Regency Affiliates, Inc. and Subsidiary

Consolidated Financial Statements

December 31, 2022

Regency Affiliates, Inc. and Subsidiaries

Index to the Consolidated Financial Statements

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ROSENBERG RICH BAKER BERMAN & COMPANY

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Members
of Regency Affiliates, Inc. and Subsidiary

Opinion

We have audited the accompanying consolidated financial statements of Regency Affiliates, Inc. and Subsidiary (a Delaware corporation), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, 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 consolidated financial position of Regency Affiliates, Inc. and Subsidiary as of December 31, 2022 and 2021, and the consolidated results of its operations and its cash flows for the years 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 2 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 $54,259,618 and $56,106,836 as of December 31, 2022 and 2021, respectively, and the equity in its net income (loss) was ($1,854,545) and $1,984,692, 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 Subsidiaries 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 Consolidated Financial Statements

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

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.

ROSENBERG RICH BAKER BERMAN & COMPANY

To the Board of Directors and Members
of Regency Affiliates, Inc. and Subsidiary

Auditor's Responsibilities for the Audit of the Consolidated 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 Affiliates Inc. and Subsidiary's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, which raise substantial doubt about Regency Affiliates Inc. and Subsidiary's ability to continue as a going concern for a reasonable period of time.

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

Rosenberg Rich Baker Berman & Company

Somerset, New Jersey
May 1, 2023

Regency Affiliates, Inc. and Subsidiary
Consolidated Balance Sheets

	December 31, 2022	December 31, 2021
Assets		
Current Assets:		
Cash and cash equivalents	$ 2,730,853	$ 1,967,081
Restricted cash	419,442	404,931
Short-term investments	3,994,423	6,177,808
Prepaid expenses	387,319	36,799
Prepaid insurance	71,225	90,600
Prepaid income taxes	-	11,380
Rent receivable	56,623	57,083
Management fee receivable	13,734	13,324
Total current assets	7,673,619	8,759,006
Real Estate		
Self-storage properties	35,413,740	35,250,939
Less accumulated depreciation	(5,242,862)	(4,451,225)
Real estate, net	30,170,878	30,799,714
Property and equipment, net	6,618	10,995
Investment in partnerships/LLC	54,259,618	56,106,836
Operating lease right-of-use asset	176,812	-
Prepaid insurance, net of current portion	-	14,800
Other assets	150,997	150,997
Total assets	$ 92,438,542	$ 95,842,348
Liabilities and Shareholders' Equity		
Current Liabilities:		
Accounts payable and accrued expenses	$ 254,033	$ 370,561
Mortgage note payable, net	416,452	393,667
Deferred revenue	263,811	205,130
Deferred rent	-	34,865
Operating lease liability	193,699	-
Income tax payable	694,021	236,710
Dividends payable	551,303	529,755
Tenant security deposits	4,540	4,897
Total current liabilities	2,377,859	1,775,585
Non-current Liabilities:		
Mortgage note payable, net	23,830,699	24,229,929
Total liabilities	26,208,558	26,005,514
Commitments and contingencies (Notes 6 and 7)		
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, 2021 and December 31, 2020, respectively	48,151	48,151
Additional paid-in capital	14,014,556	14,014,556
Retained earnings	51,475,461	55,412,479
Total shareholders' equity	65,538,168	69,475,186
Noncontrolling interest	691,816	361,648
Total equity	66,229,984	69,836,834
Total liabilities and shareholders' equity	$ 92,438,542	$ 95,842,348

Regency Affiliates, Inc. and Subsidiary
Consolidated Statements of Income

	For the Years Ended December 31, 2022	For the Years Ended December 31, 2021
Revenue		
Rental	$ 4,880,502	$ 4,324,733
Insurance, late fees and other income	375,329	363,446
Total revenue	5,255,831	4,688,179
Operating expenses:		
Self-storage cost of operations	1,452,251	1,578,190
Self-storage depreciation expense	791,637	786,037
General and administrative expenses	1,419,628	1,506,249
Total operating expenses	3,663,516	3,870,476
Income from operations	1,592,315	817,703
Other income (expense):		
Management agreement income	160,699	156,528
Income from equity investment in partnerships/LLC	(1,854,545)	1,984,692
Realized loss on sale of short-term investments	(36,581)	-
Interest income	70,332	38,841
Other expense	(62,583)	(63,807)
Interest expense	(1,217,219)	(1,240,175)
Amortization of debt discount	(12,625)	(12,625)
Total other income	(2,952,522)	863,454
Net income (loss) before income taxes	(1,360,207)	1,681,157
Income tax expense	848,099	39,709
Net income (loss)	(2,208,306)	1,641,448
Net income attributable to noncontrolling interest	356,420	214,230
Net income (loss) allocated to shareholders	$ (2,564,726)	$ 1,427,218

Regency Affiliates, Inc. and Subsidiary
Consolidated Statements of Changes in Equity
For the Years Ended December 31, 2022 and 2021

	Preferred Stock		Common Stock		Additional Paid-In Capital	Retained Earnings	Shareholders' Equity	Noncontrolling Interest	Total Equity
	Shares	Amount	Shares	Amount					
Balance at January 1, 2021	-	$ -	4,815,058	$ 48,151	$ 14,014,556	$ 55,309,401	$ 69,372,108	$ 173,670	$ 69,545,778
Dividend paid to noncontrolling interest	-	-	-	-	-	-	-	(6,563)	(6,563)
Dividends declared	-	-	-	-	-	(325,016)	(325,016)	-	(325,016)
Net income	-	-	-	-	-	279,035	279,035	38,117	317,152
Balance at March 31, 2021	-	$ -	4,815,058	$ 48,151	$ 14,014,556	$ 55,263,420	$ 69,326,127	$ 205,224	$ 69,531,351
Dividend paid to noncontrolling interest	-	-	-	-	-	-	-	(6,563)	(6,563)
Dividends declared	-	-	-	-	-	(325,016)	(325,016)	-	(325,016)
Net income	-	-	-	-	-	268,185	268,185	36,324	304,509
Balance at June 30, 2021	-	$ -	4,815,058	$ 48,151	$ 14,014,556	$ 55,206,589	$ 69,269,296	$ 234,985	$ 69,504,281
Dividend paid to noncontrolling interest	-	-	-	-	-	-	-	(6,563)	(6,563)
Dividends declared	-	-	-	-	-	(337,054)	(337,054)	-	(337,054)
Net income	-	-	-	-	-	337,303	337,303	65,572	402,875
Balance at September 30, 2021	-	$ -	4,815,058	$ 48,151	$ 14,014,556	$ 55,206,838	$ 69,269,545	$ 293,994	$ 69,563,539
Dividend paid to noncontrolling interest	-	-	-	-	-	-	-	(6,563)	(6,563)
Dividends declared	-	-	-	-	-	(337,054)	(337,054)	-	(337,054)
Net income	-	-	-	-	-	542,695	542,695	74,217	616,912
Balance at December 31, 2021	-	$ -	4,815,058	$ 48,151	$ 14,014,556	$ 55,412,479	$ 69,475,186	$ 361,648	$ 69,836,834
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 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

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

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

	For the Years Ended December 31, 2022	2021
Cash Flows From Operating Activities		
Net Income	$ (2,208,306)	$ 1,641,448
Adjustments to reconcile net income to net cash provided by operating activities:		
Non-cash expenses		
Depreciation and amortization	796,014	791,045
Loss (Income) from equity investment in partnerships/LLCs	1,854,545	(1,984,692)
Amortization of right of use asset	290,376	-
Amortization of debt discount	12,625	12,625
Realized loss on short term investments	-	-
Changes in operating assets and liabilities		
Prepaid expenses	(350,520)	29,621
Prepaid insurance	34,175	94,260
Prepaid income taxes	11,380	173,398
Rent receivable	460	(25,631)
Management fee receivable	(410)	(336)
Other assets	-	-
Accounts payable and accrued expenses	(116,528)	16,843
Deferred revenue	58,681	30,243
Deferred rent	-	(19,937)
Deferred taxes	-	(224,456)
Income tax payable	457,311	236,710
Operating lease liability	(308,354)	
Tenant security deposits	(357)	(1,009)
Total adjustments	2,739,398	(871,316)
Net cash provided by operating activities	531,092	770,132
Cash Flows From Investing Activities		
Distributions of earnings from partnerships	-	1,275,771
Purchase of short-term investments	(6,982,210)	(8,428,328)
Purchase of equipment	(162,801)	(70,767)
Proceeds on the sale of equipment	-	-
Proceeds from short-term investments	9,158,268	8,199,991
Net cash provided by investing activities	2,013,257	976,667
Cash Flows From Financing Activities		
Dividends paid to common shareholders	(1,350,991)	(1,312,102)
Dividends returned from common shareholders	247	33,018
Dividends paid to noncontrolling shareholder	(26,252)	(26,252)
Repayment of mortgage note payable	(389,070)	(368,728)
Net cash used in financing activities	(1,766,066)	(1,674,064)
Net increase in cash and cash equivalents and restricted cash	778,283	72,735
Cash and cash equivalents and restricted cash - beginning	2,372,012	2,299,277
Cash and cash equivalents and restricted cash - ending	$ 3,150,295	$ 2,372,012
Supplemental Disclosures of Cash Flow Information		
Cash paid during the period for:		
Interest	$ 1,217,219	$ 1,240,175
Income taxes	$ 52,604	$ 26,000
Non-cash investing and financing activities:		
Common stock dividends declared	$ 349,092	$ 337,054
Recognition of right of use asset/obligation	$ 502,053	$ -

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

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, which is occupied by the United States Social Security Administration's Office of Disability and International Operations. In November 2000, the Company acquired a 5% limited partnership interest in 1500 Woodlawn Limited Partnership, the general partner of Security Land. See Note 2, "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.

Noncontrolling Interest

The Company consolidates its 80% equity interest in Harrisburg Holdings and reports the remaining 20% interest by the third party, SSCP Management, LLC, as a noncontrolling interest on the consolidated balance sheet. At December 31, 2022 and 2021, the noncontrolling equity interest was $691,816 and $361,648, respectively. The net income or net loss of Harrisburg Holdings is allocated based on the ownership percentages on the statements of income. For the years ended December 31, 2022 and 2021, Harrisburg Holdings had net income of $1,782,098 and $1,071,152, respectively, resulting in net income attributable to the non-controlling interest for the years ended December 31, 2022 and 2021 of $356,420 and $214,230, respectively.

Note 1. Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

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, 2022 and 2021, the Company had no cash equivalents.

Restricted Cash

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.

Short-Term Investments

Short-term investments consist of treasury bills with original maturity dates greater than three months 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. As of December 31, 2022 and 2021, the Company's short-term investments were $3,994,423 and $6,177,808, 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.

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.

Note 1. Summary of Significant Accounting Policies (continued)

Self-Storage Properties (continued)

These items consist of the following at:

	December 31, 2021	December 31, 2021
Land	$ 4,870,000	$ 4,870,000
Building and improvements	30,435,838	30,308,797
Furniture and equipment	107,902	72,142
	35,413,740	35,250,939
Less: Accumulated Depreciation	(5,242,862)	(4,451,225)
Self-Storage Properties, net	$ 30,170,878	$ 30,779,714

Depreciation expense on these properties was $791,637 and $786,037 for the years ended December 31, 2022 and 2021, 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, 2021	December 31, 2020
Machinery and equipment	$ 50,462	$ 50,462
Less: Accumulated depreciation	(43,844)	(34,459)
Property and equipment, net	$ 6,618	$ 10,995

Depreciation expense was $4,377 and $5,008 for the years ended December 31, 2022 and 2021, respectively.

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.

Note 1. Summary of Significant Accounting Policies (continued)

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 and Expense 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.

Property tax expense is based on actual amounts billed or estimates of anticipated bills or assessments that have not yet been received from the taxing authorities. Cost of operations, general and administrative expense, interest expense, and advertising expenditures are expensed as incurred.

Advertising Expenses

The Company expenses advertising costs when incurred. Advertising and marketing costs totaled $143,174 and $149,492 for the years ended December 31, 2022 and 2021, respectively.

Note 1. Summary of Significant Accounting Policies (continued)

Stock-Based Compensation

The Company follows ASC Topic 718, Compensation - Stock Compensation, which addresses the accounting for stock-based payment transactions, requiring such transactions to be accounted for using the fair value method. 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, restricted cash, prepaid expenses, accounts payable, accrued liabilities, deferred revenue, and other liabilities approximate their fair value due to the short-term nature of these instruments. Cash equivalents, consisting of U.S. Treasury Notes or Bills, are adjusted to fair value at each balance sheet date based on quoted prices which are considered level 1 inputs.

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.

Note 1. Summary of Significant Accounting Policies (continued)

Fair Value Measurements (continued)

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

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

As of December 31, 2021				
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	$ 3,828,510	$ -	$ -	$ 3,828,510
U.S. Treasury Bills	2,349,298	-	-	2,349,298
Total	$ 6,177,808	$ -	$ -	$ 6,177,808

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.

Subsequent Events Evaluation

The Company has evaluated subsequent events through May 1, 2023 which is the date these financial statements were available to be issued.

Recent Accounting Pronouncements Adopted

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842) ("ASC 842"), which modifies lease accounting for lessees to increase transparency and comparability by recording lease assets and liabilities for leases and disclosing key information about leasing arrangements. In July 2018, the FASB issued ASU No. 2018-10, Codification Improvements to Topic 842, Leases, and ASU No. 2018-11, Leases (Topic 842), Targeted Improvements, which affect certain aspects of the previously issued guidance. In December 2018, the FASB issued ASU No. 2018-20, Narrow-Scope Improvements for Lessor, Leases (Topic 842), which provides guidance on sales tax and other taxes collected from lessees. In December 2019, the FASB issued ASU No. 2019-01, Codification Improvements to Topic 842, Leases, which affect certain aspects of the previously issued guidance. Amendments include an additional transition method that allows entities to apply the new standard on the adoption date and recognize a cumulative effect adjustment to the opening balance of retained earnings, as well as a new practical expedient for lessors.

Note 1. Summary of Significant Accounting Policies (continued)

Recent Accounting Pronouncements Adopted (continued)

The Company adopted this guidance effective January 1, 2022 and elected the optional transition method that allows lessees to apply the new guidance as of the adoption date and recognize any cumulative-effect adjustment to the opening balance of accumulated deficits in the period of adoption. The Company elected the transition package of practical expedients which allows the Company (1) to not reassess whether any expired or existing contracts are leases, or contain leases, (2) to not reassess the lease classification for any expired or existing leases, and (3) to not reassess initial direct costs for any existing leases. Further, the Company elected the practical expedient to not separate lease and non-lease components for all leases and account for the combined lease and non-lease components as a single lease component. The Company also excluded leases with an initial term of 12 months or less from the balance sheet. Upon adoption, the Company recorded a right-of-use asset of $467,188, an offset to deferred rent obligations of $34,865, and a lease liability of $502,053 on its consolidated balance sheets for substantially all of its operating lease arrangements, which approximates the present value of its future minimum lease obligations pertaining to its operating leases as disclosed in Note 6. Any new lease arrangements or modifications entered into subsequent to the adoption date will be accounted for in accordance with the new standard.

In May 2021, the Financial Accounting Standards Board (“FASB”) issued accounting standards update (“ASU”) 2021-04—Earnings Per Share (Topic 260), Debt— Modifications and Extinguishments (Subtopic 470-50), Compensation—Stock Compensation (Topic 718), and Derivatives and Hedging—Contracts in Entity’s Own Equity (Subtopic 815-40): Issuer’s Accounting for Certain Modifications or Exchanges of Freestanding Equity-Classified Written Call Options, to clarify and reduce diversity in an issuer’s accounting for modifications or exchanges of freestanding equity-classified written call options (for example, warrants) that remain equity classified after modification or exchange. The amendments in this ASU are effective for fiscal years beginning after December 15, 2021, and interim periods with fiscal years beginning after December 15, 2021. Early adoption was permitted, including adoption in an interim period. The adoption of this pronouncement had no impact on our accompanying consolidated financial statements.

Note 2. 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, 2022 and 2021, the Company's income (loss) from its equity investment in Security Land was ($1,779,614) and $1,904,503, respectively.

The Company also owns a 5% limited partnership interest in 1500 Woodlawn Limited Partnership, the general partner of Security Land. The Company recognized income (loss) of ($74,931) and $80,189 for the years ended December 31, 2022 and 2021, 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 2. 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, 2022 and 20210, the Company recognized $160,699 and $156,528 from the management fee agreement.

On December 17, 2018, Security Land signed a new ten-year lease with the United States General Services Administration, which became effective as of November 1, 2018 and expires on October 31, 2028. In October 2021, Security Land received a notice under the GSA's lease for the Security West building to terminate the lease and vacate the building effective November 1, 2023. In April 2021, Security Land paid to the Company a distribution of $1,275,771. There were no distributions paid to the Company during 2022.

Summarized Balance Sheet information for Security Land at December 31, 2022 and 2021 is as follows:

	2022	2021
Balance Sheet Data		
Cash and cash equivalents	$ 3,035,875	$ 1,342,696
Restricted cash	11,019,920	12,535,827
Real estate, net	16,775,000	24,903,056
Prepaid expenses and other receivables	441,027	409,824
Receivables and other assets	1,056,591	999,082
Leasing cost, net of accumulated amortization	245,533	784,975
Total Assets	$ 32,573,946	$ 38,657,724
Accounts payable and accrued expenses	$ 1,578,775	$ 1,660,696
Project note payable	12,298,128	19,509,819
Accrued interest payable	23,191	37,405
Total Liabilities	$ 13,900,094	$ 16,349,708
Partners' capital:		
Total Partners' Capital	18,673,852	22,308,016
Total Liabilities and Partner's Capital	$ 32,573,946	$ 38,657,724

Summarized Statements of Income information for Security Land is as follows:

	For the Years Ended December 31,	
	2022	2021
Revenues	$ 12,619,925	$ 12,848,285
Expenses	8,540,609	8,959,084
Impairment of real estate	7,713,480	-
Net income (loss)	$ (3,634,164)	$ 3,889,201

Note 3. 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, 2022, 125,000 shares remain available for issuance under the 2003 Plan.

The following is a summary of the status of the Company's options for the years ended December 31, 2022 and 2021:

	Exercise Price Range	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life
Outstanding at January 1, 2021	$ 6.50	50,000	$ 6.50	1.93
Issued	$ -	-	$ -	-
Exercised	$ -	-	$-	-
Forfeited	$ -	-	$ -	-
Outstanding at December 31, 2021	$ 6.50	50,000	$ 6.50	0.93
Exercisable at December 31, 2021	$ 6.50	50,000	$ 6.50	0.93
Issued	$ -	-	$ -	-
Exercised	$ -	-	$ -	-
Forfeited	$ -	-	$ -	-
Expired	$ 6.50	50,000	$ 6.50	-
Outstanding at December 31, 2022	$ -	-	$-	-
Exercisable at December 31, 2022	$ -	-	$ -	-

Note 4. 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 4. Income Taxes (continued)

The Company files consolidated income tax returns with its wholly owned subsidiaries. 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 is 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, 2022 and 2021, the Company has recorded tax expense of $848,099 and $39,709, respectively, including expense (benefit) of $(49,770) and $(58,827), respectively, for state income taxes. The Company’s applicable statutory tax rates are 21% and 9.7% for federal and state tax purposes, respectively, for the years ended December 31, 2022 and 2021. The reconciliation of the Company’s income tax expense for the years ended December 31, 2022 and 2021 is as follows:

	For the Years Ended December 31,			
		2022		2021
Income tax at federal statutory rate	$	(285,644)	$	353,591
State taxes, net of federal benefit		(49,770)		(58,827)
True-up		119,822		(1,069,764)
Change in federal valuation allowance		1,063,691		868,398
Income from pass through entities		-		(48,058)
Other adjustments		-		(5,631)
Total income tax expense	$	848,099	$	39,709

Note 4. Income Taxes (continued)

The components of net deferred tax assets and liabilities at December 31, 2022 and 2021 are as follows:

	For the Years Ended December 31, 2022	2021
Deferred tax assets:		
Deferred rent	$ 85	$ 9,970
Investment in partnership	2,365,263	1,298,409
Operating lease liability	59,466	-
Depreciation	1,538	-
Total assets	2,426,352	1,308,379
Valuation allowance	(2,372,070)	(1,308,379)
Net deferred tax asset	54,282	-
Deferred tax liabilities		
Operating lease right-of-use asset	(54,282)	-
Total liabilities	(54,282)	-
Net deferred tax liability	$ -	$ -

The components of income tax expense for the years ended December 31, 2021 and 2020 are as follows:

	For the Years Ended December 31, 2022	2021
Current		
Federal	$ 588,468	$ 250,219
State	259,631	18,023
Total current	848,099	268,242
Deferred		
Federal	-	151,683
State	-	76,850
Total deferred	-	228,533
Total income tax expense	$ 848,099	$ 39,709

Note 5. 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 5. 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 5). 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 by the recent and ongoing outbreak of the coronavirus disease 2019 (COVID-19) which in March 2020, was declared a pandemic by the World Health Organization. Governmental authorities in the States where we operate have taken and may continue to take measures in order to combat the spread of the disease including forced closures of business establishments. The full impact of the COVID-19 outbreak is unknown, resulting in a high degree of uncertainty for potentially extended periods of time. At this time, neither the duration nor scope of the disruption can be predicted, therefore, the negative impact on our financial position and operating results cannot be reasonable estimated. The results of this pandemic may have material adverse impact on the Company's financial position, operations, and cash flows. Possible areas that may be affected include, but are not limited to, disruption to the Company's customers and revenue, labor workforce, unavailability of products and supplies used in operations, and the decline in value of assets held by the Company which includes our investments in partnerships. The Company is closely monitoring the impact of the coronavirus (COVID-19) pandemic on all aspects of its business.

Note 6. 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.

Note 6. Lease Commitments (continued)

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.

On the third anniversary of rent commencement, and provided the Company is not in default of any rental obligations, the landlord agrees to reduce the security deposit to six months' base rent, or approximately $151,000. The lease also contains an early termination clause which is effective after five years, with proper notice and payment of an early termination fee. The office relocated in May 2016, the first month of the lease term. Rent expense for the years ended December 31, 2022 and 2021 was $315,224 and $307,532, respectively.

Other information related to leases is presented below:

	As of December 31, 2022
Other information	
Weighted-average discount rate – operating lease	5.00 %
Weighted-average remaining lease term – operating lease (in months)	7

As of December 31, 2022, future minimum payments under this operating lease are as follows:

For the Years Ended December 31,		
2023	$	196,954
Total future minimum lease payments, undiscounted		196,954
Less: Imputed interest for leases in excess of one year		3,255
Total	$	193,699

Note 7. Simplified Employee Pension- Individual Retirement Account (SEP-IRA)

The Company adopted a SEP-IRA Plan in 2004. During the years ended December 31, 2022 and 2021, the Company expensed contributions of $86,213 and $84,653, 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 8. 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.

Note 8. Dividends (continued)

The quarterly dividend was $0.0655 for the quarters ended March 31, 2020 and June 30, 2020. The quarterly dividend was increased to $0.0675 for the quarter ended September 30, 2020 and remained at that rate through the quarter ended June 30, 2021. The quarterly dividend was increased to $0.07 beginning for the quarter ended September 30, 2021.

During 2022 and 2021, the Company received cash as a return of dividends for which the recipients could not be located by the Company's transfer agent. The Company included this amount in accrued dividends on the Company's consolidated balance sheet and is attempting to locate the parties for whom the dividends were to be paid. At December 31, 2022 and 2021 there was $192,711 and $192,701 of returned dividends included in accrued dividends.

Note 9. Mortgage Note Payable

On April 18, 2016, the Company, through its five wholly owned subsidiaries, obtained a $25,250,000 bank note to fund the acquisition. 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 of 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 $12,625 for the year ended December 31, 2022 and 2021. The unamortized debt discount at December 31, 2022 and 2021 is $42,085 and $54,710, respectively. The principal outstanding on the note at December 31, 2022 and 2021 is $24,289,236 and $24,678,306, respectively. For the year ended December 31, 2022 and 2021, the Company incurred interest expense of $1,217,219 and $1,240,175, 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, 2022, the Company was in compliance with all financial covenants. The covenant at December 31, 2022 is:

Minimum Debt Service Coverage Ratio	1.15 to 1.00
Actual Debt Service Coverage Ratio	1.61 to 1.00

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

2023	$	426,866
2024		448,482
2025		471,192
2026		22,942,696
Total	$	24,289,236

Note 10. Subsequent Events

In March 2023, the Board of Directors declared a quarterly cash dividend of $0.07 per share of issued and outstanding common stock to holders of record as of the close of trading on March 31, 2023, totaling $349,092, payable on April 6, 2023.

Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines

Regency Affiliates, Inc. and Subsidiaries

570 Lexington Ave, New York, NY 10022

(212)-644-3450
http://www.regencyaffiliates.com/
info@regencyaffiliates.com
60-67

Annual Report

For the period ending December 31, 2022 **(the "Reporting Period")**

Outstanding Shares
The number of shares outstanding of our Common Stock was:

4,815,057 as of December 31, 2022

4,815,057 as of December 31, 2021

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[5] of the company has occurred over this reporting period:

Yes: ☐ No: ☒

[5] "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 any names used by predecessor entities, along with the dates of the name changes.

N/A

The state of incorporation or registration of the issuer and of each of its predecessors (if any) during the past five years; Please also include the issuer's current standing in its state of incorporation (e.g. active, default, inactive):

Delaware, Active

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

None

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

None

The address(es) of the issuer's principal executive office:

4,815,057

The address(es) 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, 2022
Total shares outstanding: 4,815,057 as of date: December 31, 2022
Total number of shareholders of record: 93 as of date: December 31, 2022

All additional class(es) of publicly quoted or traded securities (if any):

Trading symbol: ____
Exact title and class of securities outstanding: ____
CUSIP: ____
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: __

Trading symbol: ____
Exact title and class of securities outstanding: ____
CUSIP: ____
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: __

Other classes of authorized or outstanding equity securities:

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). 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: ____
CUSIP (if applicable): ____
Par or stated value: ____
Total shares authorized: ____ as of date: ______
Total shares outstanding (if applicable): ____ as of date: ______
Total number of shareholders of record
(if applicable): ____ as of date: __

Exact title and class of the security: ____
CUSIP (if applicable): ____
Par or stated value: ____
Total shares authorized: ____ as of date: ______
Total shares outstanding (if applicable): ____ as of date: ______
Total number of shareholders of record
(if applicable): ____ as of date: __

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, 2022 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

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 as of Second Most Recent Fiscal Year End: 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 Ending Balance: Date ______ Common: ______ Preferred: ______									

Example: A company with a fiscal year end of December 31st, 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, 2021 through December 31, 2022 pursuant to the tabular format above.

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
______	______	______	______	______	______	______	______
______	______	______	______	______	______	______	______
______	______	______	______	______	______	______	______

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.
(Please 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 a potential investor 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, give the location of the principal plants and other property of the issuer and describe the condition of the properties. If the issuer does not have complete ownership or control of the property (for example, if others also own the property or if there is a mortgage on the property), describe the limitations on the ownership.

If the issuer leases any assets, properties or facilities, clearly describe them as above and the terms of their leases.

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) Officers, Directors, and Control Persons

Using the table below, please provide information, as of the period end date of this report, regarding any officers, or directors of the company, individuals or entities controlling more that 5% of any class of the issuers securities, or any person that performs a similar function, regardless of the number of shares they own. **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 in the note section.

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 an investor 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 shareholders.

Names of All Officers, Directors and Control Persons	Affiliation with Company (e.g. Officer Title /Director/Owner of more than 5%)	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	Chairman, 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
______	______	______	______	______	______	______

7) Legal/Disciplinary History

A. Identify whether any of the persons or entities listed above have, in the past 10 years, been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);

   No

2. 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, or banking activities;

   No

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

   No

4. The entry 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

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 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.

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:

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) Financial Statements

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

☐ IFRS
☒ U.S. GAAP

B. The following financial statements were prepared by (name of individual)[6]:

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

Provide the following financial statements for the most recent fiscal year or quarter. For the initial disclosure statement (qualifying for Pink Current Information for the first time) please provide reports for the two previous fiscal years and any subsequent interim periods.

a. Audit letter, if audited;
b. Balance Sheet;
c. Statement of Income;
d. Statement of Cash Flows;
e. Statement of Retained Earnings (Statement of Changes in Stockholders' Equity)
f. Financial Notes

Important Notes:

- Financial statements must be "machine readable". Do not publish images/scans of financial statements.
- All financial statements for a fiscal period must be published together with the disclosure statement in one Annual or Quarterly Report.

10) Issuer Certification

[6] 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.

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, <u>Laurence S. Levy</u> certify that:

1. I have reviewed this Annual Disclosure Statement for <u>Regency Affiliates, Inc.</u>;

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.

<u>May 1, 2023</u> [Date]

<u>/s/ Laurance S. Levy</u> [CEO's Signature]

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

Principal Financial Officer:

I, <u>Laurance S. Levy</u> certify that:

1. I have reviewed this Annual Disclosure Statement for <u>Regency Affiliates, Inc.</u>;

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.

<u>May 1, 2023</u> [Date]

<u>/s/ Laurance S. Levy</u> [CFO's Signature]

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