP, INC. AND SUBSIDIARIES
Consolidating Statement of Activities - SEPP, Inc. and Subsidiaries
Year ended June 30, 2024

	SEPP, Inc.	Marian Apartments	Creamery Hills, L.P.	Wells Apartments	Whitney Point Apartments	Nichols Notch Apartments Company I, L.P.	Windsor Housing Company I, L.P.	Hamilton House Apartments Company I, L.P.	Eliminations	Total
Revenue:										
Contributions	$ 1,765,433	-	-	-	-	-	-	-	(874,280)	891,153
Rental revenue	-	1,372,516	223,236	649,864	201,871	427,214	207,453	286,941	-	3,369,095
Laundry and exterminating income	-	5,102	1,410	2,184	905	2,217	892	1,748	-	14,458
Return to owner	104,038	-	-	-	-	-	-	-	-	104,038
Investment income	145,987	439	27	173	14	89	18	38	-	146,785
Other revenue	8,300	30,645	1,508	233,522	39,250	13	-	9,012	-	322,250
Total revenue	2,023,758	1,408,702	226,181	885,743	242,040	429,533	208,363	297,739	(874,280)	4,847,779
Expenses:										
Administrative	122,252	320,747	51,815	201,208	63,890	119,593	59,291	88,636	-	1,027,432
Utilities	2,300	63,542	24,001	50,395	15,668	37,116	22,214	34,118	-	249,354
Maintenance and operating	-	272,624	64,611	94,738	63,634	141,667	52,565	69,490	-	759,329
Taxes and insurance	-	71,412	21,723	26,456	22,769	39,552	28,895	25,223	-	236,030
Financial	-	66,427	42,887	87,739	4,050	20,000	10,808	17,083	-	248,994
Total expenses	124,552	794,752	205,037	460,536	170,011	357,928	173,773	234,550	-	2,521,139
Change in net assets (deficit) before depreciation	1,899,206	613,950	21,144	425,207	72,029	71,605	34,590	63,189	(874,280)	2,326,640
Depreciation	-	(86,680)	(83,555)	(58,058)	(41,183)	(166,137)	(73,907)	(144,717)	-	(654,237)
Change in net assets (deficit) without donor restrictions	1,899,206	527,270	(62,411)	367,149	30,846	(94,532)	(39,317)	(81,528)	(874,280)	1,672,403
Capital contributions (distributions)	-	-	1,659,619	-	-	98,759	(6,990)	-	(62,528)	1,688,860
Net assets (deficit) without donor restrictions at beginning of year	3,832,569	1,509,885	(269,295)	(1,032,160)	(224,944)	1,511,746	(536,736)	(553,584)	(1,432,087)	2,805,394
Net assets (deficit) without donor restrictions at end of year	$ 5,731,775	2,037,155	1,327,913	(665,011)	(194,098)	1,515,973	(583,043)	(635,112)	(2,368,895)	6,166,657

Schedule 5

SEPP MANAGEMENT COMPANY, INC. AND
SEPP, INC. AND SUBSIDIARIES
New York State Division of Housing and Community Renewal -
Neighborhood Preservation Program
Schedule of Revenue and Expenses
Year ended June 30, 2025

Revenue	$ 121,783
Expenses:	
Staff salaries:	
Executive Director	19,165
Accounting Manager	29,516
Director of Operations	36,058
Fringe benefits	17,965
Total staff salaries	102,704
Regulated OTPS:	
Insurance/bonding	3,950
Professional services	4,500
Total regulated OTPS	8,450
General OTPS:	
Telephone	2,750
Office supplies	3,665
Travel	4,214
Total general OTPS	10,629
Total expenses	$ 121,783