

Statement of Financial Condition (unaudited) as of June 30, 2024

Executive Summary

Net income, after tax provision, for YTD June 2024 was \$1,006 thousand. This was \$1,006 thousand better than budget. SunStream operates on a co-operative break-even strategy.

Total YTD Income of \$26,902 thousand was \$(154) thousand less than budget due to less than planned chargeable consulting and project work. Total YTD Expense of \$25,895 thousand was \$(1,161) thousand less than budget primarily due to less than planned contractor spending on strategic projects and less than planned capital purchases of hardware and software.

SunStream's intangible assets continue to grow due to continued work on PLANT and EPM programs and SunStream continued to draw on its note payable with AgriBank to fund these programs.

The following pages display SunStream's unaudited financial statements and analysis for YTD June 2024.

Income Statement – YTD June 2024

SunStream Business Services			
Income Statement			
(in thousands)			
	YTD June 2024		
	Actual	Budget	Actual vs Budget
Vendor Services Income	\$ 26,902	\$ 27,056	\$ (154)
Total Income	\$ 26,902	\$ 27,056	\$ (154)
Salaries & Benefits	\$ 9,164	\$ 10,546	\$ (1,382)
Purchased Services	6,728	6,646	82
Depreciation and Maintenance	5,458	6,588	(1,130)
Communications	1,833	1,490	343
Other Operating Expenses	2,712	1,786	926
Total Expense	\$ 25,895	\$ 27,056	\$ (1,161)
Pretax Income	\$ 1,007	\$ 0	\$ 1,007
Provision for Income Taxes	1	0	1
Net Income	\$ 1,006	\$ 0	\$ 1,006

- **Net Income (after tax provision)** of \$1,006 thousand was \$1,006 thousand more than budget. The favorable variance is due to the factors noted below.
- **Total Income** of \$26,902 thousand was \$(154) thousand less than budget of \$27,056 thousand. The unfavorable variance is primarily due to less than planned chargeable consulting and project work.
- **Total Operating Expenses** of \$25,895 thousand was \$(1,161) thousand less than the budget of \$27,056 thousand due to the following:
 - o **Salaries & Benefits expense** was \$(1,382) thousand less than budget due primarily to higher than planned labor credits related to our capital projects.
 - o **Purchased Services expense** was \$82 thousand more than budget primarily due to an increase in invoicing for contractor spending.
 - o **Depreciation and Maintenance expense** was \$(1,130) thousand lower than budget due to less-than-planned capital purchases in the second half of 2023 and in the current year.
 - o **Communications expense** was \$343 thousand higher than budget due to higher than planned postage and processing related to our mailing service. This additional expense was billed as pass through revenue to mailing service customers.

Statement of Condition - December 31, 2023 vs June 30, 2024 vs

SunStream Business Services			
Statement of Condition			
As of June 30			
(dollars in thousands)			
	2023 December	2024 June	Increase/ (Decrease)
Assets			
Prepaid Assets	\$ 3,940	\$ 3,919	\$ (20)
Fixed Assets, net	1,700	1,130	(570)
Intangible Assets, net	39,124	44,009	4,886
Right of Use Assets, Net	2,196	1,786	(410)
Other Assets	1,390	1,399	9
Total Assets	\$ 48,350	\$ 52,284	\$ 3,934
Liabilities			
Accrued Employee benefits	3,706	3,083	\$ (623)
Lease Liabilities, Net	2,328	1,917	\$ (411)
Note Payable to AgriBank	16,323	21,205	\$ 4,882
Other Liabilities	3,179	2,489	(690)
Total Liabilities	\$ 25,536	\$ 28,695	\$ 3,158
Shareholders' Equity			
Common Stock	\$ 22,500	\$ 22,500	\$ -
Common Stock Receivable	-	-	\$ -
Unallocated Earnings	311	1,047	\$ 736
Accumulated OCI	2	2	(0)
Total Shareholders' Equity	\$ 22,813	\$ 23,549	\$ 736
Total Liabilities and Equity	\$ 48,350	\$ 52,244	\$ 3,894

ASSETS:

- **Prepaid Assets** decreased \$(20) thousand from \$3,939 thousand on December 31, 2023, to \$3,920 thousand on June 30, 2024. The decrease is due to a lower volume of prepaid maintenance contracts related to computer hardware and software and normal amortization.
- **Fixed Assets, net** decreased \$(570) thousand from \$1,700 thousand on December 31, 2023, to \$1,130 thousand on June 30, 2024 due to less than planned capital expenditures and the normal depreciation of hardware and software assets.
- **Intangible Assets, net** increased \$4,886 thousand from \$39,124 thousand on December 31, 2023, to \$44,009 thousand on June 30, 2024.
 - o Intangible assets, net was comprised of amounts recorded to construction in progress (CIP) related to the EPM and PLANT capital projects, building

improvement project, and internally developed software assets that are currently depreciating.

- As of YTD June 2024, amounts recorded to CIP increased \$4,019 thousand from \$35,104 thousand on December 31, 2023 to \$39,123 thousand on June 30, 2024. The increase was primarily comprised of \$5,735 thousand of labor capitalized related to project PLANT and \$193k of expense related to the building improvement. These increases in CIP were partially offset \$(1,402) thousand of capitalized EPM labor and \$(72) thousand related to the 1099Pro project that was converted to multiple internally developed software assets. In addition, CIP was reduced \$(500) thousand due to the disposal of stock tracking software purchased from Compeer in February 2023.
 - As of YTD June 2024, internally developed software assets, net, increased \$866 thousand from \$4,020 thousand on December 31, 2023 to \$4,886 thousand on June 30, 2023. The increase was primarily due to \$1,474 converted from CIP as described above, partially offset by \$(636) thousand related to accumulated depreciation of existing internally developed software assets.
 - As of June 30, 2024, the total amount recorded to construction in progress was \$39,123 thousand and consisted primarily of \$38,900 thousand related to PLANT.
- **Right of Use Assets, net** decreased (\$410) thousand from \$2,196 thousand on December 31, 2023, to \$1,786 thousand on June 30, 2024. The decrease is due to the normal amortization of operating leases, which are comprised of the occupancy sublease and MFP/Printer lease.
 - **Other Assets** increased \$9 thousand from \$1,390 thousand on December 31, 2023 to \$1,399 thousand on June 30, 2024.

LIABILITIES & EQUITY:

- **Accrued Employee Benefits** decreased \$(623) thousand from \$3,706 thousand on December 31, 2023, to \$3,083 thousand on June 30, 2024. The decrease is primarily due to the payment of annual incentives in March.
- **Lease Liabilities** decreased (\$411) thousand from \$2,328 thousand on December 31, 2023, to \$1,917 thousand on June 30, 2024. The decrease is due to the normal amortization of operating leases comprised of the occupancy sub-lease and MPF/Printer leases.

- **Note Payable to AgriBank** increased \$4,882 thousand from \$16,323 thousand on December 31, 2023, to \$21,205 thousand on June 30, 2024. The increase is due to funding expenses related to the PLANT project.
- **Other Liabilities** decreased \$(690) thousand from \$3,179 thousand on December 31, 2023, to \$2,489 thousand on June 30, 2024. The decrease is primarily due to the reversal of yearend expense accruals and subsequent delays in vendor invoices.
- **Total Shareholder's Equity** increased \$736 thousand from \$22,813 thousand on December 31, 2023, to \$23,549 thousand on June 30, 2024. The increase is due to the recognition of \$1,006 thousand of net income as of YTD June 2024.