Report of Independent Auditors and
Financial Statements

Mission Asset Fund

December 31, 2023
(with summarized comparative information for the year ended
December 31, 2022)

MOSSADAMS

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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, 2023, 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. 2023, and the changes in its 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.

Emphasis of Matter

As discussed in Note 2 to the financial statements, Mission Asset Fund adopted Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* and ASU 2022-02 *Financial Instruments – Credit Losses (topic 326): Trouble Debt Restructurings and Vintage Disclosures*. The ASU’s have been adopted using a modified-retrospective approach. Our opinion is not modified with respect to this matter.

Other Matter

We have previously audited Missions Asset Fund's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 26, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Moss Adams LLP

San Francisco, California
May 16, 2024

Financial Statements

Mission Asset Fund
Statements of Financial Position
December 31, 2023 and 2022

	2023	2022
ASSETS		
Cash and cash equivalents	$ 6,401,741	$ 7,090,018
Investments	22,516,528	33,357,726
Accounts receivable	120,758	71,305
Contributions receivable	691,887	764,236
Program loan receivables, net of allowance for credit losses of $106,729 and $31,561 as of December 31, 2023 and 2022	1,000,885	667,542
Prepaid expenses	212,748	333,986
Property and equipment, net	282,453	343,868
Deposits	15,000	15,000
Operating lease right-of-use assets	304,565	441,999
Total assets	$ 31,546,565	$ 43,085,680
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	$ 125,447	$ 287,028
Accrued paid time off	285,743	291,424
Program payables	104,293	94,509
Deferred revenue	2,267,655	2,515,014
Partner funds held	194,937	170,109
Program related loans	500,000	520,000
Operating lease liabilities	305,207	443,677
Total liabilities	3,783,282	4,321,761
Net assets		
Without donor restrictions	22,842,719	33,190,427
With donor restrictions	4,920,564	5,573,492
Total net assets	27,763,283	38,763,919
Total liabilities and net assets	$ 31,546,565	$ 43,085,680

See accompanying notes.

Mission Asset Fund
Statement of Activities
Year Ended December 31, 2023
(with summarized comparative information for the year ended December 31, 2022)

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Support and revenue				
Support				
Foundation	$ 36,605	$ 2,251,000	$ 2,287,605	$ 2,209,034
Government	3,450,352	-	3,450,352	2,542,844
Corporate	439,059	1,242,000	1,681,059	2,732,095
Individual	29,454	-	29,454	33,049
Total support	3,955,470	3,493,000	7,448,470	7,517,022
Revenue				
Contributed services	-	-	-	10,000
Program service and license fees	254,921	-	254,921	183,625
Conference, seminars and other	15,831	-	15,831	69,728
Investment income (loss), net	1,438,241	-	1,438,241	(562,451)
Total revenue (loss)	1,708,993	-	1,708,993	(299,098)
Release from restriction	4,145,928	(4,145,928)	-	-
Total support and revenue	9,810,391	(652,928)	9,157,463	7,217,924
Expenses				
Program	18,461,417	-	18,461,417	18,468,120
Management and general	1,071,587	-	1,071,587	881,068
Fundraising	586,468	-	586,468	584,116
Total expenses	20,119,472	-	20,119,472	19,933,304
Changes in net assets	(10,309,081)	(652,928)	(10,962,009)	(12,715,380)
Net assets, beginning of year	33,190,427	5,573,492	38,763,919	51,479,299
Adjustment to beginning net assets for adoption of ASU 2016-13 *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*	(38,627)	-	(38,627)	-
Adjusted net assets, beginning of year	33,151,800	5,573,492	38,725,292	51,479,299
Net assets, end of year	$ 22,842,719	$ 4,920,564	$ 27,763,283	$ 38,763,919

See accompanying notes.

Mission Asset Fund
Statement of Functional Expenses
For the Year Ended December 31, 2023

	2023			
	Program	Management and General	Fundraising	Total
Salaries	$ 4,335,698	$ 577,799	$ 395,656	$ 5,309,153
Retirement contributions	218,258	30,148	19,754	268,160
Other employee benefits	513,245	83,905	42,155	639,305
Payroll taxes	341,913	42,321	28,991	413,225
Total personnel	5,409,114	734,173	486,556	6,629,843
Scholarships and COVID relief	10,442,696	-	-	10,442,696
Contract and professional services	314,152	170,771	30,968	515,891
Survey incentives	126,839	106	14	126,959
Advertising and promotion	3,088	250	162	3,500
Office expense and supplies	153,843	24,332	16,924	195,099
Information technology	590,314	582	123	591,019
Occupancy	172,183	18,929	11,383	202,495
Travel and meals	44,700	26,065	6,888	77,653
Depreciation and amortization	95,626	3,141	2,082	100,849
Insurance	1,343	36,325	71	37,739
Dues, licenses, and service fees	866,090	53,411	31,297	950,798
Conference and seminars	12,565	-	-	12,565
Interest	15,000	-	-	15,000
Provision for credit losses and other	213,864	3,502	-	217,366
Total expenses	$ 18,461,417	$ 1,071,587	$ 586,468	$ 20,119,472

See accompanying notes.

Mission Asset Fund
Statement of Functional Expenses
For the Year Ended December 31, 2022

	2022			
	Program	Management and General	Fundraising	Total
Salaries	$ 4,566,348	$ 405,433	$ 349,631	$ 5,321,412
Retirement contributions	228,349	20,107	17,251	265,707
Other employee benefits	506,098	60,155	35,209	601,462
Payroll taxes	359,325	28,964	25,413	413,702
Total personnel	5,660,120	514,659	427,504	6,602,283
Scholarships and COVID relief	9,533,865	-	-	9,533,865
Contract and professional services	241,635	200,415	52,916	494,966
Survey incentives	96,157	451	372	96,980
Advertising and promotion	6,582	-	197	6,779
Office expense and supplies	233,727	24,220	21,446	279,393
Information technology	1,326,977	6,200	5,137	1,338,314
Occupancy	170,740	12,201	9,030	191,971
Travel and meals	74,790	19,248	8,203	102,241
Depreciation and amortization	70,062	1,951	1,623	73,636
Insurance	-	32,636	-	32,636
Dues, licenses, and service fees	749,826	63,429	53,627	866,882
Conference and seminars	198,043	4,864	4,057	206,964
Interest	15,000	-	-	15,000
Provision for credit losses and other	90,596	794	4	91,394
Total expenses	$ 18,468,120	$ 881,068	$ 584,116	$ 19,933,304

See accompanying notes.

Mission Asset Fund
Statements of Cash Flows
Years Ended December 31, 2023 and 2022

	2023	2022
Cash flows from operating activities		
Change in net assets	$ (11,000,636)	$ (12,715,380)
Adjustments to reconcile change in net assets to cash used in operating activities:		
Depreciation	100,849	73,636
Provision for credit loss reserve	75,168	13,072
Unrealized and realized (gain) loss on investment, net	(327,169)	1,086,758
Operating lease amortization	95,812	-
Change in assets and liabilities:		
Accounts receivable	(49,453)	(626)
Contributions receivable	72,349	(159,657)
Prepaid expenses	121,238	(68,018)
Operating lease right-of-use assets	41,622	(441,999)
Accounts payable and accrued expenses	(161,581)	83,276
Accrued paid time off	(5,681)	75,693
Program payables	9,784	(17,282)
Partner funds held	24,828	15,534
Operating lease liabilities	(138,470)	443,677
Deferred revenue	(247,359)	697,072
Net cash used in operating activities	(11,388,699)	(10,914,244)
Cash flows from investing activities		
Purchases of investments	(67,079,259)	(11,582,127)
Proceeds from sale of investments	78,247,626	14,452,710
Program receivable originations	(2,237,954)	(1,092,713)
Program receivable collections	1,829,443	1,340,041
Internally developed software	(32,118)	(174,028)
Purchase of fixed assets	(7,316)	(33,904)
Net cash provided by investing activities	10,720,422	2,909,979
Cash flows from financing activities		
Repayment of program related loans	(20,000)	(20,000)
Net change in cash and cash equivalents	(688,277)	(8,518,921)
Cash and cash equivalents, beginning of year	7,090,018	15,608,939
Cash and cash equivalents, end of year	$ 6,401,741	$ 7,090,018
Supplemental Disclosure of Cash Flow Information		
Restricted cash	$ 86,136	$ 80,316
Interest paid	$ 15,000	$ 15,000
Operating lease right-of-use assets recorded under ASC 842	$ -	$ 575,415
Operating lease liabilities recorded under ASC 842	$ -	$ 537,799

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.

Emergency 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.

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 2023 refer to the year ended December 31, 2023; fiscal year 2022 refer to the year ended December 31, 2022.

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, 2022, from which the summarized information was derived.

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's Board of Directors as a reserve to be used for core operations as needed. For the years ended December 31, 2023 and 2022, 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 $86,136 and $80,316 for partner loan loss reserves is reported as part of cash and cash equivalents on the financial statements for the years ended December 31, 2023 and 2022, 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. At each statement of financial position date, the Organization recognizes an expected allowance for credit losses. In addition, also at each reporting date, this estimate is updated to reflect any changes in credit risk since the receivable was initially recorded. The allowance estimate is derived from a review of the Organization's historical losses based on the aging of receivables. This estimate is adjusted for management's assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant by management. The Organization believes historical loss information is a reasonable starting point in which to calculate the expected allowance for credit losses for the Organization's portfolio segment. The Organization considers all accounts receivable to be fully collectible at December 31, 2023 and 2022. Accordingly, no allowance for credit loss was deemed necessary.

Contributions receivable – Contributions receivable including pledges receivable are unconditional promises to give that are recognized as contributions when the promise is received. Contributions receivable are stated at the amounts the Organization expects to collect. Management records an allowance for estimated uncollectible contributions in an amount approximating anticipated losses. The provision for uncollectible amounts is computed based upon historical averages and management's consideration of current economic factors that could affect collections. Individual uncollected promises to give are written off against the allowance when collection of the individual account appears doubtful. As of December 31, 2023 and 2022, the Organization determined that no allowance for doubtful accounts was required. Contributions receivable expected to be realized in greater than one year are recorded at the present value of the revenue to be received using discount rates appropriate for the time frame and risk level of the asset, when in the judgment of management such a calculation would result in a meaningful discount. No such discount was deemed necessary for the fiscal year ended December 31, 2023.

Program loan receivables – Program loan receivables consists of Lending Circle and Direct Lending programs. The Organization provides an allowance for credit losses that management believes may not be collected in full.

Allowance for credit losses on loans – The allowance for credit losses on loans is a valuation account that is deducted from the loans' amortized cost basis to present the net amount expected to be collected on the loans. Loans are charged off against the allowance when management believes the uncollectibility of a loan balance is confirmed and recoveries are credited to the allowance when received. In the case of loan charge-offs, amounts are charged off when a loan is 90 days past due and unresponsive to management's collection attempts. In the case of recoveries, amounts may not exceed the aggregate of amounts previously charged off.

Management estimates the allowance balance using relevant available information, from internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts. Historical credit loss experience provides the basis for the estimation of expected credit losses. Management believes historical loss information is a reasonable starting point in which to calculate the expected allowance for credit losses as the Organization's loan portfolio segments have remained constant since the Organization's inception. Adjustments to historical loss information are made for differences in current loan-specific risk characteristics such as delinquency level or term as well as changes in environmental conditions and loan underwriting practices.

Loans that experience insignificant payment delays and payment shortfalls generally are not classified as individually evaluated. Management determines the significance of payment delays and payment shortfalls on case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal owed.

Management has an experienced team that works with borrowers to help them through financial challenges that could affect their ability to make loan payments. If the financial position of certain borrowers improves over time, it may be possible to recover part of the allowance for credit losses and take the recovered amount back into income.

Contractual term – Expected credit losses are estimated over the contractual term of loans. The contractual term excludes expected extensions, renewals, and modifications to payment terms.

The allowance for credit losses is measured on a collective (pool) basis based on lending products. The Organization segments loans in its portfolio by product type: lending circles, immigration loans, and business loans.

At December 31, 2023 and 2022, the allowance for credit losses was $106,729 and $31,561, 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 value and accumulated depreciation are removed from the accounts, and any gain or loss arising from such disposition is recorded.

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 the years ended December 31, 2023 and 2022, no such write-downs have occurred.

Leases – Transactions give rise to leases when the Organization receives substantially all of the economic benefits from and has the ability to direct the use of specified asset. The Organization has lessee activity classified as operating leases and are included in the operating lease right-of-use assets and operating lease liabilities in the statements of financial position.

Operating lease right-of-use assets represents the right to use an underlying asset for the lease term and operating lease liabilities represent obligations to make lease payments arising from the lease. Operating lease right-of-use assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. When discount rates implicit in leases cannot be readily determined, the Organization uses an estimated incremental borrowing rate at lease commencement to perform lease classification tests and to measure lease liabilities and right-of-use assets. Lease expense for operating leases is recognized on a straight-line basis over the lease term. Certain optional renewal periods were not included in the determination of the lease liability and right-of-use asset if management determined it was not reasonably certain that the lease would be extended. The Organization has elected not to recognize right-of-use assets and lease liabilities for leases of terms less than 12 months.

Deferred revenue – Deferred revenue consists of licensing and other fees received in advance of the related period of performance by the Organization. Under Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers*, contract liabilities consist of deferred revenue from technology licensing agreements. The following table provides information about significant changes in deferred revenue for the years ended December 31, 2023 and 2022:

	2023	2022
Deferred revenue, beginning of year	$ 95,625	$ 86,292
Revenue recognized that was previously included in deferred revenue at the beginning of year	(95,625)	(86,292)
Increase in deferred revenue due to cash received during the period for the subsequent academic year	96,084	95,625
Deferred revenue, end of year	$ 96,084	$ 95,625

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 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.

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 DACA 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 scholarship 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 and 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. Advertising costs of $3,500 and $6,779 were recognized for the years ended December 31, 2023 and 2022, respectively.

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, 2023 and 2022, and is not aware of any significant uncertain tax positions for which a reserve would be necessary.

Recently implemented accounting standards – On January 1, 2023, the Organization adopted Accounting Standards Update (ASU) 2016-*13 Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instrumen*ts, which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current loss (CECL) methodology. The measurement of expected credit losses under the CECL methodology is applicable to financial assets measured at amortized cost, including program loan receivables.

Mission Asset Fund adopted ASC 326 using the modified retrospective method for all financial assets measured at amortized cost. Results for reporting periods beginning after January 1, 2023, are presented under ASC 326, while prior amounts continue to be reported in accordance with previously applicable U.S. GAAP. The adoption resulted in an increase to allowance for credit losses on program loans of $38,627 and a decrease of $38,627 to beginning net assets as of January 1, 2023, which represents the cumulative effect of adopting Financial Accounting Standards Board (FASB) ASC 326.

On January 1, 2023, the Organization adopted ASU 2022-02*, Financial Instruments – Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures*. These amendments eliminate the troubled debt restructuring recognition and measurement guidance and, instead, require that an entity evaluate (consistent with the accounting for the other loan modifications) whether the modification represents a new loan or continuation of an existing loan.

Note 3 – Investments and Fair Value Measurements

Investments consisted of the following as of December 31:

	2023	2022
Corporate fixed income	$ 22,516,528	$ 33,357,726
Total	$ 22,516,528	$ 33,357,726

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, Net

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

	2023	2022
Lending Circles receivables	$ 102,630	$ 88,953
Immigration loans receivables	306,512	235,664
Business loans receivables	698,472	374,486
Less: allowance for credit losses	(106,729)	(31,561)
Total	$ 1,000,885	$ 667,542

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, gross consisted of the following as of December 31:

	2023	2022
Organization	$ 30,450	$ 22,800
Partner	72,180	66,153
Total	$ 102,630	$ 88,953

The total balance of loans which may be reimbursed for credit losses by partners were $86,136 and $80,316 as of December 31, 2023 and 2022, respectively.

Immigration loans and business loans 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. Immigrations loans and business loans receivables, gross consisted of the following as of December 31:

	2023	2022
Organization	$ 980,024	$ 608,427
Partner	24,960	1,723
Total	$ 1,004,984	$ 610,150

Allowance for credit losses – The disclosures below reflect these changes made in 2023 to conform with the adoption of ASC 326, *Financial Instruments – Credit Losses*, using the modified retrospective approach. Accordingly, prior period was not modified to conform to the current period presentation. The Organization has an established methodology to determine the adequacy of the allowance for credit losses that assesses the risks and losses expected in the Organization's portfolio. For purposes of determining the allowance for credit losses, the Organization segments certain loans in its portfolio by product type.

The following table presents, by portfolio segment, the change in the allowance for credit losses and the recorded investment in loans for the year ended December 31, 2023:

	Lending Circles	Immigration Loans	Business Loans	Total
Beginning balance, prior to adoption of ASC 326	$ 4,448	$ 11,777	$ 15,336	$ 31,561
Impact of adopting ASC 326	(989)	159	39,457	38,627
Loans charged off	(1,600)	(45,111)	(135,875)	(182,586)
Recoveries	-	-	3,469	3,469
Provision for credit losses	(1,659)	48,449	168,868	215,658
Ending balance	$ 200	$ 15,274	$ 91,255	$ 106,729

Prior to the adoption of ASC 326 on January 1, 2023, the Organization calculated the allowance for loan losses under the incurred loss methodology. The following table shows disclosures related to the allowance for loan losses in prior periods.

	2022
Allowance for loan losses, beginning of year	$ 18,489
Loans charged off	(77,470)
Provision for credit losses	90,542
Balance, end of year	$ 31,561

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:

	Current	31 to 89 days Past Due	90+ Days Delinquent	Total Loans
2023				
Lending Circles	$ 85,250	$ 7,280	$ 10,100	$ 102,630
Immigration Loans	245,756	48,815	11,941	306,512
Business Loans	570,654	79,593	48,225	698,472
Total	$ 901,660	$ 135,688	$ 70,266	$ 1,107,614

	Current	31 to 89 days Past Due	90+ Days Delinquent	Total Loans
2022				
Lending Circles	$ 82,693	$ 4,210	$ 2,050	$ 88,953
Immigration Loans	206,491	19,104	10,069	235,664
Business Loans	314,628	34,097	25,761	374,486
Total	$ 603,812	$ 57,411	$ 37,880	$ 699,103

The Organization closely monitors the performance of loans that are modified to borrowers experiencing financial difficulty to understand the effectiveness of its modification efforts. These modifications may result in other-than-significant payment delay, term extension, or combination therein. The Organization carries out such modifications in conversation with borrowers, and following modification and compliance with revised payment agreements, the payment status of such loan may become current. Modified loans consisted of the following as of December 31:

	Lending Circles	Immigration Loans	Business Loans	Total
2023	$ 2,975	$ 16,989	$ 35,563	$ 55,527
2022	2,150	65,446	50,971	118,567

There were 155 and 99 loans modified in the years ended December 31, 2023 and 2022. Modified loans represented 12% and 8% of the total loans outstanding as of December 31, 2023 and 2022, respectively.

Note 5 – Property and Equipment, Net

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

	2023	2022
Furniture and fixtures	$ 92,381	$ 92,381
Computer equipment	115,331	108,014
Software - social lending platform	1,099,161	916,256
Leasehold improvements	34,380	34,380
Less accumulated depreciation and amortization	(1,183,975)	(1,083,125)
	157,278	67,906
Work in progress	125,175	275,962
Total	$ 282,453	$ 343,868

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:

	2023	2022
Lending circle - Organization	$ 27,780	$ 21,430
Lending circle - Partner	66,515	62,887
Other program payables	9,998	10,192
Total	$ 104,293	$ 94,509

Note 7 – Partner Funds Held

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

	2023	2022
Partner loan loss reserve funds	$ 107,411	$ 83,651
Partner match and revolving loan funds	87,526	86,458
Total	$ 194,937	$ 170,109

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 ended December 31, 2020, the Organization received two program related loans to expand loan programs to various communities. As of December 31, 2023 and 2022, the loan balances were as follows:

	2023	2022
Loan I	$ 500,000	$ 500,000
Loan II	-	20,000
Total	$ 500,000	$ 520,000

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

Year Ended December 31,	
2024	$ 500,000
Total	$ 500,000

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 matured 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 Organization's 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 and final payment made in 2023.

Note 9 – Net Assets Without Donor Restrictions

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

	2023	2022
Undesignated	$ 7,589,619	$ 151,527
Designated - Immigrant Families Recovery Program	2,963,600	21,086,400
Designated - software and equipment	-	1,000,000
Designated - revolving loan fund and loan loss	3,424,500	2,390,000
Designated - recovery and other loan funds	7,965,000	7,662,500
Designated - reserve	900,000	900,000
Total	$ 22,842,719	$ 33,190,427

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 from time to time based on management's strategic plan and priorities.

Note 10 – Net Assets with Donor Restrictions

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

	2023	2022
Purpose restricted	$ 3,750,108	$ 4,635,992
Restricted for future use	1,170,456	937,500
Total	$ 4,920,564	$ 5,573,492

The Organization expects to expend all net assets with donor restrictions by 2025.

Note 11 – 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 are:

	2023	2022
Financial assets		
Cash and cash equivalents	$ 6,401,741	$ 7,090,018
Investments	22,516,528	33,357,726
Accounts and contributions receivable	812,645	835,541
Program loan receivables	1,000,885	667,542
Financial assets, at December 31	30,731,799	41,950,827
Less those unavailable for general expenditure within one year, due to		
Restricted cash	(86,136)	(80,316)
Restricted net assets	(3,750,108)	(4,635,992)
Financial assets available to meet cash needs for general expenditures within one year	$ 26,895,555	$ 37,234,519

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 12 – 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, 2023, conditional grants outstanding consisted of the following:

Grant	Award	Recognized	Remaining
I	$ 2,000,000	$ 350,000	$ 1,650,000

Note 13 – Commitments

Operating leases – The Organization is party to two leases for office space in San Francisco, California which expire August 2026 and January 2025. The lease expiring in January 2025 contains a five year option to extend. The lease rates include a 3% yearly increase. As of December 31, 2023, the undiscounted future lease payments over the lease term for operating leases, along with a reconciliation of the undiscounted cash flows to operating lease liabilities, were as follows:

For the Year Ending December,	
2024	$ 154,400
2025	101,647
2026	60,319
Total lease payments	316,366
Less imputed interest	(11,159)
Operating lease liabilities, December 31, 2023	$ 305,207

Lease expenses are recognized on a straight-line basis over the life of the lease in facilities in the statement of activities.

For the year ended December 31, 2023, other supplemental quantitative disclosures are as follows:

Cash paid for amounts included in the measurement of the lease liabilities	
Operating cash flows used for operating lease	$ 149,896
Addition of right-of-use asset obtained in the period from an operating lease	$ -
Lease Term and Discount Rate	
Weighted Average Remaining Lease Term	2.5 Years
Weighted Average Discount Rate	3.00%

Total operating lease expense for 2023 and 2022 was $148,860 and $148,865, respectively.

Note 14 – 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 two 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, 2023 and 2022, were $268,160 and $265,707, respectively.

Note 15 – 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 has complied with the terms of all grants.

Note 16 – 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 and one county funder provided approximately 48% of total support during the year ending December 31, 2023, respectively. Two foundations and one county funder provided approximately 43% of total support during the year ending December 31, 2022, respectively.

Federal grants – Certain federal grants, including loan programs, which the Organization administers are subject to audit and final acceptance by federal granting agencies. Current year costs of such grants are subject to adjustment upon audit. The amount of expenditures that may be disallowed by the grantor, if any, cannot be determined at this time, although the Organization expects such amounts, if any, would not have a significant impact on the financial position of the Organization.

Note 17 – Professional Employer Organization

The Organization contracts for staffing services using a Professional Employer Organization (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.