State of Florida Audit Reporting Package
For

NEIGHBORHOOD LENDING PARTNERS, INC.
Tampa, Florida

For the Year Ended March 31, 2024

Reports

The following reports were delivered on July 8, 2024 to Neighborhood Lending Partners, Inc.:

- Auditor General – Florida Single Audit Act – Nonprofit and For-Profit Entities Financial Reporting Package Submittal Checklist (Section 215.97, Florida Statutes)

- Combined Statements of Financial Position at March 31, 2024 and 2023 and Combined Statements of Activities, Functional Expenses and Cash Flows for the Years Then Ended

- Summary Schedule of Prior Audit Findings

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

- Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

- Schedule of Findings and Questioned Costs

- Corrective Action Plan

FLORIDA SINGLE AUDIT ACT – NONPROFIT AND FOR-PROFIT ENTITIES
FINANCIAL REPORTING PACKAGE SUBMITTAL CHECKLIST

Entity Name: Neighborhood Lending Partners, Inc.

Entity Type (Nonprofit, For-Profit): Nonprofit

Entity Address: 3615 West Spruce Street, Tampa, Florida 33607

Entity Contact Person:

Name: Debra Reyes

Title: President

Phone Number: 813-879-4525

E-mail Address: dreyes@nlp-inc.com

CPA Firm Contact Person:

Name: Stephen R. Kania

Title: Partner

Phone Number: 813-286-2424

E-mail Address: steve@hackerjohnson.com

Fiscal Year Audited: 4/1/23 - 3/31/24

Date the auditor delivered the audit report to the entity: July 8, 2024

Does the financial reporting package include the following items required by Section 10.656(3), Rules of the Auditor General:

Required for State single audits as defined by Section 215.97(2)(x), Florida Statutes, and project-specific audits as defined by Section 215.97(2)(w), Florida Statutes:

N/A — A schedule of expenditures of State financial assistance as described in Section 10.656(3)(d)1., Rules of the Auditor General? **NOTE:** The schedule of expenditures of State financial assistance, when applicable, is required to be combined with the schedule of expenditures of Federal awards.

N/A — The auditor's report on the schedule of State financial assistance as described in Section 10.656(3)(d)2., Rules of the Auditor General?

N/A — The auditor's report on compliance with requirements that could have a direct and material effect on each major State project and on internal control over compliance as described in Section 10.656(3)(d)3., Rules of the Auditor General?

Yes — A schedule of findings and questioned costs as described in Section10.656(3)(d)4., Rules of the Auditor General?

Yes — A summary schedule of prior audit findings as described in Section 10.656(3)(d)5., Rules of the Auditor General? **NOTE:** If a schedule of prior audit findings is not presented because there are no prior audit findings to be reported, this should be stated in the schedule of findings and questioned costs.

Yes A corrective action plan as described in Section 10.656(3)(d)6., Rules of the Auditor General?

N/A The management letter defined in Section 10.654(1)(e), Rules of the Auditor General, and, if applicable, a written statement of explanation or rebuttal, including corrective action to be taken, concerning the deficiencies cited in the management letter (see Section 10.656(3)(e), Rules of the Auditor General)? **NOTE:** If a management letter is not presented because there are no items related to State financial assistance required to be reported in the management letter, this should be stated in the schedule of findings and questioned costs.

Yes Are all of the elements of the financial reporting package included in a ***single document*** as required by Section 10.656(3), Rules of the Auditor General?

Yes Are ***one*** paper copy and ***one*** electronic copy of the financial reporting package being submitted as required by Section 10.657(1), Rules of the Auditor General?

Yes Is the financial reporting package being submitted within 45 days after receipt of the financial reporting package from the auditor, but no later than 9 months after the end of the fiscal year as required by Section 10.657(2), Rules of the Auditor General? **NOTE:** There is no provision in law authorizing an extension for filing the financial reporting package.

Yes Is the electronic copy named using all lower-case letters as follows? [fiscal year] [name of entity].pdf. For example, the converted document for the 2022-23 fiscal year for "Example Nonprofit" entity should be named 2023 example nonprofit.pdf.

Required only for State single audits as defined by Section 215.97(2)(x), Florida Statutes:

Yes The financial statements described in Section 10.655 (2) or (3), Rules of the Auditor General, as applicable, together with related notes to the financial statements (see Section 10.656(3)(f), Rules of the Auditor General)?

N/A Required supplementary information (RSI) such as the management's discussion and analysis, or the budgetary comparison schedule required as RSI if not presented as part of the financial statements (see Sections 10.655(3) and Section 10.656(3)(f), Rules of the Auditor General)? **NOTE:** This applies only to nonprofit organizations that are determined to be governmental entities.

Yes The auditor's report on the financial statements (see Section 10.656(3)(b), Rules of the Auditor General)?

Yes The auditor's report on compliance and internal control based on an audit of the financial statements (see Section 10.656(3)(b), Rules of the Auditor General)?

N/A If applicable, any other auditor's reports, related financial information, and auditee-prepared documents required pursuant to Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), or other applicable Federal law (see Section 10.656(3)(c), Rules of the Auditor General)?

This checklist should accompany the financial reporting package. It is suggested that you retain a copy of the checklist for your files. Do not hesitate to contact us if assistance or clarification is needed regarding reporting requirements. Our contact information is as follows:

Auditor General
Local Government Audits/251
Claude Pepper Building, Room 401
111 West Madison Street
Tallahassee, FL 32399-1450

Telephone: (850) 412-2892

E-mail Address: flaudgen_localgovt@aud.state.fl.us
Web site Address: FLAuditor.gov

Combined Statements of Financial Position at March 31, 2024 and 2023 and Combined Statements of Activities, Functional Expenses and Cash Flows for the Years Then Ended

NEIGHBORHOOD LENDING PARTNERS

Lifting Communities.

Audited Combined Financial Statements

At March 31, 2024 and 2023 and For the Years Then Ended
With Supplementary Schedules for Fiscal 2024

(Together with Independent Auditor's Report)

HACKER, JOHNSON & SMITH PA

Fort Lauderdale
Orlando
Tampa

Certified Public Accountants

Unmodified Opinion on the Combined Financial Statements and Supplementary Schedules

Independent Auditor's Report

Board of Directors
Neighborhood Lending Partners, Inc.
Tampa, Florida:

Opinion

We have audited the accompanying combined financial statements of Neighborhood Lending Partners, Inc. and Affiliates (the "Company"), which comprise the combined statements of financial position as of March 31, 2024 and 2023, and the related combined statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the combined financial statements.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the combined financial position of the Company as of March 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (Government Auditing Standards). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Combined Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a period of one year subsequent to the date of this report.

Auditor's Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined 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 combined financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined 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 combined 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 Company'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 combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control—related matters that we identified during the audit.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 8, 2024 on our consideration of the Company'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 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 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 the Company's internal control over financial reporting and compliance.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The combining statement of financial position at March 31, 2024 and combining statement of activities for the year ended March 31, 2024 are presented for purposes of additional analysis of the combined financial statements rather than to present the financial position and changes in net assets of the individual companies. Such information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the accounting and other records used to prepare the combined financial statements or to the combined 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 combined financial statements as a whole.

Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the *Title 2 U.S. Code of Federal Regulations (CFR) Part 200* Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Hacker, Johnson & Smith PA

HACKER, JOHNSON & SMITH PA
Tampa, Florida
July 8, 2024

NEIGHBORHOOD LENDING PARTNERS, INC. AND AFFILIATES

Combined Statements of Financial Position

	At March 31, 2024	2023
Assets		
Current assets:		
Cash:		
Restricted	$ 37,623,516	30,950,679
Unrestricted	3,411,463	4,287,415
Total cash	41,034,979	35,238,094
Short-term investments - money market	1,007,752	998,199
Cash and cash equivalents	42,042,731	36,236,293
Accrued interest receivable	83,238	88,876
Servicing fees receivable	67,203	52,144
Other receivables	11,080	87,978
Total current assets	42,204,252	36,465,291
Commercial loans, net of allowance for credit losses of $58,220 and $121,129 in 2024 and 2023	124,885	156,039
Mortgage loans, net of allowance for credit losses of $18,093 and $20,922 in 2024 and 2023	3,976,196	4,196,333
Mortgage loans, CDFI, net of allowance for credit losses of $15,491 and $8,742 in 2024 and 2023	3,985,386	3,173,022
Mortgage loans, HHRP	3,755,049	3,785,147
Property and equipment, net	793,805	760,501
Other assets	709,431	627,983
Total assets	$ 55,549,004	49,164,316
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	1,101,655	1,123,712
Neighborhood Stabilization Program payables	10,022,049	7,887,604
Escrow deposits	13,977,104	11,723,916
Due to Desoto County	3,004,529	3,004,529
Due to Orange County	1,883,833	-
Notes payable, current	52,079	50,231
Lines of credit	-	93,993
Current liabilities	30,041,249	23,883,985
Notes payable, net of current portion	2,562,248	1,614,483
Debenture	981,302	2,612,249
Total liabilities	33,584,799	28,110,717
Net assets:		
Without donor restrictions	7,490,940	7,276,226
With donor restrictions	14,473,265	13,777,373
Total net assets	21,964,205	21,053,599
Total liabilities and net assets	$ 55,549,004	49,164,316

See accompanying Notes to Combined Financial Statements.

NEIGHBORHOOD LENDING PARTNERS, INC. AND AFFILIATES

Combined Statement of Activities

Year Ended March 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues:			
Neighborhood Stabilization Program income	$ -	291,863	291,863
Grant revenue	209,268	806,448	1,015,716
Loan servicing fees	1,041,726	-	1,041,726
Loan facilitation fees	560,916	-	560,916
Loan prepayment fees	111,949	-	111,949
Interest income loans	447,506	-	447,506
Interest income and other	574,937	-	574,937
Net assets released from restrictions	402,419	(402,419)	-
Total revenues	3,348,721	695,892	4,044,613
Expenses:			
Program services:			
Multifamily	1,969,576	-	1,969,576
Single Family	6,302	-	6,302
Small business	(59,012)	-	(59,012)
NSP2	291,863	-	291,863
Supporting services:			
Management and general	790,278	-	790,278
Fundraising	135,000	-	135,000
Total expenses	3,134,007	-	3,134,007
Increase in net assets	214,714	695,892	910,606
Net assets at beginning of year	7,276,226	13,777,373	21,053,599
Net assets at end of year	$ 7,490,940	14,473,265	21,964,205

See accompanying Notes to Combined Financial Statements.

NEIGHBORHOOD LENDING PARTNERS, INC. AND AFFILIATES

Combined Statement of Activities

Year Ended March 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues:			
Neighborhood Stabilization Program income	$ -	131,829	131,829
Grant revenue	381,727	7,000,000	7,381,727
Loan servicing fees	878,698	-	878,698
Loan facilitation fees	1,068,280	-	1,068,280
Loan prepayment fees	252,947	-	252,947
Interest income loans	216,392	-	216,392
Interest income and other	30,611	-	30,611
Net assets released from restrictions	531,829	(531,829)	-
Total revenues	3,360,484	6,600,000	9,960,484
Expenses:			
Program services:			
Multifamily	2,165,876	-	2,165,876
Small business	(49,266)	-	(49,266)
NSP2	131,829	-	131,829
Supporting services:			
Management and general	700,619	-	700,619
Fundraising	109,167	-	109,167
Total expenses	3,058,225	-	3,058,225
Increase in net assets	302,259	6,600,000	6,902,259
Net assets at beginning of year	6,973,967	7,177,373	14,151,340
Net assets at end of year	$ 7,276,226	13,777,373	21,053,599

See accompanying Notes to Combined Financial Statements.

NEIGHBORHOOD LENDING PARTNERS, INC. AND AFFILIATES

Combined Statement of Functional Expenses

Year Ended March 31, 2024

	Program Activities					Supporting Activities			
	Multi Family	Single Family	Small Business	NSP2	Total Program	Management and General	Fundraising	Total Supporting	Total
Salaries and employee benefits	$ 1,414,701	-	-	-	1,414,701	367,816	135,000	502,816	1,917,517
Professional fees	121,331	-	-	-	121,331	13,481	-	13,481	134,812
Rental and maintenance	59,534	-	-	-	59,534	6,615	-	6,615	66,149
Office	117,248	-	-	-	117,248	13,028	-	13,028	130,276
Depreciation	30,800	-	-	-	30,800	3,422	-	3,422	34,222
Credit loss expense (income)	4,320	-	(63,309)	-	(58,989)	-	-	-	(58,989)
Interest expense	-	-	-	-	-	137,633	-	137,633	137,633
Travel	110,796	-	-	-	110,796	12,311	-	12,311	123,107
Other	110,846	6,302	4,297	291,863	413,308	235,972	-	235,972	649,280
Total expenses	$ 1,969,576	6,302	(59,012)	291,863	2,208,729	790,278	135,000	925,278	3,134,007

See accompanying Notes to Combined Financial Statements.

NEIGHBORHOOD LENDING PARTNERS, INC. AND AFFILIATES

Combined Statement of Functional Expenses

Year Ended March 31, 2023

	Program Activities				Supporting Activities			
	Multi Family	Small Business	NSP2	Total Program	Management and General	Fundraising	Total Supporting	Total
Salaries and employee benefits	$ 1,188,883	3,791	-	1,192,674	423,377	109,167	532,544	1,725,218
Professional fees	149,547	-	-	149,547	28,485	-	28,485	178,032
Rental and maintenance	123,830	-	-	123,830	23,587	-	23,587	147,417
Office	91,368	-	-	91,368	17,403	-	17,403	108,771
Depreciation	23,171	-	-	23,171	4,414	-	4,414	27,585
Provision (credit) for loan losses	21,224	(62,370)	-	(41,146)	-	-	-	(41,146)
Interest expense	-	9,313	-	9,313	70,080	-	70,080	79,393
Travel	102,082	-	-	102,082	19,444	-	19,444	121,526
Other	465,771	-	131,829	597,600	113,829	-	113,829	711,429
Total expenses	$ 2,165,876	(49,266)	131,829	2,248,439	700,619	109,167	809,786	3,058,225

See accompanying Notes to Combined Financial Statements.

NEIGHBORHOOD LENDING PARTNERS, INC. AND AFFILIATES

Combined Statements of Cash Flows

	Year Ended March 31, 2024	Year Ended March 31, 2023
Cash flows from operating activities:		
Increase in net assets	$ 910,606	6,902,259
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	34,222	27,585
Credit loss income	(58,989)	(41,146)
Amortization of deferred loan fees and costs, net	(1,685)	(4,136)
Decrease (increase) in accrued interest receivable	5,638	(13,712)
Increase in servicing fees receivable	(15,059)	(4,729)
Decrease (increase) in other receivables	76,898	(41,590)
Increase in Neighborhood Stabilization Program payables	2,134,445	697,518
Increase in other assets	(81,448)	(29,115)
(Decrease) increase in accounts payable and accrued expenses	(22,057)	349,205
Increase in escrow deposits	2,253,188	1,904,357
Net cash provided by operating activities	5,235,759	9,746,496
Cash flows from investing activities:		
Net commercial loan repayments	95,389	134,204
Net mortgage loan repayments (originations)	218,766	(3,266,855)
Net mortgage loan originations - CDFI	(814,554)	(1,175,752)
Net mortgage loan repayments - HHRP	30,098	780,741
Purchase of property and equipment	(67,526)	(9,080)
Net cash used in investing activities	(537,827)	(3,536,742)
Cash flows from financing activities:		
Proceeds of loans from Orange County	1,883,833	-
(Repayment) proceeds from debenture	(1,630,947)	2,612,249
Proceeds from notes payable	1,000,000	750,000
Repayment of notes payable	(50,387)	(48,523)
Decrease in lines of credit	(93,993)	(9,082)
Net cash provided by financing activities	1,108,506	3,304,644
Net increase in cash and cash equivalents	5,806,438	9,514,398
Cash and cash equivalents at beginning of year	36,236,293	26,721,895
Cash and cash equivalents at end of year	$ 42,042,731	36,236,293
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 121,685	79,393

See accompanying Notes to Combined Financial Statements.

(1) Organization and Summary of Significant Accounting Policies

Organization. Neighborhood Lending Partners, Inc. ("NLP") is a private not-for-profit organization established to arrange for financing and provide technical assistance to facilitate the development of affordable housing, and to otherwise support community development and redevelopment needs. NLP lessened the burden of government jurisdictions by working with public agencies to achieve maximum leverage of public and private dollars and provide technical assistance to project sponsors. NLP is the parent affiliated company for Neighborhood Lending Partners of Florida, Inc. ("NLPF") and Neighborhood Lending Partners of Georgia, Inc. ("NLPG"). NLPF conducts its operations in nineteen counties located in the West Florida area, four South Florida counties, and in forty-four North Florida counties. NLPG's primary market is Georgia.

The only activity of NLP is the operations of its affiliates. NLP, NLPF and NLPG are combined due to common control.

Funding has been received under grants from the Community Development Financial Institutions Fund ("CDFI"), State Housing Initiatives Partnership ("SHIP") funds and Hurricane Housing Recovery Program ("HHRP") funds from local jurisdictions in which NLPF operates. These funds are used to provide second or third mortgage loans in housing developments that provide for low-income families and residents and for residents with "special housing needs."

Subsequent Events. Management has evaluated events occurring subsequent to the balance sheet date through July 8, 2024 (the financial statement issuance date), determining no events require additional disclosure in these combined financial statements except as follows.

Adoption of New Accounting Standards. The Company adopted Accounting Standards Updated 2016-13, *Financial Instruments – Credit Losses* (Topic 326): Measurement of Credit Losses on Financial Instruments, and the related amendments (collectively, Accounting Standards Codification 326), effective April 1, 2023. The guidance replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss ("CECL") methodology. The measurement of expected credit losses under the CECL methodology is applicable to loans.

The Company adopted ASC 326 using the modified retrospective method. Results for reporting periods beginning after April 1, 2023 are presented under ASC 326 while prior period amounts continue to be reported in accordance with previously applicable GAAP. The adoption of CECL had no impact on the combined financial statements on the adoption date. With this transition method, the Company did not have to restate comparative prior periods presented in the combined financial statements related to ASC 326 but will present comparative prior periods disclosures using the previous accounting guidance for the allowance for loan losses.

(continued)

(1) Organization and Summary of Significant Accounting Policies, Continued

Basis of Presentation. The accompanying combined financial statements include NLP, NLPF and NLPG (collectively the "Company"). All significant intercompany accounts and transactions have been eliminated.

The accounting and reporting policies of the Company conform to accounting principles generally accepted in the United States of America ("GAAP"). The following summarizes the more significant of these policies and practices.

Estimates. The preparation of combined financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the allowance for credit losses.

Financial Statement Presentation. The Company is required to report information regarding its financial position and activities according to two classes of net assets:

Net Assets Without Donor Restrictions. Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Company.

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 the actions of the Company or by the passage of time.

Restricted Cash. At March 31, 2024, restricted cash represented $4,277,890 of principal, interest and risk-free payments received from borrowers and held on behalf of the local jurisdictions under the CDFI and SHIP programs. In addition, $6,219,839 was restricted for future loan programs. Also, restricted cash included $17,049,464 of escrow payments received from borrowers. Restricted cash related to the Neighborhood Stabilization Program was $10,022,049. At March 31, 2024, restricted cash includes $54,274 on deposit as a requirement of certain revolving lines of credit.

At March 31, 2023, restricted cash represented $4,386,736 of principal, interest and risk-free payments received from borrowers and held on behalf of the local jurisdictions under the CDFI and SHIP programs. In addition, $6,672,022 was restricted for future loan programs. Also, restricted cash included $11,694,184 of escrow payments received from borrowers. Restricted cash related to the Neighborhood Stabilization Program was $7,887,612. At March 31, 2023, restricted cash includes $310,125 on deposit as a requirement of certain revolving lines of credit.

(continued)

(1) Organization and Summary of Significant Accounting Policies, Continued

Revenue Recognition. All revenues are recognized in accordance with Accounting Standards Codification ASC 606, Revenue from Contracts with Customers ("ASC 606"). Revenue is recognized when: (i) a contract with a customer has been identified, (ii) the performance obligation(s) in the contract have been identified, (iii) the transaction price has been determined, (iv) the transaction price has been allocated to each performance obligation in the contract, and (v) the Company has satisfied the applicable performance obligation over time or at a point in time. Substantially all of the Company's revenue is derived from financial assets which are outside the scope of ASC 606 except for loan facilitation fees which are recognized at loan closing which is the point in time when the performance obligation is satisfied.

Grants. Grants received are recognized as revenue in the period received at their fair values. The Company also distinguishes between grants received with donor restrictions and without donor restrictions. The expiration of donor-imposed restrictions is recognized in the period in which the restrictions expire. When the grant restriction expires, that is, when the stipulated time restriction ends and the purpose of the restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the combined statement of activities as net assets released from restrictions. The grants received from counties and cities in connection with the CDFI program will always be classified as net assets with donor restrictions. CDFI program funds are required to be used primarily for affordable housing and economic development.

Cash and Cash Equivalents. Cash and cash equivalents consist of cash on deposit and money market funds in financial institutions with original maturities of less than three months.

Loans. Loans that management has the intent and ability to hold for the foreseeable future or until maturity or pay-off are reported at their outstanding principal adjusted for any charge-offs, the allowance for loan losses, and any deferred fees or costs on originated loans.

Loan origination fees are deferred, and certain direct origination costs are capitalized and recognized as an adjustment of the yield of the related loan. Commitment fees are deferred and amortized over the commitment and loan term using the level yield method. If the commitment expires unexercised, the unamortized fee is recognized in revenue.

The accrual of interest on loans is discontinued at the time the loan is ninety days delinquent unless the loan is well collateralized and in process of collection. In all cases, loans are placed on nonaccrual or charged-off at an earlier date if collection of principal or interest is considered doubtful.

Allowance for Credit Losses ("ACL").

ACL - Loans. The ACL reflects management's estimate of losses that will result from the inability of our borrowers to make required loan payments. The Company records loans charged-off against the ACL when management believes the uncollectability of a loan balance is confirmed and subsequent recoveries, if any, increase the ACL when they are recognized.

(continued)

(1) Organization and Summary of Significant Accounting Policies, Continued

Allowance for Credit Losses ("ACL"), Continued.

ACL – Loans, Continued. Management uses systematic methodologies to determine its ACL for loans. The ACL is a valuation account that is deducted from the amortized cost basis to present the net amount expected to be collected on the loan portfolio. Management estimates the ACL 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 the expected credit losses. Adjustments to historical loss information are made for the differences in current loan-specific risk characteristics such as differences in underwriting standards, portfolio mix, delinquency level, or term as well as changes in environmental conditions, such as changes in unemployment rates, property values, or other relevant factors.

The Company's estimate of its ACL involves a high degree of judgment; therefore, management's process for determining expected credit losses may result in a range of expected credit losses. The Company's ACL recorded in the combined statements of financial position reflects management's best estimate within the range of expected credit losses. The Company recognizes in the combined statements of activities the amount needed to adjust the ACL for management's current estimate of expected credit losses. The Company's ACL is calculated using collectively evaluated and individually evaluated loans.

The ACL is measured on a collective pool basis when similar risk characteristics exist. Loans with similar risk characteristics are grouped into homogenous segments for analysis.

The ACL for each segment is measured through the use of an incurred loss rate method which relies on the performance of an entire segment of the loan portfolio to best represent the performance of these segments over time. The estimated loss rate is applied to the amortized cost of an asset or pool of assets. The annual loss rate consists of historical and forecasted loss components. The forecasted component is applied using loss rates from historical periods.

Included in its systematic methodology to determine its ACL, management considers the need to qualitatively adjust model results for risk factors that are not considered within the Company's loss estimation process but are nonetheless relevant in assessing the expected credit losses within our loan pools.

These qualitative factors ("Q-Factors") may increase or decrease management's estimate of expected credit losses by a calculated percentage based upon the estimated level of risk. The various risks that may be considered in making Q-Factor adjustments include, among other things, the impact of 1) changes in lending policies and procedures, including changes in underwriting standards; 2) changes in economic conditions; 3) changes in the volume and severity of past due and nonaccrual status; 4) the effect of any concentrations of credit and changes in the levels of such concentrations; 5) changes in the experience, depth, and ability of lending management; 6) changes in nature and volume of the portfolio; 7) trends in underlying collateral values; 8) changes in the quality of the loan review system and 9) the effect of other external factors (i.e., competition, legal and regulatory requirements) on the level of estimated credit losses.

(continued)

(1) Organization and Summary of Significant Accounting Policies, Continued

Allowance for Credit Losses ("ACL"), Continued.

ACL – Loans, Continued. The annual loss rates, as defined above, adjusted for Q-Factors, are applied to the amortized loan balances over each subsequent period and aggregated to arrive at the General ACL. The amortized loan balances are adjusted based on management's estimate of loan repayments in future periods.

When a loan no longer shares similar risk characteristics with its segment, the asset is assessed to determine whether it should be included in another segment or should be individually evaluated. The Company has adopted the collateral maintenance practical expedient to measure the ACL based on the fair value of collateral. Collateral dependent loans are loans for which the repayment is expected to be provided substantially through the operation or sale of the collateral and the borrower is experiencing financial difficulty. These loans do not share common risk characteristics and are not included within the collectively evaluated loans for determining ACL. A Specific ACL is calculated on an individual loan basis based on the shortfall between the fair value of the loan's collateral, which is adjusted for selling costs, and amortized cost. If the fair value of the collateral exceeds the amortized cost, no allowance is required. Financial assets that have been individually evaluated can be returned to a pool for purposes of estimating the expected credit loss to the extent as their credit profile improves and that the repayment terms were not considered to be unique to the asset.

Management measures expected credit losses over the contractual term of a loan. The contractual term excludes expected extensions, renewals, and modifications unless either of the following applies:

- Management has a reasonable expectation at the reporting date that a loan modification will be executed with an individual borrower.
- The extension or renewal options are included in the original or modified contract at the reporting date and are not unconditionally cancellable by the Company.

The Company follows its nonaccrual policy by reversing contractual interest income in the combined statements of activities when the Company places a loan on nonaccrual status. Therefore, management excludes the accrued interest receivable balance from the amortized cost basis in measuring expected credit losses on the portfolio and does not record an ACL on accrued interest receivable. As of March 31, 2024, the accrued interest receivable for loans recorded in accrued interest receivable was $83,238.

(continued)

(1) Organization and Summary of Significant Accounting Policies, Continued

Transfer of Financial Assets. Transfers of financial assets or a participating interest in an entire financial asset are accounted for as sales, when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from the Company, (2) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and (3) the Company does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity. A participating interest is a portion of an entire financial asset that (1) conveys proportionate ownership rights with equal priority to each participating interest holder (2) involves no recourse (other than standard representations and warranties) to, or subordination by, any participating interest holder, and (3) does not entitle any participating interest holder to receive cash before any other participating interest holder.

Property and Equipment. Land is carried at cost. Building, furniture, fixtures and equipment are recorded at cost and depreciated using the straight-line method over the estimated useful lives of the respective assets. The Company capitalizes property and equipment additions in excess of $1,500.

Loan Servicing Fees. Loan servicing fees totaled $1,041,726 and $878,698 for the years ended March 31, 2024 and 2023, respectively. The servicing portfolio totaled approximately $136,684,092 and $120,055,000 at March 31, 2024 and 2023, respectively. Loans serviced for other entities are not included in the accompanying combined statements of financial position.

Loan Facilitation Fees. Loan facilitation fees totaled $560,916 and $1,068,280 for the years ended March 31, 2024 and 2023, respectively on loans originated by the Company. Loan facilitation fees are recognized at loan closing which is the period in time when the performance obligation is satisfied.

Functional Expenses. The costs of providing program services and supporting activities have been summarized on a functional basis in the combined statements of activities. Accordingly, certain costs have been allocated among program services and supporting services. Such allocations are determined by management based on an equitable basis. Salaries and employee benefits are allocated on the basis of employee time records. Other expenses are assigned to specific activities as expenditures are made.

Fair Value Measurements. Fair value is 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 fair value hierarchy requires the Company to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The hierarchy describes three levels of inputs that may be used to measure fair value:

Level 1: Observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities.

(continued)

(1) Organization and Summary of Significant Accounting Policies, Continued

Fair Value Measurements, Continued.

Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities that are not active; and model-driven valuations whose inputs are observable or whose significant value drivers are observable. Valuations may be obtained from, or corroborated by, third-party pricing services.

Level 3: Unobservable inputs to measure fair value of assets and liabilities for which there is little, if any market activity at the measurement date, using reasonable inputs and assumptions based upon the best information at the time, to the extent that inputs are available without undue cost and effort.

The following describes valuation methodologies used for assets measured at fair value-

Collateral Dependent Loans. Estimates of fair value are determined based on a variety of information, including the use of available appraisals, estimates of market value by licensed appraisers or local real estate brokers and the knowledge and experience of the Company's management related to values of properties in the Company's market areas. Management takes into consideration the type, location and occupancy of the property as well as current economic conditions in the area the property is located in assessing estimates of fair value. Accordingly, fair value estimates for collateral dependent loans are classified as Level 3.

(2) Loans and the Allowance for Credit Losses

The Company's loan portfolio has two portfolio segments: commercial real estate and commercial. Commercial real estate loans consist of loans to finance real estate purchases, refinancing, expansions and improvements to commercial properties. These loans are secured by liens on the properties located within the market area. The Company's underwriting analysis includes credit verification, independent appraisals, a review of the borrower's financial condition, and a detailed analysis of the borrower's underlying cash flows. The repayment of these loans largely depends on the results of operations and management of these properties. Adverse economic conditions also affect the repayment ability on commercial real estate loans.

Commercial business loans consist of loans to small- and medium-sized companies in the Company's market area. Commercial loans are generally used for working capital purposes or for acquiring equipment, inventory or furniture. Primarily all of the Company's commercial loans are secured loans. The Company's underwriting analysis consists of a review of the financial statements of the borrower, the lending history of the borrower, the debt service capabilities of the borrower, the projected cash flows of the business, the value of the collateral, if any, and whether the loan is guaranteed by the principals of the borrower. Commercial loans are typically made on the basis of the borrower's ability to make repayment from the cash flow of the borrower's business, which makes them of higher risk than real estate loans and the collateral securing these loans may be difficult to appraise and may fluctuate in value based on the success of the business. The Company seeks to minimize these risks through their underwriting standards. Certain commercial loans are also made under the SBA Community Advantage Program.

(continued)

(2) Loans and the Allowance for Credit Losses, Continued

The Company categorizes loans into risk categories based on relevant information about the ability of borrowers to service their debt such as: current financial information, historical payment experience, credit documentation, public information, and current economic trends, among other factors. The Company analyzes loans individually by classifying the loans as to credit risk. This analysis is performed on at least an annual basis. The Company uses the following definitions for risk ratings:

Pass – A Pass loan's primary source of loan repayment is satisfactory, with secondary sources very likely to be realized if necessary.

Special Mention – A Special Mention loan has potential weaknesses that deserve management's close attention. If left uncorrected, these potential weaknesses may result in the deterioration of the repayment prospects for the asset or the Company's credit position at some future date. Special Mention loans are not adversely classified and do not expose a company to sufficient risk to warrant adverse classification.

Substandard – A Substandard loan is inadequately protected by the current sound worth and paying capacity of the obligor or of the collateral pledged, if any. Loans so classified must have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the Company will sustain some loss if the deficiencies are not corrected.

Doubtful – A loan classified Doubtful has all the weaknesses inherent in one classified Substandard with the added characteristics that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions, and values, highly questionable and improbable.

Loss – A loan classified Loss is considered uncollectible and of such little value that continuance as a bankable asset is not warranted. This classification does not mean that the asset has absolutely no recovery or salvage value, but rather it is not practical or desirable to defer writing off this basically worthless asset even though partial recovery may be affected in the future.

Loans are summarized as follows:

	At March 31,	
	2024	**2023**
Commercial real estate	$ 11,775,577	11,210,813
Commercial	183,105	277,569
	11,958,682	11,488,382
Less:		
Allowance for credit losses	(91,804)	(150,793)
Deferred loan fees, net	(25,362)	(27,048)
Total	$ 11,841,516	11,310,541

(continued)

(2) Loans and the Allowance for Credit Losses, Continued

The following summarizes the loan credit quality:

	At March 31, 2024	At March 31, 2023
Credit Risk Profile by Internally Assigned Grade:		
Grade:		
Pass	$ 11,767,943	11,210,813
Substandard	182,534	200,187
Doubtful	8,205	77,382
Total	$ 11,958,682	11,488,382

A summary of the activity in the allowance for credit losses is as follows:

	Commercial Real Estate	Commercial	Total
Year Ended March 31, 2024:			
Beginning balance	$ 29,264	121,529	150,793
Credit loss expense (income)	4,320	(63,309)	(58,989)
Recoveries	-	-	-
Ending balance (1) (2)	$ 33,584	58,220	91,804
Year Ended March 31, 2023:			
Beginning balance	22,601	126,851	149,452
Credit loss expense (income)	21,224	(62,370)	(41,146)
Recoveries	(14,561)	57,048	42,487
Ending balance (1) (2)	$ 29,264	121,529	150,793

(1) Includes the allowance for credit losses for mortgage loans and mortgage loans, CDFI (See Note 10).

(2) Includes the allowance for credit losses for loans originated under the SBA Community Advantage Program ("SBA"). As a Community Advantage Lender, the Company is required to maintain minimum reserves equal to 5% of the unguaranteed portion of their portfolio plus an additional 3% of the guaranteed portion of each loan sold. As of March 31, 2024, the Company maintained $35,678 in reserves based on an unguaranteed portion of $35,678 or 100%. As of March 31, 2024, the Company also maintained reserves of $4,206 based on 3% of the guaranteed portion of loans sold in the secondary market. As of March 31, 2023, the Company maintained $49,260 in reserves based on an unguaranteed portion of $49,260 or 100%. As of March 31, 2023, the Company also maintained reserves of $14,859 based on 3% of the guaranteed portion of loans sold in the secondary market. As required by the SBA, the Company maintains these reserves in a loan loss reserve deposit account.

(continued)

(2) Loans and the Allowance for Credit Losses, Continued

At March 31, 2024 and 2023, all loans were current except for one and two nonaccrual and collateral dependent loans with an outstanding balance of $8,205 and $77,382 and $4,103 and $57,410 of specific reserves, respectively. The average investment in impaired loans was $28,992 and $113,077 during the years ended March 31, 2024 and 2023, respectively. During the year ended March 31, 2024, no interest income was recognized and received with respect to collateral dependent loans. During the year ended March 31, 2023, $3,075 of interest income was recognized and received with respect to collateral dependent loans.

(3) Property and Equipment, Net

Property and equipment consists of the following:

	At March 31,	
	2024	2023
Land	$ 153,032	153,032
Building	1,076,511	1,076,511
Furniture and fixtures	214,436	146,110
Equipment	60,322	67,197
Total, at cost	1,504,301	1,442,850
Less accumulated depreciation	(710,496)	(682,349)
Property and equipment, net	$ 793,805	760,501

(4) Lines of Credit

The company has a $1 million uncollateralized revolving line of credit with a bank bearing interest equal to prime minus 1%. There were no amounts outstanding at March 31, 2024 and 2023. The line of credit matures on October 31, 2024.

The Company had a $1 million revolving line of credit with a bank bearing interest equal to the lender's prime rate minus .5%. As of March 31, 2023, the balance outstanding was $99,993. The note matured on April 28, 2023 and was repaid.

(5) Notes Payable and Debenture

The Company has a note payable outstanding with a member bank for the funding of their main office building. At March 31, 2024 and 2023, the balance of this note payable was $364,327 and $414,714, respectively. The note is payable in monthly principal and interest payments totaling $5,360 through August 4, 2030 at which time the unpaid balance is due. The note payable bears interest at a fixed rate of 3.5% and is collateralized by a building with a net book value of $569,062 at March 31, 2024.

The Company entered into a $500,000 uncollateralized term loan with the Opportunity Finance Network on June 17, 2022 which is due June 17, 2032. Principal due in three annual installments beginning June 17, 2030. Interest is due quarterly at 3%. The balance outstanding at March 31, 2024 and 2023 was $500,000.

(continued)

(5) Notes Payable and Debenture, Continued

The Company entered into a $250,000 uncollateralized term loan with Healthcare Georgia Foundation, Inc. in December 2022. Interest is due quarterly at 2.75%. The maturity date of the loan is January 1, 2028. The balance outstanding at March 31, 2024 and 2023 was $250,000.

The Company entered into an equity equivalent investment agreement with Wells Fargo for $500,000 in order to assist in the extension of loans in support of low to moderate-income households and financially underserved geographic markets, more specifically the financing of affordable housing, community revitalization and 504 SBA loans in the geographic markets of Florida. The note is payable in quarterly interest payments at 2% through March 2024 at which time the loan is payable in eight quarterly installments of $62,500, plus interest beginning July 15, 2024. The balance outstanding at March 31, 2024 and 2023 was $500,000. In addition, the balance outstanding of loans funded through the note totaled $373,365 and $375,940 at March 31, 2024 and 2023, respectively.

The Company entered into an equity equivalent investment agreement with First Citizens Bank for $1,000,000 in order to make investments which promote the public welfare in the Company's targeted neighborhoods. The note is payable in annual interest payments at 2% through November 2028 at which point the entire principal is due, unless extended. The note has two extension options. The balance outstanding at March 31, 2024 was $1 million. As of March 31, 2024, no loans have been funded through the note.

On December 5, 2022, the Company received proceeds from an unsecured 4.9% debenture. Interest is payable quarterly through the maturity date of December 5, 2029. The balance outstanding at March 31, 2024 and 2023 was $981,302 and $2,612,249, respectively.

The estimated future principal commitments at March 31, 2024 on the notes payable and debenture are as follows:

Year Ending March 31,	Amount
2025	$ 52,079
2026	53,957
2027	55,993
2028	307,905
2029	1,040,320
Thereafter	2,085,375
	$ 3,595,629

(continued)

(6) Due to Desoto and Orange Counties

Due to Desoto county represents HHRP funds received from Desoto county which are available to fund qualifying loans in Desoto county subject to approval of the county and in accordance with CDFI guidelines. Such funds are required to be returned to Desoto county upon request.

Due to Orange county consists of funds from various municipal programs within the county that are being used to fund both multifamily and single-family development projects. Such funds are required to be returned to Orange county upon request.

(7) Related Party Transactions and Concentrations of Credit Risk

The Company had $42,042,731 and $36,236,293 on deposit with member banks in general operating accounts, payroll accounts, escrow accounts and short-term investment accounts as of March 31, 2024 and 2023, respectively.

(8) Tax Status

The Company, based on its Internal Revenue Service determination letter, dated November 13, 1997, is a publicly supported organization exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, the accompanying combined financial statements do not include any provision for income taxes.

The Company is required to recognize the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination. Any interest and penalties recognized associated with a tax position would be accrued in the Company's combined financial statements. Currently, the tax years ended March 31, 2023, 2022 and 2021 are open and subject to examination by the Internal Revenue Service and the Florida Department of Revenue. However, the Company is not currently under audit nor has the Company been contacted by any of these jurisdictions. Based on the evaluation of the Company's tax positions, management believes all positions taken would be upheld under an examination. Therefore, no provision for the effects of uncertain tax positions has been recorded for the years ended March 31, 2024 or 2023.

(9) Retirement Plan

The Company has a profit-sharing plan established in accordance with the provisions of Section 401(k) of the Internal Revenue Code. The profit-sharing plan is available to all employees electing to participate after meeting certain length of service requirements. The Company contributed $41,953 and $34,745 to the plan during the years ended March 31, 2024 and 2023, respectively.

(10) Community Development Financial Institutions Program

In fiscal years 2003, 2002 and 1997, the Company was awarded grants, subject to certain conditions, in the amounts of $1,067,000, $2,000,000 and $2,500,000, respectively, from the CDFI which were matched with grants from certain local jurisdictions in which operations are conducted (Hernando, Hillsborough, Pasco, Pinellas, Sarasota and Polk Counties and the Cities of St. Petersburg and Sarasota). The matching funds were provided from the local allocations from the State of Florida's SHIP Funds. All funds, except for those received from the City of St. Petersburg 1997 grant agreement, are used as a revolving loan fund to provide second or third mortgage loans that are needed to meet gap financing requirements in housing developments for low-income families and residents and for "special needs" housing.

(continued)

(10) Community Development Financial Institutions Program, Continued

During fiscal 2023 the Company was awarded a $7,000,000 grant under the CDFI Capital Magnet Fund. All funds are to be used to develop, rehabilitate, preserve and purchase affordable housing for low-income families. During the year ended March 31, 2024, the Company received $806,448 from the CDFI Economic Recovery Program for the purpose of assisting lower or moderate-income communities and borrowers, in declining minorities, that have significant unmet capital or financial service needs, and were disproportionately impacted by the COVID-19 pandemic.

Mortgage loans, CDFI, are as follows:

	At March 31, 2024	At March 31, 2023
Mortgage loans	$ 4,026,239	3,208,811
Less:		
Allowance for credit losses	(15,491)	(8,742)
Unamortized loan fees and costs, net	(25,362)	(27,047)
	$ 3,985,386	3,173,022

(11) Net Assets With Donor Restrictions

Net assets with donor restrictions are as follows:

Name	At March 31, 2024	At March 31, 2023
CDFI - 1997	$ -	-
Matching funds:		
Polk County	10,800	10,800
Pasco County	585,971	696,527
Hillsborough County	1,315,135	1,315,135
Pinellas County	50,000	50,000
Total	1,961,906	2,072,462
CDFI – 2002	-	-
Matching funds:		
Hillsborough County	769,100	769,100
City and County of Sarasota	792,275	792,275
Polk County	503,651	503,651
Total	2,065,026	2,065,026
CDFI – 2003	-	-
Matching funds-		
Hernando County	200,000	200,000
CDFI – 2021 Rapid Response Program	550,000	550,000

(continued)

(11) Net Assets With Donor Restrictions, Continued

Name	At March 31, 2024	2023
CDFI – 2022 Capital Magnets Program	$ 7,000,000	7,000,000
CDFI – Economic Recovery Program	806,448	-
CDFI grants	$ 12,583,380	11,887,488
Polk county – HHRP	1,889,885	1,889,885
Total net assets with donor restrictions	$ 14,473,265	13,777,373

The matching funds received from the Counties and the City and County of Sarasota are classified as grants and will be maintained as revolving lines to be used for future lending under the program. All principal payments received from borrowers will be retained by the Company and used to fund subsequent loans in the respective counties or cities. All such subsequent loans will require approval of the specific County or City and must be in accordance with the provisions of the CDFI guidelines. Due to the requirement that the Counties and City approve all subsequent loans under these grants, such grants will be recorded as net assets with donor restrictions. The Company retains 50% of all interest collected, a portion of which is to be used for future loan programs and a portion to cover administration costs. The remaining agreements with Counties excluding Hernando County were also modified to allow the Company's portion to be used entirely for administrative costs. The remaining 50% is remitted to the Counties and Cities.

At March 31, 2024 and 2023, principal and interest payments received from borrowers and interest earned but not yet collected from borrowers that is due to local jurisdictions is included in accounts payable and accrued expenses.

The amounts received under the Hurricane Housing Recovery Program ("HHRP") program are classified as grants and will be maintained as revolving lines to be used for future lending under the program. All such subsequent loans will require approval of the specific County and must be in accordance with the provisions of the HHRP guidelines. Due to the requirement that the Counties approve all subsequent loans under these grants, such grants are recorded as net assets with donor restrictions. The Company retains 50% of all interest collected, a portion of which is to be used for future loan programs and a portion to cover administration costs. The remaining 50% is remitted to the Counties. All of the County agreements were modified to allow the Company's portion to be used entirely for administrative costs.

During the year ended March 31, 2022, the Company received $750,000 from the CDFI Rapid Response Program for the purpose of supporting, preparing for and responding to the economic impact of the novel coronavirus in distressed and underserved communities.

During the year ended March 31, 2024, the Company received $806,448 from the CDFI Economic Recovery Program for the purpose of assisting lower or moderate-income communities and borrowers, in declining minorities, that have significant unmet capital or financial services needs, and were disproportionately impacted by the COVID-19 pandemic.

(continued)

(11) Net Assets With Donor Restrictions, Continued

During the year ended March 31, 2024, net assets released from restrictions totaling $110,556 were returned to Pasco County and $291,863 were subject to expenditure for a specific purpose.

During the year ended March 31, 2023, net assets released from restrictions totaling $400,000 were returned to Hillsborough County and $131,829 were subject to expenditure for a specific purpose.

(12) Neighborhood Stabilization Program 2 ("NSP2")

On February 11, 2010, the Company was awarded a grant, subject to certain conditions, in the amount of $50,000,000 from the Department of Housing and Urban Development ("HUD") under NSP 2. The Company was the lead applicant of a consortium consisting of Pasco County, Florida, Pinellas County, Florida and the Housing Finance Authority of Pinellas County. The Company has entered into agreements with the members of the consortium in accordance with the NSP 2 requirements to determine funding arrangements and allocations. The Company administered the funds and oversaw the NSP 2 activities as defined by the grant. The purpose of NSP 2 was to assist in the redevelopment and rehabilitation of abandoned and foreclosed properties. The NSP 2 grant called for expenditures of 50% of the total initial allocation within two years of the HUD award date and expenditures of 100% of the total initial allocation within three years of the HUD award date. The Company complied with these requirements. The grant had a term of five years which ended in fiscal 2016. Program income earned subsequent to the grant period was $291,863 and $131,829 during the years ended March 31, 2024 and 2023, respectively.

(13) Liquidity

The Company's financial assets available within one year for general expenditures are as follows:

	At March 31,	
	2024	**2023**
Cash - unrestricted	$ 3,411,463	4,287,415
Short-term investments-money market	1,007,752	998,199
Accrued interest receivable	83,238	88,876
Servicing fees receivable	67,203	52,144
Other receivables	11,080	87,978
	$ 4,580,736	5,514,612

The Company's financial assets have been reduced by amounts not available for general use because of donor imposed restrictions within one year. The Company is required to obtain approval from the board of directors prior to expending short-term investments-money market funds.

The Company's liquidity management policy provides for structuring financial assets to be available as its general expenditures, liabilities and other obligations come due.

NEIGHBORHOOD LENDING PARTNERS, INC. AND AFFILIATES

Combining Statement of Financial Position

At March 31, 2024

			NLP of Florida, Inc.				
	NLP	NLPG	NSP	NLP of Florida, Inc.	Total NLP of Florida, Inc.	Eliminations	Combined
Assets							
Cash:							
Restricted	$ 10,497	-	10,022,049	27,590,970	37,613,019	-	37,623,516
Unrestricted	-	-	-	3,411,463	3,411,463	-	3,411,463
Total cash	10,497	-	10,022,049	31,002,433	41,024,482	-	41,034,979
Short-term investments-money market	-	-	-	1,007,752	1,007,752	-	1,007,752
Cash and cash equivalents	10,497	-	10,022,049	32,010,185	42,032,234	-	42,042,731
Accrued interest receivable	-	-	-	83,238	83,238	-	83,238
Servicing fees receivable	-	-	-	67,203	67,203	-	67,203
Other receivables	-	-	-	957,579	957,579	(946,499)[b]	11,080
Total current assets	10,497	-	10,022,049	33,118,205	43,140,254	(946,499)	42,204,252
Commercial loans, net	-	-	-	124,885	124,885	-	124,885
Mortgage loans, net	-	577,954	-	3,398,242	3,398,242	-	3,976,196
Mortgage loans, CDFI, net	-	-	-	3,985,386	3,985,386	-	3,985,386
Mortgage loans, HHRP	-	-	-	3,755,049	3,755,049	-	3,755,049
Property and equipment, net	793,805	-	-	-	-	-	793,805
Investment in affiliates	21,801,130	-	-	-	-	(21,801,130)[a]	-
Other assets	648,448	757	-	60,226	60,226	-	709,431
Total assets	$ 23,253,880	578,711	10,022,049	44,441,993	54,464,042	(22,747,629)	55,549,004
Liabilities and Net Assets							
Liabilities:							
Accounts payable and accrued expenses	925,348	683,418	-	439,388	439,388	(946,499)[b]	1,101,655
Neighborhood Stabilization Program payables	-	-	10,022,049	-	10,022,049	-	10,022,049
Escrow deposits	-	-	-	13,977,104	13,977,104	-	13,977,104
Due to Desoto County	-	-	-	3,004,529	3,004,529	-	3,004,529
Due to Orange County	-	-	-	1,883,833	1,883,833	-	1,883,833
Note payable, current	52,079	-	-	-	-	-	52,079
Lines of credit	-	-	-	-	-	-	-
Total current liabilities	977,427	683,418	10,022,049	19,304,854	29,326,903	(946,499)[b]	30,041,249
Note payable, net of current portion	312,248	-	-	2,250,000	2,250,000	-	2,562,248
Debenture	-	-	-	981,302	981,302	-	981,302
Total labilities	1,289,675	683,418	10,022,049	22,536,156	32,558,205	(946,499)	33,584,799
Net assets:							
Without donor restrictions	7,490,940	(104,707)	-	7,432,571	7,432,571	(7,327,864)[a]	7,490,940
With donor restrictions	14,473,265	-	-	14,473,266	14,473,266	(14,473,266)[b]	14,473,265
Total net assets	21,964,205	(104,707)	-	21,905,837	21,905,837	(21,801,130)[a]	21,964,205
Total liabilities and net assets	$ 23,253,880	578,711	10,022,049	44,441,993	54,464,042	(22,747,629)	55,549,004

[a] to eliminate investment in affiliates
[b] to eliminate intercompany receivables and payables

NEIGHBORHOOD LENDING PARTNERS, INC. AND AFFILIATES

Combining Statement of Activities

For the Year Ending March 31, 2024

	NLP	NLPG	NLP of Florida, Inc. NSP	NLP of Florida, Inc.	Total NLP of Florida, Inc.	Eliminations	Combined
Revenues:							
Neighborhood Stabilization Program income	$ -	-	291,863	-	291,863	-	291,863
Grant revenue		35,000	-	980,716	980,716	-	1,015,716
Loan servicing fees	-	27,000	-	1,014,726	1,014,726	-	1,041,726
Loan facilitation fees	-	-	-	560,916	560,916	-	560,916
Loan prepayment fees	-	-	-	111,949	111,949	-	111,949
Interest income loans	-	-	-	447,506	447,506	-	447,506
Interest income and other	910,606	-	-	574,937	574,937	(910,606)[c]	574,937
Total revenues	910,606	62,000	291,863	3,690,750	3,982,613	(910,606)[c]	4,044,613
Expenses:							
Program services:							
Multifamily	-	115,110	-	1,854,466	1,854,466	-	1,969,576
Single family	-	-	-	6,302	6,302	-	6,302
Small business	-	-	-	(59,012)	(59,012)	-	(59,012)
NSP2	-	-	291,863	-	291,863	-	291,863
Supporting services:							
Management and general	-	-	-	790,278	790,278	-	790,278
Fundraising	-	-	-	135,000	135,000	-	135,000
Total expenses	-	115,110	291,863	2,727,034	3,018,897	-	3,134,007
Increase (decrease) in net assets	910,606	(53,110)	-	963,716	963,716	(910,606)[a]	910,606
Net assets at beginning of year	21,053,599	(51,597)	-	20,942,121	20,942,121	(20,890,524)[b]	21,053,599
Net assets at end of year	$ 21,964,205	(104,707)	-	21,905,837	21,905,837	(21,801,130)	21,964,205

(a) to eliminate decrease in net assets of affiliates
(b) to eliminate fund balance of affiliates
(c) to eliminate intercompany revenue and expenses

NEIGHBORHOOD LENDING PARTNERS, INC. AND AFFILIATES

Schedule of Expenditures of Federal Awards

Year Ended March 31, 2024

Grantor/Pass-Through/Program Title	Contract or Grant Number	Federal CFDA Number	Grant Period	Federal Expenditures
Federal awards:				
U.S. Department of Treasury passed through the Community Development Financial Institutions Fund-				
Capital Magnet Program	211CM058774	21.011	9/15/22 to 9/15/27	$ 742,176
Rapid Response Program	21RRP0566583	21.024	6/15/21 to 3/31/24	140,873
Equity Recovery Program	22ERP060895	21.033	4/10/23 to 3/31/29	-
Total expenditures of federal awards				$ 883,049

See notes to schedule of expenditures of federal awards.

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Neighborhood Lending Partners, Inc. (the "Organization") under programs of the federal government for the year ended March 31, 2024. 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 the Organization, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Organization.

(2) Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers (contract or grant number) are presented where available.

(3) Indirect Costs

Indirect costs are not allocated under the terms of the federal award. Therefore, the 10% de minimis indirect cost rate allowed under the Uniform Guidance is not applicable.

(4) Capital Magnet Program

At March 31, 2024, there were three loans outstanding for $1,687,176.

(5) Rapid Response Program

At March 31, 2024, there were two loans outstanding for $550,000.

Summary Schedule of Prior Audit Findings

HACKER, JOHNSON & SMITH PA

Fort Lauderdale
Orlando
Tampa

Certified Public Accountants

Summary Schedule of Prior Audit Findings

July 8, 2024

There were no prior audit findings or questioned costs relative to Federal awards identified in the audit of Neighborhood Lending Partners, Inc. for the year ended March 31, 2023.

500 North Westshore Boulevard, Post Office Box 20368, Tampa, Florida 33622-0368, (813) 286-2424
A Registered Public Accounting Firm

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

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

The Board of Directors
Neighborhood Lending Partners, Inc.
Tampa, Florida:

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 Sates, the combined financial statements of Neighborhood Lending Partners, Inc. and Affiliates (the "Company"),which comprise the combined statement of financial position as of March 31, 2024, and the related combined statements of activities, functional expenses and cash flows for the year then ended and the related notes to the combined financial statements, and have issued our report thereon dated July 8, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the combined financial statements, we considered the Company'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 combined financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company'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 misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Company's combined financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention of those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be material weakness 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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Company's combined financial statements are free of 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 financial statements. 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*.

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 the Company'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 Company's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hacker, Johnson & Smith PA

HACKER, JOHNSON & SMITH PA
Tampa, Florida
July 8, 2024

Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditor's Report

Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Board of Directors
Neighborhood Lending Partners, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Neighborhood Lending Partners, Inc.'s (the "Company") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Company's major federal program for the year ended March 31, 2024. The Company's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Company complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended March 31, 2024.

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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 the Company and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Company'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 the Company's federal program.

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 express an opinion on the Company'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 conducted in accordance with GAAS, *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 for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the 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 the Company's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 the Company'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 the Company'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 the Company'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 a 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.

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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the Company as of and for the year ended March 31, 2024, and have issued our report thereon dated July 8, 2024, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Hacker, Johnson & Smith PA

HACKER, JOHNSON & SMITH PA
Tampa, Florida
July 8, 2024

Schedule of Findings and Questioned Costs

Neighborhood Lending Partners, Inc.

Schedule of Findings and Questioned Costs

For the Year Ended March 31, 2024

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:		Unmodified
Internal control over financial reporting:		
X	Material weaknesses identified?	____yes__X__ no
X	Significant deficiency(s) identified?	____ yes __X__ none reported
Noncompliance material to financial statements noted?		____ yes __X__ no

Federal Awards

Internal control over major program:		
X	Material weaknesses identified?	____ yes __X__ no
X	Significant deficiency(s) identified?	____ yes __X__ no
Type of auditors' report issued on compliance for major program:		Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?		_____ yes__X__ no

Identification of major program:

CFDA Number	*Name of Federal Program*
21.020	Community Development Financial Program

Dollar threshold used to distinguish between type A and type B programs:	$750,000
Auditee qualified as low-risk auditee?	__X__ yes___ no ___

Section II – Financial Statement Findings

No matters were reported.

Section III – Federal and Questioned Costs for Federal Awards

No matters were reported.

If you have any questions, please call Steve Kania at (813) 282-7228.

Very truly yours,

HACKER, JOHNSON & SMITH PA

Steve Kania

Stephen R. Kania

SRK/yed

Corrective Action Plan

NEIGHBORHOOD LENDING
PARTNERS

Lifting Communities.

Corrective Action Plan

July 8, 2024

No corrective action plan is necessary because the auditors' did not identify any audit findings in connection with the audit of Neighborhood Lending Partners, Inc. for the year ended March 31, 2024.

Neighborhood Lending Partners, Inc. • 3615 West Spruce Street • Tampa, Florida 33607

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