

April 2021

2021 Regional Report of the Seven Pearls Foundation, Inc.

This report was sent to the following regions as requested:

Central, Southeastern and Western

The Seven Pearls Foundation, Inc. was given the responsibility to maintain and protect the property at 1000 Southhill Drive, Cary, North Carolina in the event of litigation. This action protects us against negative behavior by a sorority member, organization or individual legally insulating our valuable asset on behalf of the sisterhood. This action was voted on by the Grand Chapter at the 2004 Boule. This is no different than other fraternal and sorority situations designed to legally protect precious assets.

I would like to take a moment and ask you to think of our headquarters as Americans view the White House. The White House is the people's house. It does not belong to the President of the United States. The residence belongs to the American People. The White House is owned and maintained by the National Park Service. Our taxes pay for the maintenance. Sigma Gamma Rho Sorority, Inc.'s corporate headquarters does not belong to the International Grand Basileus or any administration but belongs to the membership. Your donations and assessments provide for the upkeep of our beautiful headquarters.

2020 Boule Motion to Withhold Rent: The Seven Pearls Foundation, Inc. has always and will continue to operate with full transparency and integrity. The Foundation is willing and ready to work with Sigma Gamma Rho and is not interested in discord. At the 2020 Boule, the Grand Chapter voted to withhold the rent and hold it in an escrow account until certain documents were received and signed. Not only was this action not in compliance with the commercial property laws of the state of North Carolina (**by N.C. law, commercial tenants are not allowed to withhold rent**) but also the requested documents were already submitted. *See the attached chart to verify submission.*

Therefore, the sorority is in violation of North Carolina law.

The Seven Pearls Foundation has complied within the confines of our organizational structure. We have submitted two letters to the International Grand Basileus and the Board of Directors:

1. Requesting for the sorority to bring their account current

2. To inform the sorority of their violation of the commercial property laws of North Carolina

Despite the non-payment of rent, the Seven Pearls Foundation, Inc. remains committed to fulfilling our mission: to protect and maintain the building. To date, the mortgage continues to be paid on time and we have never missed a payment. We continue to be good stewards of the property by ensuring the sorority as the guarantor of the mortgage is at no financial risk. With the foundation being approximately \$280,000 away from paying the headquarters off in full, it would be reprehensible for us to lose our most valuable asset.

While Sigma Gamma Rho does pay the mortgage and its share of utilities, the Seven Pearls Foundation ensures all other bills such as maintenance (beyond our management company's responsibilities), taxes and insurance are paid.

Responses and Informational Communications: The Seven Pearls Foundation, Inc. has created two videos for the membership: 1) responding to your questions and concerns and 2) a history of all the headquarters buildings detailing the progress our sisterhood has made.

Links are available by contacting your Regional Representative or by visiting the Seven Pearls Foundation's website: www.sevenpearls.org

Board of Directors tab- Members Only Tab Code: *Seven?Pearls22!

Unfortunately, Sigma Gamma Rho Sorority, Inc. has not allowed the Foundation to share our responses on social media and with chapters directly.

Response to IGB Liberty's State of the Sorority Address: It was stated the Foundation did not respond to the communicate requesting documents from the International Grand Basileus. The Foundation has submitted the requested documents on several occasions prior to the 2020 Boule. Moreover, our attorney had already responded to the same requests on July 23, 2020 to Sigma Gamma Rho's attorney Keyonn L. Pope. IGB Liberty was informed by President Caroselli during the introductory meeting that the documents had already been submitted by Immediate Past President Sandra Hunt and with a response by the Seven Pearls Foundation attorney, R. Jonathan Charleston, Esq.

Furthermore, it is imperative that the membership knows that Sigma Gamma Rho wants the Seven Pearls Foundation to turn over full ownership of the property after it has been completely paid for. The leadership stated they plan to create a holding company with persons who are non-members who do not have a vested interest in the welfare of the property. Sigma Gamma Rho should not have the property in their name in the event of litigation against the sorority.

The International Grand Basileus is a member of the Board of Directors for the Seven Pearls Foundation, Inc. and is invited to all meetings except Executive Board Sessions. Our attorney advised that it would be a conflict of interest to invite IGB Liberty to the Board meetings until the matter of the nonpayment of rent is resolved.

Regarding the use of IGB Liberty's image on our website and video, a public domain photo was utilized. Public domain images are freely available for use, for commercial and private purposes. Infringing on copyrights, attributing the source, asking for permission, or being charged for using the photos is not needed.

Building and Maintenance Updates: Planned routine maintenance has been completed including janitorial, plant rotation and conservation, extermination, quarterly carpet cleaning, trash removal, elevator maintenance, fire monitoring, fire system and fire alarm maintenance, COVID-19 cleaning, and HVAC maintenance. The building remains appropriately insured and up to date. All required local, state, and federal taxes have been paid as of the printing of this report. All yearly inspections have been successfully completed with no violations noted.

2020 Summary of Expenses is more than \$187,821.00.

*Note: The Seven Pearls Foundation, Inc. has paid the mortgage from July 2020-present)

Burn the Mortgage Campaign: We are thankful to all Sorors and Affiliates for your support of the Burn the Mortgage campaign initiatives. Our headquarters serves as a marketing tool that enhances our image. As of March 31st, 2021, the balance on the mortgage is \$283,089.17. With our combined efforts, we have paid approximately \$2,365,341.23 on the \$2.6 million mortgage since 2004 (@ 6% interest) in addition to the cost of routine maintenance over the years. In review of the amortization table provided by

Bank of America, you will note the fundraising efforts by the Foundation with the support of the Life Members has reduced two years off our 20-year mortgage. The original payoff date was December 2024. We are scheduled to pay off the mortgage in November 2022. The Seven Pearls Foundation, Inc. with donations from the membership and innovative fundraising has allowed the Foundation to make payments directly on the principal of the loan. *To this end, we have saved the sorority approximately \$200,000 in principal and interest.

The estimated market value of 1000 Southhill Drive, Cary, North Carolina is \$4,699,200.00. This is based on similar property listed at 1010 Southhill Drive that is selling for \$275.00 per square foot.

*Please Note: That the 8800 Stony Island Ave address was on the amortization table because Sigma Gamma Rho Sorority had not moved to Cary, N.C. at the time of the loan.

Upcoming Virtual Fundraiser: A Virtual Golden “Motown” Revue featuring the music of Stevie Wonder, Diana Ross, David Ruffin and Marvin Gaye is taking place on May 1, 2021. Tickets are \$25.00. Tickets are on sale at www.sevenpearls.org. Proceeds will benefit the Burn the Mortgage Campaign.

On behalf of this officer and the Board of Directors, I thank you for the opportunity to share the updates of the Seven Pearls Foundation, Inc.

In Service,

Linette Y. Caroselli

Linette Caroselli

Seven Pearls Foundations, Inc.

President/CEO

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