

Annual Report

Cover Page

Name of issuer:

Groundfloor Finance Inc.

Legal status of issuer:

Form: Corporation

Jurisdiction of Incorporation/Organization: GA

Date of organization: 1/28/2013

Physical address of issuer:

600 Peachtree Street NW
Ste. 810
Atlanta GA 30308

Website of issuer:

<http://www.groundfloor.com>

Name of intermediary through which the offering will be conducted:

WeFunder Portal LLC

CIK number of intermediary:

0001670254

SEC file number of intermediary:

007 000033

CRD number, if applicable of intermediary:

255503

Current number of employees:

85

Total Assets:	Most recent fiscal year-end:	Prior fiscal year-end:
Cash & Cash Equivalents	\$259,221,826.00	\$192,954,368.00
Accounts Receivable	\$4,466,138.00	\$2,841,850.00
Accounts Payable	\$0.00	\$0.00
Non-current Debt	\$237,333,691.00	\$192,858,354.00
Long-term Debt	\$23,349,957.00	\$134,863.00
Revenues/Sales	\$21,792,723.00	\$11,210,099.00
Cost of goods sold	\$2,040,488.00	\$1,363,150.00
Total Profit	\$0.00	\$0.00
Net income	(\$8,370,918.00)	(\$3,948,774.00)

Select the jurisdictions in which the issuer intends to offer the securities:

AL, AK, AZ, AR, CA, CO, CT, DE, DC, FL, GA, HI, ID, IL, IN, IA, KS, KY, LA, ME, MD, MA, MI, MN, MO, MT, NE, NV, NH, NJ, NM, NY, NC, ND, OH, OK, OR, PA, RI, SC, SD, TN, TX, UT, VT, WA, WI, WV, WY, WY, BS, GA, PR, VI, VY

Offering Statement

Respond to each question in each paragraph of this part. Not both each question and any notes, but not any limited exceptions to the contrary. If disclosure in response to any question is responsive to one or more other questions, it is not necessary to repeat the disclosure. If a question or series of questions is inapplicable to the response is available elsewhere in the Form, either state that it is inapplicable, include a cross-reference to the response disclosure, or omit the question or series of questions.

Be very careful and precise in answering all questions. Give full and complete answers so that they are not misleading under the circumstances involved. Do not discuss any future performance or other anticipated events unless you have a reasonable basis to believe that it will actually occur within the foreseeable future. If any answer requiring significant information is materially inaccurate, incomplete or misleading, the Company, its management and principal shareholders may be liable to investors based on that information.

THE COMPANY

1. Name of issuer:

Groundfloor Finance Inc.

3. Has the issuer or any of its predecessors previously failed to comply with the ongoing reporting requirements of Rule 507 of Regulation Crowdfunding?

☐ Yes ☒ No

DIRECTORS OF THE COMPANY

4. Provide the following information about each director (and any persons occupying a similar status or performing a similar function) of the issuer:

Director	Principal Occupation	Role	Year Joined as Director
Yair Goldfinger	CEO	AppCard	2022
Bruce Boehm	Professional Investor	Retired	2016
Lucas Timberlake	General Partner	Fintech Ventures Fund	2019
Brian Dally	Co-Founder	Groundfloor Finance Inc.	2013
Nick Bhargava	Co-Founder	Groundfloor Finance Inc.	2013

For three years of business experience, refer to [Appendix D: Director & Officer Work History](#).

OFFICERS OF THE COMPANY

5. Provide the following information about each officer (and any persons occupying a similar status or performing a similar function) of the issuer:

Officer	Positions Held	Year Joined
Rhonda Hills	COO	2018
Ben Sutton	SVP Finance and Strategy	2017
Chris Schmitt	CTO	2014
Brian Dally	Co-Founder / CLO	2013
Nick Bhargava	Co-Founder	2013

For three years of business experience, refer to [Appendix D: Director & Officer Work History](#).

INSTRUCTION TO QUESTION 5: For purposes of this Question 5, the term officer means a president, vice president, secretary, treasurer or principal financial officer, controller or principal accounting officer, and any person performing similar functions.

PRINCIPAL SECURITY HOLDERS

6. Provide the name and ownership level of each person, as of the most recent practicable date, who is the beneficial owner of 10 percent or more of the issuer's outstanding voting equity securities, calculated on the basis of voting power:

Name of Holder	No. and Class of Securities Now Held	% of Voting Power Before Offering
----------------	--------------------------------------	-----------------------------------

No principal security holders.

INSTRUCTION TO QUESTION 6: The above information must be provided on a date that is no more than 120 days prior to the date of filing of this offering statement.

To calculate total voting power, provide all securities for which the person directly or indirectly has or shares the voting power, which includes the issuer's own securities, including the voting of its securities. If the person has the right to acquire voting power of such securities without any, including through the exercise of any option, warrant or right to convert into a security, or other contract, or if securities are held by a number of the person, through conversion or otherwise, or otherwise is a contract that would allow a person to acquire control of the securities, then it is included in the calculation of voting power. For example, a contract that would be included as being "beneficially owned." For the full text of the definition of beneficial ownership in a jurisdiction, see the "Beneficial and Control Securities Rule 100-11." For full text of the definition of voting power, see the "Definition of Voting Power" section of the "Beneficial and Control Securities Rule 100-11."

Under the foregoing circumstances, the enforceability of the jury trial waiver is not generally enforceable; the enforceability of the jury trial waiver is not free from doubt. To the Company's knowledge, the enforceability of a contractual pre-dispute jury trial waiver in connection with claims arising under the federal securities laws has not been finally adjudicated by the United States Supreme Court. With respect to enforceability under Georgia state law, the Company acknowledges that the state courts of Georgia, which have jurisdiction over state law matters arising under the Subscription Agreement and the Investors' Rights Agreement, have upheld the minority position that contractual pre-dispute jury trial waivers are not enforceable. If the Company opposed a jury trial demand based on the waiver, the court would determine whether the waiver was enforceable based on the facts and circumstances of that case in accordance with the applicable state and federal law. In determining whether to enforce a contractual pre-dispute jury trial waiver provision, courts will generally consider whether a party knowingly, intelligently and voluntarily waived the right to a jury trial. We believe that this is the case with respect to the Subscription Agreement and the Investors' Rights Agreement.

Nevertheless, if this jury trial waiver provision is not permitted by applicable law, an action could proceed under the terms of the Subscription Agreement and the Investors' Rights Agreement with a jury trial if you have not elected to opt out with respect to binding arbitration as set forth in Section 8 of the Subscription Agreement. No condition, stipulation or provision of the Subscription Agreement or the Investors' Rights Agreement serves as a waiver by any Investor of the Company's compliance with any substantive provision of the U.S. federal securities laws and the rules and regulations promulgated thereunder.

Real estate projects involve considerable risk, which may affect the Borrower's ability to make payments under its Loan and our ability to collect Loan Payments on a timely basis.

Real estate development projects are inherently risky, and the risks they involve may affect the Borrower's ability to make payments under its Loan. The risks involved in real estate development projects include the following:

- changes in the general economic climate and market conditions;

- complications involving the renovation or redevelopment of the real estate property connected to the Project;

Limited availability of mortgage funds or fluctuations in interest rates which may render the sale and refinancing of the real estate property corresponding to the Project difficult;

- unanticipated increases in real estate taxes and other operating expenses;

- environmental considerations;

- zoning laws and other governmental rules and policies; and

- uninsured losses including possible acts of terrorism or natural disasters.

The risks associated with a particular investment will also vary depending on the type of Loan being financed and the terms negotiated with Borrowers. For example:

- With Loans involving renovations, project completion may be delayed because the necessary renovation may be more extensive than first anticipated; as work progresses, more of the structure is opened up which may reveal previously unknowable defects or problems.

With new construction Loans, a fundamental default event in the term could be more detrimental to recovery, since it would leave us with a lien (on land and an incomplete structure) that could be worth less than the amount needed to provide a return to investors.

- Where acquisition (either of land or of an existing structure) is part of use of proceeds, the acquisition may fall through, causing the Loan to be abandoned before closing or to be paid off early, as no principal is drawn down after closing. In addition, the purchase price of the property may increase at the time of acquisition, decreasing the remaining funds available from our Loan which could impact the Borrower's ability to complete the associated renovations or construction as contemplated.

Permitting delays could impede a Borrower's ability to timely repay Loans involving renovations or construction.

- Borrowers may use part of the Loan Proceeds to repay an existing loan used to acquire the property. There may be delays in the original lender releasing the property from any security interest related to the earlier loan in order for us to assume the first lien position after closing the loan transaction.

- Borrowers may use part of the Loan Proceeds to offset the amount of cash or equity they otherwise would have in the project. This type of cash out refinancing may be involved in various types of Loans we originate.

- Borrowers may be advanced all or part of the Loan Proceeds before the corresponding LROs are sold. In this case, the Borrower may begin work on the Project immediately and by the time the corresponding LROs are sold, substantial work may have been completed. This would effectively reduce the amount of time the LROs may be held, as the Borrower is now closer to their proposed exit than when LITs were first offered and therefore may be able to prepay the Loan.

- There can be any number of issues with the title to a property. Although we confirm our senior lien position on properties by conducting a title search and obtaining title insurance, challenges to the enforceability of our senior position or title defects may nevertheless arise. Such defects could also result in a determination that we do not have an enforceable lien on the property. Resolution of these matters could delay our ability to foreclose on the property or pursue other collection remedies against the Borrower.

We will issue a commercial loan to the Borrower to fund the Project. The Borrower owns and controls the Project and is responsible for various management functions that are essential to the success of the Project. The Principal(s) of that borrowing entity control and operate it. Poor management on the part of the Borrower, or its Principals, could adversely affect the financial performance of the Project or expose the Project to unanticipated operating risks, which could reduce the Project cash flow and adversely affect the Borrower's ability to repay the Loan.

Groundfloor's consolidated financial statements for the period ended December 31, 2021 include a going concern note from its auditors. Groundfloor incurred a net loss for the years ending December 31, 2021 and December 31, 2020, and had an accumulated deficit of \$30.2 million and \$26.3 million as of December 31, 2021 and December 31, 2020, respectively. In view of these matters, Groundfloor's ability to continue as a going concern is dependent upon Groundfloor's ability to increase operations and to achieve a level of profitability. Groundfloor Finance's most recent audited financial statements also included a going concern note from its auditors due to its history of net losses.

Since its inception, Groundfloor has financed its operations through debt and equity financings. Groundfloor intends to continue financing its activities and working capital needs largely from private financing from individual investors and venture capital firms until such time that funds provided by operations are sufficient to fund working capital requirements.

The failure to obtain sufficient debt and equity financing and to achieve profitable operations and positive cash flows from operations could adversely affect Groundfloor's ability to achieve its business objectives and for the company to continue as a going concern.

Groundfloor Finance has incurred net losses in the past, and expects to incur net losses in the future. Groundfloor Finance's accumulated deficit was \$30.2 million and \$26.3 million as of December 31, 2021 and December 31, 2020, respectively. Groundfloor Finance has not been profitable since inception and may not become profitable. In addition, Groundfloor Finance expects operating expenses to increase in the future as it expands operations. If operating expenses exceed expectations, financial performance could be adversely affected. If revenue does not grow to offset these increased expenses, Groundfloor Finance may never become profitable. In future periods, Groundfloor Finance may not have any revenue growth or revenue could decline. Failure to become profitable could impair the operations of the Groundfloor Platform by limiting access to working capital required to operate the Groundfloor Platform. If Groundfloor Finance were to become insolvent or bankrupt, this would adversely affect our ability to generate revenues and control our expenses.

Much of the information provided by Borrowers during the application and underwriting process is not independently verified, and, although Borrowers represent and warrant in the Loan Agreement as to the accuracy of such information, it may nevertheless be inaccurate or incomplete. Additionally, we rely

on data provided by third-party sources as a significant component of our underwriting process, and this data may contain inaccuracies. Inaccurate analysis of credit data that could result from false loan application information could harm our reputation, business, and operating results.

Although we perform fraud checks and authenticate customer identity by analyzing data provided by external databases, we cannot assure that these checks will catch all fraud, and there is a risk that these checks do fail and fraud may occur. We may not be able to recoup funds underlying loans made in connection with inaccurate statements, omissions of fact, or fraud, in which case our revenue, operating results, and profitability will be harmed. Fraudulent activity or significant increases in fraudulent activity could also lead to regulatory intervention, negatively impacting our operating results, brand and reputation, and require us to take steps to reduce fraud risk, which could increase our costs and result in an adverse effect on our revenues.

Groundfloor Finance (with its affiliates) has a limited operating history. Groundfloor Finance owns and operates the Groundfloor Platform. Groundfloor Finance began originating real estate loans in Georgia through a subsidiary in November 2013 and transitioned to multi-state operations through the sale of Limited Recourse Obligations ("LROs") under a Regulation A offering in September 2015.

For Groundfloor Finance's business to be successful, the number of real estate development projects financed by Groundfloor Finance and its subsidiaries will need to increase, which will require Groundfloor Finance to increase its facilities, personnel and infrastructure to accommodate the greater servicing obligations and demands on the Groundfloor Platform. Groundfloor Finance must constantly update its software and website, expand its customer support services and retain an appropriate number of employees to maintain the operations of the Groundfloor Platform, as well as to satisfy our servicing obligations on the Loans. If Groundfloor Finance is unable to increase the capacity of the Groundfloor Platform and maintain the necessary infrastructure, this may have an adverse effect on our revenues.

Historically, Groundfloor Finance relied on debt financing to fund its start-up costs and working capital for its operations. More recently, Groundfloor Finance has relied on debt financing in connection with its loan advance program. Groundfloor Finance's obligations under these loans will reduce its available cash for reinvestment and, therefore, may negatively impact its potential profitability until all amounts are repaid. In addition, since Groundfloor Finance has granted a security interest under these loans for certain assets, if Groundfloor Finance defaulted on its obligations, the secured parties could elect to foreclose on these assets and such a foreclosure would have an adverse effect on the ability of Groundfloor to operate its business.

Groundfloor Finance's substantial indebtedness may also limit its ability to borrow additional funds or obtain additional financing in the future. If Groundfloor Finance obtains additional debt financing to fund its operations or as capital for the loan advance program, a substantial portion of its operating cash flow may be dedicated to the payment of principal and interest on such indebtedness, and the terms of the debt securities issued could impose significant restrictions on its operations.

Groundfloor Finance (with its affiliates) has a limited operating history. Groundfloor Finance began originating real estate loans in Georgia through a subsidiary in November 2013 and transitioned to multi-state operations through the sale of LROs under a Regulation A offering in September 2015. A limited number of our management team has experience in mortgage loan underwriting and the founders of Groundfloor Finance had no such experience at the time it began operations. If the method adopted by Groundfloor Finance for evaluating potential Projects to fund and for establishing interest rates for the corresponding Loans proves flawed, investors may not receive the expected yield on the LROs. Although the proprietary Grading Algorithm utilized by Groundfloor Finance is based upon certain quantifiable characteristics that have been developed and is primarily driven by leverage and asset value, there is no assurance that the Grading Algorithm will accurately assess the risks associated with the Borrower or the property for which the Loan is being sought.

In some situations, Groundfloor Finance or a subsidiary may elect to originate and advance funds for a Loan prior to offering the corresponding series of LROs to the public, which could involve additional risks. Although advances are typically funded from one of more lines of credit or borrowing arrangements entered into by Groundfloor Finance or one of its subsidiaries, if we elect to go so far from our own operating capital, that would have the effect of reducing the amount of cash we have available for other business expenditures until the advance is repaid. The same would be the case in the event Groundfloor Finance elected to use its own operating capital to fund advances. In addition, we may be required to continue to hold and service the advanced Loans in the event we are unable to qualify the corresponding series of LROs or if the offering of such LROs is not fully subscribed and abandoned. Furthermore, the borrowing arrangements that may be used to make the advances will require the principal to be repaid within a short period of time as well as periodic interest payments. This may negatively impact the cash flow and cash position of Groundfloor Finance, particularly if GRE is not able to issue and sell the corresponding LROs on a timely basis, increasing the risk to the overall business of Groundfloor Finance and its subsidiaries, including a potentially adverse effect on our revenues.

At this early stage in its development, Groundfloor has funded substantially all of its operations with proceeds from private financings from individual investors and venture capital firms. We rely on Groundfloor Finance to operate the Groundfloor Platform, facilitate due diligence and underwriting reviews, coordinate payment to and from investors and developers through the use of various funding accounts, manage loan advances and to administer, service and collect on the Loans we fund through the offer and sale of LROs. As manager, Groundfloor Finance is also responsible for our day-to-day operations. To continue the development of its business, Groundfloor Finance will require substantial additional funds. To meet its financing requirements in the future, Groundfloor Finance may raise funds through equity offerings, debt financings or strategic alliances. Raising additional funds may involve covenants or conditions that restrict Groundfloor Finance's business activities and options. Additional funding may not be available to Groundfloor Finance on favorable terms, or at all. If Groundfloor Finance is unable to obtain additional funds, it may be forced to reduce or terminate our operations.

If the Borrower is unable to repay its obligations under the Loan, we may foreclose on the real estate property. Although we will seek out purchasers for the property, we may have to take an active role in the management of the Project. Prospective investors should consider that we and very few members of our management have previously managed real estate development projects. No assurances can be given that we can operate the Project profitably.

DISCLOSURES TO QUANTIFY 10: avoid generalised statements also include only those factors that are unique to our assets. Disclosure should not reference the issuer's business and the offering and should not repeat the factors disclosed in the 10-pros and forth above. No specific number of risk factors is required to be identified.

Ownership and Capital Structure

DESCRIPTION OF ISSUER'S SECURITIES

16. What other securities or classes of securities of the issuer are outstanding? Describe the material terms of any other outstanding securities or classes of securities of the issuer.

Class of Security	Securities (or Amount) Authorized	Securities (or Amount) Outstanding	Voting Rights
Series B-3	230000	52265	Yes <input type="text"/>
Common	6000000	2594169	Yes <input type="text"/>
Series B-2	243348	189270	Yes <input type="text"/>
Series B Preferred	441940	441940	Yes <input type="text"/>
Series A Preferred	747385	747373	Yes <input type="text"/>
Series Seed Preferred	568796	554038	Yes <input type="text"/>

Class of Security	Securities Reserved for Issuance upon Exercise or Conversion
Warrants:	62324
Options:	950000

24. Disclose the material terms of any indebtedness of the issuer:

<i>Convertible Note</i>	
Issue date	11/29/21
Amount	\$1,739,850.00
Interest rate	12.0% per annum
Discount rate	10.0%
Maturity date	08/24/23
<i>Original principal of \$5,000,000, current principal is \$5,280,500.00 as of 8/8/22.</i>	

DISCLOSURES TO QUANTIFY 21: name the creditors, amount owed, interest rates, maturity dates, and any other material

3904.

25. What other exempt offerings has the issuer conducted within the past three years?

Offering Date	Exemption	Security Type	Amount Sold	Use of Proceeds
12/2019	Regulation D, Rule 506(b)	Convertible Note	\$3,607,000	General operations
3/2020	Regulation A+	Common stock	\$518,720	General operations
8/2021	Regulation A+	Preferred stock	\$7,232,275	General operations
11/2021	Regulation D, Rule 506(b)	Convertible Note	\$3,748,830	General operations
2/2022	Regulation D, Rule 506(b)	Preferred stock	\$5,833,201	General operations
4/2022	Regulation D, Rule 506(b)	Common stock	\$1,648,231	General operations
3/2023	Regulation D, Rule 506(b)	Common stock	\$1,100,000	General operations

26. Was or is the issuer or any entities controlled by or under common control with the issuer a party to any transaction since the beginning of the issuer's last fiscal year, or any currently proposed transaction, where the amount involved exceeds five percent of the aggregate amount of capital raised by the issuer in reliance on Section 4(a)(3) of the Securities Act during the preceding 12-month period, including the amount the issuer seeks to raise in the current offering, in which any of the following persons had or is to have a direct or indirect material interest:

- any director or officer of the issuer;
 - any person who is, as of the most recent practicable date, the beneficial owner of 10 percent or more of the issuer's outstanding voting equity securities, calculated on the basis of voting power;
 - if the issuer was incorporated or organized within the past three years, any promoter of the issuer;
 - or any immediate family member of any of the foregoing persons.
- ☐ Yes
☒ No

INSTRUCTIONS TO QUESTIONS 26: The term *transaction* includes, but is not limited to, any financial transaction, other than a relationship including an indebtedness or purchase of indebtedness, or any series of similar transactions, arrangements or relationships.

Beneficial ownership for purposes of paragraph (2) shall be determined as if the date that is no more than 120 days prior to the date of filing of the offering statement and using the same rules as are provided in Question 1 of the Question and Answer Series.

The term "member of the family" includes an child, stepchild, grandchild, nephew, grandnephew, spouse or spouse equivalent, sibling, and includes children-in-law, grandchildren, daughter-in-law, brother-in-law or sister-in-law of the person, and includes analogous relationships. The term "special agreement" means a relationship giving a relationship partner a right to share in the issuer's assets.

Compute the amount of a individual's interest in any transaction without regard to the amount of the profit or loss involved in the transaction. Where it is not practicable to state the approximate amount of the interest, describe the approximate amount involved in the transaction.

FINANCIAL CONDITION OF THE ISSUER

27. Does the issuer have an operating history?

- ☒ Yes
☐ No

28. Describe the financial condition of the issuer, including to the extent material, liquidity, capital resources and historical results of operations.

Management's Discussion and Analysis of Financial Condition and Results of Operations

You should read the following discussion and analysis of our financial condition and results of operations together with our financial statements and the related notes and other financial information included elsewhere in this offering. Some of the information contained in this discussion and analysis, including information regarding the strategy and plans for our business, includes forward-looking statements that involve risks and uncertainties. You should review the "Risk Factors" section for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.

Overview

Short-term, high-yield real estate debt investments for everyone.

Groundfloor offers short-term, high-yield real estate debt investments to the general public. We believe that everyone should have the freedom to invest on their own terms.

A trusted brand that serves millions of investors in global markets with over \$10 billion in assets under management and \$1.0 billion in annual revenue.

Milestones

Groundfloor Finance Inc. was incorporated in the State of Georgia in January 2013.

Since then, we have:

- First and only company qualified by the SEC to issue payment-dependent real estate notes
- Our platform makes investing safe, easy, and predictable – with no fees, ever
- Short-term, high-yield investments that average a 10% annual return
- Nearly 300,000 users and growing quickly
- Over \$1.0 billion invested on the platform to date
- Winner of over two dozen industry and innovation awards
- Annual revenue CAGR of 62% since 2018, on track to grow from \$14.1m in 2021 to \$23.1m in 2022

Historical Results of Operations

- *Revenues & Gross Margin:* For the period ended December 31, 2022, the Company had revenues of \$21,782,723 compared to the year ended December 31, 2021, when the company had revenues of \$11,260,099. Our gross margin was 90.6% in fiscal year 2022, compared to 87.8% in 2021.
- *Assets:* As of December 31, 2022, the Company had total assets of \$269,227,829, including \$4,466,138 in cash. As of December 31, 2021, the Company had \$192,996,356 in total assets, including \$2,641,950 in cash.
- *Net Loss:* The Company has had net losses of \$5,370,918 and net losses of \$3,048,174 for the fiscal years ended December 31, 2022 and December 31, 2021, respectively.
- *Liabilities:* The Company's liabilities totaled \$259,743,249 for the fiscal year ended December 31, 2022 and \$192,993,249 for the fiscal year ended December 31, 2021.

Liquidity & Capital Resources

To date, the company has been financed with \$33,515,696 in equity and \$10,695,830 in convertibles.

Our projected runway is 12 months before we need to raise further capital.

We plan to use the proceeds as set forth in this Form C under "Use of Funds". We don't have any other sources of capital in the immediate future.

We will likely require additional financing in excess of the proceeds from the Offering in order to perform operations over the lifetime of the Company. We plan to raise capital in 12 months. Except as otherwise described in this Form C, we do not have additional sources of capital other than the proceeds from the offering. Because of the complexities and uncertainties in establishing a new business strategy, it is not possible to adequately project whether the proceeds of this offering will be sufficient to enable us to implement our strategy. This complexity and uncertainty will be increased if less than the maximum amount of securities offered in this offering is sold. The Company intends to raise additional capital in the future from investors. Although capital may be available for early stage companies, there is no guarantee that the Company will receive any investments from investors.

Runway & Short/Mid Term Expenses

Groundfloor Finance Inc. cash in hand is \$4,509,524, as of March 2023. Over the last three months, revenues have averaged \$2,101,673/month, cost of goods sold has averaged \$282,820/month, and operational expenses have averaged \$2,090,780/month, for an average burn rate of \$271,927 per month. Our intent is to be profitable in 3 months.

There have been no material changes or trends to our finances or operations during the first quarter of 2023.

Over the next 3-6 months, we expect revenues to range between \$6.0m and spending between \$6.0m. Spending growth is driven by investments in customer acquisition and headcount growth across software, marketing, and product.

The core operating business has been profitable for over 24 months. Our profit is attributed to investments for specific projects, the software and hardware used

management may, without limitation, use proceeds to invest in, develop or acquire new technology, and to continue developing new products and product features. Our decision to achieve profitability will be driven by runway and ability to afford growth investment. We believe we can achieve consistent and sustainable company level profitability within 3 months, if we decided to do so.

We have raised \$13m in capital in the first quarter of 2023 and have more cash on hand than we did at December 31, 2022. Our core operating business is profitable at current revenue levels. Our cash burn is a result of significant investment in product development and customer research within our Software and Product Departments. Additionally, we choose to burn more capital through investor acquisition. Our investor acquisition costs today fuel our ability to grow 12 months from now. We will manage our spending decisions based on our revenue levels and runway timing.

All projections in the above narrative are forward-looking and not guaranteed.

INSTRUCTIONS TO QUESTION 29: The disclosures that cover each year for which financial statements are provided for issuers with no prior operating history, the disclosure should be in the form of a narrative and general financial history and other challenges that issuers with no operating history, the disclosure should focus on whether it is likely that such facts are representative of what investors should expect in the future. Take into account the potential of the offering and any other sources or pending sources of capital. Disclose how the proceeds from the offering will affect equity ownership, including their holdings and any other additional funds to investors, to the stability of the business, and how quickly the issuer will be generating its revenue from such. Disclose the other available sources of capital for the business, means for the issuer to require contributions by shareholders. References to the issuer in this Question 29 and these instructions refer to the issuer and its predecessors, if any.

FINANCIAL INFORMATION

29. Include financial statements covering the two most recently completed fiscal years or the equivalent since inception, if shorter:

Refer to [Appendix C: Financial Statements](#)

I, Nick Bhargava, certify that:

(1) the financial statements of Groundfloor Finance Inc. included in this Form are true and complete in all material respects; and

(2) the financial information of Groundfloor Finance Inc. included in this Form reflects accurately the information reported on the tax return for Groundfloor Finance Inc. filed for the most recently completed fiscal year.

Nick Bhargava
Co-founder

OTHER MATERIAL INFORMATION

31. In addition to the information expressly required to be included in this Form, include:

- (1) any other material information presented to investors; and
- (2) such further material information, if any, as may be necessary to make the required statements, in the light of the circumstances under which they are made, not misleading.

The Lead Investor, As described above, each investor that has entered into the Investor Agreement will grant a power of attorney to make voting decisions on behalf of that investor to the Lead Investor (the "Proxy"). The Proxy is irrevocable unless and until a Successor Lead Investor takes the place of the Lead Investor, in which case, the investor has a five (5) calendar day period to remove the Proxy. Pursuant to the Proxy, the Lead Investor or his or her successor will make voting decisions and take any other actions in connection with the voting on Investors' behalf.

The Lead Investor is an experienced investor that is chosen to act in the role of Lead Investor on behalf of investors that have a Proxy in effect. The Lead Investor will be chosen by the Company and approved by Wefunder Inc. and the identity of the initial Lead Investor will be disclosed to investors before investors make a final investment decision to purchase the securities related to the Company.

The Lead Investor can quit at any time or can be removed by Wefunder Inc. for cause or pursuant to a vote of investors as detailed in the Lead Investor Agreement. In the event the Lead investor quits or is removed, the Company will choose a Successor Lead Investor who must be approved by Wefunder Inc. The identity of the Successor Lead Investor will be disclosed to investors, and those that have a Proxy in effect can choose to either leave such Proxy in place or revoke such Proxy during a 5-day period beginning with notice of the replacement of the Lead Investor.

The Lead Investor will not receive any compensation for his or her services to the SPV. The Lead Investor may receive compensation if, in the future, Wefunder Advisors LLC forms a fund ("Fund") for accredited investors for the purpose of investing in a non-regulation crowdfunding offering of the Company. In such as circumstance, the Lead Investor may act as a portfolio manager for that Fund (and as a supervised person of Wefunder Advisors) and may be compensated through that role.

Although the Lead Investor may act in multiple roles with respect to the Company's offerings and may potentially be compensated for some of its services, the Lead Investor's goal is to maximize the value of the Company and therefore maximize the value of securities issued by or related to the Company. As a result, the Lead Investor's interests should always be aligned with those of investors. It is, however, possible that in some limited circumstances the Lead Investor's interests could diverge from the interests of investors, as discussed in section 8 above.

Investors that wish to purchase securities related to the Company through Wefunder Portal must agree to give the Proxy described above to the Lead Investor, provided that if the Lead Investor is replaced, the investor will have a 5-day period during which he or she may revoke the Proxy. If the Proxy is not revoked during this 5-day period, it will remain in effect.

Tax Filings. In order to complete necessary tax filings, the SPV is required to include information about each investor who holds an interest in the SPV, including each investor's taxpayer identification number ("TIN") (i.e., social security number or employer identification number). To the extent they have not already done so, each investor will be required to provide their TIN within the earlier of (i) two (2) years of making their investment or (ii) twenty (20) days prior to the date of any distribution from the SPV. If an investor does not provide their TIN within this time, the SPV reserves the right to withhold from any proceeds otherwise payable to the investor an amount necessary for the SPV to satisfy its tax withholding obligations as well as the SPV's reasonable estimation of any penalties that may be charged by the IRS or other relevant authority as a result of the investor's failure to provide their TIN. Investors should carefully review the terms of the SPV Subscription Agreement for additional information about tax filings.

INSTRUCTIONS TO QUESTION 31: If information is provided to investors in a form, whether electronic or in hard copy, it must be provided in the form of a narrative and general financial history and other challenges that issuers with no operating history, the disclosure should focus on whether it is likely that such facts are representative of what investors should expect in the future. Take into account the potential of the offering and any other sources or pending sources of capital. Disclose how the proceeds from the offering will affect equity ownership, including their holdings and any other additional funds to investors, to the stability of the business, and how quickly the issuer will be generating its revenue from such. Disclose the other available sources of capital for the business, means for the issuer to require contributions by shareholders. References to the issuer in this Question 31 and these instructions refer to the issuer and its predecessors, if any.

ONGOING REPORTING

32. The issuer will file a report electronically with the Securities & Exchange Commission (SEC) and post the report on its website, no later than:

120 days after the end of each fiscal year covered by the report.

33. Once posted, the annual report may be found on the issuer's website at:

<https://www.groundfloor.us/invest>

The issuer must continue to comply with the ongoing reporting requirements until:

- the issuer is required to file reports under Exchange Act Sections 13(a) or 15(d);
- the issuer has filed at least one annual report and has fewer than 300 holders of record;
- the issuer has filed at least three annual reports and has total assets that do not exceed \$10 million;
- the issuer or another party purchases or repurchases all of the securities issued pursuant to Section 14(a)(6), including any payment in full of debt securities or any complete redemption of redeemable securities, or the issuer liquidates or dissolves in accordance with state law.

APPENDICES

Appendix A: Business Description & Plan

Appendix C: Financial Statements

Financials 1
Financials 2
Financials 3

Appendix D: Director & Officer Work History

Ben Griffin

[Brian Dally](#)
[Bruce Boehm](#)
[Chris Schmitt](#)
[Lucas Timberlake](#)
[Nick Bhargava](#)
[Rhonda Hills](#)
[Yair Goldfinger](#)

Appendix E: Supporting Documents

[GFI - Fifth Amended and Restated Articles of Restatement_v3.pdf](#)
Add new Form C submissions (submit only)

Signatures

Intentional misstatements or omissions of facts constitute federal criminal violations. See 18 U.S.C. 1001.

The following documents will be filed with this SEC:

[Cover Page XML](#)

[Offering Statement \(this page\)](#)

[Appendix A: Business Description & Plan](#)

[Appendix B: Investor Contracts](#)

[SPV Subscription Agreement](#)

[Groundfloor Subscription Agreement](#)

[Appendix C: Financial Statements](#)

[Financials 1](#)

[Financials 2](#)

[Financials 3](#)

[Appendix D: Director & Officer Work History](#)

[Ben Sutton](#)

[Brian Dally](#)

[Bruce Boehm](#)

[Chris Schmitt](#)

[Lucas Timberlake](#)

[Nick Bhargava](#)

[Rhonda Hills](#)

[Yair Goldfinger](#)

[Appendix E: Supporting Documents](#)

[GFI - Fifth Amended and Restated Articles of Restatement_v3.pdf](#)

Pursuant to the requirements of Sections 4(a)(6) and 4A of the Securities Act of 1933 and Regulation Crowdfunding (§ 227.103 et seq.), the issuer certifies that it has reasonable grounds to believe that it meets all of the requirements for filing an Annual Report and has duly caused this Form to be signed on its behalf by the duly authorized undersigned.

Groundfloor Finance Inc.

By

Nick Bhargava

Co-Founder & EVP Regulatory
Affairs

Pursuant to the requirements of Sections 4(a)(6) and 4A of the Securities Act of 1933 and Regulation Crowdfunding (§ 227.103 et seq.), this Annual Report and Transfer Agent Agreement has been signed by the following persons in the capacities and on the dates indicated.

Brian Dally

Co-Founder & CEO
4/20/2023

Lucas Timberlake

Director
4/20/2023

Benjamin Sutton

SVP Finance
4/20/2023

Nick Bhargava

Co-Founder & EVP Regulatory Affairs
4/20/2023