Report of Independent Auditors and
Financial Statements

Mission Asset Fund

December 31, 2021
(with comparative totals for the year ended December 31, 1899)

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Report of Independent Auditors

Board of Directors
Mission Asset Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Mission Asset Fund, which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Mission Asset Fund as of December 31, 2021, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 Mission Asset Fund and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 Mission Asset Fund's ability to continue as a going concern within 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 Mission Asset Fund'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 Mission Asset Fund'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.

Other Matter

Report on Summarized Comparative Information

The summarized financial statements as of and for the year ended December 31, 2020, were audited by other auditors whose report thereon dated May 4, 2021, expressed an unmodified opinion. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited consolidated financial statements, from which it has been derived.

Moss Adams LLP

San Francisco, California
May 20, 2022

Financial Statements

Mission Asset Fund
Statements of Financial Position
December 31, 2021 and 2020

	2021	2020
ASSETS		
Cash and cash equivalents	$ 15,608,939	$ 11,596,958
Investments	37,315,067	4,651,831
Accounts receivable	70,679	72,035
Contributions receivable	604,579	635,489
Program loan receivables, net	433,286	362,283
Prepaid expenses	265,968	196,882
Property and equipment, net	209,572	257,390
Deposits	15,000	15,000
Total assets	$ 54,523,090	$ 17,787,868
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	$ 203,752	$ 127,653
Accrued paid time off	215,731	175,889
Program payables	111,791	123,220
Deferred revenue	1,817,942	170,894
Partner funds held	154,575	80,901
Program related loans	540,000	643,000
Paycheck Protection Program loan	-	465,800
Total liabilities	3,043,791	1,787,357
Net assets		
Without donor restrictions	45,703,900	7,747,875
With donor restrictions	5,775,399	8,252,636
Total net assets	51,479,299	16,000,511
Total liabilities and net assets	$ 54,523,090	$ 17,787,868

See accompanying notes.

Mission Asset Fund
Statement of Activities
Year Ended December 31, 2021
(with comparative totals for the year ended December 31, 2020)

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Support and Revenue				
Support				
Foundation	$ 45,332,659	$ 4,994,390	$ 50,327,049	$ 36,333,061
Government	3,027,830	-	3,027,830	4,435,259
Corporate	620,000	2,571,706	3,191,706	388,276
Individual	79,091	-	79,091	146,214
Total support	49,059,580	7,566,096	56,625,676	41,302,810
Revenue				
Program service and license fees	182,020	-	182,020	182,672
Conference, seminars and other	5,603	-	5,603	30,370
Investment (loss), net	(195,628)	-	(195,628)	88,627
Gain on debt extinguishment	548,800	-	548,800	-
Total revenue	540,795	-	540,795	301,669
Release from restriction	10,043,333	(10,043,333)	-	-
Total support and revenue	59,643,708	(2,477,237)	57,166,471	41,604,479
Expenses				
Program	20,641,537	-	20,641,537	32,684,429
Management and general	628,502	-	628,502	439,432
Fundraising	417,644	-	417,644	292,958
Total Expenses	21,687,683	-	21,687,683	33,416,819
Change in net assets	37,956,025	(2,477,237)	35,478,788	8,187,660
Net Assets, beginning of year	7,747,875	8,252,636	16,000,511	7,812,851
Net Assets, end of year	$ 45,703,900	$ 5,775,399	$ 51,479,299	$ 16,000,511

Mission Asset Fund
Statement of Functional Expenses For the Year Ended December 31, 2021

	Program	Management and General	Fundraising	Total
Salaries	$ 3,461,159	$ 306,539	$ 251,884	$ 4,019,582
Retirement contributions	175,706	16,623	14,257	206,586
Other employee benefits	353,494	37,684	27,230	418,408
Payroll taxes	275,404	22,169	18,244	315,817
Total Personnel	4,265,763	383,015	311,615	4,960,393
Scholarships and COVID relief	14,420,522	-	-	14,420,522
Contract and professional services	160,741	145,823	22,102	328,666
Survey incentives	6,867	-	-	6,867
Advertising and promotion	188	-	-	188
Office expense and supplies	296,138	28,853	20,938	345,929
Information technology	468,573	6,404	5,257	480,234
Occupancy	166,802	10,544	8,542	185,888
Travel and meals	7,789	2,724	887	11,400
Depreciation and amortization	130,208	1,518	1,226	132,952
Insurance	-	23,755	-	23,755
Dues, licenses, service fees	683,428	24,579	46,687	754,694
Conference and seminars	772	16	15	803
Interest	15,000	-	-	15,000
Write offs and other	18,746	1,271	375	20,392
Total Expenses	$ 20,641,537	$ 628,502	$ 417,644	$ 21,687,683

See accompanying notes.

Mission Asset Fund
Statement of Functional Expenses For the Year Ended December 31, 2020

	Program	Management and General	Fundraising	Total
Salaries	$ 2,559,155	$ 275,847	$ 166,395	$ 3,001,397
Retirement contributions	115,964	12,327	8,096	136,387
Other employee benefits	248,882	24,692	21,764	295,338
Payroll taxes	198,271	20,195	12,232	230,698
Total Personnel	3,122,272	333,061	208,487	3,663,820
Scholarships and COVID relief	27,307,540	-	-	27,307,540
Contract and professional services	90,027	29,671	29,302	149,000
Survey incentives	681,805	208	130	682,143
Advertising and promotion	359	27	16	402
Office expense and supplies	153,473	13,977	9,825	177,275
Information technology	395,122	6,227	3,397	404,746
Occupancy	180,622	11,869	7,403	199,894
Travel and meals	28,988	667	784	30,439
Depreciation and amortization	200,858	1,793	1,120	203,771
Insurance	135	12,246	9	12,390
Dues, licenses, service fees	500,414	29,360	32,455	562,229
Conference and seminars	8,710	-	30	8,740
Interest	9,493	-	-	9,493
Write offs and other	4,611	326	-	4,937
Total Expenses	$ 32,684,429	$ 439,432	$ 292,958	$ 33,416,819

See accompanying notes.

Mission Asset Fund
Statements of Cash Flows
For the Years Ended December 31, 2021 and 2020

	2021	2020
Cash flows from operating activities		
Change in net assets	$ 35,478,788	$ 8,187,660
Adjustments to reconcile change in net assets to cash from operating activities:		
Depreciation and amortization	132,952	203,771
Provision for loan losses	5,789	4,146
Investment loss (income), net	232,763	(86,981)
Gain on debt extinguishment	(548,800)	-
Change in assets and liabilities:		
Accounts receivable	1,356	7,639
Contributions receivable	30,910	(599,043)
Program receivables	(76,792)	(13,166)
Prepaid expenses	(69,086)	(58,479)
Accounts payable and accrued expenses	76,099	42,782
Accrued paid time off	39,842	76,601
Program payables	(11,429)	(296)
Partner funds held	73,674	(106,497)
Deferred revenue	1,647,048	68,874
Net cash provided by operating activities	37,013,114	7,727,011
Cash flows from investing activities		
Purchases of investments	(35,118,286)	(2,500,000)
Proceeds from sale of investments	2,222,287	-
Internally developed software	(77,133)	(76,462)
Purchase of fixed assets	(8,001)	(75,747)
Net cash used in investing activities	(32,981,133)	(2,652,209)
Cash flows from financing activities		
Proceeds from Paycheck Protection Program loan	-	465,800
Proceeds from program related loans	-	643,000
Repayment of loans	(20,000)	-
Net cash (used in) provided by financing activities	(20,000)	1,108,800
Net change in cash and cash equivalents	4,011,981	6,183,602
Cash and cash equivalents, beginning of year	11,596,958	5,413,356
Cash and cash equivalents, end of year	$ 15,608,939	$ 11,596,958
Supplemental Information		
Restricted cash	$ 76,361	$ 63,406
Interest paid	$ 15,000	$ 9,493
Gain on debt extinguishment	$ 548,800	$ -

See accompanying notes.

NOTE 1 – NATURE OF ACTIVITIES

Mission Asset Fund (the Organization) is a nonprofit, tax-exempt organization founded in 2007. The Organization is dedicated to helping people become visible, active, and successful in their financial lives by expanding access to responsible financial products for low-income and immigrant communities. Program activities include:

Lending circles – In 2008, the Organization launched the Lending Circles social loan program, introducing a new strategy rooted in the global tradition of group lending that enables low-income families to build credit, reduce debt, and improve their financial security. In response to the COVID-19 pandemic, the Organization temporarily embedded greater flexibility in the Lending Circles program to help clients weather financial challenges, including options to implement a 3-month loan forbearance, put a one-month hold on payments, or restructure loan payments. In partnership with a nationwide network of nonprofits, the Organization provides Lending Circles through both direct programs in California and nationwide. Paired with timely, actionable, and culturally-relevant financial education, the Lending Circles program has been widely acclaimed for its impact, helping thousands of participants access safe and affordable capital, build credit, and establish a foothold in the U.S. mainstream financial system.

Immigration loans – In 2017, the Organization expanded the portfolio of programs to include a zero-interest immigration loan program and scholarships to help individuals cover the cost of citizenship applications, Deferred Action for Childhood Arrivals (DACA), green card and other immigration related fees. In 2021, against the backdrop of the COVID-19 pandemic, numerous changes in immigration policy put immigrant households' future and finances under immense strain. The Organization expanded its immigration program offerings, providing a sliding scale of credit-building loans, partial, and full grants to cover the cost of seven USCIS application fees, including humanitarian parole for Afghan refugees. In line with the COVID-related changes to the Lending Circles program, the Organization extended all loan flexibility options to apply to all immigration loans.

Business microloans – In 2012, the Organization built on the successful Lending Circles model to provide zero-interest, credit-building capital to entrepreneurs and micro-business owners in California's Bay Area. Through Lending Circles for Business, prior Lending Circles clients received business-specific technical assistance, financial coaching, and direct loans of up to $2,500 to invest in their business. In 2021, the Organization restructured the program to meet the needs of a growing community of entrepreneurs navigating the COVID-19 pandemic through new business creation. The Organization's revamped Business Microloan program serves clients across the state of California with no requirements on prior program participation. In addition, the Organization expanded offerings through MyMAF, an in-house mobile application where users are accessing pathways to financial empowerment through a vast digital financial education and coaching library.

Grants – In 2020, the Organization created the COVID-19 Rapid Response Fund, a nationwide financial relief fund to provide direct cash assistance to low wage workers, California public college students, and immigrant families excluded from federal support. Rather than disbursing grants through a first-come, first-served basis or lottery systems–approaches that further inequality by preferencing those with the best resources, access, or luck–the Organization developed a financial equity framework to direct resources to applicants facing the greatest financial hardship. Over the course of 18 months, the Organization disbursed more than 65,000 grants totaling $40M in direct relief. Beyond grants, the Organization also established Resources Finder, a new online tool to match people with relevant resources that they may be eligible for.

Immigrant Families Recovery Program – To support people in the transition from emergency relief to long-term recovery, MAF launched an unparalleled initiative supporting the financial recovery of immigrant families excluded from federal COVID-19 relief. The Organization's Immigrant Families Recovery Program, launched at the end of 2021, is a $30M fund to provide a $400 guaranteed monthly income for up to 24 months to 3,000 immigrant families. Going beyond cash support, the program pairs monthly payments with access to the Organization's credit building products, financial education courses, one-on-one coaching, and self-advocacy training to help participants rebuild and recover faster.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). References to fiscal year 2021 refer to the year ended December 31, 2021; fiscal year 2020 refer to the year ended December 31, 2020.

Use of estimates – The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Prior year summarized information – The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2020, from which the summarized information was derived.

Reclassifications – Certain accounts in the prior year's summarized information have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Basis of presentation – The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions – is defined as the portion of net assets that has no use or time restrictions. A portion of net assets without donor restrictions may be designated by the Organization Board of Directors as a reserve to be used for core operations as needed. For the years ended December 31, 2021 and 2020, there were no board designated net assets.

Net assets with donor restrictions – are resources that are restricted by a donor for use for a particular purpose or in a particular period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor imposed restrictions.

Revenues are reported as increases in net assets without donor restrictions unless the use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Cash and cash equivalents – For purposes of the statements of cash flows, the Organization considers all money market funds and other highly liquid investments with original maturities of three months or less when purchased to be cash equivalents. Cash held for investment purposes is classified with investments. For statements of cash flow purposes, proceeds from investments reflect transfers from investment accounts to operating accounts, and additions to investment reflect transfers from operating accounts to investment accounts.

Restricted cash of $76,361 and $63,406 for partner loan loss reserves is reported as part of cash and cash equivalents on the financial statements for the years ended December 31, 2021 and 2020, respectively.

Investments – Investments are stated at fair value based on quoted market prices and the net unrealized appreciation or depreciation on investments is included in the change in net assets in the accompanying statements of activities. Interest and dividend income are accrued when earned.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect account balances and the amounts reported in the statements of financial position.

Accounts receivable – Accounts receivable are primarily unsecured noninterest-bearing amounts due from customers on performance contracts. The Organization considers all accounts receivable to be fully collectible at December 31, 2021 and 2020. Accordingly, no allowance for doubtful accounts was deemed necessary. If amounts become uncollectible, they are charged to expense in the period in which that determination is made.

Contributions receivable – Contributions receivable including pledges and grants receivable are unconditional promises to give that are recognized as contributions when the promise is received. Contributions receivable that are expected to be collected in less than one year are reported at net realizable value. Contributions receivable that are expected to be collected in more than one year are recorded at fair value at the date of promise. That fair value is computed using a present value technique applied to anticipated cash flows. The Organization has evaluated the value of the discount and concluded that it was not material for recognition.

Program loan receivables – Program receivables consists of Lending Circle and Direct Lending programs. The Organization provides an allowance for loan loss that management believes may not be collected in full. An evaluation of the collectability of the amounts outstanding is conducted based on a combination of factors. When a specific organization is unable to meet its financial obligations (due to, for example, financial difficulties), a specific reserve is recorded. At December 31, 2021 and 2020 the allowance for loan loss was $18,489 and $12,700, respectively.

Property and equipment – Property and equipment purchased by the Organization is recorded at cost. The Organization capitalizes all expenditures for property and equipment over $2,500; the fair value of donated fixed assets is similarly capitalized. Depreciation is computed using the straight-line method over the estimated useful lives on the property and equipment or the related lease terms as follows:

Furniture and fixtures	5 years
Computer equipment	3 years
Software – social lending platform	2 years

Expenditures for major renewals and betterments that extend the useful lives of the property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. When property and equipment are retired, sold, or otherwise disposed of, the asset's carrying

The Organization evaluates long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the estimated future cash flows (undiscounted and without interest charges) from the use of an asset are less than the carrying value, a write-down will be recorded to reduce the related asset to its estimated fair value. As of years ended December 31, 2021 and 2020, no such writedowns have occurred.

Deferred revenue – Deferred revenue consists of licensing and other fees received in advance of the related period of performance by the Organization.

Paycheck protection program loan – The note payable issued pursuant to the Paycheck Protection Program ("PPP") administered by the United States Small Business Administration ("SBA") under the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act') is recorded in accordance with ASC Topic 470, Debt. The Organization has accounted for the loan forgiveness of the loan in accordance with ASC Subtopic 470-50-40 as a debt extinguishment.

Contributions – Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless the contributed assets are specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as restricted until payment is due, unless the contribution is clearly intended to support activities of the current fiscal year. Conditional promises are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

Contributed services – Contributed services are reflected in the financial statements at the fair value of the services received only if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. There were no contributed services that met the criteria for recognition for the years ended December 31, 2021 and 2020.

Program service and license fees – The Organization licenses its lending circle platform to partner organizations to expand the reach of its program activities. In addition, the Organization provides technical training for use of the platform and deployment of the lending circles model. Revenue for these activities is recognized over the license period or period of provided service.

Scholarships – The Organization manages a Deferred Action for Childhood Arrivals scholarships program and accounts for such scholarships by recording an expense based on the date of final scholarship approval. The Organization limits scholarships payable by issuing scholarships checks daily based on approved amounts. In certain cases recipients may indicate they do not expect to use their scholarship and wish for funds to be re-used for another award. The Organization recognizes such returned funds once a scholarship check is returned as a reduction to grant expense, at which time such funds become available for re-granting. In addition, the Organization may void awards not used after 12 months.

Expense recognition and allocation – The cost of providing the organization's programs and other activities is summarized on a functional basis in the statements of activities and statements of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied, as follows:

- *Salaries & related expenses* – Based on individual staff allocations to functional areas, reviewed annually and updated on an ongoing basis.

- *Conference, travel and meeting* – Allocated based on purpose of travel or to the program benefiting from the training, conference, or seminars.

- *Facility and equipment* – Allocated based on a specific program or grant use.

- *Professional service* – Allocated to program benefiting from the service.

- *Supplies and office expenses* – Expenses used for a specific program will be charged directly to that program. Other costs are allocated based on the shared cost allocation plan.

- *Shared costs* – Goods and services that are shared by multiple departments are allocated to Program, Management and General, and Fundraising functional areas based on the allocation of staff time to the related areas.

Management and general activities include the functions necessary to provide support for the organization's program activities. They include activities that provide governance (Board of Directors), oversight, business management, financial recordkeeping, budgeting, legal services, human resource management, and similar functions that ensure an adequate working environment and an equitable employment program.

Fundraising activities include publicizing and conducting fundraising campaigns; maintaining donor lists; conducting special fundraising events; and other activities involved with soliciting contributions from corporations, foundations, individuals, and others.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The organization generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when the annual report or donor acknowledgements contain requests for contributions, joint costs have been allocated between fundraising and general and administrative expenses in accordance with standards for accounting for costs of activities that include fundraising. Additionally, advertising costs are expensed as incurred.

Income taxes – The Internal Revenue Service and the California Franchise Tax Board have determined that the Organization is exempt from federal and state income taxes under Internal Revenue Code (IRC) 501(c)(3) and California Revenue and Taxation Code (RTC) 23701d. The Organization has evaluated its current tax positions as of December 31, 2021 and 2020, and is not aware of any significant uncertain tax positions for which a reserve would be necessary.

Allowance for doubtful accounts – The Organization provides an allowance for loans, and contributions receivable that management believes may not be collected in full. An evaluation of the collectability of the amounts outstanding is conducted based on a combination of factors. When a specific organization is unable to meet its financial obligations (due to, for example, financial difficulties), a specific reserve is recorded. For all other organizations, the Organization recognizes reserves for bad debts based on historical collection experience. If circumstances change (i.e., higher than expected defaults or an unexpected material adverse change in an organization's ability to meet its financial obligations), the Organization estimates of the recoverability of amounts due may change in the near term.

Impact from novel coronavirus ("COVID-19") outbreak – An outbreak of a COVID-19 occurred in the United States, along with various other countries globally. On March 11, 2020, the World Health Organization assessed the COVID-19 outbreak and characterized it as a pandemic. Subsequent to the declaration of a pandemic, a variety of federal, state, and local governments have taken actions in response to the pandemic, which have ranged by jurisdiction, but are generally expected to result in a variety of negative economic consequences, the scope of which are not currently known or quantifiable. In addition, the Federal Open Market Committee of the United States Federal Reserve System lowered the federal funds target rate by 1.50%, reduced the rate for discount window loans, and took other actions to promote the stability of the financial system.

The duration and intensity of the impact of the COVID-19 and resulting impact on the Organization is unknown. A reduction in economic output or a recession in the U.S. economy, both of which appear probable as a result of the pandemic, may also result in a decreased valuation of investments held by the Organization.

NOTE 3 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investments consisted of the following as of December 31:

	2021	2020
Federal money market fund	$ -	$ 4,651,831
Corporate fixed income	37,315,067	-
Total	$ 37,315,067	$ 4,651,831

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Organization determines the fair values of its assets and liabilities based on a fair value hierarchy that includes three levels of inputs that may be used to measure fair value.

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

Level 2 – Inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly.

Level 3 – Unobservable inputs for the assets or liability.

The Organization based its fair value measurement of its investments on Level 1 inputs.

NOTE 4 – PROGRAM LOAN RECEIVABLES

Program loan receivables consisted of the following for the years ended December 31:

	2021	2020
Lending Circles receivables	$ 120,800	$ 147,995
Direct lending receivables	330,975	226,988
Less: allowance for loan loss	(18,489)	(12,700)
Total	$ 433,286	$ 362,283

Lending Circles receivables – Lending Circles participants each sign a Promissory Note for a credit-building loan, committing to regular payments to the Organization and a specified date for loan disbursement. The Organization services and disburses the loans, ensuring each participant receives their loan at the specified time. The Organization also collects loan payments and reports to the credit bureaus, as outlined in the Promissory Note. The Organization bears the risk of loss in the event a participant is unable to complete their commitment. For partner programs the Organization may be reimbursed for such losses by the partner. Lending Circles receivable balances consisted of the following as of December 31:

	2021	2020
Organization	$ 40,100	$ 59,800
Partner	80,700	88,195
Total	$ 120,800	$ 147,995

Direct lending receivables – The Organization and its partners carry out certain micro, immigration and small business lending programs. To qualify, participants generally must meet certain criteria such as participation in a Lending Circles program for a period of time. Certain immigration lending programs may include match funding from the Organization or its partners. Micro and direct loan program receivables consisted of the following as of December 31:

	2021	2020
Organization	$ 329,680	$ 222,553
Partner	1,295	4,435
Total	$ 330,975	$ 226,988

Allowance for doubtful accounts – Activity related to the allowance for doubtful accounts was as follows for the years ended December 31:

	2021	2020
Balance, beginning of period	$ 12,700	$ 16,846
Loans charged off	(12,857)	(4,146)
Current period provision	18,646	-
Total	$ 18,489	$ 12,700

Payment status – The Organization monitors program receivables on a monthly basis for credit reporting purposes. The Organization segments balances into aging categories of current, past due and delinquent. The balance for each loan is classified based on the most aged portion of amounts due. Payment status was as follows as of December 31:

	2021	2020
Current (0 to 30 days)	93%	94%
Past due (31 to 90 days)	4%	1%
Delinquent (91+ days)	3%	5%
Total	100%	100%

Troubled debt restructuring – A restructuring of a debt constitutes a troubled debt restructuring if the creditor, based on the debtor's financial difficulties, grants a concession to the debtor regarding payment terms. The Organization carries out such restructurings in conversation with borrowers, and following restructuring and compliance with revised payment agreements, the payment status of such loan may become current. Restructured loan balances consisted of the following as of December 31:

	2021	2020
Restructured loan balances	$ 33,202	$ 49,762
Restructured as percent of total balances outstanding	7%	13%

NOTE 5 – PROPERTY, SOFTWARE, AND EQUIPMENT

Property, software, and equipment consisted of the following as of December 31:

	2021	2020
Furniture and fixtures	$ 92,381	$ 92,381
Computer equipment	74,110	74,110
Software - social lending platform	916,256	916,256
Leasehold improvements	34,380	26,380
Less accumulated depreciation and amortization	(1,009,489)	(876,538)
	107,638	232,589
Work in progress	101,934	24,801
Total	$ 209,572	$ 257,390

NOTE 6 – PROGRAM PAYABLES

As part of the lending circle and other loan programs, the Organization and its partners have made certain payment commitments to Lending Circles participants. Lending Circle and other program payables consisted of the following as of December 31:

	2021	2020
Lending circle - Organization	$ 37,880	$ 40,880
Lending circle - Partner	68,810	78,790
Other program payables	5,101	3,550
Total	$ 111,791	$ 123,220

NOTE 7 – PARTNER FUNDS HELD

Partner funds held consisted of the following as of December 31:

	2021	2020
Partner loan loss reserve funds	$ 85,666	$ 74,071
Partner match and revolving loan funds	68,909	6,830
Total	$ 154,575	$ 80,901

Partner loan loss reserve funds – The Organization partners with other nonprofit entities to operate peer Lending Circles. As part of those partnerships, the Organization may require partners to maintain a loan loss reserve fund to cover potential Lending Circles delinquencies, fees and defaults by Lending Circles participants. If the partnership agreement is terminated or the funds are not used for the intended purposes, the Organization is required to return funds.

Partner match and revolving loan funds – Partner revolving loan funds are provided by partner organizations for use in lending to partner loan program participants. The use of these funds is governed by terms outlined in a memorandum of understanding with such partners. In addition, the Organization holds partner match funds which may be used to supplement loans made to program participants. If the partnership agreement is terminated or the funds are not used for the intended purposes, the Organization is required to return funds.

NOTE 8 – PROGRAM RELATED LOANS

During the year ending December 31, 2020, the Organization received two program related loans to expand loan programs to various communities. As of December 31, 2021 and 2020, the loan balances were as follows:

Loan I	$	500,000
Loan II		40,000
Total	$	540,000

The future scheduled maturities of the notes payable are as follows for the years ending December 31:

2022	$	20,000
2023		20,000
2024		500,000
Total	$	540,000

Loan I – Unsecured loan for $500,000 with interest of 3% maturing January 31, 2024. Loan is for funding of the Organization's immigration loan program and the terms include covenants regarding loan loss reserves on portfolio of at least 5% and loan portfolio outstanding greater than 90 days limited to 9%, among other requirements. Interest only payments are due on a quarterly basis and the principal is due upon maturity.

Loan II – Unsecured three-year loan of $60,000 with 0% interest and maturing October 1, 2023. Loan proceeds are intended to provide small dollar consumer loans that meet the needs of specific populations in their communities, in a manner that is consistent with the funders charitable purposes and social justice mission. Terms include covenants regarding loan loss reserves consistent with the Organizations internal risk assessment of its loan portfolio and consistent with its policies for managing risk, among other requirements. Principal only payments of $20,000 are due annually in October until maturity in 2023. The Organization has evaluated the donative component of this financing and determined it is not material to the financials. The first loan repayment of $20,000 was made in 2021.

Loan III – Unsecured loan for $83,000 with 0% interest. The loan was forgiven in full by the lender in full prior to the maturity date of September 26, 2022. The Organization has accounted for the loan forgiveness of the loan in accordance with ASC Subtopic 470-50-40 as a debt extinguishment.

NOTE 9 – PAYCHECK PROTECTION PROGRAM (PPP) LOAN

The Organization received a Paycheck Protection Program ("PPP") loan of $465,800 granted by the Small Business Administration ("SBA") under the CARES act. The PPP loan had a stated interest of 1% with a maturity date of April 15, 2022. On April 21, 2021, the Organization was notified by the SBA that it had completed its review of the Organization's Paycheck Protection Program forgiveness application and that all principal and interest under the loan had been forgiven in full.

NOTE 10 – NET ASSETS WITHOUT DONOR RESTRICTIONS

The Organization's net assets without donor restrictions consist of the following as of December 31:

	2021	2020
Undesignated	$ 7,133,900	$ 1,647,875
Designated - Immigrant Families Recovery Program	30,000,000	-
Designated - software and equipment	1,000,000	1,000,000
Designated - revolving loan fund and loan loss	1,895,000	1,400,000
Designated - recovery and other loan funds	4,775,000	2,800,000
Designated - reserve	900,000	900,000
Total	$ 45,703,900	$ 7,747,875

Designated net assets are assets designated by management for various strategic initiatives of the Organization. These designations have been approved and agreed upon by the board but are not considered to be board designated. Designations and the allocation of net assets may change time to time based on management's strategic plan and priorities.

NOTE 11 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available as follows as of December 31:

	2021	2020
Purpose restricted	$ 4,518,172	$ 5,578,317
Restricted for future use	1,257,227	2,674,319
Total	$ 5,775,399	$ 8,252,636

NOTE 12 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2021 are:

	2021	2020
Financial assets:		
Cash and cash equivalents	$ 15,608,939	$ 11,596,958
Investments	37,315,067	4,651,831
Accounts and contributions receivable	675,258	707,524
Program loan receivables	433,286	362,283
Financial assets, at December 31:	54,032,550	17,318,596
Less those unavailable for general expenditure within one year, due to:		
Restricted cash	(76,361)	(63,406)
Restricted net assets	(4,518,172)	(5,578,317)
Financial assets available to meet cash needs for general expenditures within one year	$ 49,438,017	$ 11,676,873

As part of the Organization's liquidity management plan, the Organization invests funds in excess of daily requirements in cash and short-term investment accounts.

NOTE 13 – CONDITIONAL PROMISES TO GIVE

In addition to the activity on the financials, the Organization may receive grants with future payments subject to certain conditions, performance barriers or rights of revocation. It is the Organization's policy to defer revenue recognition of conditional amounts until such conditions have been satisfied. As of December 31, 2021, conditional grants outstanding consisted of the following:

Grant	Award	Recognized	Remaining
I	$ 1,750,000	$ 750,000	$ 1,000,000
II	$ 100,000	$ 50,000	$ 50,000

The Organization expects to meet the conditions of the above grants during the year ending December 31, 2022.

NOTE 14 – COMMITMENTS

Operating leases – The Organization is party to two leases for office space in San Francisco, California which expire August 2026 and January 2025, with one option to renew for five years. The lease rates include a 3% yearly increase. Future minimum operating lease payments are as follows for the years ended December 31:

2022	$	145,177
2023		149,529
2024		154,020
2025		106,039
2026		68,936
Total	$	623,701

Rent for the years ended December 31, 2021 and 2020 was $142,598 and $139,728, respectively.

NOTE 15 – RETIREMENT BENEFITS

The Organization offers a 401(k) retirement plan (the Plan) covering all employees offered through the Organization's professional employer organization (PEO). The Plan is a multiple employer defined contribution plan, which means that 2 or more employers participate under the Plan. The Organization matches 100% of employee contributions with the Organization contribution limited to 6% of an employee's salary. Plan contributions incurred by the Organization for the years ended December 31, 2021 and 2020 were $206,586 and $136,387, respectively.

NOTE 16 – CONTINGENCIES

Compliance with donor restrictions – Grant awards require the fulfillment of certain conditions as set forth in the instrument of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Organization deems this contingency remote since by accepting the grants and their terms, it has accommodated the objectives of the Organization to the provisions of the grants. The Organization's management is of the opinion that the Organization have complied with the terms of all grants.

NOTE 17 – CONCENTRATIONS

Concentration of credit risk – Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and investments. The Organization maintains its cash in various bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization attempts to limit its credit risk associated with cash equivalents and investments by utilizing an outside investment manager to place the Organization's investments with highly rated corporate and financial institutions. Management believes that the Organization is not exposed to any significant credit risk related to concentrations.

Support and revenue – One foundation funder provided approximately 79% and 34% of total support during the year ending December 31, 2021 and 2020, respectively.

NOTE 18 – PROFESSIONAL EMPLOYER ORGANIZATION

The Organization contracts for staffing services using a PEO. The PEO bills the Organization for the costs of staffing, benefits and other services and the Organization presents these amounts according to their underlying natural classification on the statements of functional expense.

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