Report of Independent Auditors and
Financial Statements

Mission Asset Fund

December 31, 2025
(with summarized comparative information for the year ended
December 31, 2024)

Table of Contents

Report of Independent Auditors

The Board of Directors
Mission Asset Fund

Report on the Financial Statements

Opinion

We have audited the financial statements of Mission Asset Fund (the Organization), which comprise the statement of financial position as of December 31, 2025, 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, 2025, 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 the Organization 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.

Other Matter

We have previously audited Mission Asset Fund's 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 30, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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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 the Organization'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 the Organization'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.

Baker Tilly US, LLP

San Francisco, California
April 15, 2026

Financial Statements

Mission Asset Fund
Statements of Financial Position
December 31, 2025 and 2024

	2025	2024
ASSETS		
Cash and cash equivalents	$ 3,947,392	$ 3,977,672
Investments	19,462,038	20,293,448
Accounts receivable	122,438	159,249
Contributions receivable	1,061,980	1,103,407
Program loan receivables, net of allowance for credit losses of $56,157 and $102,074 as of December 31, 2025 and 2024	483,350	934,226
Prepaid expenses	139,903	180,331
Property and equipment, net	183,884	142,987
Deposits	15,000	15,000
Operating lease right-of-use assets	122,662	162,857
Total assets	$ 25,538,647	$ 26,969,177
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	$ 142,332	$ 121,483
Accrued paid time off	261,210	298,372
Grants payable	-	318,200
Program payables	121,190	131,114
Deferred revenue	1,194,311	514,773
Partner funds held	240,649	274,277
Operating lease liabilities	117,354	157,959
Total liabilities	2,077,046	1,816,178
Net assets		
Without donor restrictions	20,701,884	22,002,198
With donor restrictions	2,759,717	3,150,801
Total net assets	23,461,601	25,152,999
Total liabilities and net assets	$ 25,538,647	$ 26,969,177

See accompanying notes.

Mission Asset Fund
Statement of Activities
Year Ended December 31, 2025
(with summarized comparative information for the year ended December 31, 2024)

	2025			2024
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Support and revenue				
Support				
Foundation	$ 915,404	$ 2,420,000	$ 3,335,404	$ 3,214,070
Government	583,247	177,612	760,859	1,885,771
Corporate	638,510	425,000	1,063,510	3,345,418
Individual	180,214	127,895	308,109	26,812
Total support	2,317,375	3,150,507	5,467,882	8,472,071
Revenue				
Program service and license fees	235,110	-	235,110	273,413
Conference, seminars and other	290,813	-	290,813	5,192
Contributed services	60,280	-	60,280	-
Investment income, net	1,069,392	-	1,069,392	1,302,626
Total revenue	1,655,595	-	1,655,595	1,581,231
Release from restriction	3,541,591	(3,541,591)	-	-
Total support and revenue	7,514,561	(391,084)	7,123,477	10,053,302
Expenses				
Program	7,184,659	-	7,184,659	11,123,928
Management and general	1,344,558	-	1,344,558	1,045,424
Fundraising	285,658	-	285,658	494,234
Total expenses	8,814,875	-	8,814,875	12,663,586
Changes in net assets	(1,300,314)	(391,084)	(1,691,398)	(2,610,284)
Net assets, beginning of year	22,002,198	3,150,801	25,152,999	27,763,283
Net assets, end of year	$ 20,701,884	$ 2,759,717	$ 23,461,601	$ 25,152,999

See accompanying notes.

Mission Asset Fund
Statement of Functional Expenses
Year Ended December 31, 2025

	2025			
	Program	Management and General	Fundraising	Total
Salaries	$ 4,060,277	$ 399,418	$ 210,983	$ 4,670,678
Retirement contributions	177,731	12,779	6,212	196,722
Other employee benefits	551,357	64,690	26,143	642,190
Payroll taxes	317,765	31,853	14,035	363,653
Total personnel	5,107,130	508,740	257,373	5,873,243
Domestic grants to individuals	643,395	-	-	643,395
Contracts and professional services	166,964	341,913	12,568	521,445
Survey incentives	5,840	750	-	6,590
Office expense and supplies	16,252	130,251	365	146,868
Information technology	300,525	369	-	300,894
Occupancy	162,919	49,343	4,854	217,116
Travel and meals	25,785	12,371	6,833	44,989
Depreciation and amortization	151,518	-	748	152,266
Insurance	-	33,093	-	33,093
Dues, licenses, and service fees	452,289	132,262	2,917	587,468
Conference and seminars	6,099	195	-	6,294
Interest	-	135,271	-	135,271
Other	61,487	-	-	61,487
Provision for credit losses and other	84,456	-	-	84,456
Total expenses	$ 7,184,659	$ 1,344,558	$ 285,658	$ 8,814,875

See accompanying notes.

Mission Asset Fund
Statement of Functional Expenses
Year Ended December 31, 2024

	2024			
	Program	Management and General	Fundraising	Total
Salaries	$ 4,195,265	$ 412,545	$ 332,096	$ 4,939,906
Retirement contributions	193,464	15,887	11,918	221,269
Other employee benefits	498,711	66,034	47,313	612,058
Payroll taxes	323,703	30,141	22,095	375,939
Total personnel	5,211,143	524,607	413,422	6,149,172
Scholarships and COVID relief	3,390,073	-	-	3,390,073
Contract and professional services	360,477	251,297	26,441	638,215
Survey incentives	107,745	212	28	107,985
Advertising and promotion	157	4	3	164
Office expense and supplies	158,281	16,524	11,775	186,580
Information technology	429,619	-	-	429,619
Occupancy	188,545	13,278	10,465	212,288
Travel and meals	62,905	19,161	9,201	91,267
Depreciation and amortization	175,850	2,085	1,643	179,578
Insurance	7,925	24,678	494	33,097
Dues, licenses, and service fees	699,913	26,714	19,787	746,414
Conference and seminars	14,029	-	-	14,029
Interest	1,274	166,421	-	167,695
Other	567	443	975	1,985
Provision for credit losses and other	315,425	-	-	315,425
Total expenses	$ 11,123,928	$ 1,045,424	$ 494,234	$ 12,663,586

See accompanying notes.

Mission Asset Fund
Statements of Cash Flows
Years Ended December 31, 2025 and 2024

	2025	2024
Cash flows from operating activities		
Changes in net assets	$ (1,691,398)	$ (2,610,284)
Adjustments to reconcile changes in net assets to cash used in operating activities		
Depreciation and amortization	152,266	179,578
Provision for credit loss reserve	84,456	315,425
Unrealized and realized gain on investment	(395,376)	(627,480)
Operating lease amortization	152,720	154,400
Changes in operating assets and liabilities		
Accounts receivable	36,811	(38,491)
Contributions receivable	41,427	(411,520)
Prepaid expenses	40,428	32,417
Operating lease right-of-use assets	(112,525)	(12,692)
Accounts payable and accrued expenses	20,849	(3,964)
Grants payable	(318,200)	318,200
Accrued paid time off	(37,162)	12,629
Program payables	(9,924)	26,821
Partner funds held	(33,628)	(1,752,882)
Operating lease liabilities	(40,605)	(147,248)
Deferred revenue	679,538	79,340
Net cash used in operating activities	(1,430,323)	(4,485,751)
Cash flows from investing activities		
Purchases of investments	(15,367,300)	(24,986,110)
Proceeds from sale of investments	16,594,086	27,836,670
Program receivable originations	(1,817,939)	(2,320,729)
Program receivable collections	2,184,359	2,071,963
Cash paid for internally developed software	(193,163)	(40,112)
Net cash provided by investing activities	1,400,043	2,561,682
Cash flows from financing activities		
Repayment of program related loans	-	(500,000)
Net change in cash and cash equivalents	(30,280)	(2,424,069)
Cash and cash equivalents, beginning of year	3,977,672	6,401,741
Cash and cash equivalents, end of year	$ 3,947,392	$ 3,977,672
Supplemental Disclosure of Cash Flow Information		
Restricted cash	$ 138,255	$ 164,301
Interest paid	$ 135,271	$ 1,274

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 – Launched in 2008, the Lending Circles social loan program is rooted in the global tradition of group lending and designed to help low-income families build credit, reduce debt, and strengthen their financial security. Delivered in partnership with a nationwide network of nonprofit organizations, the program operates both through direct services in California and across the U.S. Lending Circles are paired with timely, actionable, and culturally relevant financial education. Recognized for its innovation and impact, the program has helped thousands of participants access safe, affordable capital and successfully integrate into the U.S. financial system.

Immigration loans – In 2017, the Organization expanded its program offerings to include a zero-interest immigration loan program and scholarships to help individuals cover the cost of key immigration processes, such as citizenship, Deferred Action for Childhood Arrivals (DACA), and green card applications. To meet the evolving needs of immigrant communities, the program now offers a sliding scale of credit-building loans, as well as partial and full grants to cover fees for seven Unites States Citizenship and Immigration Services (USCIS) application types. Loan flexibility and support services are core to ensuring participants can pursue immigration relief without sacrificing financial stability.

Business microloans – Building on the Lending Circles model, the Organization launched a business microloan program in 2012 to provide zero-interest, credit-building capital to entrepreneurs and micro-business owners in the Bay Area. Originally designed for Lending Circles graduates, the program has evolved to serve aspiring and existing entrepreneurs across California, regardless of prior participation. Through business-specific technical assistance, financial coaching, and loans of up to $2,500, participants receive the tools and resources needed to invest in and grow their businesses. Program services are also offered through MyMAF, the Organization's mobile app, which provides digital access to financial education and coaching.

Emergency grants – The Organization created a national financial relief initiative to provide direct cash assistance to low-wage workers, California public college students, and immigrant families excluded from traditional safety nets. Rather than relying on first-come, first-served or lottery systems, the Organization developed a financial equity framework to equitably distribute resources to those facing the greatest hardship. Over an 18-month period, more than 65,000 grants totaling $40 million were disbursed. In addition, the Organization launched *Resources Finder*, an online tool that helps individuals identify and access relevant financial support and services.

Recovery program – The Organization launched an unparalleled initiative supporting the financial recovery of immigrant families excluded from federal COVID-19 relief. To support long-term financial recovery, the Organization launched the Immigrant Families Recovery Program—a $30 million initiative providing guaranteed monthly income of $400 for up to 24 months to 3,000 immigrant families. Designed to help families stabilize and rebuild, the program goes beyond cash support by including access to credit-building products, financial education, one-on-one financial coaching, and self-advocacy training. This holistic approach ensures participants have the tools and resources to recover and thrive.

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 (U.S. GAAP). References to fiscal year 2025 refer to the year ended December 31, 2025; fiscal year 2024 refer to the year ended December 31, 2024.

Use of estimates – The preparation of financial statements in conformity with U.S. 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 U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2024, 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, 2025 and 2024, 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 $138,255 and $164,301 for partner loan loss reserves is reported as part of cash and cash equivalents on the financial statements for the years ended December 31, 2025 and 2024, respectively. These funds are held by the Organization on behalf of partner entities for the specified purpose of partner loan loss reserve funds and are not available for general operating use. Accordingly, such amounts are recognized as a liability, as the Organization acts in an agency capacity and may be required to return any unused funds to the partners.

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 expenses are recognized as incurred.

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. 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, 2025 and 2024. 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, 2025 and 2024, 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 years ended December 31, 2025 and 2024, respectively. All contributions receivable are expected to be collected in 2026.

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. There were no individually evaluated loans for the years ended December 31, 2025 and 2024.

The establishment of the allowance for credit losses relies on a consistent process that requires multiple layers of management review and judgment, and responds to changes in economic conditions, borrower behavior and collateral value, among other influences. From time to time, events or economic factors may affect the loan portfolio, causing management to provide additional amounts, or to release balances from the allowance for credit losses.

Management monitors differences between estimated and actual incurred credit losses. This monitoring process includes periodic assessments by senior management of loan class and the models used to estimate incurred losses in the portfolio. Additions to the allowance for credit losses are made by charges to the provision for credit losses. Loans deemed to be uncollectible are charged against the allowance for credit losses, while recoveries of previously charged-off amounts are credited to the allowance for credit losses.

The ultimate recovery of all loans is susceptible to future market factors beyond the Organization's control. These factors may result in losses or recoveries differing significantly from those provided in the financial statements. Accordingly, the allowance estimates include an amount for imprecision or uncertainty that incorporates the range of probable outcomes inherent in estimates. No single statistic or measurement determines the adequacy of the allowance for credit loss. Changes in the allowance for credit loss and the related provision expense can materially affect change in net assets.

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, business loans, and direct loans.

At December 31, 2025 and 2024, the allowance for credit losses was $56,157 and $102,074, 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 $5,000; 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, 2025 and 2024, 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.

Grants payable – Grants payable represents all unconditional grants that have been authorized prior to year-end, but remain unpaid as of the statement of financial position date. Conditional grants are expensed and considered payable only in the period the conditions are satisfied and barriers to entitlement have been overcome. As of December 31, 2025 and 2024, no conditional grants have been approved. The Organization discounts long-term grants payable using a present value calculation. As of December 31, 2025 and 2024, there were no long term grants and as such no present value discount was applied.

Deferred revenue – Deferred revenue consists of grant funds received in advance of satisfying conditions or performance related-related barriers, and licensing and other fees received in advance of the related period of performance by the Organization.

The Organization receives grant funding and contributions from donors and funding agencies, which may be conditional or unconditional. Contributions are considered conditional if the agreement includes both (i) a barrier that must be overcome and (ii) either a right of return of assets transferred or a right of release of the donor’s obligation to transfer assets. Funds received in advance of satisfying donor-imposed conditions are recorded as refundable advances (deferred revenue) in the statement of financial position. Revenue is recognized only when the conditions have been substantially met or explicitly waived by the donor, at which point the amounts are no longer considered refundable. As of December 31, 2025 and 2024, the Organization has received conditional grants totaling $1,132,134 and $396,235, respectively, which have not been recognized as revenue because the related conditions have not yet been met.

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:

	2025	2024
Deferred revenue, beginning of year (Partner Revenue)	$ 118,538	$ 96,084
Revenue recognized that was previously included in deferred revenue at the beginning of year	(118,538)	(96,084)
Increase in deferred revenue due to cash received during the period for the subsequent academic year	62,177	118,538
Deferred revenue, end of year	$ 62,177	$ 118,538

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 $0 and $164 were recognized for the years ended December 31, 2025 and 2024, 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, 2025 and 2024, and is not aware of any significant uncertain tax positions for which a reserve would be necessary.

Subsequent events – Subsequent events are events or transactions that occur after the statement of financial position date but before the financial statements are available to be issued. Mission Asset Fund recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. Mission Asset Fund's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position but arose after the statement of financial position date and before the financial statements are available to be issued.

The Organization has evaluated subsequent events through April 15, 2026, which is the date the financial statements were available to be issued.

Note 3 – Investments and Fair Value Measurements

Investments consisted of the following as of December 31:

	2025	2024
Government securities	$ 3,184,868	$ 3,565,487
Money market mutual fund	434,083	-
Mutual funds	242,250	-
Corporate fixed income	15,600,837	16,727,961
Total	$ 19,462,038	$ 20,293,448

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 as follows for the year ended December 31:

	2025			
	Total	Level 1	Level 2	Level 3
Investments				
Government securities	$ 3,184,868	$ 3,184,868	$ -	$ -
Money market mutual fund	434,083	434,083	-	-
Mutual funds	242,250	242,250	-	-
Corporate fixed income	15,600,837	-	15,600,837	-
Total investments	$ 19,462,038	$ 3,861,201	$ 15,600,837	$ -

	2024			
	Total	Level 1	Level 2	Level 3
Investments				
Government securities	$ 3,565,487	$ 3,565,487	$ -	$ -
Corporate fixed income	16,727,961	-	16,727,961	-
Total investments	$ 20,293,448	$ 3,565,487	$ 16,727,961	$ -

Note 4 – Program Loan Receivables, Net

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

	2025	2024
Lending Circles receivables	$ 127,738	$ 129,840
Immigration loans receivables	185,514	500,838
Business loans receivables	226,255	399,072
Direct loans receivables	-	6,550
Less: allowance for credit losses	(56,157)	(102,074)
Total	$ 483,350	$ 934,226

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 unsecured 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:

	2025	2024
Organization	$ 49,274	$ 40,900
Partner	78,464	88,940
Total	$ 127,738	$ 129,840

The total balance of loans which may be reimbursed for credit losses by partners were $138,255 and $164,301 as of December 31, 2025 and 2024, 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:

	2025	2024
Organization	$ 407,519	$ 848,325
Partner	4,250	51,585
Total	$ 411,769	$ 899,910

The following tables present, by portfolio segment, the change in the allowance for credit losses and the recorded investment in loans for the years ended December 31:

	Lending Circles	Immigration Loans	Business Loans	Direct Loans	Total
2025					
Beginning balance	$ 315	$ 31,588	$ 69,758	$ -	$ 101,661
Loans charged off	(5,330)	(90,603)	(39,234)	-	(135,167)
Recoveries	-	268	4,939	-	5,207
Provision for credit losses	5,348	68,399	10,709	-	84,456
Ending balance	$ 333	$ 9,652	$ 46,172	$ -	$ 56,157

	Lending Circles	Immigration Loans	Business Loans	Direct Loans	Total
2024					
Beginning balance	$ 200	$ 15,274	$ 91,255	$ -	$ 106,729
Loans charged off	(8,900)	(91,120)	(221,213)	-	(321,233)
Recoveries	840	253	60	-	1,153
Provision for credit losses	8,175	107,181	199,656	413	315,425
Ending balance	$ 315	$ 31,588	$ 69,758	$ 413	$ 102,074

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
2025				
Lending Circles	$ 116,286	$ 8,907	$ 2,545	$ 127,738
Immigration Loans	139,136	27,827	18,551	185,514
Business Loans	208,155	13,575	4,525	226,255
Total	$ 463,577	$ 50,309	$ 25,621	$ 539,507

	Current	31 to 89 days Past Due	90+ Days Delinquent	Total Loans
2024				
Lending Circles	$ 122,350	$ 4,050	$ 3,440	$ 129,840
Immigration Loans	431,137	42,591	27,110	500,838
Business Loans	355,623	27,961	15,488	399,072
Direct Loans	6,550	-	-	6,550
Total	$ 915,660	$ 74,602	$ 46,038	$ 1,036,300

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
2025	$ 15,301	$ 103,063	$ 49,030	$ 167,394
2024	5,305	50,876	89,170	145,351

There were 315 and 221 loans modified in the years ended December 31, 2025 and 2024, respectively. Modified loans represented 31% and 15% of the total loans outstanding as of December 31, 2025 and 2024, respectively.

Note 5 – Property and Equipment, Net

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

	2025	2024
Furniture and fixtures	$ 92,381	$ 92,381
Computer equipment	115,331	115,331
Software - social lending platform	1,380,664	1,249,011
Leasehold improvements	43,180	34,380
Less accumulated depreciation and amortization	(1,515,820)	(1,363,553)
Total depreciable property and equipment, net	115,736	127,550
Work in progress	68,148	15,437
Total	$ 183,884	$ 142,987

For the years ended December 31, 2025 and 2024, depreciation expense was $152,266 and $179,578, respectively.

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. The Organization's Lending Circle is a program that provides zero-interest loans to help consumers build credit and access affordable small-dollar loans. Lending Circles are formed between 6-12 people, and the loan amount ranges from as little as $300 to $2,400. Each month, a new member of the Lending Circle receives the loan until everyone in the groups gets their chance. Lending Circle and other program payables consisted of the following as of December 31:

	2025	2024
Lending circle - Organization	$ 43,172	$ 39,680
Lending circle - Partner	64,311	83,791
Other program payables	13,707	7,643
Total	$ 121,190	$ 131,114

Note 7 – Partner Funds Held

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

	2025	2024
Partner loan loss reserve funds	$ 140,061	$ 164,619
Partner match and revolving loan funds	100,588	109,658
Total	$ 240,649	$ 274,277

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 – Net Assets Without Donor Restrictions

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

	2025	2024
Undesignated	$ 8,374,384	$ 9,674,698
Designated - Immigrant Families Recovery Program	38,000	38,000
Designated - software and equipment	3,424,500	3,424,500
Designated - revolving loan fund and loan loss	3,990,000	3,990,000
Designated - recovery and other loan funds	3,975,000	3,975,000
Designated - reserve	900,000	900,000
Total	$ 20,701,884	$ 22,002,198

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 9 – Net Assets with Donor Restrictions

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

	2025	2024
Purpose restricted	$ 2,509,717	$ 2,050,801
Restricted for future use	250,000	1,100,000
Total	$ 2,759,717	$ 3,150,801

The Organization expects to expend all net assets with donor restrictions by the year ending December 31, 2026.

Note 10 – 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:

	2025	2024
Financial assets		
Cash and cash equivalents	$ 3,947,392	$ 3,977,672
Investments	19,462,038	20,293,448
Accounts and contributions receivable	1,184,418	1,262,656
Program loan receivables	483,350	934,226
Financial assets, at December 31	25,077,198	26,468,002
Less those unavailable for general expenditure within one year, due to		
Restricted cash	(138,255)	(164,301)
Long-term receivables	-	(200,000)
Restricted net assets	(2,759,717)	(3,150,801)
Financial assets available to meet cash needs for general expenditures within one year	$ 22,179,226	$ 22,952,900

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 11 – 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, 2025, conditional grants outstanding consisted of the following:

Grant	Award	Recognized	Remaining
I	$ 2,000,000	$ 2,000,000	$ -
II	$ 500,000	$ 500,000	$ -
III	$ 1,000,000	$ 77,778	$ 922,222
IV	$ 72,500	$ 39,875	$ 32,625
V	$ 250,000	$ 85,714	$ 164,286
VI	$ 30,000	$ 17,000	$ 13,000

Note 12 – 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, 2025, 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 31, 2025	
2026	$ 116,035
2027	4,631
Total lease payments	120,666
Less imputed interest	(3,312)
Operating lease liabilities, December 31, 2025	$ 117,354

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, 2025, 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	$	152,720
Lease term and discount rate		
Weighted average remaining lease term		1 year
Weighted average discount rate		3.00%

Total operating lease expense for the years ended December 31, 2025 and 2024, was $156,555 and $150,285, respectively.

Note 13 – 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, 2025 and 2024, were $196,722 and $221,269, respectively.

Note 14 – 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.

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 15 – 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 provided approximately 23% of total support during the year ended December 31, 2025. One foundation and one county funder provided approximately 29% of total support during the year ended December 31, 2024.

Note 16 – 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.

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