STAGE POINT FUND, LLC AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023

STAGE POINT FUND, LLC AND SUBSIDIARIES

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Stage Point Fund, LLC
Haverford, PA

Opinion

We have audited the accompanying consolidated financial statements of Stage Point Fund, LLC, which comprise the consolidated statement of assets, liabilities and members' capital-income tax basis as of December 31, 2023, and the related consolidated statements of revenue and expenses-income tax basis and changes in members' capital accounts-income tax basis, and cash flows-income tax basis for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and members' capital of Stage Point Fund, LLC as of December 31, 2023, and its revenue and expenses, changes in members' capital accounts and cash flows for the year then ended in accordance with the basis of accounting the Company uses for income tax purposes described in Note 2.

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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Stage Point Fund, LLC 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.

Emphasis of Matter-Basis of Accounting

We draw attention to Note 2 of the consolidated financial statements, which describes the basis of accounting. The consolidated financial statements are prepared on the basis of accounting the Company uses for income tax purposes, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the basis of accounting Stage Point Fund, LLC uses for income tax purposes described in Note 2 and for determining that the income tax basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these 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 financial statements, whether due to fraud or error; and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Stage Point Fund, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Stage Point Fund, LLC'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.

Horowitz & Ullmann, P.C.

New York, NY
May 31, 2024

STAGE POINT FUND, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF ASSETS, LIABILITIES AND MEMBERS' CAPITAL
INCOME TAX BASIS
DECEMBER 31, 2023

ASSETS

CURRENT ASSETS	
Cash and cash equivalents	$ 160,559
Mortgage notes receivable	56,120,665
Default claims receivable	1,426,573
Investment in real estate	3,787,634
Notes receivable from related parties	3,448,827
Equipment note receivable	260,000
Other current assets	316,155
Total current assets	65,520,413
Note receivable - long term	294,167
TOTAL ASSETS	$65,814,580

LIBILITIES AND MEMBERS' CAPITAL

CURRENT LIABILITIES	
Notes payable - lines of credit	$28,898,082
Amount due to related party	305,568
Member distribution payable	1,560,889
Member redemption payable	484,117
Total current liabilities	31,248,656
Note payable - promissory note	500,000
TOTAL LIABILITIES	31,748,656
MEMBERS' CAPITAL	
Members' capital	34,065,924
TOTAL LIABILITIES AND MEMBERS' CAPITAL	$65,814,580

See independent auditor's report and accompanying notes to financial statements.

STAGE POINT FUND, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF REVENUE AND EXPENSES
INCOME TAX BASIS
FOR THE YEAR ENDED DECEMBE 31, 2023

INVESTMENT INCOME	
Interest income	$ 3,699,422
Other income	2,636,620
Total investment income	6,336,042
EXPENSES	
Performance and management fees	1,630,459
Loss on loans	419,559
Professional fees	161,373
Other operating expenses	70,373
Toal expenses	2,281,764
Income from operations	4,054,278
OTHER INCOME/EXPENSES	
Loss on disposition of real estate	(101,301)
Gain on disposition of partnership interest	169,167
Interest expense	(2,159,817)
NET INCOME	$ 1,962,327

See independent auditor’s report and accompanying notes to financial statements.

STAGE POINT FUND, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN MEMBERS' CAPITAL
INCOME TAX BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Non-Managing Members	Managing Members	Total
MEMBERS' CAPITAL AT DECEMBER 31, 2022-as originally stated	$36,099,630	$ -	$36,099,630
Prior period adjustment	935,997	-	935,997
MEMBERS'CAPITAL AT DECEMBER 31, 2022-as restated	37,035,627	-	37,035,627
Member contributions	971,589	-	971,589
Member distributions	(5,903,619)	-	(5,903,619)
Net income	1,962,327	-	1,962,327
MEMBERS' CAPITAL AT DECEMBER 31, 2023	$34,065,924	$ -	$34,065,924

See independent auditor's report and accompanying notes to financial statements.

STAGE POINT FUND, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS-INCOME TAX BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Net income	$ 1,962,327
Adjustments to reconcile net income to net cash and equivalents provided by operating activities:	
Loss on disposition of real estate	101,301
Gain on disposition of partnership interest	(169,167)
Changes in assets and liabilities:	
(Increase) in default claims receivable	(1,334,179)
Increase in amount due to related party	319,089
(Increase) in other current assets	(277,908)
Total adjustments	1,360,864
Net cash provided by operating activities	601,463
CASH FLOWS FROM INVESTING ACTIVITIES	
Mortgage notes funded and repayments of mortgage notes, net	(12,481,604)
Proceeds from sales of investment in real estate, net	478,353
Capital expenditures on investments in real estate, net	(784,138)
Net cash used for investing activities	(12,787,389)
CASH FLOWS FROM FINANCING ACTIVITIES	
Net borrowings (repayments) on notes payable - line of credit	15,898,082
Related party promissory notes funded and repayments, net	(128,000)
Net borrowing (repayments) - promissory notes	300,000
Proceeds from sale of partnership interest	150,000
Capital contributions	424,502
Capital distributions, net of distributions and redemptions payable	(4,335,174)
Net cash provided by financing activities	12,309,410
NET INCREASE IN CASH AND CASH EQUIVALENTS	123,484
CASH AND CASH EQUIVALENTS-Beginning of period	37,075
CASH AND CASH EQUIVALENTS-End of period	$ 160,559

See independent auditor's report and accompanying notes to financial statements.

1. ORGANIZATION AND NATURE OF BUSINESS

Stage Point Fund, LLC (the "Company"), was formed as a Delaware limited liability company in 2014. The Company was formed as a private investment limited liability company which is primarily in the business of providing specialty financing to experienced real estate developers and other property purchasers in the form of asset-based bridge loans and construction loans typically ranging from $150,000 to $1,500,000 with a maturity of one year or less. The Company's assets are managed by Stage Point Capital, LLC (the "Manager"), a related party.

The Manager is responsible for servicing the Company's loans throughout the full lending cycle. In return for these services, the Company has an agreement with the Manager, as more fully described in Note 8.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Financial Statements Presentation

The accompanying financial statements have been prepared using the same method of accounting the Company uses for income tax purposes. Consequently, the accompanying financial statements differ from accounting principles generally accepted in the United States of America in the following respects:

a. Certain revenues and expenses are recognized in the determination of income in different reporting periods than they would if the financial statements were prepared in conformity with generally accepted accounting principles.

b. For income tax purposes, interest income is recognized when received as opposed to over the term of the loan using the simple interest method. Loan origination fees are recorded as interest income when received instead of amortized to interest income over the contractual lives of the loans. Direct costs of lending are recorded when paid rather than netted against loan origination fees.

c. Valuation of Investment - the Company reports investments at cost, rather than fair value, of its investments in a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

d. Although income tax rules are used to determine the timing of the reporting of revenues and expenses, nontaxable revenues and nondeductible expenses are included in the determination of net income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Principles of Consolidation

The consolidated financial statements include the accounts of Stage Point Fund, LLC and its wholly-owned subsidiaries, Stage Point Distressed Fund, LLC and SPF Holdings, LLC. All significant intercompany balances and transactions have been eliminated in consolidation.

Management Estimates

The preparation of financial statements in conformity with the income tax basis of accounting requires management to make estimates and assumptions that affect reported amounts and disclosures. Accordingly, actual amounts may differ from those estimates made in the preparation of these financial statements.

Cash and Cash Equivalents

The Company considers all highly liquid debt instruments purchased with a maturity date of ninety (90) days or less to be cash equivalents.

Loans

The Company records loans at unpaid principal balances. The direct write-off method is used for uncollectible loans.

Interest is recognized for the purpose of determining Company performance when invoiced. Interest income generally is not recognized on specific impaired loans unless the likelihood of further loss is remote. Interest payments, if ultimately received on such loans, are applied as a reduction of the loan principal balance unless such loans balances have already been offset with a loan loss reserve and related impaired loan expense in a previous accounting period.

Management considers a loan impaired when, based on current information or factors, such as payment history, value of collateral, and assessment of the customer's current creditworthiness, it is probable that the principal and interest payments will not be collected according to the loan agreement.

Loan Commitments

The Company has off-balance sheet commitments to fund additional amounts on certain loans to meet customer financing needs. These amounts are recorded in the loan balance on the balance sheet as they are funded. Additional loan commitments totaled $4,421,148 as of December 31, 2023, and represent the exposure to loss before considering customer collateral or ability to repay. Each of the loans with potential additional commitments as of December 31, 2023, are collateralized by residential property.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Risk Mitigation Factors

Before making each loan, the Company manages the risk of underwriting that loan by examining the following factors: i) determining the value and condition of the property acquired with the loan which forms the loan's collateral, ii) confirming the viability of the title to the property and iii) accessing public information about both borrower and collateral.

To this end, the Company typically uses a combination of in-house and licensed, third- party appraisers to provide reliable market analysis and rigorous property inspections (in some instances, however, property access is unavailable in which case the Company deems such loans as higher risk, ceteris paribus). Additionally, the Company reviews the borrower's prior experience with property investment and development and takes into account current economic factors and loan-to-value-ratios, among other factors.

Prospective loans are vetted twice weekly by the Company's leadership team at which time the Company determines which loans to underwrite, or decline based on the above factors.

The Company monitors the active loans in its portfolio, and twice weekly determines which existing loans, if any, are at risk and how to mitigate this risk. Loans determined to be at risk are inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged. Loans so classified have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the Company will sustain some loss if the deficiencies are not corrected. As further described in Note 3, there were thirty-four (34) loans considered at risk at December 31, 2023, with an outstanding principal balance of $17,307,259.

Mitigation methods for potential at-risk loans include i) on-going review of the loan account and payment history on the account, ii) site inspection to verify construction progress, iii) more aggressive collection efforts, iv) notification of potential material default and v) formal legal communication.

Investment in Real Estate

Assets acquired through or instead of foreclosure are initially recorded at the lower of the loan's carrying value or the fair value of the asset less the estimated cost to sell, with any losses recorded at the time of acquisition. Subsequent expenditures to improve property are capitalized while operating costs are expensed as incurred. Gains or losses from disposition are included in income when realized.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment in Partnership

The Company records its investment in partnerships using the equity method of accounting.

Income Taxes

The Company is organized as a limited liability company and has elected to be taxed as a partnership. As such, the members are liable for their proportionate share of the Company's federal taxable income. Therefore, no provision for federal income taxes is reflected in these consolidated financial statements.

The benefit of a tax position is recognized in the financial statement since the period during which, based on all available evidence, management believes it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation process, if any. Tax positions that meet the more-likely-than-not recognition threshold are measured as the largest amount of tax benefit that is more than 50% likely of being realized upon settlement with the applicable taxing authority. As of December 31, 2023, the Company has not recognized any liabilities for uncertain tax positions or associated interest and penalties.

The Company’s income tax returns for the previous three years are subject to examination by the taxing authorities. Management is unaware of any pending or ongoing examinations of its federal, state or local tax filings for these periods.

Subsequent Events

Management has evaluated subsequent events through May 31, 2024, which is the date the financial statements were available to be issued.

Subsequent to December 31, 2023, all of the Stage Point Fund LLC members executed agreements to exchange their final (December 31, 2023) Stage Point Fund LLC equity balances for a secured promissory note (the “SPM note”) issued by Stage Point Master, LLC, a party related to the fund manager of Stage Point Fund, LLC. The SPM notes are (or were) payable between March 31, 2024 and March 31, 2027. As a result of the transaction, Stage Point Master, LLC is the sole member of Stage Point Fund, LLC.

3. MORTGAGE NOTES RECEIVABLE

The following table presents a reconciliation of loan activity for the twelve months ended December 31, 2023:

Beginning balance	$51,048,673
Prior period adjustment	935,997
Loans funded	31,005,831
Principal repayments	(18,899,836)
Loans transferred to real estate owned	(3,059,000)
Loans transferred to notes receivable from related party	(3,200,000)
Loan reclassified to equipment note receivable	(260,000)
Related party (See Note 8)	(1,451,000)
Ending balance	$56,120,665

The following table separates the Company's investment in loans into the categories of "Performing" and "At-Risk," as of December 31, 2023:

Performing	$40,264,406
At-Risk	17,307,259
Related party (performing)	(1,451,000)
Ending Balance	$56,120,665

At December 31, 2023, there were thirty-four (34) loans considered to be "at-risk".

4. INVESTMENT IN REAL ESTATE

Investment in real estate activity for the twelve months ended December 31, 2023, was as follows:

Beginning balance	$1,493,692
Loans transferred to real estate owned	2,059,000
Disposition of real estate	(549,196)
Capitalized expenditures	784,138
Ending balance	$3,787,634

5. INVESTMENT IN PARTNERSHIP

In 2020, the Company acquired a 19% interest in a partnership. During 2023, the Company sold the partnership interest for $444,167. It received a promissory note for $294,167 and recognized a gain of $169,167 from the sale.

6. NOTE PAYABLE – LINE OF CREDIT

On May 21, 2019, the Company entered into a line of credit agreement with a maximum credit limit of $1,000,000 subject to certain financial covenants. This credit facility was amended in various years from 2019 to 2023. The credit limit was increased to $14,000,000 on September 22, 2023. The line of credit bears interest at the rate of the benchmark rate (SOFR) plus 6%, or 8% if the unpaid principal balance of the loan exceeds $10,000,000, subject to a floor on the benchmark of 2% and a ceiling of 4% and is secured by substantially all assets of Stage Point Fund, LLC. The line of credit renews annually. At December 31, 2023, the outstanding balance amounted to $13,898,082.

On December 7, 2022, the Company entered into another line of credit agreement with a maximum credit limit of $15,000,000 subject to certain financial covenants. The line of credit bears interest at a rate of the benchmark rate (SOFR) plus 3.25% and is secured by substantially all assets of Stage Point Fund, LLC. All draws on this line of credit are required to be repaid within thirty-six (36) months of their origination date. At December 31, 2023, the outstanding balance amounted to $15,000,000.

7. NOTE PAYABLE – PROMISSORY NOTE

On February 22, 2021, an investor in the Company redeemed their membership interest in exchange for a promissory note with a face value of $3,142,690. This promissory note bears interest at the rate of 9.5% and matures on December 31, 2024. This note is secured by substantially all assets of Stage Point Fund, LLC. On January 1, 2023, the outstanding balance of $2,675,329 was assigned in full to the Manager in exchange for debt owed by the Manger to the Company.

On November 15, 2022, the Company entered into a promissory note with a face value of $143,000. The promissory note bears interest at a rate of 8.3% and matures on the earlier of 90 days following notice from lender of demand for repayment or January 1, 2024. The note is of interest only and payments are due monthly. This note was converted to member's capital on January 1, 2023.

On November 17, 2022, the Company entered into a promissory note with a face value of $100,000. The promissory note bears interest at a rate of 8.3% and matures on the earlier of 90 days following notice from lender of demand for repayment or January 1, 2024. Interest payments accrue and are added to the original loan amount, payable upon request. This note was converted to members' capital on January 1, 2023.

On November 25, 2022, the Company entered into a promissory note with a face value of $300,000. The promissory note bears interest at a rate of 8.3% and matures on the earlier of 90 days following notice from lender of demand for repayment or January 1, 2024. Interest payments accrue and are added to the original loan amount, payable upon request. This note was converted to member's capital on January 1, 2023.

On March 31, 2023, the Company entered into a promissory note with a face value of $500,000. The promissory note bears interest at a rate of 8% per annum and matures on December 31, 2028. Interest is paid annually by December 31. At December 31, 2023, the outstanding balance amounted to $500,000.

8. RELATED PARTY TRANSACTIONS

Asset Management Fee

The Company had an agreement whereby the Manager provides certain investment management services in return for an annual management fee equal to one percent (1%) of the Company's equity, paid monthly, plus 80% of company net income after an 8% investor annual preferred return, paid monthly. For the year ended December 31, 2023, the Company incurred management fees of $374,716.

Effective January 1, 2024, the fee structure was revised so that the manager is now paid 2.5%, on an annual basis, of the Fund's gross assets paid quarterly (0.625% per quarter).

Performance Fee

The Manager is paid a performance fee equal to eighty percent (80%) of Company net income after the Company has returned to its members an annualized preferred return of eight percent (8%), calculated on a monthly basis, and payment to the Manager of its base management fee of one percent (1%). For the year ended December 31, 2023, the Company incurred performance fees of $1,225,743.

Effective January 1, 2024, the Manager no longer receives a performance fee.

Loans Held at Period End and Interest Earned

At December 31, 2023, the Company held four (4) loans with unpaid principal balances of $1,451,000 with three separate companies that qualify as related parties. The Company earns interest on loans with rates ranging from nine (9%) to ten (10%) percent.

During the year ended December 31, 2023, the Company assigned two (2) loans to the Manager and received a promissory notes of $1,197,827. The company earns interest on the notes with a rate of ten (10%) percent. The Company also received a promissory note of $800,000 from the Manager. The Company earns interest on the note with a rate of thirteen (13%) percent.

Supplemental Disclosure of Cash Flows

Cash payments for interest were $2,159,817 for 2023.

Non-cash financing activities with related parties include the assignment of mortgage notes receivable of $1,197,827 and the assignment of a promissory note payable of $2,675,324. Non-cash financing activities also include the conversion of three (3) promissory notes to member's capital.

9. PRIOR PERIOD ADJUSTMENT

The Company has determined that upon the conversion from accrual basis accounting to tax basis accounting for financial statement purposes, income earned prior to January 1, 2023, in the amount of $935,997, was inadvertently not reflected in the prior years' financial statements. As a result, the Company has recorded a prior period adjustment, increasing the members' capital account balance at January 1, 2023 by $935,997.