Regency Affiliates, Inc. and Subsidiary

Consolidated Financial Statements

December 31, 2023

Regency Affiliates, Inc. and Subsidiary

Index to the Consolidated Financial Statements

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INDEPENDENT AUDITOR'S REPORT

Board of Directors and Stockholders of
Regency Affiliates, Inc. and Subsidiary

Opinion

We have audited the accompanying consolidated financial statements of Regency Affiliates, Inc. and Subsidiary (the "Company"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the related consolidated statements of income, changes in equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Regency Affiliates, Inc. and Subsidiary as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Security Land and Development Company Limited Partnership and Subsidiary, which, as discussed in Note 4 to the financial statements, is accounted for by the equity method of accounting. The investment in Security Land and Development Company Limited Partnership and Subsidiary was $49,624,879 and $53,252,371 as of December 31, 2023 and 2022, respectively, and the equity in its net (loss) was ($3,627,492) and ($1,779,614), respectively, for the years then ended. The financial statements of Security Land and Development Company Limited Partnership and Subsidiary were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Security Land and Development Company Limited Partnership and Subsidiary, is based solely on the report of the other auditors.

Basis for Opinion

We conducted our audits 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 Regency Affiliates, Inc. and Subsidiary 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 Financial Statements

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

Board of Directors and Stockholders of
Regency Affiliates, Inc. and Subsidiary

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 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 Regency Affiliate Inc. and Subsidiary' 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, which raise substantial doubt about Regency Affiliates, Inc. and Subsidiary' 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.

Rosenberg Rich Baker Berman, P.A

Somerset, New Jersey
April 11, 2024

Regency Affiliates, Inc. and Subsidiary
Consolidated Balance Sheets

	As of December 31, 2023	As of December 31, 2022
Assets		
Current Assets:		
Cash and cash equivalents	$ 459,979	$ 2,730,853
Restricted cash	563,567	419,442
Short-term investments	5,069,553	3,994,423
Prepaid expenses and other current assets	1,185,341	458,544
Rent receivable	53,615	56,623
Management fee receivable	13,734	13,734
Total current assets	7,345,789	7,673,619
Real Estate		
Self-storage properties	35,373,727	35,413,740
Less accumulated depreciation	(6,038,680)	(5,242,862)
Real estate, net	29,335,047	30,170,878
Property and equipment, net	30,643	6,618
Investment in partnerships/LLC	50,479,487	54,259,618
Operating lease right-of-use asset	253,058	176,812
Other assets	10,638	150,997
Total assets	$ 87,454,662	$ 92,438,542
Liabilities and Shareholders' Equity		
Current Liabilities:		
Accounts payable and accrued expenses	$ 146,934	$ 254,033
Mortgage note payable, net	435,858	416,452
Deferred revenue	241,484	263,811
Operating lease liability	50,709	193,699
Income tax payable	-	694,021
Dividends payable	213,106	551,303
Tenant security deposits	3,653	4,540
Total current liabilities	1,091,744	2,377,859
Non-current Liabilities:		
Mortgage note payable, net	23,417,748	23,830,699
Operating lease liability	204,122	-
Total liabilities	24,713,614	26,208,558
Commitments and contingencies (Notes 5 and 6)		
Shareholders' Equity		
Serial preferred stock, par value $0.10; 2,000,000 shares authorized; no shares issued and outstanding	-	-
Common stock, par value $0.01; 8,000,000 shares authorized; 4,815,058 and 4,815,058 shares issued and outstanding, as of December 31, 2023 and December 31, 2022, respectively	48,151	48,151
Additional paid-in capital	14,014,556	14,014,556
Retained earnings	47,627,276	51,475,461
Total shareholders' equity	61,689,983	65,538,168
Noncontrolling interest	1,051,065	691,816
Total equity	62,741,048	66,229,984
Total liabilities and shareholders' equity	$ 87,454,662	$ 92,438,542

Regency Affiliates, Inc. and Subsidiary
Consolidated Statements of Operations

	For the Years Ended December 31, 2023	For the Years Ended December 31, 2022
Revenue		
Rental	$ 4,815,937	$ 4,880,502
Insurance, late fees and other income	418,844	375,329
Total revenue	5,234,781	5,255,831
Operating expenses:		
Self-storage cost of operations	1,363,250	1,452,251
Self-storage depreciation expense	795,818	791,637
General and administrative expenses	1,227,260	1,419,628
Total operating expenses	3,386,328	3,663,516
Income from operations	1,848,453	1,592,315
Other (expense) income:		
Management agreement income	137,344	160,699
Loss from equity investment in partnerships/LLC	(3,780,131)	(1,854,545)
Realized loss on sale of short-term investments	(28,100)	(36,581)
Interest income	221,956	70,332
Other expense	(50,824)	(62,583)
Interest expense	(1,231,643)	(1,217,219)
Amortization of debt discount	(12,624)	(12,625)
Total other expense	(4,744,022)	(2,952,522)
Net loss before income taxes	(2,895,569)	(1,360,207)
Income tax (benefit) expense	(853,327)	848,099
Net loss	(2,042,242)	(2,208,306)
Net income attributable to noncontrolling interest	385,501	356,420
Net loss allocated to shareholders	$ (2,427,743)	$ (2,564,726)

Regency Affiliates, Inc. and Subsidiary
Consolidated Statements of Changes in Equity

	Preferred Stock		Common Stock		Additional Paid-In	Retained	Shareholders'	Noncontrolling	
	Shares	Amount	Shares	Amount	Capital	Earnings	Equity	Interest	Total Equity
Balance at January 1, 2022	-	$ -	4,815,058	$ 48,151	$ 14,014,556	$ 55,412,479	$ 69,475,186	$ 361,648	$ 69,836,834
Dividend paid to noncontrolling interest	-	-	-	-	-	-	-	(6,563)	(6,563)
Dividends declared	-	-	-	-	-	(337,054)	(337,054)	-	(337,054)
Net income	-	-	-	-	-	309,112	309,112	72,741	381,853
Balance at March 31, 2022	-	$ -	4,815,058	$ 48,151	$ 14,014,556	$ 55,384,537	$ 69,447,244	$ 427,826	$ 69,875,070
Dividend paid to noncontrolling interest	-	-	-	-	-	-	-	(6,563)	(6,563)
Dividends declared	-	-	-	-	-	(337,054)	(337,054)	-	(337,054)
Net income	-	-	-	-	-	353,849	353,849	83,091	436,940
Balance at June 30, 2022	-	$ -	4,815,058	$ 48,151	$ 14,014,556	$ 55,401,332	$ 69,464,039	$ 504,354	$ 69,968,393
Dividend paid to noncontrolling interest	-	-	-	-	-	-	-	(6,563)	(6,563)
Dividends declared	-	-	-	-	-	(349,092)	(349,092)	-	(349,092)
Net income	-	-	-	-	-	583,042	583,042	94,913	677,955
Balance at September 30, 2022	-	$ -	4,815,058	$ 48,151	$ 14,014,556	$ 55,635,282	$ 69,697,989	$ 592,704	$ 70,290,693
Dividend paid to noncontrolling interest	-	-	-	-	-	-	-	(6,563)	(6,563)
Dividends declared	-	-	-	-	-	(349,092)	(349,092)	-	(349,092)
Net (loss) income	-	-	-	-	-	(3,810,729)	(3,810,729)	105,675	(3,705,054)
Balance at December 31, 2022	-	$ -	4,815,058	$ 48,151	$ 14,014,556	$ 51,475,461	$ 65,538,168	$ 691,816	$ 66,229,984
Balance at January 1, 2023	-	$ -	4,815,058	$ 48,151	$ 14,014,556	$ 51,475,461	$ 65,538,168	$ 691,816	$ 66,229,984
Dividend paid to noncontrolling interest	-	-	-	-	-	-	-	(6,563)	(6,563)
Dividends declared	-	-	-	-	-	(349,092)	(349,092)	-	(349,092)
Net income	-	-	-	-	-	602,701	602,701	96,746	699,447
Balance at March 31, 2023	-	$ -	4,815,058	$ 48,151	$ 14,014,556	$ 51,729,070	$ 65,791,777	$ 781,999	$ 66,573,776
Dividend paid to noncontrolling interest	-	-	-	-	-	-	-	(6,563)	(6,563)
Dividends declared	-	-	-	-	-	(349,092)	(349,092)	-	(349,092)
Net income	-	-	-	-	-	560,227	560,227	85,929	646,156
Balance at June 30, 2023	-	$ -	4,815,058	$ 48,151	$ 14,014,556	$ 51,940,205	$ 66,002,912	$ 861,365	$ 66,864,277
Dividend paid to noncontrolling interest	-	-	-	-	-	-	-	(6,563)	(6,563)
Dividends declared	-	-	-	-	-	(361,129)	(361,129)	-	(361,129)
Net income	-	-	-	-	-	772,168	772,168	93,631	865,799
Balance at September 30, 2023	-	$ -	4,815,058	$ 48,151	$ 14,014,556	$ 52,351,244	$ 66,413,951	$ 948,433	$ 67,362,384
Dividend paid to noncontrolling interest	-	-	-	-	-	-	-	(6,563)	(6,563)
Dividends declared	-	-	-	-	-	(361,129)	(361,129)	-	(361,129)
Net (loss) income	-	-	-	-	-	(4,362,839)	(4,362,839)	109,195	(4,253,644)
Balance at December 31, 2023	-	$ -	4,815,058	$ 48,151	$ 14,014,556	$ 47,627,276	$ 61,689,983	$ 1,051,065	$ 62,741,048

Regency Affiliates, Inc. and Subsidiary
Consolidated Statements of Cash Flows

	For the Years Ended December 31, 2023	For the Years Ended December 31, 2022
Cash Flows From Operating Activities		
Net Loss	$ (2,042,242)	$ (2,208,306)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Non-cash expenses		
Depreciation and amortization	800,945	796,014
Loss from equity investment in partnerships/LLCs	3,780,131	1,854,545
Realized loss on sale of short-term investments	28,100	-
Amortization of right of use asset	208,026	290,376
Amortization of debt discount	12,624	12,625
Accretion of discount on short-term investments	(204,643)	-
Changes in operating assets and liabilities		
Prepaid expenses and other current assets	(1,087,926)	(304,965)
Rent receivable	3,008	460
Management fee receivable	-	(410)
Other assets	139,859	-
Accounts payable and accrued expenses	(106,599)	(116,528)
Deferred revenue	(22,327)	58,681
Income tax payable	(694,021)	457,311
Operating lease liability	(223,140)	(308,354)
Dividend payable	12,038	-
Tenant security deposits	(887)	(357)
Total adjustments	2,645,188	2,739,398
Net cash provided by operating activities	602,946	531,092
Cash Flows From Investing Activities		
Purchase of short-term investments	(7,044,405)	(6,982,210)
Purchase of equipment	(98,637)	(162,801)
Proceeds from sale of land	109,498	-
Proceeds from short-term investments	6,145,818	9,158,268
Net cash (used in) provided by investing activities	(887,726)	2,013,257
Cash Flows From Financing Activities		
Dividends paid to common shareholders	(1,422,880)	(1,350,991)
Dividends returned from common shareholders	13,332	247
Dividends paid to noncontrolling shareholder	(26,252)	(26,252)
Repayment of mortgage note payable	(406,169)	(389,070)
Net cash used in financing activities	(1,841,969)	(1,766,066)
Net (decrease) increase in cash and cash equivalents and restricted cash	(2,126,749)	778,283
Cash and cash equivalents and restricted cash - beginning	3,150,295	2,372,012
Cash and cash equivalents and restricted cash - ending	$ 1,023,546	$ 3,150,295
Supplemental Disclosures of Cash Flow Information		
Cash paid during the period for:		
Interest	$ 1,231,643	$ 1,217,219
Income taxes	$ 1,033,865	$ 52,604
Non-cash investing and financing activities:		
Common stock dividends declared	$ 361,129	$ 349,092
Recognition of right of use asset/obligation	$ 282,542	$ 502,053

Note 1. Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements are presented on an accrual basis in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") as defined in the Financial Accounting Standards Board ("FASB") Accounting Standards Codification (the "Codification").

Nature of Operations

Regency Affiliates, Inc. ("Regency" or the "Company") invests in assets that generate attractive, predictable and sustainable returns on capital. The Company's objective is to generate long-term value for its shareholders. Management seeks sound investment opportunities to meet its business characteristics and valuation criteria.

The Company holds a limited partnership interest in Security Land and Development Company Limited Partnership ("Security Land"), which owns and operates 34.3 acres of land and rental property of approximately 717,000 square feet in Woodlawn, Maryland. In November 2000, the Company acquired a 5% limited partnership interest in 1500 Woodlawn Limited Partnership, the general partner of Security Land ("Woodlawn"). See Note 4, "Investment in Security Land and Development Company Limited Partnership."

In April 2016, Regency formed a new, wholly owned subsidiary, RSS Investments LLC ("RSS"). RSS acquired a majority ownership (80%) of SSCP Harrisburg Holdings, LLC, a Delaware limited liability company ("Harrisburg Holdings"). Harrisburg Holdings is the sole member of SSCP Harrisburg Intermediate Holdings, LLC, a Delaware limited liability company ("Intermediate Holdings"). Simultaneously with RSS's investment in Harrisburg Holdings, Harrisburg Intermediate Holdings acquired a portfolio of five self-storage facilities in Harrisburg, Pennsylvania. Through our controlling interest of SSCP Harrisburg Holdings, LLC, we are focused on the ownership, operation, and acquisition of self-storage properties located within the Harrisburg, Pennsylvania area.

Principles of Consolidation

These consolidated financial statements include the accounts of the Company, and its wholly owned subsidiary, RSS. All intercompany balances and transactions have been eliminated in consolidation.

Reclassification

Certain amounts in prior periods related to the classification of prepaid expenses have been reclassified to conform to current period presentation. This reclassification to adjust prior period presentation had no impact on the consolidated statements of operations and comprehensive loss or consolidated statements of cash flows.

Noncontrolling Interest

The Company consolidates Harrisburg Holdings as it owns 80% of the equity interest and reports the remaining 20% interest owned by the third party, SSCP Management, LLC, as a noncontrolling interest on the consolidated balance sheet. At December 31, 2023 and 2022, the noncontrolling equity interest was $1,051,065 and $691,816, respectively. The net income or net loss of Harrisburg Holdings is allocated based on the ownership percentages. For the years ended December 31, 2023 and 2022, Harrisburg Holdings had net income of $1,927,505 and $1,782,098, respectively, resulting in net income attributable to the non-controlling interest for the years ended December 31, 2023 and 2022 of $385,501 and $356,420, respectively.

Note 1. Summary of Significant Accounting Policies (continued)

Cash, Cash Equivalents and Restricted Cash

Cash and cash equivalents represent cash and short-term highly liquid investments with original maturities of three months or less. The Company places its cash and cash equivalents with high credit quality financial institutions that may exceed federally insured amounts at times. As of December 31, 2023 and 2022, the Company had no cash equivalents. The self-storage properties hold escrow funds in money market trust accounts for real estate taxes, insurance, and replacement reserves disbursements to be paid when due, pursuant to the terms of the bank financing agreement.

The following table provides a reconciliation of cash and restricted cash in the consolidated balance sheets to the total amount shown in the consolidated statements of cash flows at December 31, 2023 and 2022:

	December 31, 2023	December 31, 2022
Cash and cash equivalents	$ 459,979	$ 2,730,853
Restricted cash	563,567	419,442
Total cash and restricted cash shown in the consolidated statements of cash flows	$ 1,023,546	$ 3,150,295

Short-Term Investments

Short-term investments consist of treasury bills and notes with original maturity dates greater than three months and less than one year at the date of purchase. The Company classifies its treasury instruments as held to maturity. The short-term investments are valued at cost, which approximates fair value. The Company has evaluated and determined that no allowance for credit allowances would be required, given that the Company’s short-term investments consist of high-quality government securities. As of December 31, 2023 and 2022, the Company’s short-term investments, at amortized cost, were $5,069,553 and $3,994,423, respectively.

Investments in Partnerships/ LLC

The Company uses the equity method of accounting for its investments in partnerships in equity securities in which it has more than a 20% interest but does not have a controlling interest and is not the primary beneficiary. Investments owned over 50% with a controlling interest are consolidated within these financial statements.

Self-Storage Properties

Self-storage properties are carried at historical cost less accumulated depreciation and any impairment losses. Major replacements and betterments, which improve or extend the life of an asset, are capitalized. Expenditures for ordinary repairs and maintenance are expensed as incurred and are included in self-storage cost of operation. Estimated depreciable lives of self-storage properties are determined by considering the age and other indicators about the condition of the assets at their respective dates of acquisition, resulting in an estimated useful life for assets within each category. All self-storage property assets are depreciated using the straight-line method. Buildings and improvements are depreciated over estimated useful lives of 39 years; furniture and equipment are depreciated over estimated useful lives of 7 years. The cost of the land is not depreciated. Repairs and maintenance costs are expensed as incurred.

Note 1. Summary of Significant Accounting Policies (continued)

Self-Storage Properties (continued)

When a self-storage property is acquired in a business combination, the purchase price of the acquired self-storage property is allocated to land, buildings and improvements, furniture and equipment, customer in-place leases, assumed real estate leasehold interests, other assets acquired and liabilities assumed, based on the estimated fair value of each component. When a portfolio of self-storage properties is acquired, the purchase price is allocated to the individual self-storage properties based on the fair value determined using an income approach with appropriate risk-adjusted capitalization rates, which take into account the relative size, age and location of the individual self-storage properties.

These items consist of the following at:

	December 31, 2023	December 31, 2022
Land	$ 4,760,502	$ 4,870,000
Building and improvements	30,494,117	30,435,838
Furniture and equipment	119,108	107,902
	35,373,727	35,413,740
Less: Accumulated Depreciation	(6,038,680)	(5,242,862)
Self-Storage Properties, net	$ 29,335,047	$ 30,170,878

During the year ended December 31, 2023, one of the self-storage properties sold a small portion of land at its cost of $109,498 pursuant to an eminent domain condemnation. There was no gain or loss recognized from this sale.

Depreciation expense on these properties was $795,818 and $791,637 for the years ended December 31, 2023 and 2022, respectively.

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation. Depreciation is provided over the estimated useful lives of the assets using the straight-line method as follows: machinery and equipment - 7 years. Repairs and maintenance costs are expensed as incurred that do not extend the life or functionality of the asset.

These items consist of the following at:

	December 31, 2023	December 31, 2022
Machinery and equipment	$ 79,614	$ 50,462
Less: Accumulated depreciation	(48,971)	(43,844)
Property and equipment, net	$ 30,643	$ 6,618

Depreciation expense was $5,127 and $4,377 for the years ended December 31, 2023 and 2022, respectively.

Note 1. Summary of Significant Accounting Policies (continued)

Income Taxes

The Company utilizes FASB ASC 740-10, "Income Taxes", which requires an asset and liability approach to financial accounting and reporting for income taxes. The difference between the financial statement and tax basis of assets and liabilities is determined annually. Deferred income tax assets and liabilities are computed for those temporary differences that have future tax consequences using the current enacted tax laws and rates that apply to the periods in which they are expected to affect taxable income. In some situations, FASB ASC 740-10 permits the recognition of expected benefits of utilizing net operating loss and tax credit carryforwards. Valuation allowances are established based upon management's estimate, if necessary. Income tax expense (benefit) is the current tax payable or refund for the period plus or minus the net change in the deferred tax assets and liabilities.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements, and also affect the amounts of revenues and expenses reported for each period. Actual results could differ from those estimates. Management utilizes various other estimates, including but not limited to, assessing the collectability of rents receivable, determining the estimated lives of long-lived assets, determining the potential impairment of intangibles, the fair value of stock options, the recognition of revenue, and other legal claims and contingencies. The results of any changes in accounting estimates are reflected in the financial statements in the period in which the changes become evident. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the period that they are determined to be necessary.

Revenue Recognition

Effective January 1, 2019, the Company adopted Financial Account Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 606, Revenue from Contracts with Customers ("ASC 606"). The guidance includes a five-step framework that requires an entity to: (i) identify the contract(s) with a customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract, and (v) recognize revenue when the entity satisfies a performance obligation.

Management has determined that all of its leases are operating leases and therefore these leases are outside of the scope of ASC Topic 606. The Company recognizes rental income in accordance with ASC Topic 840, Leases. Substantially all leases may be terminated on a month-to-month basis and rental income is recognized ratably over the lease term using the straight-line method. Rents received in advance are deferred and recognized on a straight-line basis over the related lease term associated with the prepayment. Promotional discounts and other incentives are recognized as a reduction to rental income over the applicable lease term. Other property related revenue consists of ancillary revenues such as tenant insurance related access fees and commissions and sales of storage supplies with are recognized in the period earned.

For insurance income, the Company acts as an agent and recognized revenue for only its commission on the arrangement. The Company has a contract with the insurance carrier for acting as an agent, with a fixed commission amount. The performance obligation is satisfied, and revenue is earned at a point in time, which is when the Company sells a policy to a customer. This is evidenced by a signed contract. There is no variable consideration for this revenue stream.

Note 1. Summary of Significant Accounting Policies (continued)

Expense Recognition

Property tax expense is based on actual amounts billed. Cost of operations, general and administrative expense and interest expense are expensed as incurred.

Advertising Expenses

The Company expenses advertising costs when incurred. Advertising and marketing costs totaled $173,329 and $143,174 for the years ended December 31, 2023 and 2022, respectively.

Stock-Based Compensation

The Company follows ASC Topic 718, Compensation - Stock Compensation, which addresses the accounting for stock-based payment transactions. Awards of shares for property or services are recorded at the more readily measurable of the fair value of the stock and the fair value of the service. The Company uses the Black-Scholes option-pricing model to determine the grant date fair value of stock-based awards under ASC 718. The fair value is charged to earnings depending on the terms and conditions of the award, and the nature of the relationship of the recipient of the award to the Company. The Company records the grant date fair value in line with the period over which it was earned. For employees and consultants, this is typically considered to be the vesting period of the award. The Company estimates the expected forfeitures and updates the valuation accordingly.

Fair Value Measurements

The carrying amounts of cash and cash equivalents, restricted cash, short-term investments, prepaid expenses and other current assets, accounts payable, accrued liabilities, deferred revenue, and other liabilities approximate their fair value due to the short-term nature of these instruments.

ASC Topic 820, Fair Value Measurements and Disclosures, provides the framework 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).

Fair value is defined as an exit price, representing the amount that would be received upon the sale of an asset or payment to transfer a liability in an orderly transaction between market participants. Fair value is a market-based measurement that is determined based on assumptions that market participants would use in pricing an asset or liability. A three-tier fair value hierarchy is used to prioritize the inputs in measuring fair value as follows:

- Level 1 Quoted prices in active markets for identical assets or liabilities.
- Level 2 Quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable, either directly or indirectly.
- Level 3 Significant unobservable inputs that cannot be corroborated by market data.

Limitations

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial statements. These estimates are subjective in nature, involve uncertainties and matters of significant judgment, and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Note 1. Summary of Significant Accounting Policies (continued)

Subsequent Events Evaluation

The Company has evaluated subsequent events through April 10, 2024 which is the date these financial statements were available to be issued.

Recent Accounting Pronouncements Adopted

In June 2016, the FASB issued ASU 2016-13 to update the methodology used to measure current expected credit losses ("CECL"). This ASU applies to financial assets measured at amortized cost, including loans, held-to-maturity debt securities, net investments in leases, and trade accounts receivable as well as certain off-balance sheet credit exposures, such as loan commitments. This ASU replaces the current incurred loss impairment methodology with a methodology to reflect CECL and requires consideration of a broader range of reasonable and supportable information to explain credit loss estimates. The guidance must be adopted using a modified retrospective transition method through a cumulative-effect adjustment to retained earnings in the period of adoption. In November 2019, the FASB issued ASU 2019-10, Financial Instruments — Credit Losses ("Topic 326"), Targeted Transition Relief, which amends the transition guidance for ASU 2016-13. The ASU provides entities with the option to irrevocably elect the fair value option in Subtopic 825-10 on an instrument-by-instrument basis. ASU 2019-10 and ASU 2016-13 are effective for years beginning after December 15, 2022, with early adoption permitted. On January 1, 2023, the Company adopted ASU 2016-13, using a modified retrospective approach. ASU 2016-13 did not result in any material impact on the Company's consolidated financial statements and related disclosures.

Note 2. Fair Value Measurements

The fair value of the Company's financial instruments are as follows:

As of December 31, 2023				
Security Type	Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)	Quoted Prices for Similar Assets or Liabilities in Active Markets (Level 2)	Significant Unobservable Inputs (Level 3)	Total
U.S. Treasury Notes	$ -	$ 1,135,193	$ -	$ 1,135,193
U.S. Treasury Bills	-	3,934,360	-	3,934,360
Total	$ -	$ 5,069,553	$ -	$ 5,069,553

As of December 31, 2022				
Security Type	Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)	Quoted Prices for Similar Assets or Liabilities in Active Markets (Level 2)	Significant Unobservable Inputs (Level 3)	Total
U.S. Treasury Notes	$ -	$ 787,544	$ -	$ 787,544
U.S. Treasury Bills	-	3,206,879	-	3,206,879
Total	$ -	$ 3,994,423	$ -	$ 3,994,423

Note 3. Marketable Securities

The tables below summarize the cost and fair values of marketable securities at December 31, 2023 and 2022:

As of December 31, 2023				
Security Type	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Treasury Notes	$ 1,135,193	$ 2,712	$ -	$ 1,137,905
U.S. Treasury Bills	3,934,360	5,154	(938)	3,938,576
Total	$ 5,069,553	$ 7,866	$ (938)	$ 5,076,481

As of December 31, 2022				
Security Type	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Treasury Notes	$ 787,544	$ -	$ (8,669)	$ 778,875
U.S. Treasury Bills	3,206,879	-	(17,724)	3,189,155
Total	$ 3,994,423	$ -	$ (26,393)	$ 3,968,030

Accrued interest receivable as of December 31, 2023 and 2022 was $6,484 and $0, respectively.

Note 3. Marketable Securities (continued)

As of December 31, 2023 and 2022, the Company held four and six securities that were in an unrealized loss position, respectively. The aggregate fair value of securities held by the Company in an unrealized loss position for less than twelve months as of December 31, 2023 and 2022 was $2,259,787 and $3,968,030, respectively, and there were no securities held by the Company in an unrealized loss position for more than twelve months. The Company has the intent and ability to hold such securities until recovery. As a result, the Company did not record any charges for credit-related impairments for its marketable debt securities for the years ended December 31, 2023 and 2022.

Note 4. Investment in Security Land and Development Company Limited Partnership

The Company owns a limited partnership interest in Security Land, which owns and operates an office complex. The Company has limited voting rights and is entitled to certain allocations of the profit and loss and operating cash flow distributions of Security Land.

For the years ended December 31, 2023 and 2022, the Company's loss from its equity investment in Security Land was $3,627,492 and $1,779,614, respectively.

The Company also owns a 5% limited partnership interest in 1500 Woodlawn Limited Partnership, the general partner of Security Land. The Company recognized losses of $152,639 and $74,931 for the years ended December 31, 2023 and 2022, respectively, from this investment.

On December 6, 2018, the Company entered into a second amended and restated limited partnership agreement (the “Amended Partnership Agreement”) with Woodlawn and other limited partners. Among other things, the Amended Partnership Agreement allowed Security Land to enter into a new agreement with the United States General Services Administration and refinance its debt, as described below. As part of the Amended Partnership Agreement, the income allocated to the Company was reduced from 95% to 48.969%.

Note 4. Investment in Security Land and Development Company Limited Partnership (continued)

On December 6, 2018, Security Land entered into an agreement ("Management Agreement") with Woodlawn and the Company. Pursuant to the Management Agreement, there is an asset management fee payable to the Company at a rate of 1.3% of monthly rental income in the applicable period, payable monthly through the date of sale of the property. For the years ended December 31, 2023 and 2022, the Company recognized $137,344 and $160,699, respectively, from the management fee agreement.

On December 17, 2018, Security Land signed a new ten-year lease with the United States General Services Administration (the "GSA"), which became effective as of November 1, 2018 and under the terms of the lease would have expired on October 31, 2028. In October 2021, the GSA notified Security Land that it would early terminate its lease for the Security West building effective November 1, 2023. The GSA fully vacated from the Security West building effective November 1, 2023 and the building remains vacant as of December 31, 2023. Security Land is currently investigating and evaluating redevelopment opportunities for the site.

In the light of the current vacancy and economic conditions affecting office real estate properties, Security Land recorded impairment charges of $12,803,828 and $7,713,480 for the years ended December 31, 2023 and 2022, respectively, of which $6,269,907 and $3,777,214 were included in the Company's loss from equity investment for the years ended December 31, 2023 and 2022, respectively.

There were no distributions paid to the Company during the years ended December 31, 2023 or 2022.

Summarized Balance Sheet information for Security Land at December 31, 2023 and December 31, 2022 is as follows:

	December 31, 2023	December 31, 2022
Balance Sheet Data		
Cash and cash equivalents	$ 8,546,020	$ 3,035,875
Restricted cash	-	11,019,920
Real estate, net	2,151,154	16,775,000
Prepaid expenses and other receivables	41,824	441,027
Receivables and other assets	358,291	1,056,591
Leasing cost, net of accumulated amortization	-	245,533
Total Assets	$ 11,097,289	$ 32,573,946
Accounts payable and accrued expenses	$ 123,482	$ 1,578,775
Project note payable	-	12,298,128
Accrued interest payable	-	23,191
Total Liabilities	$ 123,482	$ 13,900,094
Partners' capital:		
Total Partners' Capital	10,973,807	18,673,852
Total Liabilities and Partner's Capital	$ 11,097,289	$ 32,573,946

Note 4. Investment in Security Land and Development Company Limited Partnership (continued)

Summarized Statements of Net Loss information for Security Land is as follows:

	For the Years Ended December 31,	
	2023	2022
Revenues	$ 10,345,253	$ 12,619,925
Expenses	(4,944,470)	(8,540,609)
Impairment of real estate	(12,803,828)	(7,713,480)
Net loss	$ (7,403,045)	$ (3,634,164)

Note 5. Stock Based Compensation

2003 Incentive Stock Plan

Effective as of March 17, 2003, the Company's Board of Directors and Stockholders approved and adopted the 2003 Stock Incentive Plan (the "2003 Plan"). The 2003 Plan allows the Administrator (as defined in the 2003 Plan), currently the Compensation Committee, to determine the issuance of incentive stock options, non-qualified stock options and restricted stock to eligible employees and outside directors and consultants of the Company. The Company has reserved 500,000 shares of common stock for issuance under the 2003 Plan. The exercise price of any option granted under the 2003 Plan is determined by the Administrator, and no option or award exercise date can exceed ten years from the grant date. On August 13, 2008, the Company's Board of Directors approved an amendment to the 2003 Plan that increased the total number of authorized shares available from 500,000 to 750,000. All other terms of the Plan remain in full force and effect.

As of December 31, 2023, 125,000 shares remain available for issuance under the 2003 Plan. There were no options outstanding at December 31, 2023 and December 31, 2022.

Note 6. Related Party

In connection with the Company's investment in Security Land, the Company also holds a 5% interest in Woodlawn. Security Land entered into an agreement with TCG Properties Corporation, an affiliate of Woodlawn, to provide management services. The agreement provided for a monthly fee in the amount of $25,806, plus reimbursed CPI increases thereon if any paid by the GSA under the lease, plus reimbursement of all direct expenses incurred, including payroll costs, paid to Security Land under the lease and identified in an approved operating budget. The agreement was amended in 2018 to change compensation to 3% of monthly rental income, plus reimbursement of direct expenses and payroll costs incurred.

As of December 31, 2023 and 2022, Woodlawn recorded total fees charged to Security Land of $302,769 and $370,846, of which $14,178 represents an overpayment and $30,942 represents an underpayment, respectively.

Note 7. Income Taxes

As referred to in Note 1, the Company accounts for income taxes under FASB ASC Topic 740-10, Income Taxes. The deferred taxes are the result of temporary differences between financial reporting and tax reporting for depreciation, earnings from the Company's partnership investment in Security Land and the recognition of income tax carry-forward items.

Note 7. Income Taxes (continued)

The Company files consolidated income tax returns with its wholly owned Subsidiary. As of December 31, 2014, for regular federal and state income tax purposes, the Company has utilized all of its net operating loss ("NOL") carryforwards. The Company believes it is no longer subject to income tax examinations for years prior to 2014 by the respective taxing authorities.

The Company and the general partner of Security Land are in disagreement as to the manner in which taxable income of Security Land was to be allocated pursuant to the partnership agreement and applicable law, and for years 2004 through 2018, the Company has reported taxable income and loss from Security Land in a manner it believes is proper, but which was different than the manner reported by Security Land. An investigation or other action by the applicable tax authorities to resolve this difference could have an adverse impact on the Company's operations and financial results.

The Company's 2014 and 2015 tax returns are under examination by the Internal Revenue Service ("IRS").

To safeguard itself from any possible negative impact, in February 2016, the Company purchased an insurance policy and binder to insure against the negative tax consequences should any arise from the disagreement with Security Land regarding reported taxable income allocations. In 2016, the Company paid $633,900 for the policy and binder which provide coverage of up to $10 million over the next seven years in the event the IRS or a state taxing authority were to investigate and reject the Company's tax positions taken. The policy is subject to certain limitations, exclusions, and retentions.

For the years ended December 31, 2023 and 2022, the Company has recorded for federal and state purposes tax benefit of $853,327 and expense of $848,099, respectively. The Company's applicable statutory tax rates are 21% and 3.3% for federal and state tax purposes, respectively, for the year ended December 31, 2023 and 21% and 9.7% for federal and state tax purposes, respectively, for the year ended December 31, 2022. The reconciliation of the Company's income tax expense for the years ended December 31, 2023 and 2022 is as follows:

	For the Years Ended December 31,	
	2023	2022
Income tax at federal statutory rate	$ (608,069)	$ (285,644)
State taxes, net of federal benefit	(95,659)	(49,770)
True-up	962,275	119,822
Prepaid taxes true-up	(853,327)	-
Change in federal valuation allowance	(258,547)	1,063,691
Total income tax (benefit) expense	$ (853,327)	$ 848,099

Note 7. Income Taxes (continued)

The components of net deferred tax assets and liabilities at December 31, 2023 and 2022 are as follows:

	For the Years Ended December 31,	
	2023	2022
Deferred tax assets:		
Investment in partnership	$ 1,421,446	$ 2,365,263
NOL carryforwards	689,335	-
Deferred rent	-	85
Operating lease liability	61,934	59,466
Depreciation	2,310	1,538
Total assets	2,175,025	2,426,352
Valuation allowance	(2,113,523)	(2,372,070)
Net deferred tax asset	61,502	54,282
Deferred tax liabilities		
Operating lease right-of-use asset	(61,502)	(54,282)
Total liabilities	(61,502)	(54,282)
Net deferred tax liability	$ -	$ -

The components of income tax expense for the years ended December 31, 2023 and 2022 are as follows:

	For the Years Ended December 31,	
	2023	2022
Current		
Federal	$ (549,392)	$ 588,468
State	(303,935)	259,631
Total current	(853,327)	848,099
Deferred		
Federal	-	-
State	-	-
Total deferred	-	-
Change in valuation allowance	-	-
Total income tax (benefit) expense	$ (853,327)	$ 848,099

Note 8. Contingencies, Risks, and Uncertainties

The Company is subject to numerous contingencies, risks and uncertainties including, but not limited to, the following that could have a severe impact on the Company:

A default in the lease or sudden catastrophe to the Security West Building from uninsured acts of God or war could have a materially adverse impact upon the Company's investment in Security Land and Development Company Limited Partnership and, therefore, its financial position and results of operations.

Royalty, an affiliate of the Company's management, beneficially owns approximately 49% of the Company's common stock. As a result, Royalty has the ability to control the outcome of all matters requiring shareholder approval, including the election and removal of directors and any merger, consolidation or sale of all or substantially all of the Company's assets.

Note 8. Contingencies, Risks, and Uncertainties (continued)

There are many public and private companies that are also searching for operating businesses and other business opportunities as potential acquisition or merger candidates. The Company will be in direct competition with these other companies in its search for business opportunities. Many of these entities have significantly greater financial and personnel resources than the Company.

The Company and the general partner of Security Land were in disagreement as to the manner in which taxable income of Security Land was to be allocated pursuant to the partnership agreement and applicable law, and for years 2004 through 2018, the Company reported taxable income (loss) from Security Land in a manner the Company believes is proper, but which was different than the manner reported by Security Land (See Note 4). This may result in an investigation or other action by the applicable tax authorities and any action taken by tax authorities to resolve this difference could have an adverse impact on the Company's operations and financial results. In February 2016, the Company obtained an insurance policy to protect against such losses, however, it may not be sufficient under all circumstances to cover all potential losses to the Company in the event of any such adverse determinations.

In September 2016, the Company received an Internal Revenue Service letter indicating its 2014 Federal Form 1120 was selected for examination. In September 2017, the Company received an Internal Revenue Service letter indicating its 2015 Federal Form 1120 was selected for examination. Management has submitted all documentation requested.

The Company's operations may be affected from time to time by health pandemics, such as COVID-19, geopolitical unrest (such as in Europe or in the Middle East) and the impact of elevated interest rates. These factors may have an adverse impact on the Company's financial position, operations, and cash flows, or on the financial markets, potentially impacting the cost of its capital or the ability to raise capital at a point when raising capital might be appropriate for the Company. The Company is monitoring these and other risks on all aspects of its business.

Note 9. Lease Commitments

For operating leases, the lease liability is initially and subsequently measured at the present value of the unpaid lease payments. The Company generally uses its incremental borrowing rate as the discount rate for leases unless an interest rate is implicitly stated in the lease. The Company's incremental borrowing rate used for all leases under ASC 842 was 5.00%, the rate of interest that the Company would have to pay to borrow an amount equal to the lease payments on a collateralized basis over a similar term. The lease term for the Company's leases includes the noncancellable period of the lease plus any additional periods covered by either a Company option to extend the lease that the Company is reasonably certain to exercise, or an option to extend the lease controlled by the lessor. ROU assets, once recorded, are reviewed annually for impairment.

In January 2016, Regency paid a $201,329 security deposit and entered into a new, seven-year office lease agreement, for a 4,081 square foot space for its New York City location. Base rental payments under this agreement are $74 per square foot per year, with a 1.75% fixed annual escalation. In addition, the Company is responsible to pay the tenant's share of real estate tax increases above the 2016/2017 base year and electricity usage. A rent concession has been granted to waive the first three months' rent. This lease terminated upon its expiration on July 31, 2023.

In April 2023, Regency paid a $10,638 security deposit and entered into a new, five-year office lease agreement for a 432 square foot space for its New York location. Base rental payments under this agreement are $5,066 per month for the first year, $5,247 per month for the second year and $5,428 per month for the remaining term.

Note 9. Lease Commitments (continued)

Rent expense for the years ended December 31, 2023 and 2022 was $208,026 and $315,224, respectively.

Other information related to leases is presented below:

	As of December 31, 2023
Other information	
Weighted-average discount rate – operating lease	5.00 %
Weighted-average remaining lease term – operating lease (in months)	53

As of December 31, 2023, future minimum payments under this operating lease are as follows:

For the Years Ended December 31,		
2024	$	62,054
2025		64,225
2026		65,130
2027		65,130
2028		27,138
Total future minimum lease payments, undiscounted		283,677
Less: Imputed interest for leases in excess of one year		28,846
Total	$	254,831

Note 10. Simplified Employee Pension- Individual Retirement Account (SEP-IRA)

The Company adopted a SEP-IRA Plan in 2004. During the years ended December 31, 2023 and 2022, the Company expensed contributions of $89,609 and $86,213, respectively, to the SEP-IRA Plan. The SEP-IRA Plan covers all employees who receive compensation from the Company during the year. Employer contributions are discretionary and determined annually. In addition, the SEP-IRA Plan allows participants to make elective deferral contributions through payroll deductions.

Note 11. Dividends

The Board of Directors has a dividend policy whereby the Board expects to declare a quarterly dividend to common shareholders provided that the determination to pay any cash dividends for any quarterly period will be made at the applicable time by the Board, in the Board's sole discretion, in compliance with the requirements of applicable law, and with consideration of the Company's future earnings and financial condition and other factors as may deemed appropriate for consideration by the Board. The dividend policy will remain in effect until the Board determines, in its sole discretion, that it is in the best interests of the Company and its common shareholders to terminate the dividend policy.

The quarterly dividend per share was increased to $0.0750 for quarters ended September 30, 2023 and following.

During the years ended December 31, 2023 and 2022, the Company recorded as dividends payable a portion of declared dividends for certain stockholders who could not be located by the Company's transfer agent. At December 31, 2023 and 2022, there were $213,106 and $192,711, respectively, of returned dividends included in dividends payable on the Company's consolidated balance sheet.

Note 12. Mortgage Note Payable

On April 18, 2016, the Company, through its five wholly owned Subsidiary, obtained a $25,250,000 bank note to fund the acquisition of the self-storage properties. The note is a non-recourse debt financing with a ten-year term, 4.95% fixed interest rate, and has a maturity date of May 6, 2026. The note is guaranteed by the owners of SSCP and is secured by all assets of SSCP. The only amount due during the first four years of the note is interest. After such point, the Company makes monthly payments of $134,777 until a balloon payment is due in 2026. The Company paid $126,250 in fees for underwriting the note. These fees were recorded as a debt discount and are amortized over the life of the note. Amortization expense of debt discount was $12,624 and $12,625 for the years ended December 31, 2023 and 2022, respectively. The unamortized debt discount at December 31, 2023 and December 31, 2022 is $29,460 and $42,085, respectively. The principal outstanding on the note at December 31, 2023 and 2022 is $23,883,066 and $24,289,236, respectively. For the years ended December 31, 2023 and 2022, the Company incurred interest expense of $1,231,643 and $1,217,219, respectively, in connection with the note.

Under the terms of this agreement, the Company is required to meet and maintain certain financial covenants. As of December 31, 2023, the Company was in compliance with all financial covenants. The covenant at December 31, 2023 is:

Minimum Debt Service Coverage Ratio	1.15 to 1.00
Actual Debt Service Coverage Ratio	1.67 to 1.00

Future principal payments due under the note are as follows for the years ending December 31:

2024	$	448,482
2025		471,192
2026		22,963,392
Total	$	23,883,066
Less: Debt discount		29,460
Subtotal	$	23,853,606
Mortgage note payable, net - current	$	435,858
Mortgage note payable, net – non-current	$	23,417,748

Regency Affiliates, Inc. and Subsidiaries

1890 Palmer Avenue, Suite 303 Larchmont, NY 10538

(212)-644-3450
http://www.regencyaffiliates.com/
info@regencyaffiliates.com

Annual Report

For the period ending December 31, 2023 (the "Reporting Period")

Outstanding Shares

The number of shares outstanding of our Common Stock was:

4,815,057 as of December 31, 2023 *(Current Reporting Period Date or More Recent Date)*

4,815,057 as of December 31, 2022 *(Most Recent Completed Fiscal Year End)*

Shell Status

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933, Rule 12b-2 of the Exchange Act of 1934 and Rule 15c2-11 of the Exchange Act of 1934):

Yes: ☐ No: ☒

Indicate by check mark whether the company's shell status has changed since the previous reporting period:

Yes: ☐ No: ☒

Change in Control

Indicate by check mark whether a Change in Control[4] of the company has occurred during this reporting period:

Yes: ☐ No: ☒

[4] "Change in Control" shall mean any events resulting in:

(i) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becoming the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities;
(ii) The consummation of the sale or disposition by the Company of all or substantially all of the Company's assets;
(iii) A change in the composition of the Board occurring within a two (2)-year period, as a result of which fewer than a majority of the directors are directors immediately prior to such change; or
(iv) The consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

1) Name and address(es) of the issuer and its predecessors (if any)

In answering this item, provide the current name of the issuer and names used by predecessor entities, along with the dates of the name changes.

Regency Affiliates, Inc. and Subsidiaries
1890 Palmer Avenue, Suite 303 Larchmont, NY 10538

Current State and Date of Incorporation or Registration: Delaware, November 24, 2003
Standing in this jurisdiction: (e.g. active, default, inactive): Active

Prior Incorporation Information for the issuer and any predecessors during the past five years:

None

Describe any trading suspension or halt orders issued by the SEC or FINRA concerning the issuer or its predecessors since inception:

None

List any stock split, dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

None

Address of the issuer's principal executive office:

1890 Palmer Avenue, Suite 303 Larchmont, NY 10538

Address of the issuer's principal place of business:
☒ *Check if principal executive office and principal place of business are the same address:*

_____

Has the issuer or any of its predecessors been in bankruptcy, receivership, or any similar proceeding in the past five years?

No: ☒ Yes: ☐ If Yes, provide additional details below:

_____

2) Security Information

Transfer Agent

Name: Transfer Online
Phone: (503) 227-2950
Email: info@transferonline.com
Address: 512 SE Salmon Street, Portland, OR 97214

Publicly Quoted or Traded Securities:

The goal of this section is to provide a clear understanding of the share information for its publicly quoted or traded equity securities. Use the fields below to provide the information, as applicable, for all outstanding classes of securities that are publicly traded/quoted.

Trading symbol: RAFI
Exact title and class of securities outstanding: Common
CUSIP: 758847305
Par or stated value: $0.01
Total shares authorized: 8,000,000 as of date: December 31, 2023
Total shares outstanding: 4,815,057 as of date: December 31, 2023
Total number of shareholders of record: 93 as of date: December 31, 2023

Please provide the above-referenced information for all other publicly quoted or traded securities of the issuer.

____

Other classes of authorized or outstanding equity securities that do not have a trading symbol:

The goal of this section is to provide a clear understanding of the share information for its other classes of authorized or outstanding equity securities (e.g., preferred shares that do not have a trading symbol). Use the fields below to provide the information, as applicable, for all other authorized or outstanding equity securities.

Exact title and class of the security: ____
Par or stated value: ____
Total shares authorized: ____ as of date: ______
Total shares outstanding: ____ as of date: ______
Total number of shareholders of record: ____ as of date: ______

Please provide the above-referenced information for all other classes of authorized or outstanding equity securities.

____

Security Description:

The goal of this section is to provide a clear understanding of the material rights and privileges of the securities issued by the company. Please provide the below information for each class of the company's equity securities, as applicable:

1. **For common equity, describe any dividend, voting and preemption rights.**

Holders of common equity are entitled to one vote per share and are eligible for dividends when and as declared by the Company's Board of Directors. The Company's certificate of incorporation does not provide for any preemptive rights.

2. **For preferred stock, describe the dividend, voting, conversion, and liquidation rights as well as redemption or sinking fund provisions.**

The Company's Board of Director has the authority to designate material rights of preferred stock when issued. There is no preferred stock issued as of December 31, 2023 and as a result the preferred stock has no current rights.

3. **Describe any other material rights of common or preferred stockholders.**

N/A

4. **Describe any material modifications to rights of holders of the company's securities that have occurred over the reporting period covered by this report.**

N/A

3) Issuance History

The goal of this section is to provide disclosure with respect to each event that resulted in any changes to the total shares outstanding of any class of the issuer's securities ***in the past two completed fiscal years and any subsequent interim period****.*

Disclosure under this item shall include, in chronological order, all offerings and issuances of securities, including debt convertible into equity securities, whether private or public, and all shares, or any other securities or options to acquire such securities, issued for services. Using the tabular format below, please describe these events.

A. Changes to the Number of Outstanding Shares for the two most recently completed fiscal years and any subsequent period.

Indicate by check mark whether there were any changes to the number of outstanding shares within the past two completed fiscal years:

No: ☒ Yes: ☐ (If yes, you must complete the table below)

Shares Outstanding Opening Balance: Date ______ Common: ______ Preferred: ______			*Right-click the rows below and select "Insert" to add rows as needed.						
Date of Transaction	**Transaction type (e.g., new issuance, cancellation, shares returned to treasury)**	**Number of Shares Issued (or cancelled)**	**Class of Securities**	**Value of shares issued ($/per share) at Issuance**	**Were the shares issued at a discount to market price at the time of issuance? (Yes/No)**	**Individual/ Entity Shares were issued to. ***You must disclose the control person(s) for any entities listed.**	**Reason for share issuance (e.g. for cash or debt conversion) -OR- Nature of Services Provided**	**Restricted or Unrestricted as of this filing.**	**Exemption or Registration Type.**
______	______	______	______	______	______	______	______	______	______
______	______	______	______	______	______	______	______	______	______
______	______	______	______	______	______	______	______	______	______
Shares Outstanding on Date of This Report: Ending Balance: Date ______ Common: ______ Preferred: ______									

Example: A company with a fiscal year end of December 31st 2023, in addressing this item for its Annual Report, would include any events that resulted in changes to any class of its outstanding shares from the period beginning on January 1, 2022 through December 31, 2023 pursuant to the tabular format above.

Control persons for any entities in the table above must be disclosed in the table or in a footnote here.

Use the space below to provide any additional details, including footnotes to the table above:

____

B. Promissory and Convertible Notes

Indicate by check mark whether there are any outstanding promissory, convertible notes, convertible debentures, or any other debt instruments that may be converted into a class of the issuer's equity securities:

No: ☐ Yes: ☒ (If yes, you must complete the table below)

Date of Note Issuance	Outstanding Balance ($)	Principal Amount at Issuance ($)	Interest Accrued ($)	Maturity Date	Conversion Terms (e.g. pricing mechanism for determining conversion of instrument to shares)	Name of Noteholder. *** You must disclose the control person(s) for any entities listed.	Reason for Issuance (e.g. Loan, Services, etc.)
4/18/2016	24,578,606	25,250,000	0	6/6/2050	N/A	Wells Fargo Bank NA	Mortgage
____	____	____	____	____	____	____	____
____	____	____	____	____	____	____	____
____	____	____	____	____	____	____	____

Control persons for any entities in the table above must be disclosed in the table or in a footnote here.

Use the space below to provide any additional details, including footnotes to the table above:

____

4) Issuer's Business, Products and Services

The purpose of this section is to provide a clear description of the issuer's current operations.
Ensure that these descriptions are updated on the Company's Profile on www.OTCMarkets.com.

A. Summarize the issuer's business operations (If the issuer does not have current operations, state "no operations")

The Company invests in assets that generate attractive, predictable and sustainable returns on capital. The Company's objective is to generate long term value for its shareholders. Management seeks sound investment opportunities to meet its business characteristics and valuation criteria.

B. List any subsidiaries, parent company, or affiliated companies.

- Security Land and Development Company Limited Partnership
- RSS Investments LLC
- SSCP Harrisburg Holdings, LLC
- SSCP Harrisburg Intermediate Holdings, LLC
- 1500 Woodlawn Limited Partnership

C. Describe the issuers' principal products or services.

Real estate investment

5) Issuer's Facilities

The goal of this section is to provide investors with a clear understanding of all assets, properties or facilities owned, used or leased by the issuer and the extent in which the facilities are utilized.

In responding to this item, please clearly describe the assets, properties or facilities of the issuer. Describe the location of office space, data centers, principal plants, and other property of the issuer and describe the condition of the properties. Specify if the assets, properties, or facilities are owned or leased and the terms of their leases. If the issuer does not have complete ownership or control of the property, describe the limitations on the ownership.

In April 2016, Regency formed a new, wholly owned subsidiary, RSS Investments LLC ("RSS"). RSS acquired a majority ownership (80%) of SSCP Harrisburg Holdings, LLC, a Delaware limited liability company ("Harrisburg Holdings"). Harrisburg Holdings is the sole member of SSCP Harrisburg Intermediate Holdings, LLC, a Delaware limited liability company ("Intermediate Holdings"). Simultaneously with RSS's investment in Harrisburg Holdings, Harrisburg Intermediate Holdings acquired a portfolio of five self-storage facilities in Harrisburg, Pennsylvania. Through our controlling interest of SSCP Harrisburg Holdings, LLC, we are focused on the ownership, operation, and acquisition of self-storage properties located within the Harrisburg, Pennsylvania area.

6) All Officers, Directors, and Control Persons of the Company

Using the table below, please provide information, as of the period end date of this report, regarding all officers and directors of the company, or any person that performs a similar function, regardless of the number of shares they own.

In addition, list all individuals or entities controlling 5% or more of any class of the issuer's securities.
If any insiders listed are corporate shareholders or entities, provide the name and address of the person(s) beneficially owning or controlling such corporate shareholders, or the name and contact information (City, State) of an individual representing the corporation or entity. Include Company Insiders who own any outstanding units or shares of any class of any equity security of the issuer.

The goal of this section is to provide investors with a clear understanding of the identity of all the persons or entities that are involved in managing, controlling or advising the operations, business development and disclosure of the issuer, as well as the identity of any significant or beneficial owners.

Names of All Officers, Directors, and Control Persons	Affiliation with Company (e.g. Officer Title /Director/Owner of 5% or more)	Residential Address (City / State Only)	Number of shares owned	Share type/class	Ownership Percentage of Class Outstanding	Names of control person(s) if a corporate entity
Laurence Levy	Chariman, CEO, CFO	New York, NY	2,720,602	Common Stock	56.5%	_____
Anthony Brittan	Director	London, UK	0	N/A	N/A	_____

Errol Glasser	Director	New York, NY	1,000	Common Stock	<1%	_____
Royalty Holdings, LLC	Owner of more than 5%	New York, NY	2,362,736	Restricted	49.1%	Laurence Levy
_____	_____	_____	_____	_____	_____	_____

Confirm that the information in this table matches your public company profile on www.OTCMarkets.com. If any updates are needed to your public company profile, log in to www.OTCIQ.com to update your company profile.

7) Legal/Disciplinary History

A. Identify and provide a brief explanation as to whether any of the persons or entities listed above in Section 6 have, in the past 10 years:

1. Been the subject of an indictment or conviction in a criminal proceeding or plea agreement or named as a defendant in a pending criminal proceeding (excluding minor traffic violations);

No

2. Been the subject of the entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, financial- or investment-related, insurance or banking activities;

No

3. Been the subject of a finding, disciplinary order or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, a state securities regulator of a violation of federal or state securities or commodities law, or a foreign regulatory body or court, which finding or judgment has not been reversed, suspended, or vacated;

No

4. Named as a defendant or a respondent in a regulatory complaint or proceeding that could result in a "yes" answer to part 3 above; or

No

5. Been the subject of an order by a self-regulatory organization that permanently or temporarily barred, suspended, or otherwise limited such person's involvement in any type of business or securities activities.

No

6. Been the subject of a U.S Postal Service false representation order, or a temporary restraining order, or preliminary injunction with respect to conduct alleged to have violated the false representation statute that applies to U.S mail.

No

B. Describe briefly any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the issuer or any of its subsidiaries is a party to or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities.

None

8) Third Party Service Providers

Provide the name, address, telephone number and email address of each of the following outside providers. You may add additional space as needed.
Confirm that the information in this table matches your public company profile on www.OTCMarkets.com. If any updates are needed to your public company profile, update your company profile.

Securities Counsel (must include Counsel preparing Attorney Letters).

Name: Todd J. Emmerman
Firm: Brown Rudnick LLP
Address 1: 7 Times Square, New York, NY 10036
Address 2: _____
Phone: (212) 209-4888
Email: temmerman@brownrudnick.com

Accountant or Auditor

Name: Rob Quick
Firm: RRBB Accountants & Advisors
Address 1: 265 Davidson Avenue, Suite 201 Somerset, NJ 08873-4120
Address 2: _____
Phone: 908-231-1000
Email: rquick@rrbb.com

Investor Relations

Name: _____
Firm: _____
Address 1: _____
Address 2: _____
Phone: _____
Email: _____

All other means of Investor Communication:

X (Twitter): _____
Discord: _____
LinkedIn _____
Facebook: _____
[Other] _____

Other Service Providers
Provide the name of any other service provider(s) that **that assisted, advised, prepared, or provided information with respect to this disclosure statement**. This includes counsel, broker-dealer(s), advisor(s), consultant(s) or any entity/individual that provided assistance or services to the issuer during the reporting period.

Name: Sharon Kim
Firm: Financial Consulting Strategies, LLC
Nature of Services: Consulting
Address 1: 55 Harristown Road #105, Glen Rock, NJ 07452
Address 2: _____
Phone: 201-857-5165
Email: skim@fcstrategiesllc.com

9) Disclosure & Financial Information

A. This Disclosure Statement was prepared by (name of individual):

Name: Sharon Kim
Title: Accounting Supervisor
Relationship to Issuer: Consultant

B. The following financial statements were prepared in accordance with:

☐ IFRS
☒ U.S. GAAP

C. The following financial statements were prepared by (name of individual):

Name: Sharon Kim
Title: Accounting Supervisor
Relationship to Issuer: Consultant
Describe the qualifications of the person or persons who prepared the financial statements:[5] Consultant at Financial Consulting Strategies, LLC that has experience in the preparation of financial statements.

[5] The financial statements requested pursuant to this item must be prepared in accordance with US GAAP or IFRS and by persons with sufficient financial skills.

Provide the following qualifying financial statements:

- Audit letter, if audited;
- Balance Sheet;
- Statement of Income;
- Statement of Cash Flows;
- Statement of Retained Earnings (Statement of Changes in Stockholders' Equity)
- Financial Notes

Financial Statement Requirements:

- Financial statements must be published together with this disclosure statement as one document.
- Financial statements must be "machine readable". Do not publish images/scans of financial statements.
- Financial statements must be presented with comparative financials against the prior FYE or period, as applicable.
- Financial statements must be prepared in accordance with U.S. GAAP or International Financial Reporting Standards (IFRS) but are not required to be audited.

10) Issuer Certification

Principal Executive Officer:

The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer (or any other persons with different titles but having the same responsibilities) in each Quarterly Report or Annual Report.

The certifications shall follow the format below:

I, Laurence S. Levy certify that:

1. I have reviewed this Disclosure Statement for Regency Affiliates, Inc.;

2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

April 11, 2024 [Date]

/s/ Laurence S. Levy [CEO's Signature]

(Digital Signatures should appear as "/s/ [OFFICER NAME]")

Principal Financial Officer:

I, Laurence S. Levy certify that:

1. I have reviewed this Disclosure Statement for Regency Affiliates, Inc.;

2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

April 11, 2024 [Date]

/s/ Laurence S. Levy [CFO's Signature]

(Digital Signatures should appear as "/s/ [OFFICER NAME]")