



SPRINGBOARD CDFI
FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT

December 31, 2023 and 2022





**SPRINGBOARD CDFI
TABLE OF CONTENTS**

	PAGE
Independent Auditor's Report	1
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	6
Statements of Cash Flows	8
Notes to Financial Statements	9



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Springboard CDFI
2140 Hoover Avenue, Suite 115
National City, California

Qualified Opinion

We have audited the financial statements of Springboard CDFI (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, except for the effects on the accompanying 2023 financial statements of not consolidating a wholly owned subsidiary in the financial statements as described in the Basis for Qualified Opinion section of our report, the financial statements present fairly, in all material respects, the financial position of Springboard CDFI as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion on the 2023 Financial Statements

Springboard CDFI has excluded consolidating a wholly owned subsidiary in the accompanying 2023 financial statements, in our opinion, the subsidiary should be consolidated into the financial statements of Springboard CDFI in accordance with accounting principles generally accepted in the United States of America. The amount by which this departure would affect the assets, liabilities, net assets, revenues, and expenses has not been determined.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Springboard CDFI and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the 2023 financial statements and for our opinion on the 2022 financial statements.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Eadie and Payne, LLP

Riverside, California
March 25, 2024

SPRINGBOARD CDFI
STATEMENTS OF FINANCIAL POSITION
December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Current Assets		
Cash	\$ 3,406,280	\$ 3,525,650
Accounts receivable	5,000	10,410
CWCOT holdings inventory	701,548	-
Prepaid expenses	21,703	26,665
Total Current Assets	<u>4,134,531</u>	<u>3,562,725</u>
Property and Equipment		
Furniture and equipment	2,003	2,003
Automobile	-	17,678
Less: Accumulated depreciation	(2,003)	(19,445)
	<u>-</u>	<u>236</u>
Other Assets		
Loans receivable	4,156,406	4,504,156
Interest receivable	1,345,319	1,282,622
Total Other Assets	<u>5,501,725</u>	<u>5,786,778</u>
Total Assets	<u>\$ 9,636,256</u>	<u>\$ 9,349,739</u>
Liabilities and Net Assets		
Current Liabilities		
Line of credit	\$ 207,307	\$ 249,070
Accounts payable	18,755	40,504
Accrued expenses	31,543	41,622
Due to related party	701,548	-
Total Current Liabilities	<u>959,153</u>	<u>331,196</u>
Long-Term Liabilities		
Due to CalHome	54,877	219,756
Notes payable	150,000	150,000
Total Long-Term Liabilities	<u>204,877</u>	<u>369,756</u>
Net Assets		
Net assets without donor restrictions	(298,452)	(166,065)
Net assets with donor restrictions	8,770,678	8,814,852
Total Net Assets	<u>8,472,226</u>	<u>8,648,787</u>
Total Liabilities and Net Assets	<u>\$ 9,636,256</u>	<u>\$ 9,349,739</u>

The accompanying notes are an integral part of the financial statements.

SPRINGBOARD CDFI
STATEMENT OF ACTIVITIES
For the year ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Support			
Loan and broker fees	\$ 50,024	\$ -	\$ 50,024
Loan interest	137	120,429	120,566
Contributions	36,197	-	36,197
CWCOT income	18,239	-	18,239
Other income	154	-	154
Satisfaction of program restrictions	164,603	(164,603)	-
Total Revenues and Support	<u>269,354</u>	<u>(44,174)</u>	<u>225,180</u>
Expenses			
Program services	76,240	-	76,240
Management and general	325,501	-	325,501
Total Expenses	<u>401,741</u>	<u>-</u>	<u>401,741</u>
Change in Net Assets	(132,387)	(44,174)	(176,561)
Net Assets, Beginning of Year	<u>(166,065)</u>	<u>8,814,852</u>	<u>8,648,787</u>
Net Assets, End of Year	<u>\$ (298,452)</u>	<u>\$ 8,770,678</u>	<u>\$ 8,472,226</u>

The accompanying notes are an integral part of the financial statements.

SPRINGBOARD CDFI
STATEMENT OF ACTIVITIES
For the year ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Support			
Loan and broker fees	\$ 35,529	\$ -	\$ 35,529
Loan interest	221	134,121	134,342
Other income	838	-	838
Loss on the disposal of assets	(1,804)	-	(1,804)
Satisfaction of program restrictions	656,712	(656,712)	-
Total Revenues and Support	<u>691,496</u>	<u>(522,591)</u>	<u>168,905</u>
Expenses			
Program services	102,115	-	102,115
Management and general	282,711	-	282,711
Total Expenses	<u>384,826</u>	<u>-</u>	<u>384,826</u>
Change in Net Assets	306,670	(522,591)	(215,921)
Net Assets, Beginning of Year	<u>(472,735)</u>	<u>9,337,443</u>	<u>8,864,708</u>
Net Assets, End of Year	<u>\$ (166,065)</u>	<u>\$ 8,814,852</u>	<u>\$ 8,648,787</u>

The accompanying notes are an integral part of the financial statements.

SPRINGBOARD CDFI
STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2023

	2023		
	Program Services	Management and General	Total
Salaries and wages	\$ 45,122	\$ 158,649	\$ 203,771
Payroll taxes	3,027	11,186	14,213
Employee benefits	9,065	17,494	26,559
Staff development	99	343	442
Other personnel costs	-	8,101	8,101
	<u>57,313</u>	<u>195,773</u>	<u>253,086</u>
Automotive	-	1,393	1,393
Business development	790	2,119	2,909
Cleaning and maintenance	-	3,525	3,525
Depreciation expense	-	236	236
Information technology	-	9,901	9,901
Insurance	7,150	24,594	31,744
Interest	226	362	588
Legal	-	1,050	1,050
Loan processing costs	1,757	-	1,757
Management fees	-	53,846	53,846
Office expense	-	803	803
Other expense	509	3,826	4,335
Postage, printing and copying	709	554	1,263
Professional fees	316	18,755	19,071
Taxes and licenses	7,470	2,925	10,395
Telephone and internet	-	5,239	5,239
Utilities	-	600	600
Total Expenses	<u>\$ 76,240</u>	<u>\$ 325,501</u>	<u>\$ 401,741</u>

The accompanying notes are an integral part of the financial statements.

SPRINGBOARD CDFI
STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2022

	2022		
	Program Services	Management and General	Total
Salaries and wages	\$ 39,957	\$ 116,433	\$ 156,390
Payroll taxes	2,706	7,041	9,747
Employee benefits	11,178	10,737	21,915
Other personnel costs	-	9,237	9,237
	<u>53,841</u>	<u>143,448</u>	<u>197,289</u>
Automotive	-	2,454	2,454
Bad debt	1,117	436	1,553
Business development	500	3,246	3,746
Cleaning and maintenance	-	3,311	3,311
Depreciation expense	-	2,219	2,219
Information technology	1,035	9,001	10,036
Insurance	17,411	38,050	55,461
Interest	-	9,798	9,798
Legal	-	925	925
Loan processing costs	2,417	-	2,417
Management fees	-	38,621	38,621
Office expense	227	981	1,208
Other expense	436	-	436
Postage, printing and copying	1,375	942	2,317
Professional fees	878	19,675	20,553
Taxes and licenses	22,833	3,769	26,602
Telephone and internet	45	5,235	5,280
Utilities	-	600	600
Total Expenses	<u>\$ 102,115</u>	<u>\$ 282,711</u>	<u>\$ 384,826</u>

The accompanying notes are an integral part of the financial statements.

SPRINGBOARD CDFI
STATEMENTS OF CASH FLOWS

For the years ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities		
Change in net assets	\$ (176,561)	\$ (215,921)
Adjustments to Reconcile Change in New Assets to Net Cash Provided By Operating Activities		
Depreciation	236	2,219
Loss on disposal of assets	-	1,804
(Increase) Decrease in Operating Assets		
Accounts receivable	5,410	(10,410)
Prepaid expenses	4,962	11,707
Interest receivable	(62,697)	16,888
Increase (Decrease) in Operating Liabilities		
Accounts payable	(21,749)	(6,201)
Accrued expenses	(10,079)	5,222
Due to CallHome	(164,879)	(156,157)
Net Cash Provided by (Used) in by Operating Activities	<u>(425,357)</u>	<u>(350,849)</u>
Cash Flows from Investing Activities		
Collection of loans	347,750	703,429
Net Cash Provided by (Used) in Investing Activities	<u>347,750</u>	<u>703,429</u>
Cash Flows from Financing Activities		
Borrowings on line of credit	(41,763)	249,070
Principal payments on long-term liabilities	-	(98,293)
Net Cash Provided by (Used) in Financing Activities	<u>(41,763)</u>	<u>150,777</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(119,370)	503,357
Cash and Cash Equivalents at Beginning of Year	3,525,650	3,022,293
Cash and Cash Equivalents at Ending of Year	<u>\$ 3,406,280</u>	<u>\$ 3,525,650</u>
Supplementary Disclosures		
Interest Paid	<u>\$ 4,644</u>	<u>\$ 8,484</u>

The accompanying notes are an integral part of the financial statements.

SPRINGBOARD CDFI

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

1. NATURE OF ACTIVITIES

Springboard CDFI (the Company) is an Internal Revenue Service 501(c)(3) nonprofit California corporation established in 1982 with a mission to bridge the wealth gap in America by bringing scaled solutions and access to capital to underserved and economically distressed markets.

The Company is a U.S. Department of Treasury certified Community Development Financial Institution (CDFI) and originates or services a variety of down-payment, first mortgage, and closing cost loans and programs either from its own funds, brokered through bank lending partners, or as the administrator on behalf of government or nonprofit entities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Not-for-profit organizations are required to report information regarding financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Company. These net assets may be used at the discretion of the Company's management and Board of Directors. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Company or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

B. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect assets and liabilities at the reporting date and revenues and expenses during the reporting period. Actual results could differ from those estimates.

C. Revenue and Revenue Recognition

Grants

Grant and contract revenue are recognized in the period in which the related work is performed in accordance with the terms of the grant or contract. Grants receivable are recorded when revenue earned under a grant or contract exceeds the cash received. Deferred revenue is recorded when cash received under a grant or contract exceeds the revenue earned.

SPRINGBOARD CDFI
NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Revenue and Revenue Recognition (Continued)

Contributions

Contributions are recognized in the period received as assets, decreases of liabilities, or expenses depending on the form of benefit received, or if conditional, when the barriers are overcome. Unconditional contributions are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions restricted by the donor are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restriction are reclassified to net assets without restrictions and reported in the statements of activities as net assets released from restrictions. When restrictions are satisfied in the same accounting period as the receipt of the contribution, the Company reports both revenue and the related expense in unrestricted net assets.

Claims Without Conveyance of Title

As a Department of Housing and Urban Development (HUD) approved nonprofit organization, the Company receives the first rights to purchase HUD foreclosed single-family residences. The Company receives revenues for acting as an intermediate by purchasing these residences with funds provided by a related for-profit entity. When real estate is purchased, the title is transferred to a related for-profit entity. Revenue is recognized upon transfer of title.

D. Fair Value Measurements

Generally accepted accounting principles provide guidance on how fair value should be determined when financial statement elements are required to be measured at fair value. Valuation techniques are ranked in three levels depending on the degree of objectivity of the inputs used with each level:

Level 1 inputs – quoted prices in active markets for identical assets

Level 2 inputs – quoted prices in active or inactive markets for the same or similar assets

Level 3 inputs – estimates using the best information available when there is little or no market.

E. Cash and Cash Equivalents

For purposes of the statement of financial position and the statement of cash flows, cash and cash equivalents consist of cash and other highly liquid resources, such as investments in certificates of deposit and money market funds, with an original maturity of three months or less when purchased. Amounts included in restricted cash represent those required to be set aside by a contractual agreement with a grantor for the payments related to specific programs.

F. Allowance for Doubtful Accounts

Bad debts are recognized on the allowance method based on historical experience and management's evaluation of outstanding receivables. Management believes that all accounts receivable are fully collectible. Therefore, no allowance for doubtful accounts was recorded at December 31, 2023 and 2022.

G. Inventory

Inventory consists of real estate properties purchased from HUD through the Claims Without Conveyance of Title program (CWCOT) and are valued at their purchase price. Inventory of \$701,548, consists of five properties that the Company has title to as of December 31, 2023. The Company has an amount due to related parties in the amount of \$701,548 related to these properties at December 31, 2023.

SPRINGBOARD CDFI
NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Loans Receivable

The loan assets of the Company were originated under the following two programs:

Cost Assistance Support for Homebuyers (CASH)

This loan program provides down payment and closing cost assistance for qualifying first-time homebuyers who have some liquid assets, but still need additional funds. The Company charges a low fixed interest rate under this program. These loans are fully amortized with ten-year terms and can be deferred for up to five years based on the borrower's ability to pay.

CalHome

The CalHome Program, established in 2003 under Chapter 6 of the California Health and Safety Code, is a homeownership program designed to make funds available to low- and very low-income borrowers. These funds allow first-time homebuyers earning less than 80% of the area median income to obtain down payment loans at 3% interest, deferred until the sale or refinancing of the property. Loan repayments revolve into a restricted reuse account which funds future loans.

Loan receivables consist of individual loan amounts ranging from \$3,900 to \$82,000. Loans receivable are carried at unpaid principal balances, less an allowance for loan losses. The Company has implemented policies and practices for assessing impairment of its loans receivable and the recognition of income on impaired loans. Loans receivable are recorded at the lower of cost or estimated net realizable value. Allowance for loan losses are analyzed by the Company and include any loan where full recovery of principal and interest is considered in doubt based on the current evaluation of the loan and its security. The Company may include an additional provision for losses based on any loan where it feels that a provision may become necessary in the future for any reason. For the years ended December 31, 2023 and 2022, there was a write-off of \$-0- and \$1,553, respectively.

The historical loan losses from CalHome loans were approximately 3% and under for the past 10 years. Additionally, the CalHome loans were made from grant funds that may allow forgiveness of all or a portion of accrued interest. Pursuant to CalHome regulations, loan principal shall not be forgiven, except under statutory foreclosure.

Loans are placed on nonaccrual when management believes, after considering economic conditions, business conditions, and collection efforts, that the loans are impaired or collection of interest is doubtful.

Uncollected interest previously accrued is charged off or an allowance is established by a charge to interest income. Interest income on nonaccrual loans is recognized only to the extent cash payments are received. Impaired loans are those loans for which write-downs or specific provisions have been taken. The Company recognizes interest income on its impaired loans based on the actual cash flow of payments received from borrowers. There were no impaired loans at December 31, 2023 and 2022.

SPRINGBOARD CDFI
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Investment

During 2023, the Company formed a wholly own subsidiary related to the CWCOT program. The subsidiary has fifty percent ownership interest in several limited partnerships in which holds the real estate that title is transferred from the Company. The subsidiary does not receive any financial benefit from the limited partnerships. Accounting principles generally accepted in the United States of America require a reporting entity to consolidate an entity that it controls as a result of holding a majority of the voting rights. The Company has not consolidated the subsidiary's financial results in the accompanying financial statements as of and for the year ended December 31, 2023. The amount by which this departure would affect the assets, liabilities, net assets, revenues and expenses has not been determined.

J. Property and Equipment

Property and equipment include equipment and a vehicle and are presented at cost or donated value. These assets are depreciated using the straight-line method over estimated useful lives ranging from three to seven years. The Company capitalizes all expenditures in excess of \$2,500 for property and equipment at cost, while donations of property and equipment are recorded at their estimated fair values. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintaining, the Company reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Company reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Maintenance, repairs and minor renewals are charged to operations as incurred.

K. Functional Expenses

The Company allocates its expenses on a functional basis among its various programs and supporting services. Expenditures which can be identified with a specific program or support services are allocated directly, according to their natural expenditure classification. Costs that are common to several functions are allocated among the program and supporting services on the basis of time records, space utilized and estimates made by the Company's management.

L. Income Taxes

The Company is exempt from federal and State income tax under Section 501(c)(3) of the Internal Revenue Code (IRC) and Section 23701(d) of the California Tax Code. Consequently, the accompanying financial statements do not reflect any provision for income taxes. The Company uses the same accounting methods for tax and financial reporting.

M. Compensated Absences

Accumulated unpaid vacation totaled \$16,751 and \$16,375 at December 31, 2023 and 2022, respectively. Accumulated unpaid vacation is accrued when incurred and included in accrued expenses.

SPRINGBOARD CDFI
 NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

N. **Subsequent Events**

Subsequent events are events or transactions that occur after the statement of net position date, but before financial statements are available to be issued. The Company recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of net position, including the estimates inherent in the process of preparing the financial statements. The Company's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of net position but arose after the statement of net position date and before the financial statements were available to be issued. The Company has evaluated subsequent events through March 25, 2024 which is the date the financial statements were available to be issued.

3. **LOANS RECEIVABLE**

Loans receivable as of December 31, 2023 consisted of the following:

	<u>Loan Program</u>	<u>Interest Rates</u>	<u>Loan Term</u>	<u>2023</u>
CalHome Revolving Loan Fund	CalHome	3%	30 years	\$ 4,153,518
Cost Assistance Support for Homebuyers	CASH	3%	10 years	2,888
Loans receivable, net				<u>\$ 4,156,406</u>

Loans receivable as of December 31, 2022 consisted of the following:

	<u>Loan Program</u>	<u>Interest Rates</u>	<u>Loan Term</u>	<u>2022</u>
CalHome Revolving Loan Fund	CalHome	3%	30 years	\$ 4,500,641
Cost Assistance Support for Homebuyers	CASH	3%	10 years	3,515
Loans receivable, net				<u>\$ 4,504,156</u>

4. **NOTES PAYABLE**

Economic Injury Disaster Loan

As of December 31, 2021, the Company received \$150,000 in loan proceeds under the Small Business Administration COVID-19 Economic Injury Disaster Loan (EIDL). The EIDL is a long-term, direct loan from the SBA to meet financial obligations and operating expenses that could have been met had the disaster not occurred. The loan has an interest rate of 2.75% and is payable over 30 years. Each payment will be applied first to interest accrued to the date of receipt of each payment, and the balance, if any, will be applied to principal. The loan payments began in December 2022, which was thirty months from the date of the promissory note. Accrued interest related to this loan was \$5,575 and \$9,631 at December 31, 2023 and 2022, respectively.

SPRINGBOARD CDFI
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

4. NOTES PAYABLE (Continued)

Principal payments on the notes payable as of December 31, 2023 are as follows:

<u>Years</u>	<u>Amount</u>
2024	\$ -
2025	2,557
2026	4,179
2027	4,295
2028	4,415
Thereafter	134,554
Total	<u>\$ 150,000</u>

5. LINE OF CREDIT

During 2022, the Company obtained a revolving credit facility from Springboard Social Enterprises for \$500,000. All sums advanced on the line of credit are interest-free from the date of each advance is made until paid in full on the maturity date of December 31, 2025. The outstanding balance as of December 31, 2023 and 2022 was \$207,307 and \$249,070, respectively. The Company and Springboard Social Enterprises have one board member in common.

6. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Company receives substantial support from grants, including grants with grantor restrictions (donor restrictions) that require use for specific purposes. However, those specified purposes are for program expenses that will be incurred in future years.

The Company has the following financial assets available to meet cash needs for general expenditures, liabilities, and other obligations during the next year:

	<u>2023</u>	<u>2022</u>
Financial assets at year end:		
Cash	\$ 3,406,280	\$ 3,525,650
Accounts receivable	<u>5,000</u>	<u>10,410</u>
Total Financial Assets Available	3,411,280	3,536,060
Amounts not available to be used within one year:		
Restricted by donor with purpose restrictions	<u>(3,271,841)</u>	<u>(3,031,589)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 139,439</u>	<u>\$ 504,471</u>

The Company's liquidity management includes a policy to structure its financial assets to be available for general expenditures as they come due.

SPRINGBOARD CDFI
NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

7. LICENSE AGREEMENT

The Company has a license agreement with an affordable apartment complex where it provides an incubator program to empower families to achieve home ownership. As part of the agreement, the Company is allowed to occupy office space within the complex. The Company pays the complex \$1 monthly ending in February 2025.

8. RETIREMENT PLAN

The Company's eligible employees participate in Springboard Social Enterprises 401(k) retirement plan (the "Plan") under the management services agreement. The Plan allows for employee contributions to the Plan up to the maximum amount allowed by the Internal Revenue Code. A component of the Plan is a safe harbor matching contribution that states the Company will make a matching contribution on the employee's behalf when a "matched employee contribution" is made during the Plan Year. A "matched employee contribution" is any elective deferral contribution or catch-up contribution made. The Company provides matching contributions up to 100% of the first 3% of employee compensation and 50% of the next 2% of employee compensation. In compliance with the Plan's safe harbor matching contribution, the Company contributed \$3,226 and \$-0- for the years ended December 31, 2023 and 2022, respectively.

9. SERVICE AGREEMENT

The Company has a service agreement with another tax-exempt nonprofit organization under which that organization provides certain administrative functions including finance and accounting, human resources, risk management, information technology, and other services in exchange for reimbursement of actual expenses. The Company and Springboard Social Enterprises have one board member in common. The Company had management fee expense of \$53,846 and \$38,621 for the years ended December 31, 2023 and 2022, respectively. The Company had accounts payable to the organization in the amount \$138 and \$1,163 at December 31, 2023 and 2022, respectively.

10. CONCENTRATIONS

The Company maintains its cash balances in financial institutions that are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At various times, there were balances in the bank that were over the FDIC limit. The Company had approximately \$3,021,841 and \$2,932,426 in excess of insured limits at December 31, 2023 and 2022, respectively. The Company has not experienced any loss in such accounts and believes it is not exposed to any significant credit risk on its cash balances.

11. NET ASSETS

All assets related to the CalHome program are generally restricted for the program's purpose. Per the CalHome program agreement, the Company can release amounts from restriction equal to the annual activity delivery fees charged each year. The Company released from restriction, income in the amounts of \$164,603 and \$656,712 for the years ended December 31, 2023 and 2022, respectively.

Net assets with donor restrictions at December 31, 2023 and 2022 are available for the CalHome program:

	<u>2023</u>	<u>2022</u>
CalHome Revolving Loan Fund	4,153,518	4,500,641
CalHome interest receivable	1,345,319	1,282,622
Restricted cash - CalHome Reuse Fund	<u>3,271,841</u>	<u>3,031,589</u>
Total	<u>\$ 8,770,678</u>	<u>\$ 8,814,852</u>

SPRINGBOARD CDFI
NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

12. EMPLOYEE RETENTION CREDIT

The ERC, a credit against certain payroll taxes allowed to an eligible employer for qualifying wages, was established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and further amended by the Consolidated Appropriations Act (CAA) and the American Rescue Plan (ARP). The ERC was accounted for under Accounting Standards Update (ASU) Subtopic 958-605, "Contributions Received and Contributions Made". The ERC is considered a conditional grant and was recognized as contribution revenue for the year ended December 31, 2023. The Company received and recognized \$36,197 of revenues related to the ERC for the year ended December 31, 2023.