

# LIFTFUND, INC.

## Consolidated Financial Statements

December 31, 2021  
with summarized comparative totals for 2020



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## **Independent Auditor's Report**

To the Board of Directors  
LiftFund, Inc.  
San Antonio, Texas

### ***Opinion***

We have audited the accompanying consolidated financial statements of LiftFund, Inc. (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2021, and the related consolidated statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of LiftFund, Inc. as of December 31, 2021, 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of LiftFund, Inc. 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 Consolidated Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated 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 generally accepted auditing standards 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, including omissions, 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.

## **Independent Auditor's Report (Continued)**

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In performing an audit in accordance with generally accepted auditing standards, 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 consolidated 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 LiftFund, Inc.'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 LiftFund, Inc.'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.

### ***Report on Summarized Comparative Information***

LiftFund, Inc.'s 2020 consolidated financial statements were audited by other accountants and they expressed an unmodified audit opinion on those audited consolidated financial statements in their report dated May 21, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

### ***Report on Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental consolidating information on pages 25 through 27, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

## Independent Auditor's Report (Continued)

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### Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 20, 2022, on our consideration of LiftFund, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of LiftFund, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering LiftFund, Inc.'s internal control over financial reporting and compliance.

A handwritten signature in dark ink, appearing to read "Schriver Carmona". The signature is fluid and cursive, with the first name "Schriver" and last name "Carmona" clearly distinguishable.

Schraver, Carmona & Company, PLLC

San Antonio, Texas

May 20, 2022

## **Consolidated Financial Statements**

**LiftFund, Inc.****Consolidated Statements of Financial Position**  
**December 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 38,312,244	\$ 30,205,620
Cash and cash equivalents, reserved	6,021,279	5,297,412
Investments	1,243,451	1,412,723
Receivables:		
Loan receivable, net of allowance for loan losses of \$4,773,343 in 2021 and \$5,056,877 in 2020	38,310,308	59,861,050
Grants and contributions receivable, net of allowance doubtful accounts of \$200,000 in 2021 and \$26,693 in 2020	1,374,499	7,680,815
Program accounts receivable	1,728,179	1,233,317
Accrued interest receivable	248,064	192,557
Prepaid expenses and other assets	477,658	324,607
Recovered asset inventory	11,000	11,000
Property and equipment, net of accumulated depreciation of \$5,551,419 in 2021 and \$5,159,650 in 2020	<u>7,940,346</u>	<u>7,904,405</u>
<b>Total Assets</b>	<u>\$ 95,667,028</u>	<u>\$ 114,123,506</u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 512,148	\$ 400,980
Accrued liabilities	1,390,670	3,035,083
Deferred revenue	7,119,220	2,476,843
Notes payable	8,584,248	20,955,475
Equity equivalents	<u>9,427,500</u>	<u>9,552,500</u>
<b>Total Current Liabilities</b>	<u>27,033,786</u>	<u>36,420,881</u>
Notes payable, Long -Term Portion	<u>25,106,358</u>	<u>42,252,461</u>
<b>Total Liabilities</b>	<u>52,140,144</u>	<u>78,673,342</u>
<b>Net Assets:</b>		
Without donor restrictions		
Unrestricted	35,770,799	29,952,988
Noncontrolling interest in LLC company	6,768,797	4,249,874
With donor restrictions	<u>987,288</u>	<u>1,247,302</u>
<b>Total Net Assets</b>	<u>43,526,884</u>	<u>35,450,164</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 95,667,028</u>	<u>\$ 114,123,506</u>

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements.

**LiftFund, Inc.**
**Consolidated Statement of Activities**
**Year Ended December 31, 2021 (with Comparative Totals for the Year Ended December 31, 2020)**

	<b>2021</b>		
	Without Donor Restrictions	With Donor Restrictions	2020 Totals
<b>Revenue and support</b>			
<b>Public support</b>			
Governmental support	\$ 5,697,228	\$ -	\$ 11,451,085
Governmental passthrough grants	35,486,021	-	64,442,040
Grants and contributions	6,281,193	-	16,704,882
Notes payable forgiven	1,596,163	-	1,523,780
In-kind contributions	422,545	-	636,399
<b>Revenue</b>			
Loan interest and fees	7,320,093	-	6,022,535
SBA 504 revenue	2,010,964	-	1,988,028
Gain on sale of loans	8,316	-	143,176
Portfolio management services	131,845	-	162,362
Office space rental revenue	93,632	-	103,431
Interest	5,905	-	27,850
Miscellaneous revenue	101,726	-	41,346
Total public support and revenue	59,155,631	-	103,246,914
Net assets released from restrictions	260,014	(260,014)	-
<b>Total revenue and support</b>	<b>59,415,645</b>	<b>(260,014)</b>	<b>59,155,631</b>
<b>Expenses</b>			
Program services			
Lending	15,467,953	-	19,436,873
Passthrough grants	35,486,021	-	64,442,040
Leasing activity	52,681	-	505,058
Management and general	1,395,053	-	1,092,874
Fundraising	1,177,203	-	1,365,122
<b>Total expenses</b>	<b>53,578,911</b>	<b>-</b>	<b>86,841,967</b>
<b>Change in Net Assets before Noncontrolling interest in LLC</b>	<b>5,836,734</b>	<b>(260,014)</b>	<b>16,404,947</b>
Change in Net Assets from Noncontrolling Interest in LLC Companies	2,500,000	-	-
<b>Change in Net Assets</b>	<b>8,336,734</b>	<b>(260,014)</b>	<b>16,404,947</b>
<b>Net Assets at Beginning of Year</b>	<b>34,202,862</b>	<b>1,247,302</b>	<b>19,045,217</b>
<b>Net Assets at End of Year</b>	<b>\$ 42,539,596</b>	<b>\$ 987,288</b>	<b>\$ 35,450,164</b>

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements.



**LiftFund, Inc.**
**Consolidated Statement of Functional Expenses**
**Year Ended December 31, 2021 (with Comparative Totals for the Year Ended December 31, 2020)**

	Program Services	Leasing Activity	Support Services		2021 Total	2020 Totals
			Management and General	Fundraising		
<b>Personnel costs:</b>						
Salaries and wages	\$ 6,430,527	\$ -	\$ 792,054	\$ 856,191	\$ 8,078,772	\$ 7,966,221
Payroll taxes	459,511	-	57,574	64,088	581,173	558,775
Employee benefits	621,035	-	142,311	142,587	905,933	938,494
Total personnel costs	7,511,073	-	991,939	1,062,866	9,565,878	9,463,490
Governmental passthrough grants	35,486,021	-	-	-	35,486,021	64,442,040
Consultants	955,011	-	212,907	40,820	1,208,738	1,807,638
Interest	813,540	-	-	-	813,540	1,608,145
Telecommunications	887,083	-	2,481	9,637	899,201	707,286
Program expenses (grant funded)	882,301	-	-	-	882,301	777,435
Portfolio expenses	745,318	-	-	-	745,318	232,535
Professional fees	542,090	6,325	65,121	-	613,536	672,614
In-kind interest	422,545	-	-	-	422,545	636,399
Loan loss provision	885,775	-	-	-	885,775	3,829,907
Occupancy buildings	352,517	-	20,447	8,179	381,143	357,278
Dues and subscriptions	249,330	-	3,054	13,923	266,307	268,961
Insurance	161,788	-	24,283	9,713	195,784	215,111
Equipment rental and maintenance	184,314	-	843	337	185,494	226,834
Advertising	167,619	-	583	4,549	172,751	266,692
Service charges and fees	147,126	-	-	2,905	150,031	173,588
Property taxes	125,730	-	13,050	5,220	144,000	146,388
Office expenses	69,805	-	3,592	2,835	76,232	71,928
Conferences and meetings	43,094	-	13,457	929	57,480	81,205
Miscellaneous	19,806	-	520	520	20,846	357,386
Travel	8,371	-	5,850	-	14,221	33,780
Total expenses before depreciation	50,660,257	6,325	1,358,127	1,162,433	53,187,142	86,376,640
Depreciation	293,717	46,356	36,926	14,770	391,769	465,327
<b>Total Expenses</b>	<b>\$ 50,953,974</b>	<b>\$ 52,681</b>	<b>\$ 1,395,053</b>	<b>\$ 1,177,203</b>	<b>\$ 53,578,911</b>	<b>\$ 86,841,967</b>

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements.

**LiftFund, Inc.**Consolidated Statements of Cash Flows  
Years Ended December 31, 2021

	<u>2021</u>	<u>2020</u>
<b>Cash Flows From Operating Activities:</b>		
Change in Net Assets	\$ 8,076,720	\$ 16,404,947
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
(Gain)/loss on sale of loans	(8,317)	(143,176)
Provision for loan losses	885,775	3,829,907
Forgiveness of notes payable- NMTC	-	(1,523,780)
Depreciation	391,769	465,327
(Increase) Decrease in operating assets:		
Grants and contributions receivable	6,306,316	(1,861,535)
Program accounts receivable	(494,862)	(168,958)
Accrued interest receivable	(55,507)	96,661
Prepaid expenses and other assets	(153,051)	439,227
Increase (Decrease) in operating liabilities:		
Accounts payable	111,168	(539,602)
Accrued liabilities	(1,644,413)	657,328
Deferred revenue	4,642,377	1,658,879
<b>Net Cash Provided by Operating Activities</b>	<u>18,057,975</u>	<u>19,315,225</u>
<b>Cash Flows From Investing Activities:</b>		
Disbursements under loan programs	(39,091,782)	(43,643,846)
Collections under loan programs	59,434,436	23,795,299
Proceeds from sale of loans	330,630	1,676,080
Proceeds from disposition of investments	169,272	153,418
Purchases of property and equipment	(427,710)	(143,580)
<b>Net Cash Used by Investing Activities</b>	<u>20,414,846</u>	<u>(18,162,629)</u>
<b>Cash Flows From Financing Activities:</b>		
Change in reserved cash	(723,867)	(528,515)
Proceeds from notes payable and equity equivalents	11,309,382	34,616,181
Repayments of notes payable and equity equivalents	(40,951,712)	(10,363,064)
<b>Net Cash Provided by Financing Activities</b>	<u>(30,366,197)</u>	<u>23,724,602</u>
<b>Net Increase in Cash and Cash Equivalents</b>	8,106,624	24,877,198
Cash and Cash Equivalents, Beginning of Year	<u>30,205,620</u>	<u>5,328,422</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 38,312,244</u>	<u>\$ 30,205,620</u>
<b>Supplementary Disclosure of Cash Flow Information</b>		
Cash paid during the year for interest	<u>\$ 1,348,843</u>	<u>\$ 1,235,013</u>
In-kind donations of occupancy, services, equipment, and interest	<u>\$ 422,545</u>	<u>\$ 636,399</u>

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements.

**Note A: The Organization and Summary of Significant Accounting Policies**

LiftFund, Inc. (LiftFund) mission is to stimulate local economic growth and facilitate local efforts to combat poverty through providing credit and other support services to small enterprises that generally do not have access to commercial business credit. Through its loans and services, LiftFund Inc., formerly known as ACCION Texas, Inc., helps entrepreneurs strengthen their businesses, stabilize and increase their incomes, create additional employment and contribute to the economic revitalization of their communities. LiftFund conducts special outreach efforts to reach disenfranchised, low income, and minority entrepreneurs .

LiftFund is funded primarily by governmental grants, contributions from banks and foundations, and corporate and individual contributions. Representatives of these banks and other organizations often serve as members of the board of directors. LiftFund is a Texas nonprofit corporation organized March 1994.

The significant accounting policies followed by LiftFund are described below to enhance the usefulness of the financial statements to the reader.

***Basis of Accounting***

The accompanying financial statements are prepared on the accrual basis of accounting in conformity with generally accepted accounting principles (GAAP) and the principles of fund accounting. Fund accounting is the procedure by which resources are various purposes are classified for accounting purposes in accordance with activities and objectives specified by donors.

***Basis of Consolidation***

In 2013, LiftFund formed a controlled subsidiary named ACCION Martin Holdings, Inc., a Texas corporation. ACCION Martin Holdings, Inc. owned and managed LiftFund's Martin Street headquarters under an arrangement qualifying as a New Market Tax Credit (NMTC) investment (see **Note L**) until it was liquidated on March 29, 2021.

LiftFund is a member of LiftFund Funding, LLC, LiftFund Funding II, LLC, LiftFund Funding III, LLC, and LiftFund Funding IV, LLC, Texas limited liability companies (LLC). The purpose of these LLC companies is to further the mission of LiftFund by the formation of capital to be deployed by LiftFund. LiftFund is the managing member with a voting interest of fifty-one percent (51%) of the four LLC companies. The other noncontrolling members are nonmanaging members who have a voting interest of forty-nine percent (49%). Members share net income, gains, net losses, and distributions in accordance with their percentage interests of the aggregate capital accounts. The LLC companies have a dissolution date unless the operating agreements are amended to extend the term.

The financial statements of LiftFund, ACCION Martin Holdings, Inc., and the noncontrolling interests in the LLC companies are presented in the financial statements on a consolidated basis. Inter-organization transactions and balances have been eliminated for financial statement purposes.

***Basis of Presentation***

The accompanying financial statements have been prepared in conformity with the disclosure and display requirements of the Financial Accounting Standards Board (FASB) as set forth in its Accounting Standards Update 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. Under these provisions, net assets and all balances and transactions are presented based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of LiftFund and changes therein are classified and reported as follows:

**Note A: The Organization and Summary of Significant Accounting Policies (continued)**

***Basis of Presentation (Continued)***

- Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of LiftFund's management and the board of directors.
- Net assets with donor restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Contributions, which include unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. All other support that is restricted by the donor is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized.

Fees for service receipts from customers and government agencies are recognized in the period earned. Reimbursable earnings not yet received from grantors and customers are recorded as receivables. Funds received in excess of actual earnings are recorded as deferred revenue. Expenditures for goods and services are recorded at the time goods are received or services are rendered.

Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

***Estimates***

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

***Fair Value Measurements***

The Fair Value Measurements and Disclosures Topic of the FASB ASC, 820-10, defines fair value, establishes a three-level valuation hierarchy for disclosure of fair value measurements, and expands disclosures about fair value measurements. An instrument's categorization within the hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Realized gains and losses are recorded using the specific identification method upon the sale of investment assets.

- *Level 1* - Inputs that utilize quoted prices (unadjusted) in active markets for identical assets that LiftFund has the ability to access.

**Note A: The Organization and Summary of Significant Accounting Policies (continued)**

***Fair Value Measurements (Continued)***

- *Level 2* - Inputs that include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.
- *Level 3* - Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions as there is little, if any, related market activity.

***Fair Value of Financial Instruments***

LiftFund's financial instruments include cash and cash equivalents, interest and fees receivable, prepaid expenses, payables, accrued expenses, and deferred revenue. The carrying amount of these financial instruments as reflected in the Consolidated Statements of Financial Position approximates fair value.

***Revenue Recognition***

LiftFund recognizes loan interest revenue over the term of the loan. Loan fees are earned when the loan transaction is issued and recorded as a receivable. Grants from governmental agencies which are conditional on the performance of specified program services or activities are recorded as revenue when the related expenses stipulated by the grants are incurred.

***Cash and Cash Equivalents***

For purposes of the consolidated financial statements, LiftFund considers all liquid investments with original maturities of three months or less to be cash equivalents.

***Restricted Cash***

Restricted cash consists of cash accounts that are required by the grantor to be maintained for a specific purpose or loan program.

***Contributions, Grants, and In-Kind Contributions***

Contributions received and unconditional promises to give are reported as an increase in net assets. Donated materials, including donated facilities having unconditional long-term use and rent-free usage of temporary facilities, and meals provided at no cost to LiftFund, are recorded based on their estimated fair market value on the date of contribution. LiftFund reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, With Donor Restrictions are reclassified to Without Donor Restrictions and reported in the Statement of Activities as Net Assets Released from Restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as Without Donor Restrictions.

**Note A: The Organization and Summary of Significant Accounting Policies (continued)**

***Program Accounts Receivable, Grants and Other Receivables***

Program accounts receivable, grants and other receivables are stated at the amount management expects to collect from outstanding balances. Management evaluates the need for an allowance for doubtful accounts applicable to its accounts receivable based on various factors, including an assessment of the credit worthiness of its donors and customers, aging of the amount due and historical experience. Based on management's assessment of the credit history with clients having outstanding balances and current relationships with them, it has concluded that realization losses on accounts receivable have been adequately provided for.

***Loans Receivable and Allowance for Loan Losses***

Loans receivable are stated at net realizable value. Interest income on loans is computed based on the outstanding loan balance and is accrued as it becomes receivable under the contractual terms of the note.

Loans receivable may or may not require collateral. Collateral, if applicable, generally consists of various business and/or personal assets of the borrowers.

The allowance for loan losses is increased by provisions for loan losses charged to operating expenses and reduced by loans charged off. Allowances are determined based on management's evaluation of the loan collateral, historical losses and other relevant factors. The allowance for loan losses is deemed by management to be adequate to absorb future loan losses. Ultimate losses, however, may vary materially from current estimates at December 31, 2021.

LiftFund considers a loan impaired when based on current information or factors, it is probable that LiftFund will not collect the principal and interest payments according to the loan agreement. Management considers many factors in determining whether a loan is impaired, such as payment history, value of collateral, and changes in the net income of the customer. Loans that are delinquent less than 180 days are generally not considered impaired, unless the customer has claimed bankruptcy or LiftFund has received specific information concerning the loan impairment. LiftFund reviews delinquent loans to determine impaired accounts. LiftFund measures impairment on a loan-by-loan basis by either using the fair value of collateral or the present value of expected cash flows.

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

Loans are returned to accrual status when the loan is deemed current, and the collectability of principal and interest is no longer doubtful. Interest previously accrued remains outstanding and payments received are first applied to accrued interest and then to principal.

**Note A: The Organization and Summary of Significant Accounting Policies (continued)**

***Property and Equipment***

Property and equipment are stated at cost less accumulated depreciation. Depreciation is charged to expense using the straight-line method over the estimated useful life of each asset, which range from 3 to 30 years. Donations of property and equipment are reported as unrestricted support unless the donor has restricted the donated assets to a specific purpose, which are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, LiftFund reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor, and reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Expenses for major improvements to fixed assets are capitalized. Expenditures for repairs and maintenance are expensed as incurred. LiftFund capitalizes all purchases of property and equipment exceeding \$500.

***Federal Income Taxes***

LiftFund is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying statements. In addition, LiftFund qualifies for the charitable contribution deduction under IRC Section 170(b)(1)(A) and has been determined by the Internal Revenue Service not to be a “private foundation” within the meaning of Section 509(a)(2) for the Internal Revenue Code. There was no unrelated business income for the years ended December 31, 2021 and 2020.

***Functional Allocation of Expenses***

The costs of providing the various programs and other activities have been summarized on a functional basis in the Consolidated Statement of Functional Expenses. Accordingly, certain costs have been allocated on the basis of estimates by management among the programs and supporting services, based primarily on the nature of the expense concerned and percentages of time allocated to these functions. Certain expenses are allocated among programs and support services on an equitable basis based on employee time and effort estimates.

***Recent Accounting Pronouncements***

Future Adoption

In February 2016, The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases*, effective for fiscal years beginning after December 15, 2021 and interim periods within fiscal years beginning after December 15, 2022. Under this new pronouncement, generally, leases with terms of more than 12 months will be recognized in the Statements of Financial Position as an asset (right to use leased asset) and a liability (lease liability). Management of LiftFund expects the impact to operations to be minimal and is currently evaluating the effect this pronouncement will have on the consolidated financial statements and related disclosures.

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, effective for fiscal years beginning after June 15, 2021 and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. The FASB ASU requires nonprofits to change their financial statement presentation and disclosure of contributed nonfinancial assets, or gifts-in-kind. The FASB issued the update in an effort to improve transparency in reporting nonprofit gifts-in-kind. Management of LiftFund expects the impact to operations to be minimal and is currently evaluating the effect this pronouncement will have on the consolidated financial statements and related disclosures.



## LiftFund, Inc.

### Notes to Consolidated Financial Statements Years Ended December 31, 2021

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#### Note B: Liquidity and Availability of Financial Resources

The following represents LiftFund's financial assets at December 31, 2021 and 2020 available to meet general expenditures over the next twelve months:

	<u>2021</u>	<u>2020</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 38,312,244	\$ 30,205,620
Cash and cash equivalents, reserved	6,021,279	5,297,412
Investments	1,243,451	1,412,723
Current portion of loans receivable	15,780,944	7,297,526
Grants and contributions receivable, net of allowance for doubtful accounts of \$200,000 in 2021 and \$26,693 in 2020	1,374,499	7,065,815
Program accounts receivable	1,728,179	1,233,317
Accrued interest receivable	248,064	192,557
	<u>64,708,660</u>	<u>52,704,970</u>
Less those unavailable for general expenditures over the next twelve months:		
Net asset restricted by time or purpose	987,288	225,000
Cash and cash equivalents, reserved	6,021,279	5,297,412
Debt service principal payments due within one year	8,584,248	20,955,475
	<u>15,592,815</u>	<u>26,477,887</u>
Financial assets available to meet general expenditures over the next twelve months	\$ <u>49,115,845</u>	\$ <u>26,227,083</u>

LiftFund's goal is generally to maintain financial assets to meet 90 days of operating expenses before passthrough grants and depreciation (approximately \$4.2 million). As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts.

At December 31, 2021 and 2020, LiftFund was scheduled to make **\$8,584,248** and \$20,955,475 in principal repayments on its outstanding notes payable during 2022 and 2021, respectively. Based on its experience with lenders renewing their loans to LiftFund, the organization believes that it is maintaining cash balances sufficient to cover all notes payable amounts due in 2022.

#### Note C: Loans Receivable

LiftFund offers loans to qualifying businesses. These loans are offered to startup or established businesses. Loans generally range from \$5,000 to \$500,000 with loan terms of 24 to 120 months. Individual loans carry a 5.5% to 9% annual interest rate, calculated on the declining balance of the loan. On a limited basis, certain loans carry a 0% interest rate if funded by a Grantor who pays for the interest on behalf of the client. During 2021 and 2020, LiftFund disbursed **\$39,091,782** and \$43,643,846 in new loans, respectively.



**LiftFund, Inc.**Notes to Consolidated Financial Statements  
Years Ended December 31, 2021**Note C: Loans Receivable (Continued)**

Small business loans are underwritten after evaluating and understanding the borrower's ability to repay the loan through operating profitably and effectively growing its business. LiftFund's underwriting team examines current and projected cash flows to determine the ability of the borrower to repay their obligations as agreed. Small business loans are primarily made based on the credit quality and cash flows of the borrower and secondarily on the underlying collateral provided by the borrower. Most small business loans are secured by the assets being financed or other business assets such as accounts receivable or inventory and may incorporate a personal guarantee to add strength to the credit and reduce the risk on a transaction to an acceptable level. In the case of loans secured by accounts receivable, the availability of funds for the repayment of these loans may be substantially dependent on the ability of the borrower to collect amounts due from its customers.

Loans receivable at December 31, 2021 consisted of the following:

Portfolio Makeup	Amount	Amount Guaranteed/ Separate Reserve	Exposed Amount	Loan Loss Reserve on Assessed Risk
SBA 7A Portfolio (LiftFund Portion)	\$ 5,888,920	\$ -	\$ 5,888,920	\$ 337,713
SBA PPP Portfolio	4,340,470	4,340,470	-	-
Goldman Sachs HH Relief	531,701	106,340	425,361	106,340
Corpus Christi Covid 19	805,355	-	805,355	161,071
Port of Corpus Christi Covid 19	101,559	-	101,559	20,312
USAA Resiliency Fund	196,994	-	196,994	270,000
El Paso County Covid 19	38,970	-	38,970	7,794
NonGuaranteed Portfolio	31,179,682	-	31,179,682	3,870,113
Total Portfolio	<u>\$ 43,083,651</u>	<u>\$ 4,446,810</u>	<u>\$ 38,636,841</u>	<u>\$ 4,773,343</u>

Loans receivable at December 31, 2020 consisted of the following:

Portfolio Makeup	Amount	Amount Guaranteed/ Separate Reserve	Exposed Amount	Loan Loss Reserve on Assessed Risk
SBA 7A Portfolio (LiftFund Portion)	\$ 4,640,427	\$ -	\$ 4,640,427	\$ 312,765
SBA PPP Portfolio	23,946,480	23,946,480	-	-
Goldman Sachs HH Relief	1,623,916	164,020	1,459,896	150,000
Corpus Christi Covid 19	1,182,399	-	1,182,399	236,480
Port of Corpus Christi Covid 19	160,915	-	160,915	24,921
NonGuaranteed Portfolio	33,363,790	-	33,363,790	4,332,711
Total Portfolio	<u>\$ 64,917,927</u>	<u>\$ 24,110,500</u>	<u>\$ 40,807,427</u>	<u>\$ 5,056,877</u>

**LiftFund, Inc.**Notes to Consolidated Financial Statements  
Years Ended December 31, 2021**Note C: Loans Receivable (continued)**

As of December 31, 2021 and 2020, loans receivable outstanding consisted of **2,164** and 3,179 loans, respectively, for a total balance receivable of **\$43,083,651** and \$64,917,927, respectively

Changes in loans receivable during 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Beginning, loan receivable balance	\$ 64,917,927	\$ 48,134,623
New loans	39,091,782	43,643,846
Principal collected on loans	(59,241,902)	(23,477,836)
Sale of loans	(330,630)	(1,532,904)
Loans written off	<u>(1,353,526)</u>	<u>(1,849,802)</u>
Ending, loan receivable balance	\$ <u><u>43,083,651</u></u>	\$ <u><u>64,917,927</u></u>

At December 31, 2021 and 2020, LiftFund was scheduled to receive **\$15,780,944** and \$12,354,403 in principal repayments on its outstanding loans receivable during 2022 and 2021.

LiftFund has certain lending policies and procedures in place that are designed to generate loan income within an acceptable level of risk. A reporting system supplements the review process by providing management with frequent reports related to loan production, loan quality, concentrations of credit, loan delinquencies and non-performing and potential problem loans.

As a matter of practice, on a continuing basis, the company assesses its loans receivable portfolio, using its internal credit quality indicators. Management's evaluation of specific types of loans and changes to the required allowance for specific types of loans is based on economic, geographic, and industry type factors, past loan loss experience, and loan quality trends, among other factors. Historical valuation allowances are calculated based on the historical loss experience of specific types of loans and the internal risk grade of such loans at the time they were charged-off. All loans receivable have been assessed and monitored through December 31, 2021.

Loans are charged against the allowance for possible loan losses when management believes that the collectability of the principal is unlikely. Recoveries of loans previously charged off are credited to the allowance for possible loan losses.

Changes in the allowance for loan losses during 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Beginning, allowance balance	\$ 5,056,877	\$ 2,759,309
Loans written off	(1,353,526)	(1,849,802)
Loan loss accruals	876,598	3,829,907
Recoveries	<u>193,394</u>	<u>317,463</u>
Ending, allowance balance	\$ <u><u>4,773,343</u></u>	\$ <u><u>5,056,877</u></u>

## LiftFund, Inc.

### Notes to Consolidated Financial Statements Years Ended December 31, 2021

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#### Note C: Loans Receivable (continued)

The loan delinquency status at December 31, 2021 and 2020 was as follows:

	<u>2021</u>	<u>2020</u>
Current	\$ 41,304,540	\$ 62,814,423
Past Due		
31-60 days	973,629	1,345,193
61-90 days	387,013	269,553
91-120 days	254,055	198,396
Over 120 days	164,414	290,362
Subtotal	<u>1,779,111</u>	<u>2,103,504</u>
Total LiftFund portfolio	\$ <u>43,083,651</u>	\$ <u>64,917,927</u>

Loans are considered delinquent if past due over 30 days and delinquent loans over 180 days are charged off.

LiftFund is exposed to several risk factors related to its loans receivable:

- Interest rate risk associated with a large portion of commercial loans with fixed interest rates.
- Risk of a deteriorating economic climate and its impact on the Organization's collection of loans.
- Economic, industry, and geographic risks associated with secured loans to small businesses primarily in Texas.

During 2021, LiftFund participated in the Community Advantage Pilot Program Loan Guaranty Agreement (SBA CA) with the SBA. Under the terms of the SBA CA program, the SBA provides a guaranty under its 7(a) loan program covering risk of loss against approved loans meeting the program requirements. The Guaranty covers 85% of loans with an original balance less than \$150,000 and 75% of loans with an original balance of between \$150,000 and \$250,000. Additionally, in 2021, SBA allowed up to 90% guarantee on select loans through the CARES Act. All loans must be approved by the SBA for both credit and eligibility to mitigate the risk of loss. The maximum interest rate allowable under these loans is prime plus 6%. The SBA allows the sale of the guaranteed portion of the loan on the secondary market.

At December 31, 2021 and 2020, LiftFund originated 14 and 13 SBA CA loans totaling **\$2,414,000** and \$1,901,000 with an SBA guaranteed portion of **\$2,095,590** and \$1,529,050, respectively. Among other compliance requirements, the SBA CA program requires the establishment of loan reserves equal to at least 5% of the unguaranteed portion of the SBA CA portfolio, as well as 5% of the sold guaranteed portion (up from 3% for loans made prior to October 1, 2019) of the SBA CA portfolio. At December 31, 2021, management has determined that they were in compliance with the loan loss reserve requirements.

**Note D: Investments**

LiftFund's investments at December 31, 2021 and 2020 consist of a mortgage backed security totaling **\$350,159** and \$512,590, Federal Home Loan Bank stock totaling \$66,800 and \$66,800, and a programmatic investment in Acceso Loan Fund, LLC totaling **\$826,492** and \$833,333, respectively. An additional account was opened with SWBC for trading with TD Ameritrade prior to December 31, 2021, but at year end the only funds deposited were cash funds in a money market account which have been treated as cash on the Statement of Financial Position above.

LiftFund's investments are accounted for at fair value with unrealized gains and losses reported in the Statement of Activities. FASB ASC 820, Fair Value Measurements and Disclosures, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of a given measurement date, and establishes a framework for measuring fair value. This standard also establishes a three-level hierarchy for such measurements based on the reliability of observable and unobservable inputs as follows:

Level 1 - Valuations are based on quoted prices in active markets for identical assets or liabilities that the Corporation has the ability to access at the measurement date.

Level 2 - Valuations are based on quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; and model-derived valuations whose significant inputs are observable.

Level 3 - Valuations are based on unobservable inputs for the asset or liability that reflect the reporting entity's own data and assumptions that market participants would use in pricing the asset or liability

At December 31, 2021 and 2020, LiftFund's investments totaling **\$1,243,451** and \$1,412,723 are all considered by management to be Level 2 investments, respectively.

**LiftFund, Inc.**Notes to Consolidated Financial Statements  
Years Ended December 31, 2021**Note E: Property and Equipment**

Property and Equipment, net of accumulated depreciation at December 31 is summarized as follows:

	<u>2021</u>	<u>2020</u>
Land	\$ 1,113,568	\$ 1,113,568
Buildings	8,218,852	8,207,467
Equipment	1,501,357	1,147,239
Software	2,534,572	2,472,365
Vehicles	123,416	123,416
Total Property and Equipment	<u>13,491,765</u>	<u>13,064,055</u>
Less: Accumulated Depreciation	<u>(5,551,419)</u>	<u>(5,159,650)</u>
Total Property and Equipment, Net	<u>\$ 7,940,346</u>	<u>\$ 7,904,405</u>

Depreciation expense for the years ended December 31, 2021 and 2020 was **\$391,769** and \$465,327, respectively.

**Note F: Long-Term Debt and Equity Equivalents****Note Payable**

For investments with a maturity date of 2021 or prior, LiftFund is expected to extend the terms or make a principal paydown in 2022. Notes payable consist of the following:

<u>Name</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance 12/31/2021</u>	<u>Collateral</u>
ADORERS OF THE BLOOD OF CHRIST	10/08/2024	2.00	\$ 50,000	
AFFORDABLE HOMES OF SOUTH TEXAS INC.	10/01/2025	2.75	500,000	
AISSATOU SIDIM -BLANTON	10/30/2022	2.00	4,493	
AMEGY BANK	07/30/2022	2.75	50,000	
ANNA-BROOKE GUTZLER	01/04/2022	2.00	5,362	
APPALACHIAN COMMUNITY CAPITAL CORP	05/10/2023	2.00	100,000	
ARTHUR & SYLVIA REYNA	08/27/2022	1.00	1,079	
ARTHUR MEDINA	08/21/2019	2.00	1,020	
ARTHUR SITTERLE III & ANDREA SITTERLE	12/18/2021	2.00	27,581	
AUSTIN COMMUNITY FOUNDATION	03/15/2025	2.00	250,000	
BELDON FAMILY FOUNDATION	10/08/2022	2.00	750,000	
BILL & MARY REGAN	12/20/2021	1.00	2,000	
BONNIE REED	07/05/2023	2.00	10,664	
BROADWAY BANK	10/01/2022	3.25	75,000	
CAPITAL ONE	04/01/2024	2.25	500,000	
CARTLIDGE FAMILY TRUST	07/23/2022	2.00	50,000	
CHARLES CONLON	08/27/2022	1.00	26,326	
CITY OF CORPUS CHRISTI	12/31/2025	0.00	\$ 412,000	

**LiftFund, Inc.**
**Notes to Consolidated Financial Statements**  
**Years Ended December 31, 2021**
**Note F: Long-Term Debt and Equity Equivalents (continued)**
**Note Payable (Continued)**

<u>Name</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance 12/31/2021</u>	<u>Collateral</u>
CNOTE GROUP INC	12/24/2021	3.70	\$ 2,246	
CNOTE GROUP INC	12/31/2021	3.70	87,234	
CNOTE GROUP INC	01/07/2022	3.70	101,632	
CNOTE GROUP INC	01/21/2022	3.70	60,138	
CNOTE GROUP INC	04/02/2022	3.70	68,833	
CNOTE GROUP INC	05/03/2022	3.70	6,117	
CNOTE GROUP INC	06/12/2023	2.70	58,616	
CNOTE GROUP INC	06/21/2023	2.70	42,663	
CNOTE GROUP INC	06/26/2023	2.70	14,547	
CNOTE GROUP INC - WISDOM FUND	07/15/2024	4.50	150,000	
CNOTE GROUP INC - WISDOM FUND	09/17/2025	4.50	6,174	
COMMUNITY FOUNDATION FOR GREATER ATLANTA, INC.	12/22/2025	0.50	250,000	
CONGREGATION OF THE SISTERS OF CHARITY OF THE INCARNATE WORD	01/15/2025	2.00	200,000	
CORPUS CHRISTI	12/31/2025	0.00	823,500	
CREDIT HUMAN	06/30/2025	1.00	32,284 x	\$ 76,824
CYNTHIA SPIELMAN	09/08/2024	1.00	1,108	
DANIEL LOPEZ & GINA AMATANGELO	08/27/2024	0.00	6,000	
DAVID BLAIR	07/01/2022	1.00	45,000	
DEBRA SALGE	08/27/2022	1.00	1,114	
EDWARD & LUZ ELENA DAY	10/01/2021	2.00	3,312	
EDWARD & LUZ ELENA DAY	11/01/2021	2.00	11,041	
EDWARD BANOS AND BRENDA LANZEL	08/13/2022	1.00	252,199	
ELIOT LEE	08/27/2022	1.00	1,096	
ELIZABETH BLISSMAN	08/27/2023	1.00	20,000	
ELLEN RIOJAS CLARK	04/30/2022	2.00	15,918	
ELLEN RIOJAS CLARK	03/08/2022	2.00	15,926	
FEDERAL RESERVE	12/15/2025	0.35	4,393,731 x	4,393,731
FIRST CITIZENS BANK	04/07/2022	2.00	50,000	
FIRST CITIZENS BANK	04/07/2022	3.50	50,000	
FIRST CITIZENS BANK	06/01/2022	3.50	50,000	
FROST BANK	10/25/2022	2.49	100,000	
GEORGE & ELIZABETH GODWIN	11/04/2021	1.00	10,510	
GEORGE HERNANDEZ JR	11/03/2021	2.00	11,032	
GOLDMAN SACHS	06/30/2025	0.00	153,771 x	153,771
GOLDMAN SACHS	06/30/2023	0.00	930,309 x	\$ 930,309
HANCOCK WHITNEY	11/09/2022	2.00	423,300	
HARRY SHAFER	01/01/2022	2.00	2,165	
JAMES PITTMAN JR.	09/04/2023	2.00	1,000	
JAMES PITTMAN JR.	12/09/2021	2.00	2,500	
JAMES PITTMAN JR.	03/08/2022	2.00	1,100	
JOSE & ELOISE AVILA	10/30/2022	2.00	10,923	
LAWRENCE & GERRY HARKLESS	01/01/2024	2.00	5,000	
LISSA MARTINEZ	06/18/2024	2.00	100,000	
LISSA MARTINEZ	04/03/2023	2.00	100,000	
LUCIA COERVER	04/26/2022	2.00	\$ 5,000	

# LiftFund, Inc.

## Notes to Consolidated Financial Statements Years Ended December 31, 2021

### Note F: Long-Term Debt and Equity Equivalents (continued)

#### Note Payable (Continued)

<u>Name</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance 12/31/2021</u>	<u>Collateral</u>
M. KATHRYN MARTIN	10/13/2020	2.00	\$ 1,040	
MANUEL & MARIA BERRIOZ BAL	03/30/2023	2.00	59,541	
MARCUS HERVEY & TRACIE SHELTON HERVEY	03/18/2022	2.00	1,040	
MARGARET WEBER	04/12/2024	2.00	50,000	
MARY ESTHER ESCOBEDO	11/06/2021	2.00	7,489	
MARY GREEN	09/07/2024	1.00	1,118	
MUFG UNION BANK	08/01/2024	3.00	3,000,000	
NAZARETH LITERARY & BENEVOLENT INSTITUTION	05/18/2023	0.50	200,000	
NEW MEXICO SMALL BUSINESS INVESTMENT CORPORATION	03/27/2025	2.00	30,334	
OBLATE INTERNATIONAL PASTORAL	11/30/2025	2.50	1,000,000	
OPPORTUNITY FINANCE NETWORK	05/31/2030	3.00	3,000,000	
PRITI MODY-BAILEY	08/27/2024	1.00	1,090	
RAZA DEVELOPMENT FUND, INC.	12/28/2023	1.67	301,269	
REDMAN FOUNDATION	11/18/2022	2.00	10,000	
REED & SHERRI HURLEY	04/12/2022	2.00	10,405	
RHONDA WILEY-JONES	08/27/2023	1.00	3,138	
RICK SCHIMPF	04/30/2021	1.00	30,000	
ROBERT BOEHLERT	10/05/2022	2.00	223,735	
ROGER & TERRI VIROST	06/01/2021	1.00	20,000	
ROSE MARY FRY	08/01/2021	2.00	1,082	
SAM & LAURA DAWSON	04/06/2020	3.00	265,015	
SISTERS OF THE INCARNATE WORD AND BLESSED SACRAMENT	03/01/2023	2.00	300,000	
SOCIETY OF THE DIVINE WORD	02/26/2022	2.00	50,000	
SONGBAE LEE	03/10/2024	2.00	1,040	
STEPHANEY BOLDEN	03/17/2024	2.00	5,000	
SUSTAINABLE COMMUNITIES FUND	09/06/2025	3.50	200,000	
SUSTAINABLE COMMUNITIES FUND	09/06/2025	3.50	200,000	
TANYA SPENCER	12/22/2021	2.50	214,328	
TEXAS DEPARTMENT OF AGRICULTURE	08/31/2029	1.00	618,060 x	\$ 618,060
TEXAS WOMENS FOUNDATION	08/01/2023	2.50	75,000	
THE MICHAEL AND SUSAN DELL FOUNDATION	12/31/2025	2.00	3,500,000	
TIDES FOUNDATION	03/02/2024	0.00	100,000	
TOLLESON PRIVATE BANK	05/27/2022	2.00	50,000	
U.S. SMALL BUSINESS ADMINISTRATION	06/15/2027	0.63	1,105,415 x	1,105,415
U.S. SMALL BUSINESS ADMINISTRATION	02/01/2031	0.00	2,500,000 x	2,500,000
U.S. SMALL BUSINESS ADMINISTRATION	09/07/2026	0.00	1,496,846 x	\$ 1,496,846
UNITED WAY Foundation OF metropolitan DALLAS	07/16/2023	1.00	50,000	
WILLIAM & MARILYN MOLL	07/20/2022	1.00	10,000	
WILLIAM ELIZONDO	08/27/2022	1.00	1,057	
WOODNEXT	12/07/2031	1.00	3,500,000	
YVONNE KATZ	03/23/2023	2.00	5,000	
			<b>\$ 33,690,606</b>	

\* Collateralized by loans receivable, and bank accounts of the SBA.

**LiftFund, Inc.**Notes to Consolidated Financial Statements  
Years Ended December 31, 2021**Note F: Long-Term Debt and Equity Equivalents (continued)**

Scheduled principal payments of notes payable are as follows:

Years Ending December 31,	
2022	\$ 8,584,248
2023	2,581,211
2024	4,989,545
2025	7,155,973
2026	2,777,188
Thereafter	7,602,441
	<u>\$ 33,690,606</u>

**Equity Equivalents**

An equity equivalent is an unsecured general obligation. It is fully subordinated to the right of repayment of all other creditors. Payment of interest is required quarterly and semi-annually. Interest payments are current at December 31, 2021. Equity equivalents consist of the following loans:

<u>Name</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance 12/31/2021</u>
BANCORPSOUTH	07/31/2025	3.00	\$ 1,000,000
CIT BANK, N.A.	12/07/2026	2.00	250,000
CIT BANK, N.A.	03/16/2028	2.00	250,000
HOMETOWN BANK	07/06/2026	3.00	250,000
PNC BANK [FORMERLY BBVA]	12/31/2021	2.00	25,000
PNC BANK [FORMERLY BBVA]	03/31/2025	2.00	1,000,000
PNC BANK [FORMERLY BBVA]	03/31/2025	2.00	2,000,000
PNC BANK [FORMERLY BBVA]	03/31/2025	2.00	1,000,000
SIMMONS BANK	05/03/2026	3.00	500,000
TEXAS COMMUNITY BANK	05/01/2025	3.00	500,000
THE BANK OF SAN ANTONIO	12/31/2024	2.00	250,000
WELLS FARGO BANK	12/19/2028	2.00	1,000,000
WELLS FARGO BANK	08/25/2025	2.00	1,402,500
			<u>\$ 9,427,500</u>

**Paycheck Protection Program Loan**

In April 2020, the Organization was granted a \$1,596,163 loan under the Paycheck Protection Program (PPP) administered by a Small Business Administration (SBA) approved banking partner. The loan is uncollateralized and is fully guaranteed by the Federal government. The Organization initially recorded the loan as a refundable advance and subsequently recognized contribution revenue in accordance with guidance for conditional contributions; that is, once the measurable performance or other barrier and right of return of the PPP loan no longer existed. The loan was forgiven in full in March 2021 and the Organization has recognized \$1,596,163 as Notes Payable Forgiven in the Statement of Activities for the year ended December 31, 2021.



## LiftFund, Inc.

### Notes to Consolidated Financial Statements Years Ended December 31, 2021

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#### Note G: Net Assets

Net assets with donor restrictions at December 31, 2021 are available for the following purposes:

	<u>2021</u>	<u>2020</u>
For subsequent years' activities:		
Loan programs	\$ 225,000	\$ 225,000
Client education and technical assistance	762,288	1,022,302
Total net assets with donor restrictions	<u>\$ 987,288</u>	<u>\$ 1,247,302</u>

Net assets were released from donor restrictions by meeting the stipulations or time restrictions specified by the donors during 2021 as follows:

	<u>2021</u>	<u>2020</u>
Client education and technical assistance	\$ 260,014	\$ 1,724,833
Debt service payments	-	20,000
Goldman Sachs Bank required reserves	-	480,000
ACCION Martin Holdings, Inc. NMTC	-	757,381
	<u>\$ 260,014</u>	<u>\$ 2,982,214</u>

#### Note H: Retirement Plan

LiftFund has a defined contribution 401(k) plan covering all employees with at least three months and 390 hours of service. Employees are automatically enrolled to contribute 3% of the employee's salary unless they select a different amount or sign a waiver within 90 days of their enrollment date. Under the plan, LiftFund matches 100% of the employee's contributions up to 3% of the employee's salary, plus 50% of the employee's contributions up to the next 2% of the employee's salary. Contributions to the plan for the years ended December 31, 2021 and 2020 were **\$229,865** and \$201,010, respectively.

#### Note I: Passthrough Grants

At December 31, 2021 and 2020, LiftFund received **\$47,216,478** and \$62,263,100, respectively (\$46,892,768 was CARES/ARPA) through several cities, counties and municipalities funding through individual, business, and foundation donors, which LiftFund used to provide grants of up to \$75,000 to qualifying small businesses impacted by the COVID-19 pandemic. At December 31, 2021 and 2020, LiftFund awarded **2,156** and 2,751 grants to various small businesses throughout the communities served amounting to **\$14,001,000** and \$64,442,040 in order to help them maintain their operations during the pandemic, respectively.

## LiftFund, Inc.

### Notes to Consolidated Financial Statements Years Ended December 31, 2021

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#### Note J: Leases

LiftFund leases office space under noncancelable operating leases expiring through April of 2024. LiftFund leases copiers and computer equipment under operating leases expiring through July of 2023. Lease expense charged to operations for the year ended December 31, 2021 and 2020 was **\$185,494** and \$571,221, respectively.

Future minimum lease payments under the operating leases in excess of one year as of December 31, 2021 are as follows:

2022	\$	114,537
2023		20,030
2024		<u>6,677</u>
	\$	<u>141,244</u>

#### Note K: Loan Sale Agreements

LiftFund did not sell any guaranteed portion of 11 SBA 7(a) Community Advantage loans or any nonguaranteed small business loans on the secondary market during 2021. LiftFund did sell six small business loans totaling \$330,630 during 2021.

#### Note L: New Market Tax Credit

In 2013, LiftFund and ACCION Martin Holdings, Inc. (AMHI), as a qualified active low-income community business (QALICB), entered into a series of agreements with COCRF Investor 21, LLC, as investor and PeopleFund, as sponsor, to finance the construction of LiftFund's Martin Street headquarters under an arrangement qualifying as a New Market Tax Credit (NMTC) investment. As of December 31, 2013, LiftFund had contributed cash in the amount of \$4,454,220 to COCRF Investor 21, LLC evidenced by a promissory note. COCRF Investor 21, LLC then provided the contributed cash along with an equity investment contribution to PeopleFund, as sponsor, who in turn provided two (2) loans to AMHI. The loans, totaling \$5,978,000 were payable by AMHI to PeopleFund and were secured by a second lien on the Martin Street property and the new headquarters building. The United States Economic Development Administration holds a first lien on the Martin Street property and improvements pursuant to a grant of \$1,315,000 dated April 8, 2011.

On October 1, 2020, the NMTC investor elected to terminate the agreements after completing the compliance period. The \$4,454,220 LiftFund note receivable and \$5,978,000 AMHI note payable were written off, and the resulting net combined \$1,523,780 gain was recognized as cancellation of debt income.

#### Note M: Concentrations of Credit Risk

LiftFund provides financing to small businesses in Texas, Alabama, Arkansas, California, Florida, Georgia, Kentucky, Louisiana, Mississippi, Missouri, New Mexico, New York, Oklahoma, South Carolina, and Tennessee. The organization has been in business since 1994.

## LiftFund, Inc.

### Notes to Consolidated Financial Statements Years Ended December 31, 2021

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#### Note M: Concentrations of Credit Risk (Continued)

<u>State</u>	<u>Percentage</u>	<u>Portfolio Balance</u>
Alabama	0.80%	\$ 346,819
Arkansas	0.26%	111,426
California	1.23%	531,431
Florida	2.17%	936,320
Georgia	3.96%	1,705,704
Kentucky	0.09%	38,831
Louisiana	3.35%	1,442,390
Mississippi	0.16%	69,935
Missouri	0.04%	17,770
New Mexico	0.59%	254,748
New York	0.11%	49,037
Oklahoma	0.18%	78,487
South Carolina	0.20%	84,767
Tennessee	0.56%	239,309
Texas	86.29%	37,176,677
		<u>\$ 43,083,651</u>

Financial instruments which potentially subject the organization to a concentration of credit risk consist of its cash balances held at its financial institution. The accounts at financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. In the normal course of business, LiftFund periodically maintains cash in its operating accounts in excess of the FDIC insured amount. At December 31, 2021 and 2020, the cash balances at the institutions were in excess of the FDIC limit by **\$22,939,058** and \$32,950,045, respectively. At December 31, 2021 and 2020, the brokerage balance was in excess of the SIPC limit by **\$19,500,118**.

LiftFund receives substantial funding through grants and contracts with governmental agencies. Concentrations of credit risk with respect to grants and contracts receivable are reduced due to the limited amount of credit risk exposure from government grants and contracts.

#### Note N: Commitments and Contingencies

LiftFund's grant and contract programs are subject to inspection and audit by the appropriate governmental funding agencies. The purpose is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously funded program costs. The ultimate liability, if any, which may result from these governmental audits cannot be reasonably estimated and, accordingly, LiftFund has no provision for the possible disallowance of program costs included in its financial statements.

#### Note O: Subsequent Events

Subsequent events have been evaluated through May 20, 2022, which is the date the consolidated financial statements were available to be issued.

In April 2022, LiftFund and the City of Houston agreed to terminate an agreement for the administration of the Dream Fund Program. LiftFund returned \$1,825,000 to the City that was recorded as deferred revenue in the Statement of Financial Position at December 31, 2021.

## **Supplementary Information**

**LiftFund, Inc.**
**Consolidating Statement of Financial Position  
December 31, 2021**

	<b>LiftFund Inc.</b>	<b>Funding LLC Companies</b>	<b>Intercompany Eliminations</b>	<b>Totals</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 38,286,657	\$ 25,587	\$ -	\$ 38,312,244
Cash and cash equivalents, reserved	6,021,279	-	-	6,021,279
Investments	1,243,451	-	-	1,243,451
Receivables:				
Loan receivable, net of allowance for loan losses of \$4,773,343 in 2021	38,310,308	6,750,000	(6,750,000)	38,310,308
Grants and contributions receivable, net of allowance for doubtful accounts of \$200,000 in 2021	1,374,499	-	-	1,374,499
Program accounts receivable	1,728,179	144,502	(144,502)	1,728,179
Accrued interest receivable	248,064	-	-	248,064
Prepaid expenses and other assets	620,358	-	(142,700)	477,658
Recovered asset inventory	11,000	-	-	11,000
Property and equipment, net of accumulated depreciation of \$5,551,419 in 2021	7,940,346	-	-	7,940,346
<b>Total Assets</b>	<b>\$ 95,784,141</b>	<b>\$ 6,920,089</b>	<b>\$ (7,037,202)</b>	<b>\$ 95,667,028</b>
<b>Liabilities and Net Assets</b>				
Accounts payable	\$ 512,148	\$ 8,225	\$ (8,225)	\$ 512,148
Accrued liabilities	1,247,603	143,067	-	1,390,670
Deferred revenue	7,398,197	-	(278,977)	7,119,220
Notes payable	40,440,606	-	(6,750,000)	33,690,606
Equity equivalents	9,427,500	-	-	9,427,500
<b>Total Liabilities</b>	<b>59,026,054</b>	<b>151,292</b>	<b>(7,037,202)</b>	<b>52,140,144</b>
<b>Net Assets:</b>				
Without donor restrictions				
Unrestricted	35,770,799	-	-	35,770,799
Noncontrolling interest in LLC company	-	6,768,797	-	6,768,797
With donor restrictions	987,288	-	-	987,288
<b>Total Net Assets</b>	<b>36,758,087</b>	<b>6,768,797</b>	<b>-</b>	<b>43,526,884</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 95,784,141</b>	<b>\$ 6,920,089</b>	<b>\$ (7,037,202)</b>	<b>\$ 95,667,028</b>

See Independent Auditor's Report.

**LiftFund, Inc.**
**Consolidating Statement of Activities**  
**December 31, 2021**

	<b>LiftFund Inc.</b>			<b>Funding LLC Companies</b>			<b>Eliminations</b>	<b>Consolidated</b>		
	Without Donor Restrictions	With Donor Restrictions	Totals	Without Donor Restrictions	With Donor Restrictions	Totals		Without Donor Restriction	With Donor Restriction	Total
<b>Revenue and support</b>										
<b>Public support</b>										
Governmental support	\$ 5,697,228	\$ -	\$ 5,697,228	\$ -	\$ -	\$ -	\$ -	\$ 5,697,228	\$ -	\$ 5,697,228
Governmental passthrough grants	35,486,021	-	35,486,021	-	-	-	-	35,486,021	-	35,486,021
Grants and contributions	6,281,193	-	6,281,193	-	-	-	-	6,281,193	-	6,281,193
Notes payable forgiven	1,596,163	-	1,596,163	-	-	-	-	1,596,163	-	1,596,163
In-kind contributions	422,545	-	422,545	-	-	-	-	422,545	-	422,545
<b>Revenue</b>										
Loan interest and fees	7,320,093	-	7,320,093	162,102	-	162,102	(162,102)	7,320,093	-	7,320,093
SBA 504 revenue	2,010,964	-	2,010,964	-	-	-	-	2,010,964	-	2,010,964
Gain on sale of loans	8,316	-	8,316	-	-	-	-	8,316	-	8,316
Portfolio management services	131,845	-	131,845	-	-	-	-	131,845	-	131,845
Office space rental revenue	93,632	-	93,632	-	-	-	-	93,632	-	93,632
Interest	5,905	-	5,905	-	-	-	-	5,905	-	5,905
Miscellaneous revenue	101,726	-	101,726	-	-	-	-	101,726	-	101,726
Net assets released from restrictions	260,014	(260,014)	-	-	-	-	-	260,014	(260,014)	-
<b>Total Support and Revenues</b>	<b>59,415,645</b>	<b>(260,014)</b>	<b>59,155,631</b>	<b>162,102</b>	<b>-</b>	<b>162,102</b>	<b>(162,102)</b>	<b>59,415,645</b>	<b>(260,014)</b>	<b>59,155,631</b>
<b>Expenses</b>										
Program services										
Lending	15,486,876	-	15,486,876	143,179	-	143,179	(162,102)	15,467,953	-	15,467,953
Passthrough grants	35,486,021	-	35,486,021	-	-	-	-	35,486,021	-	35,486,021
Leasing activity	52,681	-	52,681	-	-	-	-	52,681	-	52,681
Management and general	1,395,053	-	1,395,053	-	-	-	-	1,395,053	-	1,395,053
Fundraising	1,177,203	-	1,177,203	-	-	-	-	1,177,203	-	1,177,203
<b>Total Expenses</b>	<b>53,597,834</b>	<b>-</b>	<b>53,597,834</b>	<b>143,179</b>	<b>-</b>	<b>143,179</b>	<b>(162,102)</b>	<b>53,578,911</b>	<b>-</b>	<b>53,578,911</b>
Change in net assets before noncontrolling interest in LLC companies	5,817,811	(260,014)	5,557,797	18,923	-	18,923	-	5,836,734	(260,014)	5,576,720
Change in net assets from noncontrolling interest in LLC companies	-	-	-	2,500,000	-	2,500,000	-	2,500,000	-	2,500,000
<b>Change in Net Assets</b>	<b>5,817,811</b>	<b>(260,014)</b>	<b>5,557,797</b>	<b>2,518,923</b>	<b>-</b>	<b>2,518,923</b>	<b>-</b>	<b>8,336,734</b>	<b>(260,014)</b>	<b>8,076,720</b>
<b>Net Assets at Beginning of Year</b>	<b>29,952,988</b>	<b>1,247,302</b>	<b>31,200,290</b>	<b>4,249,874</b>	<b>-</b>	<b>4,249,874</b>	<b>-</b>	<b>34,202,862</b>	<b>1,247,302</b>	<b>35,450,164</b>
<b>Net Assets at End of Year</b>	<b>\$ 35,770,799</b>	<b>\$ 987,288</b>	<b>\$ 36,758,087</b>	<b>\$ 6,768,797</b>	<b>\$ -</b>	<b>\$ 6,768,797</b>	<b>\$ -</b>	<b>\$ 42,539,596</b>	<b>\$ 987,288</b>	<b>\$ 43,526,884</b>

See Independent Auditor's Report.

**LiftFund, Inc.**
**Consolidating Statement of Functional Expenses**  
**December 31, 2021**

	<b>LiftFund Inc.</b>					<b>Funding LLC Companies</b>	<b>Eliminations</b>	<b>Consolidated Totals</b>
	<b>Program Services</b>	<b>Leasing Activity</b>	<b>Support Services</b>		<b>Totals</b>			
			<b>Management and General</b>	<b>Fundraising</b>				
<b>Personnel costs:</b>								
Salaries and wages	\$ 6,430,527	\$ -	\$ 792,054	\$ 856,191	\$ 8,078,772	\$ -	\$ -	\$ 8,078,772
Payroll taxes	459,511	-	57,574	64,088	581,173	-	-	581,173
Employee benefits	621,035	-	142,311	142,587	905,933	-	-	905,933
Total personnel costs	7,511,073	-	991,939	1,062,866	9,565,878	-	-	9,565,878
Governmental passthrough grants	35,486,021	-	-	-	35,486,021	-	-	35,486,021
Consultants	955,011	-	212,907	40,820	1,208,738	-	-	1,208,738
Interest	832,575	-	-	-	832,575	143,067	(162,102)	813,540
Telecommunications	887,083	-	2,481	9,637	899,201	-	-	899,201
Program expenses (grant funded)	882,301	-	-	-	882,301	-	-	882,301
Portfolio expenses	745,318	-	-	-	745,318	-	-	745,318
Professional fees	542,090	6,325	65,121	-	613,536	-	-	613,536
In-kind interest	422,545	-	-	-	422,545	-	-	422,545
Loan loss provision	885,775	-	-	-	885,775	-	-	885,775
Occupancy buildings	352,517	-	20,447	8,179	381,143	-	-	381,143
Dues and subscriptions	249,330	-	3,054	13,923	266,307	-	-	266,307
Insurance	161,788	-	24,283	9,713	195,784	-	-	195,784
Equipment rental and maintenance	184,314	-	843	337	185,494	-	-	185,494
Advertising	167,619	-	583	4,549	172,751	-	-	172,751
Service charges and fees	147,014	-	-	2,905	149,919	112	-	150,031
Property taxes	125,730	-	13,050	5,220	144,000	-	-	144,000
Office expenses	69,805	-	3,592	2,835	76,232	-	-	76,232
Conferences and meetings	43,094	-	13,457	929	57,480	-	-	57,480
Miscellaneous	19,806	-	520	520	20,846	-	-	20,846
Travel	8,371	-	5,850	-	14,221	-	-	14,221
Total Expenses before Depreciation	50,679,180	6,325	1,358,127	1,162,433	53,206,065	143,179	(162,102)	53,187,142
Depreciation	293,717	46,356	36,926	14,770	391,769	-	-	391,769
<b>Total Expenses</b>	<b>\$ 50,972,897</b>	<b>\$ 52,681</b>	<b>\$ 1,395,053</b>	<b>\$ 1,177,203</b>	<b>\$ 53,597,834</b>	<b>\$ 143,179</b>	<b>\$ (162,102)</b>	<b>\$ 53,578,911</b>

See Independent Auditor's Report.

# LIFTFUND, INC.

Federal Report

December 31, 2021





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**Independent Auditor's Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in  
Accordance with *Government Auditing Standards***

To the Board of Directors of  
LiftFund, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of LiftFund, Inc. (LiftFund) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 20, 2022.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered LiftFund's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of LiftFund's internal control. Accordingly, we do not express an opinion on the effectiveness of LiftFund's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether LiftFund's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Independent Auditor's Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in  
Accordance with *Government Auditing Standards* (Continued)**

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**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of LiftFund's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in dark ink, appearing to read "Schriver Carmona". The signature is fluid and cursive, with the first name "Schriver" and last name "Carmona" clearly distinguishable.

Schrivers, Carmona & Company, PLLC

San Antonio, Texas

May 20, 2022

## **Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance**

To the Board of Directors of  
LiftFund, Inc.

### **Opinion on Each Major Federal Program**

We have audited LiftFund, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of LiftFund, Inc.'s major federal programs for the year ended December 31, 2021. LiftFund, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, LiftFund, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

### **Basis for Opinion on Each Major Federal Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of LiftFund, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of LiftFund, Inc.'s compliance with the compliance requirements referred to above.

### **Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to LiftFund, Inc.'s federal programs.

### **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and to express an opinion on LiftFund, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit is conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about LiftFund, Inc.'s compliance with the requirements of each major federal program as a whole.

## **Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance (Continued)**

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In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 LiftFund, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of LiftFund, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of LiftFund, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

**Independent Auditor's Report on Compliance for  
Each Major Program and on Internal Control  
Over Compliance Required by the Uniform Guidance (Continued)**

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The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Schrive, Carmona & Company, PLLC

San Antonio, Texas

May 20, 2022

**LiftFund, Inc.**
**Schedule of Expenditures of Federal Awards  
Year Ended December 31, 2021**

<b>Federal Grantor/Pass through Grantor/Program Title</b>	<b>CFDA Number</b>	<b>Pass Through Grant ID Number</b>	<b>Federal Grant Expended During the Year</b>
<b><i>U.S. Department of Treasury</i></b>			
<u>Community Development Financial Institutions Program</u>	21.020		
CDFI- Financial Assistance		191FA052027	\$ 79,900
CDFI- Financial Assistance		201FA054390	794,500
<u>Coronavirus Relief Fund</u>	21.019		
Passed through Bexar County, Texas		N/A	933,000
Passed through the City of San Antonio, Texas		N/A	13,068,000
<b><i>Total U.S. Department of Treasury</i></b>			<b>14,875,400</b>
<b><i>U.S. Department of Commerce Economic Development Administration</i></b>			
<u>CARES Act Revolving Loan Fund</u>	11.307		
Golden Crescent and Coastal Bend RLF		08-79-05338	4,575,290
City of San Antonio RLF		08-79-05422	1,243,416
El Paso RLF		08-79-05420	1,219,594
Golden Crescent and Coastal Bend RLF		08-79-05419	130,931
South West Louisiana RLF		08-79-05421	623,991
South West New Mexico RLF		08-79-05492	45,022
<b><i>Total U.S. Department of Commerce Economic Development Administration</i></b>			<b>7,838,244</b>
<b><i>U.S. Small Business Administration</i></b>			
<u>Women's Business Ownership Assistance</u>	59.043		
Women's Business Ownership Assistance		SBAHQ18W0003	100,679
Women's Business Ownership Assistance - CARES ACT		SBAHQ20C0054	159,592
Women's Business Ownership Assistance		SBAHQ20W0048	104,459
Women's Business Ownership Assistance - CARES ACT		SBAHQ20C0108	219,393
Women's Business Ownership Assistance		SBAHQ18W0003	49,843
Women's Business Ownership Assistance		SBAHQ20W0048	37,592
<u>Veterans Outreach Program</u>	59.044		
Women Veteran Entrepreneurship Program in Texas		SBAOVWV200003-01-00	17,970
Women Veteran Entrepreneurship Program in Texas		SBAOVWV200003-02-00	36,511
<u>Community Advantage Pilot 7(a) Loan Guarantee Program</u>			
7(a) Loan Guarantees	59.012	N/A	3,125,865
<u>Microloan Program</u>	59.046	N/A	
Microloan - Loans			5,685,579
Small Business Training and Technical Assistance		SBAOCAML200022-01-00	426,163
Small Business Training and Technical Assistance		SBAOCAML210259-01-00	580,509
<b><i>Total U.S. Small Business Administration</i></b>			<b>10,544,155</b>
<b><i>Corporation for National and Community Service</i></b>			
<u>AMERICORPS</u>	94.006		
National Service Program		21NDGTX001	13,950
<b><i>Total Corporation for National and Community Service</i></b>			<b>13,950</b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 33,271,749</b>

See Notes to Schedule of Expenditures of Federal Awards.

## LiftFund, Inc.

### Notes to Schedule of Expenditures of Federal Awards December 31, 2021

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#### Note A: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of LiftFund, Inc. under programs of the federal government for the year ended December 31, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Because the Schedule presents only a selected portion of the operations of LiftFund, it is not intended, and does not, present the financial position, changes in net assets or cash flows of LiftFund. Therefore, some amounts presented in the Schedule may differ from amounts presented in the financial statements.

All of LiftFund's federal awards were in the form of cash assistance for the year ended December 31, 2021.

#### Note B: Summary of Significant Accounting Policies

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in 2 CFR Part 230, *Costs Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) LiftFund has elected to not use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

#### Note C: Loans and Loan Guarantees Outstanding

In accordance with the Uniform Guidance, §200.502 *Basis for determining Federal awards expended*, since the federal government is at risk for loans and loan guarantees awarded until the debt is repaid, the amount to be presented as expenditures of federal awards for loans and loan guarantees awarded, including those awarded and expended in prior years that have continuing compliance requirements, is:

- 1) Value of new loans or loan guarantees made or received during the audit period; plus
- 2) Beginning of the audit period balance of loans and loan guarantees from previous years for which the federal government imposes continuing compliance requirements; plus
- 3) Any interest subsidy, cash, or administrative cost allowance received.

Accordingly, LiftFund has reported loans and loan guarantees awarded in accordance with the aforementioned criteria. Amounts presented as expenditures of federal awards for loan and loan guarantee programs by federal CFDA number are as follows:

	59.012	59.046
Value of new loans made	\$ -	\$ 2,500,000
Value of new loan guarantees made	2,095,590	-
Loan balance, beginning of the year	<u>1,030,275</u>	<u>3,185,579</u>
 Total expenditures of federal awards presented for loan and loan guarantee programs	 <u>3,125,865</u>	 <u>5,685,579</u>
 Balance of loans and loan guarantees at December 31, 2021	 \$ <u>3,007,464</u>	 \$ <u>5,102,261</u>



## LiftFund, Inc.

### Notes to Schedule of Expenditures of Federal Awards December 31, 2021

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#### **Note C: Loans and Loan Guarantees Outstanding (Continued)**

During 2021, LiftFund issued 14 loans with a face value of \$2,414,000 under the U.S. Small Business Administration Community Advantage Pilot 7(a) Loan Guarantee Program (SBA CAP). Loan guarantees were provided under the SBA CAP for either 75% or 85% of the original loan balance, or \$2,095,590.

During the year ended December 31, 2021, LiftFund received no insurance, no other loans or loan guarantees, and no other federal assistance for the purpose of administering federal programs.

#### **Note D: Basis for Determining Expenditures of Federal Awards for the Economic Adjustment Assistance Program, Federal CFDA 11.307**

The 2021 Office of Management and Budget (OMB) Compliance Supplement section 4-111.300 provides a formula to determine the amount to be presented on the schedule of expenditures of federal awards for revolving loan fund (RLF) grants under federal CFDA 11.307. The formula to determine expenditures to be reported in the Schedule is as follows:

- 4) The balance of RLF loan outstanding at the end of the recipient's fiscal year, plus;
- 5) The cash and investment balance in the RLF at the end of the fiscal year, plus;
- 6) Administrative expenses paid out of the RLF during the year, plus;
- 7) The unpaid principal of all loans written off during the year; and then multiply this sum by;
- 8) The federal share of the RLF based on the federal grant rate as specified in the grant award.

Accordingly, the Organization has reported expenditures of federal awards for its Economic Adjustment Assistance funded RLF program as follows:

Balance of RLF loans outstanding at December 31, 2021	\$	4,791,463
Cash balance in RLF at December 31, 2021		2,968,697
Administrative expenses paid out of the RLF in 2021		78,084
Unpaid principal of all RLF loans written off during the year		-
Total RLF expenditures	\$	<u>7,838,244</u>

**LiftFund, Inc.****Schedule of Findings and Questioned Costs  
Year Ended December 31, 2021**

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**SECTION I - SUMMARY OF AUDITOR'S RESULTS****Financial Statements**

Type of auditor's report issued	Unmodified
Internal Control Over Financial Reporting:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weakness(es)?	None reported
Noncompliance material to the financial statements?	No

**Federal Awards**

Internal Control Over Major Programs:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weakness(es)?	None reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516?	No

## Identification of Major Programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
21.019	Coronavirus Relief Fund
59.046	Microloan Program

Dollar threshold used to distinguish between Type A and Type B programs	\$998,152
Auditee qualified as low-risk auditee?	Yes

**SECTION II - FINANCIAL STATEMENT FINDINGS**

None

**SECTION III - FEDERAL AWARD FINDINGS**

None