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

Combined Financial Statements
and Supplemental Information

June 30, 2023

(With Independent Auditors' Report Thereon)

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

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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, 2023, 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, 2023, 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
October 27, 2023

SEPP MANAGEMENT COMPANY, INC. AND
SEPP, INC. AND SUBSIDIARIES
Combined Statement of Financial Position
June 30, 2023
with comparative totals for 2022

Assets	SEPP, Inc. and Subsidiaries	SEPP Management Company, Inc.	Eliminations	Total 2023	Total 2022
Current assets:					
Cash - general operating	$ 784,361	476,674	-	1,261,035	2,091,110
Investments	1,867,899	305,944	-	2,173,843	1,139,300
Receivables	263	125,967	(84,264)	41,966	231,542
Inventory	-	12,435	-	12,435	10,845
Prepaid expenses	92,020	964	(31,000)	61,984	84,583
Total current assets	2,744,543	921,984	(115,264)	3,551,263	3,557,380
Notes receivable - related parties, less allowance of $900,000 in 2021 and 2020	285,500	-	-	285,500	285,500
Restricted deposits:					
Tenants' security deposits	134,429	-	-	134,429	131,965
Tax and insurance escrow	228,534	-	-	228,534	254,275
Operating reserve	295,953	-	-	295,953	299,577
Mortgage insurance premium escrow	14,230	-	-	14,230	14,192
Reserve for replacements	922,234	-	-	922,234	847,705
Residual receipts	943,197	-	-	943,197	601,255
Total restricted deposits	2,538,577	-	-	2,538,577	2,148,969
Property and equipment, at cost:					
Land	602,916	-	-	602,916	602,916
Buildings and improvements	23,534,146	357,958	-	23,892,104	23,601,152
Furniture and equipment	1,753,261	199,344	-	1,952,605	1,700,505
Vehicles	18,336	29,286	-	47,622	47,622
Construction in progress	76,347	-	-	76,347	-
	25,985,006	586,588	-	26,571,594	25,952,195
Less accumulated depreciation	(18,721,920)	(456,380)	-	(19,178,300)	(18,576,772)
Net property and equipment	7,263,086	130,208	-	7,393,294	7,375,423
Other asset - investment in partnerships	1,432,087	-	-	1,432,087	357,505
Total assets	$ 14,263,793	1,052,192	(115,264)	15,200,721	13,724,777

(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.	Eliminations	Total 2023	Total 2022
Current liabilities:					
Accounts payable	$ 212,131	27,455	(84,264)	155,322	280,044
Accrued expenses	124,987	72,784	-	197,771	207,050
Deferred revenue	-	31,000	(31,000)	-	-
Current installments of mortgages payable	165,277	-	-	165,277	185,986
Total current liabilities	502,395	131,239	(115,264)	518,370	673,080
Tenants' security deposits	134,429	-	-	134,429	131,965
Mortgages payable, excluding current installments	9,436,112	-	-	9,436,112	9,340,264
Debt issuance costs	(46,624)	-	-	(46,624)	(56,283)
Mortgages payable, excluding current installments and unamortized debt issuance costs	9,389,488	-	-	9,389,488	9,283,981
Total liabilities	10,026,312	131,239	(115,264)	10,042,287	10,089,026
Net assets without donor restrictions	4,237,481	920,953	-	5,158,434	3,635,751
Total liabilities and net assets	$ 14,263,793	1,052,192	(115,264)	15,200,721	13,724,777

See accompanying notes to combined financial statements.

SEPP MANAGEMENT COMPANY, INC. AND
SEPP, INC. AND SUBSIDIARIES
Combined Statement of Activities
Year ended June 30, 2023
with comparative totals for 2022

	SEPP, Inc. and Subsidiaries	SEPP Management Company, Inc.	Eliminations	Total 2023	Total 2022
Revenue:					
Contributions	$ 1,123,986	131,747	(89,827)	1,165,906	93,607
Rental revenue	3,180,474	7,908	-	3,188,382	3,261,038
Management fees	-	382,054	(226,370)	155,684	148,713
Laundry and exterminating income	16,817	64,595	(13,203)	68,209	75,409
Developer's fee	-	-	-	-	337,500
Return to owner	8,473	-	-	8,473	12,413
Investment income (loss)	79,193	7,388	-	86,581	(167,621)
Other revenue	96,680	161,059	-	257,739	265,013
Total revenue	4,505,623	754,751	(329,400)	4,930,974	4,026,072
Expenses:					
Administrative	929,911	704,626	(329,400)	1,305,137	1,265,700
Utilities	240,254	6,840	-	247,094	285,805
Maintenance and operating	722,005	10,051	-	732,056	737,490
Taxes and insurance	209,893	12,407	-	222,300	305,335
Financial	278,878	-	-	278,878	292,315
Other	-	13,738	-	13,738	26,415
Total expenses	2,380,941	747,662	(329,400)	2,799,203	2,913,060
Change in net assets (deficit) before depreciation and gain (loss) on sale of property and equipment	2,124,682	7,089	-	2,131,771	1,113,012
Depreciation	(593,660)	(15,428)	-	(609,088)	(616,939)
Gain (loss) on sale of property and equipment	-	-	-	-	2,007,323
Change in net assets (deficit) without donor restrictions	1,531,022	(8,339)	-	1,522,683	2,503,396
Net assets (deficit) without donor restrictions at beginning of year	2,706,459	929,292	-	3,635,751	1,132,355
Net assets without donor restrictions at end of year	$ 4,237,481	920,953	-	5,158,434	3,635,751

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, 2023
with comparative totals for 2022

	2023	2022
Cash flows from operating activities:		
Change in net assets without donor restrictions	$ 1,522,683	2,503,396
Adjustments to reconcile change in net assets without donor restrictions to net cash provided by operating activities:		
Depreciation	609,088	616,939
Amortization of debt issuance costs	9,659	4,740
Unrealized and realized (gain) loss on investments	(42,281)	176,117
Loss (gain) on sale of property and equipment	1,890	(2,007,323)
Changes in:		
Receivables	189,576	30,960
Inventory	(1,590)	(10,845)
Prepaid expenses	22,599	(24,022)
Accounts payable	(124,722)	(44,820)
Accrued expenses	(9,279)	6,314
Deferred revenue	-	(861)
Net cash provided by operating activities	2,177,623	1,250,595
Cash flows from investing activities:		
Purchase of investments	(992,262)	(7,948)
Additions to property and equipment	(628,849)	(512,973)
Proceeds from sale of property and equipment	-	599,975
Increase in investment in partnerships	(1,074,582)	-
Net cash provided by (used in) investing activities	(2,695,693)	79,054
Cash flows from financing activities:		
Proceeds from mortgages payable	522,103	-
Repayment of mortgages payable	(446,964)	(201,621)
Net cash provided by (used in) financing activities	75,139	(201,621)
Net change in cash and equivalents	(442,931)	1,128,028
Cash and equivalents at beginning of year	4,108,114	2,980,086
Cash and equivalents at end of year	$ 3,665,183	4,108,114

(Continued)

See accompanying notes to combined financial statements.

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

	2023	2022
Supplemental schedule of cash flow information:		
Cash paid during the year for interest	$ 226,271	273,269
Classification of cash and equivalents:		
Operations	1,261,035	2,091,110
Tax and insurance escrow	228,534	254,275
Operating reserve	295,953	299,577
Mortgage insurance premium escrow	14,230	14,192
Reserve for replacements	922,234	847,705
Residual receipts	943,197	601,255
	$ 3,665,183	4,108,114

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.

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.

Kime Apartments Corporation - Kime Apartments Corporation (Kime) was formed on May 21, 1984 as a not-for-profit corporation to acquire an interest in real property located in Great Bend, Pennsylvania and to construct and operate thereon an apartment complex of 50 units. The project was operated under Section 202 of the National Housing Act and regulated by HUD with respect to rental charges and operating methods. Kime was related to the Organization through common directors.

On March 2, 2022, the Corporation sold the real property located at 299 Main Street, Great Bend, Pennsylvania otherwise known as Kime Apartments to an unrelated third party. As of June 30, 2023, Kime has been fully liquidated.

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.

(1) Summary of Significant Accounting Policies, Continued

(a) Organization, Continued

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.

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 100% owned by SEPP, Inc.

(1) Summary of Significant Accounting Policies, Continued

(a) Organization, Continued

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 100% 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.

(b) Principles of Combination

The accompanying combined financial statements reflect the combination of the individual financial statements. 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 and Hamilton House Apartments I, L.P. is December 31. The financial information as of December 31, 2022 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 2023 and 2022.

(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.

(1) Summary of Significant Accounting Policies, Continued

(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) Concentrations

At times, the Organization's cash and equivalents may exceed federally insured limits. At June 30, 2023 and 2022, the Organization's cash balances were in excess of the insurable limit. The Organization monitors its financial institutions and the concentration of credit risk on a regular basis and does not anticipate nonperformance by the financial institutions.

(h) 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.

(i) Receivables

The Organization records accounts receivable based on services provided. Interest income is not accrued or recorded on outstanding amounts.

(j) Inventory

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

(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, 2023 and 2022, no impairment loss has been recognized by the Organization.

(1) Summary of Significant Accounting Policies, Continued

(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 $9,659 and $4,739 for the years ended June 30, 2023 and 2022, respectively, 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.

(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.

(1) Summary of Significant Accounting Policies, Continued

(p) Contracts with Customers, Continued

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:

	2023	2022	2021
Receivables	$ 25,717	19,861	13,566

(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.

On September 21, 2023, the permanent loan closing for Creamery was completed with the Community Preservation Corporation (CPC).

(r) Income Taxes

The Organization is 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 Organization has been classified as a publicly supported organization that is not a private foundation under Section 509(a) of the Code. The Organization 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 Organization has taken no uncertain tax positions that require adjustment in its combined financial statements. U.S. Forms 990 filed by the Organization are subject to examination by taxing authorities.

(s) Reclassifications

Reclassifications have been made to certain 2022 balances in order to conform them to the 2023 presentation.

(2) Liquidity

The Organization has $1,303,001 of financial assets available within one year of the combined statement of financial position date to meet cash needs for general expenditures, consisting of $1,261,035 of cash general operating and $41,966 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 2023 combined statement of financial position. Additionally, the Organization has available $2,173,843 in investments at June 30, 2023, 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, 2023 and 2022 consist of the following:

	2023	2022
A non-interest bearing note receivable from SEPP Development Corporation. Payment on the outstanding balance shall be due upon demand.	$ 285,500	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
	1,185,500	1,185,500
Less allowance for doubtful accounts	(900,000)	(900,000)
Total notes receivable - related parties	$ 285,500	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, 2023 and 2022.

	2023			
	Level 1	Level 2	Level 3	Total
Cash and equivalents	$ 993,184	-	-	993,184
U.S. Government securities	101,107	-	-	101,107
Common stocks	624,930	-	-	624,930
Corporate fixed income	-	50,274	-	50,274
Mutual funds	404,348	-	-	404,348
	$ 2,123,569	50,274	-	2,173,843

	2022			
	Level 1	Level 2	Level 3	Total
Cash and equivalents	$ 17,127	-	-	17,127
U.S. Government securities	100,239	-	-	100,239
Common stocks	666,392	-	-	666,392
Corporate fixed income	-	50,352	-	50,352
Mutual funds	305,190	-	-	305,190
	$ 1,088,948	50,352	-	1,139,300

(4) Investments, Continued

Financial Instruments

Investments in marketable securities at June 30, 2023 and 2022 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 (loss) for the years ended June 30, 2023 and 2022 is as follows:

	2023	2022
Interest and dividends	$ 44,300	8,496
Realized gain on investments	3,577	31,834
Unrealized gain (loss) on investments	38,704	(207,951)
Total investment income (loss)	$ 86,581	(167,621)

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.

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.

(4) Investments, Continued

Fair Value Measurements, Continued

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2023 and 2022.

- 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.
- U.S. Government securities - Valued using pricing models maximizing the use of observable inputs for similar securities.

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

SEPP Harry L., Inc. is the general partner of Harry L. Apartments Company I, Limited Partnership (0.01%). 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 Apartments L.P. (.0051%). SEPP Harry L., Inc., SEPP Cardinal Cove, Inc., SEPP Watkins Glen, Inc. and SEPP Fairmont Park, Inc. have the same Board members as SEPP, Inc. These investments have been recorded using the equity method of accounting. Under the equity method, the investment in Harry L. Apartments Company I, L.P., 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.

(5) Investment in Partnerships, Continued

The financial position as of December 31, 2022 and results of operations of the partnerships for the year ended December 31, 2022 are summarized as follows:

		Harry L. Apartments Company I, L.P.	Cardinal Cove, L.P.	Watkins Glen Apartments Company I, L.P.	Fairmont Park Apartments L.P.
Current assets	$	79,226	60,406	54,441	80,486
Current liabilities		(39,493)	(159,264)	(114,427)	(21,760)
Working capital		39,733	(98,858)	(59,986)	58,726
Restricted deposits		327,905	337,864	436,611	303,120
Property and equipment, net		5,733,715	9,680,806	10,891,814	10,261,429
Other assets		-	35,000	25,000	35,000
Long-term debt		(2,335,174)	(6,399,337)	(4,494,960)	(4,523,160)
Other liabilities		(32,703)	(26,501)	(26,458)	(44,374)
Partners' equity	$	3,733,476	3,528,974	6,772,021	6,090,741
Gross income	$	438,312	336,557	429,729	287,894
Net loss	$	(175,114)	(388,878)	(349,467)	(406,894)

(6) Mortgages Payable

Mortgages payable at June 30, 2023 and 2022 are summarized as follows:

		2023	2022
Whitney Point Apartments 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 2022 and 2021, 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.	$	742,472	761,327

(6) Mortgages Payable, Continued

	2023	2022
Creamery was financed by a 7.65% mortgage payable in monthly installments of $4,314, including principal and interest. The apartment project is pledged as collateral for the mortgage. The mortgage loan is nonrecourse debt secured by deeds of trust of the related real estate. During December 2022, Creamery paid off the mortgage.	$ -	291,205
Creamery is financed by a 5.75% thirty-year mortgage payable to CPC in the original amount of $625,000, of which $522,103 has been received. Payments of interest only at 8.46806% are due during renovation of project until no later than July 1, 2024 at which time the loan will convert to a permanent mortgage.	522,103	-
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 4.35%. 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 original mortgage loan agreement was modified by the lender and approved by HUD on February 1, 2020. The interest rate was reduced to 3.98% and effective March 1, 2020, the note is payable in level monthly installments (principle and interest) of $9,981 through June 2049.	1,941,855	1,983,439
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.	1,048,404	1,140,381
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.	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

(6) Mortgages Payable, Continued

		2023	2022
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 $1,766, 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 2022 and 2021, the interest subsidy payments of $13,955 have been treated as a reduction of interest expense.	$	244,122	247,465
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, 2022 and 2021.		718,187	718,187
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.		1,769,847	1,769,847
Mortgages payable		9,601,389	9,526,250
Less current installments		(165,277)	(185,986)
Mortgages payable, excluding current installments		9,436,112	9,340,264
Less unamortized debt issuance costs		(46,624)	(56,283)
Mortgages payable, excluding current installments and unamortized debt issuance costs	$	9,389,488	9,283,981

(6) Mortgages Payable, Continued

The aggregate maturity of the mortgages payable for the five years following June 30, 2023 and thereafter is as follows:

2024	$ 165,277
2025	175,436
2026	186,253
2027	197,778
2028	212,657
Thereafter	8,663,988
	$ 9,601,389

(7) Line of Credit

SEPP, Inc. has available a bank line of credit up to $50,000. At June 30, 2023 and 2022, there was no outstanding balance on this line of credit. Interest on the line of credit is at prime plus 1.75% (10% at June 30, 2023).

(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, 2023 and 2022 is as follows:

	2023	2022
Program services:		
Utilities	$ 247,094	285,805
Maintenance and operating	732,056	737,490
Financial	278,878	292,315
Taxes and insurance	222,300	305,335
Other	13,738	229,924
Depreciation	609,088	616,939
Total program services	2,103,154	2,467,808
Support services - management and general activities - administrative	1,305,137	1,265,700
Total expenses	$ 3,408,291	3,733,508

(9) Related Parties Transactions

SEPP Management Company, Inc. serves as the managing agent for twelve housing projects which have the same 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, 2023 and 2022, total management fees amounted to $382,054 and $377,139, respectively. Certain housing projects also pay bookkeeping fees equal to a fee per unit. During the years ended June 30, 2023 and 2022, total bookkeeping fees, which are included in other revenue on the accompanying combined statement of activities, amounted to $16,186 and $19,686, respectively.

During the years ended June 30, 2023 and 2022, SEPP Management Company, Inc. also served as the exterminating agent and the laundry machine agent for the nine related housing projects. Total service fees from the related parties for the years ended June 30, 2023 and 2022 amounted to $64,595 and $72,870, respectively.

SEPP, Inc. has a note receivable from SEPP Development Corporation in the amount of $285,500 as of June 30, 2023 and 2022 (note 3). In addition, SEPP, Inc. has a note receivable from Watkins Glen in the amount of $900,000 as of June 30, 2023 and 2022 (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 $32,993 and $33,385 as of June 30, 2023 and 2022, 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 $23,991 and $22,450 is recorded as of June 30, 2023 and 2022, 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, 2023 and 2022.

SEPP MANAGEMENT COMPANY, INC. AND
SEPP, INC. AND SUBSIDIARIES
Consolidating Statement of Financial Position - SEPP, Inc. and Subsidiaries
June 30, 2023

Assets	SEPP, Inc.	Marian Apartments	Creamery Hills, L.P.	Kime Apartments Corporation	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	$ 110,980	359,099	51,561	-	61,447	57,207	100,918	21,996	21,153	-	784,361
Investments	1,867,899	-	-	-	-	-	-	-	-	-	1,867,899
Receivables	-	-	-	-	-	263	-	-	-	-	263
Due from related parties	135,659	-	-	-	-	-	-	-	-	(135,659)	-
Prepaid expenses	470	37,148	6,032	-	2,786	11,868	20,563	6,023	7,130	-	92,020
Total current assets	2,115,008	396,247	57,593	-	64,233	69,338	121,481	28,019	28,283	(135,659)	2,744,543
Note receivable - related parties, less allowance of $900,000	285,500	-	-	-	-	-	-	-	-	-	285,500
Restricted deposits:											
Tenants' security deposits	-	29,477	15,343	-	15,133	13,354	27,911	14,838	18,373	-	134,429
Tax and insurance escrow	-	17,511	48,012	-	12,210	7,333	90,326	9,873	43,269	-	228,534
Operating reserve	-	-	24,000	-	-	-	178,735	-	93,218	-	295,953
Mortgage insurance premium escrow	-	5,146	-	-	9,084	-	-	-	-	-	14,230
Reserve for replacements	-	295,922	50,000	-	229,308	43,967	181,654	72,275	49,108	-	922,234
Residual receipts	-	920,073	-	-	23,124	-	-	-	-	-	943,197
Total restricted deposits	-	1,268,129	137,355	-	288,859	64,654	478,626	96,986	203,968	-	2,538,577
Property and equipment, at cost:											
Land	-	20,943	-	-	168,009	31,300	250,000	32,664	100,000	-	602,916
Buildings and improvements	-	5,675,452	1,492,188	-	2,772,976	1,209,821	6,445,749	1,840,220	4,097,740	-	23,534,146
Furniture and equipment	45,088	390,515	255,881	-	208,547	105,358	462,778	246,948	38,146	-	1,753,261
Vehicles	-	18,336	-	-	-	-	-	-	-	-	18,336
Construction in progress	-	-	76,347	-	-	-	-	-	-	-	76,347
	45,088	6,105,246	1,824,416	-	3,149,532	1,346,479	7,158,527	2,119,832	4,235,886	-	25,985,006
Less accumulated depreciation	(45,088)	(5,116,589)	(1,626,153)	-	(2,585,516)	(941,872)	(3,505,587)	(1,795,209)	(3,105,906)	-	(18,721,920)
Net property and equipment	-	988,657	198,263	-	564,016	404,607	3,652,940	324,623	1,129,980	-	7,263,086
Other asset - investment in partnerships	1,432,087	-	-	-	-	-	-	-	-	-	1,432,087
Total assets	$ 3,832,595	2,653,033	393,211	-	917,108	538,599	4,253,047	449,628	1,362,231	(135,659)	14,263,793
Liabilities and Net Assets											
Current liabilities:											
Accounts payable	26	59,833	4,401	-	31,612	7,104	78,991	8,907	36,257	(15,000)	212,131
Accrued expenses	-	5,434	-	-	6,440	613	20,000	310	92,190	-	124,987
Current installments of mortgages payable	-	97,928	-	-	43,312	20,443	-	3,594	-	-	165,277
Total current liabilities	26	163,195	4,401	-	81,364	28,160	98,991	12,811	128,447	(15,000)	502,395
Tenants' security deposits	-	29,477	15,343	-	15,133	13,354	27,911	14,838	18,373	-	134,429
Loan from related party	-	-	120,659	-	-	-	-	-	-	(120,659)	-
Mortgages payable, excluding current installments	-	950,476	522,103	-	1,898,543	722,029	2,614,399	958,715	1,769,847	-	9,436,112
Debt issuance costs	-	-	-	-	(45,772)	-	-	-	(852)	-	(46,624)
Mortgages payable, excluding current installments and unamortized debt issuance costs	-	950,476	522,103	-	1,852,771	722,029	2,614,399	958,715	1,768,995	-	9,389,488
Total liabilities	26	1,143,148	662,506	-	1,949,268	763,543	2,741,301	986,364	1,915,815	(135,659)	10,026,312
Net assets (deficit) without donor restrictions	3,832,569	1,509,885	(269,295)	-	(1,032,160)	(224,944)	1,511,746	(536,736)	(553,584)	-	4,237,481
Total liabilities and net assets	$ 3,832,595	2,653,033	393,211	-	917,108	538,599	4,253,047	449,628	1,362,231	(135,659)	14,263,793

Schedule 2

SEPP MANAGEMENT COMPANY, INC. AND
SEPP, INC. AND SUBSIDIARIES
Consolidating Statement of Activities - SEPP, Inc. and Subsidiaries
Year ended June 30, 2023

	SEPP, Inc.	Marian Apartments	Creamery Hills, L.P.	Kime Apartments Corporation	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.	Total
Revenue:										
Contributions	$ 1,123,986	-	-	-	-	-	-	-	-	1,123,986
Rental revenue	-	1,293,979	215,463	-	598,135	194,438	397,305	204,317	276,837	3,180,474
Laundry and exterminating income	-	6,157	1,701	-	2,140	984	2,690	924	2,221	16,817
Return to owner	8,473	-	-	-	-	-	-	-	-	8,473
Investment income	78,642	306	15	-	74	9	89	20	38	79,193
Other revenue	5,600	31,214	1,747	-	58,097	-	13	-	9	96,680
Total revenue	1,216,701	1,331,656	218,926	-	658,446	195,431	400,097	205,261	279,105	4,505,623
Expenses:										
Administrative	119,232	297,748	41,499	-	148,531	61,319	111,698	63,688	86,196	929,911
Utilities	1,200	60,505	24,061	-	45,401	13,519	37,306	24,710	33,552	240,254
Maintenance and operating	-	277,753	54,366	-	80,988	46,371	109,578	77,413	75,536	722,005
Taxes and insurance	-	61,954	12,817	-	22,050	21,731	38,428	28,395	24,518	209,893
Financial	-	72,772	62,720	-	89,633	5,609	20,000	11,061	17,083	278,878
Total expenses	120,432	770,732	195,463	-	386,603	148,549	317,010	205,267	236,885	2,380,941
Change in net assets (deficit) before depreciation	1,096,269	560,924	23,463	-	271,843	46,882	83,087	(6)	42,220	2,124,682
Depreciation	-	(69,197)	(53,028)	-	(54,016)	(39,978)	(162,853)	(71,786)	(142,802)	(593,660)
Change in net assets (deficit) without donor restrictions	1,096,269	491,727	(29,565)	-	217,827	6,904	(79,766)	(71,792)	(100,582)	1,531,022
Nonoperating transfer of assets	599,813	-	-	(599,813)	-	-	-	-	-	-
Net assets (deficit) without donor restrictions at beginning of year	2,136,487	1,018,158	(239,730)	599,813	(1,249,987)	(231,848)	1,591,512	(464,944)	(453,002)	2,706,459
Net assets (deficit) without donor restrictions at end of year	$ 3,832,569	1,509,885	(269,295)	-	(1,032,160)	(224,944)	1,511,746	(536,736)	(553,584)	4,237,481

SEPP MANAGEMENT COMPANY, INC. AND
SEPP, INC. AND SUBSIDIARIES
Consolidating Statement of Financial Position - SEPP, Inc. and Subsidiaries
June 30, 2022

Assets	SEPP, Inc.	Marian Apartments	Creamery Hills, L.P.	Kime Apartments Corporation	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	$ 387,251	416,929	7,277	598,547	39,457	45,092	21,700	33,149	11,511	-	1,560,913
Investments	1,139,300	-	-	-	-	-	-	-	-	-	1,139,300
Receivables	-	-	35,028	1,266	-	263	-	-	-	(25,000)	11,557
Due from related parties	130,659	-	-	-	-	-	-	-	-	(130,659)	-
Prepaid expenses	22,491	39,874	5,638	-	2,592	11,533	19,829	6,073	6,600	-	114,630
Total current assets	1,679,701	456,803	47,943	599,813	42,049	56,888	41,529	39,222	18,111	(155,659)	2,826,400
Note receivable - related parties, less allowance of $900,000	285,500	-	-	-	-	-	-	-	-	-	285,500
Restricted deposits:											
Tenants' security deposits	-	29,967	13,453	-	14,841	12,755	27,500	15,389	18,060	-	131,965
Tax and insurance escrow	-	18,799	53,089	-	12,254	9,493	105,069	9,937	45,634	-	254,275
Operating reserve	-	-	-	-	-	-	205,759	-	93,818	-	299,577
Mortgage insurance premium escrow	-	5,012	-	-	9,180	-	-	-	-	-	14,192
Reserve for replacements	-	262,891	21,128	-	191,211	53,362	168,351	85,728	65,034	-	847,705
Residual receipts	-	580,483	-	-	20,772	-	-	-	-	-	601,255
Total restricted deposits	-	897,152	87,670	-	248,258	75,610	506,679	111,054	222,546	-	2,148,969
Property and equipment, at cost:											
Land	-	20,943	-	-	168,009	31,300	250,000	32,664	100,000	-	602,916
Buildings and improvements	-	5,556,632	1,475,883	-	2,623,418	1,181,971	6,526,416	1,817,173	4,061,701	-	23,243,194
Furniture and equipment	45,088	348,760	255,881	-	179,415	105,358	286,665	246,948	33,046	-	1,501,161
Vehicles	-	18,336	-	-	-	-	-	-	-	-	18,336
	45,088	5,944,671	1,731,764	-	2,970,842	1,318,629	7,063,081	2,096,785	4,194,747	-	25,365,607
Less accumulated depreciation	(45,088)	(5,054,952)	(1,573,125)	-	(2,531,500)	(901,894)	(3,342,734)	(1,723,423)	(2,963,104)	-	(18,135,820)
Net property and equipment	-	889,719	158,639	-	439,342	416,735	3,720,347	373,362	1,231,643	-	7,229,787
Other asset - investment in partnerships	357,505	-	-	-	-	-	-	-	-	-	357,505
Total assets	$ 2,322,706	2,243,674	294,252	599,813	729,649	549,233	4,268,555	523,638	1,472,300	(155,659)	12,848,161
Liabilities and Net Assets											
Current liabilities:											
Accounts payable	186,219	49,257	85,469	-	22,311	6,345	15,144	7,211	31,816	(10,000)	393,772
Accrued expenses	-	5,911	5,918	-	6,578	654	20,000	330	106,607	-	145,998
Current installments of mortgages payable	-	92,037	30,242	-	41,625	18,739	-	3,343	-	-	185,986
Total current liabilities	186,219	147,205	121,629	-	70,514	25,738	35,144	10,884	138,423	(10,000)	725,756
Tenants' security deposits	-	29,967	13,453	-	14,841	12,755	27,500	15,389	18,060	-	131,965
Loan from related party	-	-	145,659	-	-	-	-	-	-	(145,659)	-
Mortgages payable, excluding current installments	-	1,048,344	260,963	-	1,941,814	742,588	2,614,399	962,309	1,769,847	-	9,340,264
Debt issuance costs	-	-	(7,722)	-	(47,533)	-	-	-	(1,028)	-	(56,283)
Mortgages payable, excluding current installments and unamortized debt issuance costs	-	1,048,344	253,241	-	1,894,281	742,588	2,614,399	962,309	1,768,819	-	9,283,981
Total liabilities	186,219	1,225,516	533,982	-	1,979,636	781,081	2,677,043	988,582	1,925,302	(155,659)	10,141,702
Net assets (deficit) without donor restrictions	2,136,487	1,018,158	(239,730)	599,813	(1,249,987)	(231,848)	1,591,512	(464,944)	(453,002)	-	2,706,459
Total liabilities and net assets	$ 2,322,706	2,243,674	294,252	599,813	729,649	549,233	4,268,555	523,638	1,472,300	(155,659)	12,848,161

Schedule 4

SEPP MANAGEMENT COMPANY, INC. AND
SEPP, INC. AND SUBSIDIARIES
Consolidating Statement of Activities - SEPP, Inc. and Subsidiaries
Year ended June 30, 2022

	SEPP, Inc.	Marian Apartments	Creamery Hills, L.P.	Kime Apartments Corporation	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.	Total
Revenue:										
Contributions	$ 93,607	-	-	-	-	-	-	-	-	93,607
Rental revenue	-	1,261,215	203,426	320,718	429,021	190,245	374,463	198,548	259,677	3,237,313
Laundry and exterminating income	-	5,968	1,032	1,504	2,078	1,325	1,800	739	1,649	16,095
Developer's fee	337,500	-	-	-	-	-	-	-	-	337,500
Return to owner	12,413	-	-	-	-	-	-	-	-	12,413
Investment income (loss)	(168,158)	172	6	12	53	15	124	30	54	(167,692)
Other revenue	5,000	24,855	35,035	328	25,866	-	404	-	1,594	93,082
Total revenue	280,362	1,292,210	239,499	322,562	457,018	191,585	376,791	199,317	262,974	3,622,318
Expenses:										
Administrative	94,979	280,737	63,211	99,961	128,480	57,838	131,511	59,968	80,628	997,313
Utilities	1,200	55,718	25,100	36,978	37,343	13,456	35,830	23,647	33,819	263,091
Maintenance and operating	-	263,754	55,211	46,388	67,686	48,655	110,380	53,565	78,003	723,642
Taxes and insurance	-	59,722	50,795	34,411	21,176	21,020	37,729	28,697	24,329	277,879
Financial	-	59,594	25,059	60,450	91,451	7,383	20,000	11,295	17,083	292,315
Loss on investment in partnerships	-	-	-	-	-	-	-	-	-	-
Total expenses	96,179	719,525	219,376	278,188	346,136	148,352	335,450	177,172	233,862	2,554,240
Change in net assets (deficit) before depreciation and gain on sale of property and equipment	184,183	572,685	20,123	44,374	110,882	43,233	41,341	22,145	29,112	1,068,078
Depreciation	-	(53,853)	(50,512)	(53,467)	(40,264)	(35,894)	(156,561)	(64,648)	(139,948)	(595,147)
Gain on sale of property and equipment	-	-	-	2,210,832	-	-	-	-	-	2,210,832
Change in net assets (deficit) without donor restrictions	184,183	518,832	(30,389)	2,201,739	70,618	7,339	(115,220)	(42,503)	(110,836)	2,683,763
Net assets (deficit) without donor restrictions at beginning of year	1,952,304	499,326	(209,341)	(1,601,926)	(1,320,605)	(239,187)	1,706,732	(422,441)	(342,166)	22,696
Net assets (deficit) without donor restrictions at end of year	$ 2,136,487	1,018,158	(239,730)	599,813	(1,249,987)	(231,848)	1,591,512	(464,944)	(453,002)	2,706,459

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, 2023

Revenue	$ 89,827
Expenses:	
Staff salaries:	
Executive Director	27,851
Accounting Manager	20,729
Director of Operations	25,577
Fringe benefits	7,416
Total staff salaries	81,573
Regulated OTPS:	
Insurance/bonding	1,850
Agency audit	1,450
Legal fees	1,000
Total regulated OTPS	4,300
General OTPS:	
Telephone	1,592
Office supplies	2,100
Travel	262
Total general OTPS	3,954
Total expenses	$ 89,827