Sharon Housing Trust, Inc.

Reviewed Financial Statements
December 31, 2025

S&A
LLC
SINNAMON & ASSOCIATES, LLC
CERTIFIED PUBLIC ACCOUNTANTS

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Sinnamon & Associates, LLC
Certified Public Accountants

Independent Accountant's Review Report

To the Board of Trustees of
Sharon Housing Trust, Inc.
PO Box 1168
Sharon, CT 06069

We have reviewed the accompanying financial statements of the Sharon Housing Trust, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

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

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of the Sharon Housing Trust, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Sinnamon & Associates, LLC
Certified Public Accountants

Canaan, Connecticut
June 1, 2026

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Sharon Housing Trust, Inc.
Statement of Financial Position
December 31, 2025

Assets	
Current assets	
Cash and cash equivalents	$ 166,821
Pledges receivable	75,150
Grants receivable	84,776
Total current assets	326,747
Noncurrent assets	
Restricted cash security deposits	$ 8,517
Project development costs	69,553
Property and Equipment, Net of Depreciation	655,932
Pledges receivable over one year	150,000
Total noncurrent assets	884,002
Total assets	1,210,749
Liabilities and Net Assets	
Current liabilities	
Accounts payable and accrued expenses	54,860
Unearned revenue	415
Security deposits	8,517
Notes payable - current portion	6,873
Total Current Liabilities	70,665
Long-term liabilities	
Notes payable, net of current portion	385,042
Total long-term liabilities	385,042
Net assets:	
Without donor restrictions	555,042
With donor restrictions	200,000
Total net assets	755,042
Total liabilities and net assets	$ 1,210,749

Sharon Housing Trust, Inc.
Statement of Activities
For The Year Ended December 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and other support:			
Contributions	$ 167,197	$ 200,000	$ 367,197
Grant revenue	84,776	-	84,776
Rental income	58,988	-	58,988
Investment income	3	-	3
Net assets released from restrictions	-	-	-
Total revenues, gains and other support:	310,964	200,000	510,964
Expenses			
Program services	86,309	-	86,309
Management and general	7,177	-	7,177
Fundraising and development	2,857	-	2,857
Total expenses	96,343	-	96,343
Change in net assets	214,621	200,000	414,621
Net Assets at beginning of year	340,421	-	340,421
Net assets at end of year	$ 555,042	$ 200,000	$ 755,042

Sharon Housing Trust, Inc.
Statement of Functional Expenses
For The Year Ended December 31, 2025

	Program Services	Management and General	Fundraising and Development	Total
Expenses				
Occupancy expenses	$ 15,757	$ -	$ -	$ 15,757
Insurance	13,640	404	-	14,044
Property taxes	5,988	-	-	5,988
Marketing	764	-	2,665	3,429
Professional fees	4,282	6,175	-	10,457
Property management fees	6,793	-	-	6,793
Office expenses	182	598	192	972
Computer expenses	365	-	-	365
Interest expense	24,999	-	-	24,999
Depreciation	13,445	-	-	13,445
Amortization of debt issuance costs	94	-	-	94
Total expenses	$ 86,309	$ 7,177	$ 2,857	$ 96,343

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The Notes To The Financial Statements Are An Integral Part Of This Statement
See The Accompanying Independent Accountant's Review Report

Sharon Housing Trust, Inc.
Statement of Cash Flows
For The Year Ended December 31, 2025

Cash flows from operating activities		
Change in net assets	$	414,621
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation		13,445
Amortization of debt issuance costs		94
(Increase) Decrease In:		
Pledges receivable		(225,150)
Grants receivable		(84,776)
Prepaid expenses		6,337
Accounts payable and accrued expenses		41,959
Unearned revenue		(413)
Security deposits		(87)
Net cash provided by operating activities		166,030
Cash flows from investing activities		
Project development costs		(69,553)
Net cash used in investing activities		(69,553)
Cash flows from financing activities		
Proceeds from borrowing		400,000
Payment of deferred financing costs		(7,018)
Principal payments on debt		(390,317)
Net cash provided by financing activities		2,665
Net increase (decrease) in cash and cash equivalents		99,142
Cash and cash equivalents at beginning of year		76,196
Cash and cash equivalents at end of year	$	175,338
Supplemental Information:		
Cash paid for interest	$	24,999
Cash Paid for Taxes		-
Cash is reported in the following categories:		

The Notes To The Financial Statements Are An Integral Part Of This Statement
See The Accompanying Independent Accountant's Review Report

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Programs

Sharon Housing Trust, Inc. (the Organization), is a not-for-profit corporation that was formed in 2005 and is located in Sharon, Connecticut. The Sharon Housing Trust is dedicated to providing and expanding the availability of affordable housing in Sharon, a rural, historic town in an expensive corner of Connecticut.

Basis of Accounting and Presentation

Financial statement presentation follows the requirements of the Financial Accounting Standards Board codification of accounting standards section 958, including ASU 2016-14. Among other provisions, the statement reduces the number of classes of net assets from three to two, requires the presentation of expenses in both natural and functional classifications and requires information regarding an entity's liquidity. Under these standards, the Organization is required to report information regarding its financial position and activities according to two classes of net assets as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions. These funds are available for general operating purposes and/or to use at the discretion of the Board of Directors. From time to time the Board may designate a portion of these net assets for specific purposes which makes them unavailable for general use by Management.

Net Assets With Donor Restrictions - Net assets subject to donor, or certain grantor, imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is when the stipulated time has elapsed, when the stipulated purposes for which the resource was restricted has been fulfilled, or both.

Revenue Recognition

Program Revenue

Program revenue consists of rental income paid by tenants who are renting from the Organization. The Organization recognizes revenue from contracts with customers at an amount that reflects the consideration to which the Organization expects to be entitled in exchange for transferring goods or services to its customers using the following five-step process:

1. Identify the contract(s) with the customer.
2. Identify the performance obligation(s) in the contract.
3. Determine the transaction price.
4. Allocate the transaction price to performance obligations in the contract.
5. Recognize revenue when (or as) the Organization satisfies a performance obligation.

The Organization has elected the practical expedient under ASC 606 and does not adjust the amount of consideration from customers for the effects of a significant financing component due to the Organizations expectations that the period between the time that the service is provided to the customer to the time that the customer pays for that service will be one year or less.

Because the Organization's performance obligations relate to periods with a duration of less than one year, the Organization has elected to apply the optional exemption provided in FASB ASC 606-10-50-14(a), Revenue from Contracts with Customers, and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. There are no incremental costs of obtaining a contract and no significant financing components.

Contributions and Promises to Give

Contributions are defined as voluntary, nonreciprocal transfers. Grants from various organizations for specific programs are treated as contributions for accounting and reporting purposes. Contributions are recognized when a donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without restrictions if the restrictions expire or are met in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in restricted net assets with donor restrictions until the restriction has been met.

Grants and Contracts

Grants and contracts are generally considered to be exchange transactions in which the grantor or contractor requires the performance of specified activities. Entitlement to cost reimbursement grants and contracts is based on the expenditure of funds in accordance with grant restrictions and, therefore, revenue is recognized to the extent of grant expenditures. Entitlement to performance-based grants and contracts are based on the attainment of specific performance goals and, therefore, revenue is recognized to the extent of performance achieved.

In-Kind Contributed Goods and Services

Contributions of nonfinancial assets are recognized if the goods or services received create or enhance nonfinancial assets or required specialized skills, are performed by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed goods or services that do not meet the above criteria are not recognized. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

Donated goods or services are recorded as revenue and expensed at their estimated fair market value which is the cost of the actual or similar goods or services which would otherwise be purchased by the Organization. During the year many individuals volunteer their time and talents and perform a variety of tasks that assist the Organization in its overall purpose but do not qualify for recognition in the financial statements based on the above criteria.

<u>Cash and Cash Equivalents</u>

For the purposes of the Statement of Cash Flows, the Organization considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable are carried at their estimated collectible amounts. Management believes that all accounts receivable are collectible and, therefore, has not recorded an allowance for doubtful accounts.

Functional Expenses

The costs of providing various programs and activities have been presented on a functional basis in the accompanying statement of activities and the statement of functional expenses. Certain categories of expenses are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include insurance and office expenses, which are allocated based on specific identification of certain costs Accordingly, certain expenses are charged directly to program services or general and administrative categories based on specific identification or allocation as appropriate in the circumstances.

Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Property and Equipment

Property and equipment are stated at cost or, if donated, at the approximate fair value at the date of donation. Assets donated with explicit restrictions regarding their use and contributions of cash that are restricted by donors to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long these donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Depreciation is provided over the estimated useful lives of the assets of thirty years using the straight line method. Expenditures in excess of $2,500 for major renewals and replacement of property and equipment are capitalized.

Expenditures for maintenance and repairs are charged to expenses as incurred.

Income Taxes

The Organization is organized as a CT non-stock corporation and is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code, on income from activities related to the pursuit of its exempt purposes. However, the Organization is liable for income tax on the Unrelated Business Income, if any.

The Organization qualifies for the charitable contribution deduction under Section 170(b) (1) (A) and has been classified as an Organization that is not a private foundation under Section 509 (a) (2).

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if it has taken an uncertain position that more-likely-than-not would not be sustained upon examination by the applicable taxing authorities. Management has analyzed the tax positions, and has concluded that as of December 31, 2025, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements.

NOTE 2 – PROJECT DEVELOPMENT COSTS

Project development costs consist of costs incurred and accumulated on projects to purchase, acquire or renovate homes for future sale. Project development costs as of December 31, 2025 consisted of the following:

Silver Lake Shores Rd	$	6,250
Building Improvements 91, 93, 95		38,515
Building Improvements 99		24,788
Total	$	69,553

NOTE 3 – PLEDGES RECEIVABLE

Pledges receivable are recorded when a donor makes a promise to give to the Organization that is, in substance, unconditional. The amount of pledges receivable considered collectible by the organization as of December 31, 2025, was $225,150 This includes $200,000 restricted to the North Main Street Project of which $50,000 is receivable over the next 12 months and $150,000 is receivable in future years.

NOTE 4 – PROPERTY AND EQUIPMENT

Property and Equipment consists of the following as of December 31, 2025:

Land	$	285,844
Building and improvements		403,341
Total		689,185
Less accumulated depreciation		(33,253)
	$	655,932

Depreciation expenses was $13,445 for the year ended December 31, 2025.

NOTE 5 – FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used by the Organization in estimating its fair value disclosures for financial instruments:

The Organization's investments are reported at fair value in the accompanying statements of financial position. The methods used to measure fair value may produce an amount 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.

The fair value measurement accounting literature establishes a hierarchal framework for measuring fair value and expands disclosure about fair value measurements. This standard defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy is organized into three levels based upon the assumptions ("inputs"), as follows:

Level 1 Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 Inputs are inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly with fair value being determined through the use of models or other valuation methodologies.

Level 3 Inputs are unobservable inputs for the asset or liability and are used to the extent that observable inputs do not exist. Level 3 inputs require significant management judgment and estimation. Factors considered include the purchase cost, prices of recent private placements, liquidity of the investment, and changes in financial condition of the issuer.

In accordance with ASC 820, the Organization's carrying amount of cash and cash equivalents approximate fair value under Level 1.

NOTE 6– NOTES PAYABLE

The Organization's notes payable are comprised of the following:

Mortgage payable to NBT Bank in monthly payments of $2,779 principal and interest bearing interest fixed at 6.69% through August 5, 2030. The interest rate is variable and will be adjusted every five years starting September 5, 2030 to the then current five-year FHLB New York rate plus 2.5%. The minimum interest rate is 4.0%. Monthly payments are based on a 25-year amortization with a final payment due on August 5, 2050. The note is secured by real property in Sharon, CT and requires a monthly escrow payment for taxes and insurance	$ 398,839
Total Notes Payable	398,839
Less current portion	(6,873)
Long-term debt, net of current	391,966
Less unamortized debt issuance costs	(6,924)
Long-term debt, net of current and debt issuance costs	$ 385,042

Debt issuance costs are bank fees and other costs incurred in obtaining financing that are amortized on a straight-line basis over the term of the related debt. Debt issuance costs are presented as a direct reduction of the carrying amount of the debt. Amortization of debt issuance costs is included in expenses.

Payments of principal are scheduled as follows

December 31, 2026	$	6,873
December 31, 2027		7,347
December 31, 2028		7,854
December 31, 2029		8,396
December 31, 2030		8,975
Thereafter		359,394
	$	398,839

NOTE 7 – NET ASSETS

Assets restricted and designated for the various funds of the organization were as follows as of December 31, 2025:

	Without Donor Restrictions	With Donor Restrictions	Total
Net Assets With Time or Purpose Restriction			
North Main Street Project	$ -	$ 200,000	$ 200,000
	-	200,000	200,000
Net Assets Without Restrictions			
Equity in Land & Project Development Costs, net of secured debt	333,570	-	333,570
Other Operating Funds	221,472	-	221,472
Total Net Assets Without Restrictions	555,042	-	555,042
Total Net Assets	$ 555,042	$ 200,000	$ 755,042

NOTE 8 – COMMITMENTS AND CONTINGENCIES

The Organization participates in various assisted grant programs. The use of grants in programs is subject to future review by the grantors. Such reviews may result in the Organization having liabilities to the grantors.

The Organization's Forms 990, *Return of Organization Exempt from Income Tax* are subject to examination by the IRS, generally for three years after they were filed. No examinations are in progress. Management is not aware of any uncertain tax positions taken by the Organization.

NOTE 9 – FINANCIAL ASSETS AND LIQUIDITY RESOURCES

As part of its liquidity management, the Organization evaluates its liquidity requirements throughout the year, taking into consideration operating expectations and capital plans. Financial assets are structured to be available as general expenditures, liabilities and other obligations become due.

As of December 31, 2025, financial assets available within one year for general expenditures, were as follows:

Cash and cash equivalents	$ 175,338
Pledges receivable	225,150
Grants receivable	84,776
Total	485,264
Less amounts not available to be used within one year	
Restricted cash security deposits	8,517
Net assets with restrictions	200,000
Total Not Available	200,000
Financial assets available to meet general expenditures over the next twelve months	$ 285,264

NOTE 12 – SUBSEQUENT EVENTS

The Organization adheres to ASC Topic 855, Subsequent Events. ASC Topic 855 requires disclosure of the date through which subsequent events have been evaluated, and whether that date is the date that the financial statements were issued or available to be issued. Management has evaluated subsequent events for potential recognition and disclosure through June 1, 2026, the date the financial statements were available to be issued.