

ACCESSITY
FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023



Leaf & Cole, LLP
Certified Public Accountants

**ACCESSITY
FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

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Leaf & Cole, LLP
Certified Public Accountants
A Partnership of Professional Corporations

Independent Auditor's Report

To the Board of Directors
Accessity

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Accessity (a nonprofit organization), which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Accessity as of December 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.

Basis for Opinion

We conducted our audits in accordance with 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Accessity 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 Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government 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.

In performing an audit in accordance with generally accepted auditing standards 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 financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Accessity'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 Accessity'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 audits.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 2, 2025, on our consideration of Accessity'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 Accessity'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 Accessity's internal control over financial reporting and compliance.

Leaf & Cole LLP

San Diego, California
June 2, 2025

ACCESSITY
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2024 AND 2023

ASSETS		
	<u>2024</u>	<u>2023</u>
<u>Current Assets:</u> (Notes 2, 4, 5, 6, 7 and 12)		
Cash and cash equivalents	\$ 3,156,631	\$ 4,037,426
Receivables, net:		
Grants	49,321	47,586
Contributions	800	7,488
Other	844,482	530,594
Employee retention tax credit	437,444	437,444
Loan interest and fees	152,013	144,126
Current portion of loans receivable, net	5,641,300	5,980,820
Deposits and prepaid expenses	81,293	68,359
Total Current Assets	<u>10,363,284</u>	<u>11,253,843</u>
<u>Noncurrent Assets:</u> (Notes 2, 7, 8, 12 and 13)		
Loans receivable, net	12,918,515	10,907,637
Loan loss reserve	29,720	32,942
Property and equipment, net	12,017	28,072
Right-of-use assets - operating lease, net	207,373	114,832
Total Noncurrent Assets	<u>13,167,625</u>	<u>11,083,483</u>
TOTAL ASSETS	<u><u>\$ 23,530,909</u></u>	<u><u>\$ 22,337,326</u></u>
LIABILITIES AND NET ASSETS		
<u>Current Liabilities:</u> (Notes 2, 9, 10, 13 and 15)		
Accounts payable and accrued expenses	\$ 972,806	\$ 972,013
Deferred revenue	123,554	1,765,754
Current portion of operating lease liabilities	98,695	108,898
Current portion of notes payable	1,468,575	817,855
Total Current Liabilities	<u>2,663,630</u>	<u>3,664,520</u>
<u>Noncurrent Liabilities:</u> (Notes 2, 10, 13 and 15)		
Long-term portion of operating lease liabilities	108,724	10,668
Long-term portion of notes payable	1,000,000	2,047,039
Total Noncurrent Liabilities	<u>1,108,724</u>	<u>2,057,707</u>
Total Liabilities	<u>3,772,354</u>	<u>5,722,227</u>
<u>Commitments and Contingencies</u> (Notes 12 and 14)		
<u>Net Assets:</u> (Notes 2 and 11)		
Without donor restrictions	18,650,544	15,837,938
With donor restrictions	1,108,011	777,161
Total Net Assets	<u>19,758,555</u>	<u>16,615,099</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 23,530,909</u></u>	<u><u>\$ 22,337,326</u></u>

The accompanying notes are an integral part of the financial statements.

ACCESSITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
<u>Revenue and Support:</u>			
Federal awards	\$ -	\$ 3,629,668	\$ 3,629,668
Grants and contributions	730,890	1,613,423	2,344,313
Loan interest and fees	2,331,665	-	2,331,665
Investment income	80,103	-	80,103
In-kind contributions	76,748	-	76,748
Debts forgiven	2,597	-	2,597
Gain on lease termination	1,546	-	1,546
Net assets released from restrictions	4,912,241	(4,912,241)	-
Total Revenue and Support	<u>8,135,790</u>	<u>330,850</u>	<u>8,466,640</u>
<u>Expenses:</u>			
Program Services	<u>4,621,029</u>	<u>-</u>	<u>4,621,029</u>
Supporting Services:			
Management and general	680,478	-	680,478
Fundraising	21,677	-	21,677
Total Supporting Services	<u>702,155</u>	<u>-</u>	<u>702,155</u>
Total Expenses	<u>5,323,184</u>	<u>-</u>	<u>5,323,184</u>
Change in Net Assets	2,812,606	330,850	3,143,456
Net Assets at Beginning of Year	<u>15,837,938</u>	<u>777,161</u>	<u>16,615,099</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 18,650,544</u></u>	<u><u>\$ 1,108,011</u></u>	<u><u>\$ 19,758,555</u></u>

The accompanying notes are an integral part of the financial statements.

ACCESSITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>Revenue and Support:</u>			
Grants and contributions	\$ 1,072,652	\$ 1,314,568	\$ 2,387,220
Loan interest and fees	1,968,342	-	1,968,342
Federal awards	110,702	1,178,883	1,289,585
Government grant - Employee Retention Tax Credit	437,444	-	437,444
In-kind contributions	81,372	-	81,372
Investment income	75,813	-	75,813
Net assets released from restrictions	<u>2,240,742</u>	<u>(2,240,742)</u>	<u>-</u>
Total Revenue and Support	<u>5,987,067</u>	<u>252,709</u>	<u>6,239,776</u>
<u>Expenses:</u>			
Program Services	<u>4,472,329</u>	<u>-</u>	<u>4,472,329</u>
Supporting Services:			
Management and general	409,052	-	409,052
Fundraising	<u>27,140</u>	<u>-</u>	<u>27,140</u>
Total Supporting Services	<u>436,192</u>	<u>-</u>	<u>436,192</u>
Total Expenses	<u>4,908,521</u>	<u>-</u>	<u>4,908,521</u>
Change in Net Assets	1,078,546	252,709	1,331,255
Net Assets at Beginning of Year	<u>14,759,392</u>	<u>524,452</u>	<u>15,283,844</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 15,837,938</u></u>	<u><u>\$ 777,161</u></u>	<u><u>\$ 16,615,099</u></u>

The accompanying notes are an integral part of the financial statements.

ACCESSITY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024

		Supporting Services			
	Program	Management		Total	
	<u>Services</u>	<u>and General</u>	<u>Fundraising</u>	<u>Supporting</u>	<u>Total</u>
				<u>Services</u>	
<u>Salaries and Related Expenses:</u>					
Staff salaries	\$ 2,819,619	\$ 190,294	\$ 15,429	\$ 205,723	\$ 3,025,342
Payroll taxes and employee benefits	<u>554,359</u>	<u>37,413</u>	<u>3,034</u>	<u>40,447</u>	<u>594,806</u>
Total Salaries and Related Expenses	<u>3,373,978</u>	<u>227,707</u>	<u>18,463</u>	<u>246,170</u>	<u>3,620,148</u>
<u>Nonsalary Related Expenses:</u>					
Accounting, legal and professional	-	254,185	-	254,185	254,185
Bank fees	44,071	2,974	242	3,216	47,287
Dues and subscriptions	6,963	470	38	508	7,471
Insurance	35,408	2,390	193	2,583	37,991
Interest expense	78,156	-	-	-	78,156
Lease expense	109,406	7,384	598	7,982	117,388
Lending expense	410,696	-	-	-	410,696
Meetings and conferences	7,266	490	40	530	7,796
Mileage, parking and transport	17,285	1,167	94	1,261	18,546
Miscellaneous expenses	12,559	848	68	916	13,475
Occupancy	11,348	766	62	828	12,176
Postage and shipping	3,701	250	20	270	3,971
Provision for credit losses	170,549	-	-	-	170,549
Public relations and marketing	-	158,924	-	158,924	158,924
Small equipment	11,514	777	63	840	12,354
Software expense	232,001	15,658	1,269	16,927	248,928
Supplies	2,325	157	13	170	2,495
Taxes and licenses	1,629	110	9	119	1,748
Telephone	36,651	2,474	200	2,674	39,325
Training	8,960	605	49	654	9,614
Travel, meals and accommodations	<u>30,273</u>	<u>2,043</u>	<u>166</u>	<u>2,209</u>	<u>32,482</u>
Total Nonsalary Related Expenses	<u>1,230,761</u>	<u>451,672</u>	<u>3,124</u>	<u>454,796</u>	<u>1,685,557</u>
Total Expenses Before Depreciation	<u>4,604,739</u>	<u>679,379</u>	<u>21,587</u>	<u>700,966</u>	<u>5,305,705</u>
Depreciation	<u>16,290</u>	<u>1,099</u>	<u>90</u>	<u>1,189</u>	<u>17,479</u>
TOTAL EXPENSES	<u>\$ 4,621,029</u>	<u>\$ 680,478</u>	<u>\$ 21,677</u>	<u>\$ 702,155</u>	<u>\$ 5,323,184</u>

The accompanying notes are an integral part of the financial statements.

ACCESSITY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

		Supporting Services			
	Program	Management		Total	
	<u>Services</u>	<u>and General</u>	<u>Fundraising</u>	<u>Supporting</u>	<u>Total</u>
				<u>Services</u>	
<u>Salaries and Related Expenses:</u>					
Staff salaries	\$ 2,749,111	\$ 207,806	\$ 20,245	\$ 228,051	\$ 2,977,162
Payroll taxes and employee benefits	488,863	36,953	3,600	40,553	529,416
Total Salaries and Related Expenses	<u>3,237,974</u>	<u>244,759</u>	<u>23,845</u>	<u>268,604</u>	<u>3,506,578</u>
<u>Nonsalary Related Expenses:</u>					
Accounting, legal and professional	-	130,473	-	130,473	130,473
Bank fees	29,087	2,199	214	2,413	31,500
Dues and subscriptions	9,726	735	72	807	10,533
Insurance	33,408	2,525	246	2,771	36,179
Interest expense	66,246	-	-	-	66,246
Lease expense	104,017	7,863	766	8,629	112,646
Lending expense	432,960	-	-	-	432,960
Meetings and conferences	4,402	333	32	365	4,767
Mileage, parking and transport	13,459	1,017	99	1,116	14,575
Miscellaneous expenses	9,637	728	71	799	10,436
Occupancy	13,211	999	97	1,096	14,307
Postage and shipping	4,980	376	37	413	5,393
Provision for credit losses	153,205	-	-	-	153,205
Public relations and marketing	134,521	-	-	-	134,521
Small equipment	10,140	766	75	841	10,981
Software expense	120,926	9,141	890	10,031	130,957
Supplies	1,611	122	12	134	1,745
Taxes and licenses	1,309	99	10	109	1,418
Telephone	37,083	2,803	273	3,076	40,159
Training	10,558	798	78	876	11,434
Travel, meals and accommodations	31,854	2,408	234	2,642	34,496
Total Nonsalary Related Expenses	<u>1,222,340</u>	<u>163,385</u>	<u>3,206</u>	<u>166,591</u>	<u>1,388,931</u>
Total Expenses Before Depreciation	<u>4,460,314</u>	<u>408,144</u>	<u>27,051</u>	<u>435,195</u>	<u>4,895,509</u>
Depreciation	<u>12,015</u>	<u>908</u>	<u>89</u>	<u>997</u>	<u>13,012</u>
TOTAL EXPENSES	<u><u>\$ 4,472,329</u></u>	<u><u>\$ 409,052</u></u>	<u><u>\$ 27,140</u></u>	<u><u>\$ 436,192</u></u>	<u><u>\$ 4,908,521</u></u>

The accompanying notes are an integral part of the financial statements.

ACCESSITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
<u>Cash Flows From Operating Activities:</u>		
Change in net assets	\$ 3,143,456	\$ 1,331,255
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Provision for credit losses	170,549	153,205
Amortization of right-of-use assets under operating leases	103,192	103,257
Depreciation	17,479	13,012
Debts forgiven	(2,597)	-
Gain on lease termination	(1,546)	-
(Increase) Decrease in:		
Grants receivable	(1,735)	3,038
Contributions receivable	6,688	106,726
Other receivables	(313,888)	(404,800)
Employee retention tax credit receivable	-	(437,444)
Loan interest and fees receivable	(7,887)	(41,611)
Deposits and prepaid expenses	(12,934)	(2,380)
Right-of-use assets - operating lease, net	(194,187)	-
Increase (Decrease) in:		
Accounts payable and accrued expenses	793	380,069
Deferred revenue	(1,642,200)	1,485,657
Operating lease liabilities	87,853	(104,697)
Net Cash Provided by Operating Activities	<u>1,353,036</u>	<u>2,585,287</u>
<u>Cash Flows From Investing Activities:</u>		
Funding of loans receivable	(10,165,427)	(11,091,312)
Repayment and sales of loans receivable	8,384,554	8,281,028
(Decrease) Increase in loan loss reserve funded by lender, net	(61,034)	27,338
Purchase of property and equipment	(1,424)	(23,838)
Net Cash Used in Investing Activities	<u>(1,843,331)</u>	<u>(2,806,784)</u>
<u>Cash Flows From Financing Activities:</u>		
Proceeds from notes payable	500,000	-
Payments on notes payable	(893,722)	(1,160,352)
Net Cash Used in Financing Activities	<u>(393,722)</u>	<u>(1,160,352)</u>
Net Decrease in Cash and Restricted Cash and Cash Equivalents	(884,017)	(1,381,849)
Cash and Restricted Cash and Cash Equivalents at Beginning of Year	<u>4,070,368</u>	<u>5,452,217</u>
CASH AND RESTRICTED CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 3,186,351</u></u>	<u><u>\$ 4,070,368</u></u>

(Continued)

ACCESSITY
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
<u>Supplemental Disclosure of Cash Flow Information:</u>		
Cash paid for interest:		
Operating lease liabilities	\$ 2,553	\$ 2,094
Other	30,361	25,000
Total cash paid for interest	<u>\$ 32,914</u>	<u>\$ 27,094</u>
 Cash paid for amounts included in the measurement of operating lease liabilities:		
Operating cash outflows from operating lease	<u>\$ 25,529</u>	<u>\$ 106,792</u>
 Noncash in-kind contribution of goods and services	<u>\$ 76,748</u>	<u>\$ 81,372</u>
 Noncash operating lease transaction at lease commencement:		
Right-of-use assets - operating lease	\$ 229,197	\$ -
Operating lease liability	(229,197)	-
Noncash operating lease transaction at lease commencement, net	<u>\$ -</u>	<u>\$ -</u>
 <u>Cash and Restricted Cash and Cash Equivalents:</u>		
Cash and cash equivalents	\$ 3,156,631	\$ 4,037,426
Loan loss reserve	29,720	32,942
Total Cash and Restricted Cash and Cash Equivalents	<u>\$ 3,186,351</u>	<u>\$ 4,070,368</u>

The accompanying notes are an integral part of the financial statements.

ACCESSITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Note 1 - Organization:

Accessity (the “Organization”) is a not-for-profit corporation, incorporated in the State of California on May 31, 1994, and was organized for the primary purpose of creating economic opportunity for low-to-moderate income business owners who lack access to traditional sources of credit in San Diego County, California. The Organization has since expanded service to include Imperial, Los Angeles, Orange, Riverside and San Bernardino Counties in California.

Through business loans of \$300 to \$150,000 and support services, the Organization’s mission is to open doors of financial opportunity to those historically with less access to capital and business support: entrepreneurs of color, women, immigrant, and low-to-moderate income entrepreneurs, so they can build a prosperous business and livelihood for themselves and their families, while also strengthening our communities. The Organization is primarily funded by contributions from banks, foundations, corporations, government entities, and individuals. The Organization also earns interest and fees on its loan portfolio.

Note 2 - Significant Accounting Policies:

Accounting Method

The financial statements of the Organization have been prepared on the accrual basis of accounting which is in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and accordingly, reflect all significant receivables, payables, and other liabilities.

Financial Statement Presentation

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes thereon are classified and reported as follows:

- Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- Net Assets With Donor Restrictions - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires—that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

ACCESSITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Note 2 - Significant Accounting Policies: (Continued)

Risks and Uncertainties

The Organization may invest in various types of investment securities which are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the statements of financial position.

Fair Value Measurements

Fair value accounting standards define fair value, establish a framework for measuring fair value, outline a fair value hierarchy based on inputs used to measure fair value and enhance disclosure requirements for fair value measurements. The fair value hierarchy distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Level 1 or 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy). The Organization had no financial instruments measured at fair value at December 31, 2024 and 2023.

Allowance for Credit Losses

Accessity recognizes an allowance for credit losses on loan receivables to present the net amount expected to be collected as of the statements of financial position date. Such allowance is based on the credit losses expected to arise over the life of the asset which is based on the expectation as of the statements of financial position date, aging reports and historical information. Loans receivable are written off when Accessity determines such receivables are deemed uncollectible. Write-offs are recognized as a deduction from the allowance for credit losses. The allowance for credit losses for loan receivable totaled \$489,263 and \$420,615 at December 31, 2024 and 2023, respectively.

Allowances for Uncollectible Contributions Receivable

Bad debts are recognized on the allowance method, based on historical experience and management's evaluation of contributions receivable. Management believes that all contributions receivable were fully collectible; therefore, no provision for uncollectible contributions receivable was recorded at December 31, 2024 and 2023.

Loans Receivable

Loans receivable are recorded at unpaid principal balances net of cumulative charge-offs, unamortized deferred loan fees and capitalized direct lending cost less allowance for credit losses and loss reserve. Interest on loans may range from 1.00% to 18.99% and is recognized as income based on the daily principal amount outstanding. A loan is considered delinquent when a payment is not made on or before the scheduled due date and is placed on nonaccrual status after 90 days. There were 41 and 13 loans on nonaccrual status at December 31, 2024 and 2023, respectively. When interest accrual is discontinued, all unpaid accrued interest is reversed. Interest income is subsequently recognized only to the extent cash payments are received.

ACCESSITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Note 2 - Significant Accounting Policies: (Continued)

Loans Receivable (Continued)

The Organization uses a disciplined process and methodology to estimate the allowance for credit losses. The Organization establishes allowances for pooled loan segments sharing similar risk characteristics such as, loan type, collateral type, credit or risk ratings, etc. Management estimates the allowance needed for each portfolio industry segment, including loans analyzed individually and loans with similar risk factors analyzed on a pooled basis. The Organization's portfolio industry segments include Contractor, Food, Professional, Retail, Service, and Trucking. The Organization's portfolio segments include loans of between \$300 and up to \$150,000 with original maturities of one to eight years

Substantially all of the Organization's borrowers are unable to obtain credit through a traditional banking relationship. The aging of the receivables is the primary credit quality indicator. Loans that are past due inherently have a greater risk of default than loans that are current.

For each pooled segment, net losses are modeled using historical experience and quantitative and other mathematical techniques, such as the probability of default, over the loss emergence period. This evaluation is inherently subjective, as it requires estimates that are susceptible to significant revision as more information becomes available regarding changes in economic conditions, borrower behavior, and collateral value, among other influences. From time to time, events or economic factors may affect the loan portfolio, causing management to provide additional amounts to or release amounts from the allowance for credit losses.

The Organization uses an internally developed Weighted Average Remaining Maturity (WARM) analysis model in determining the allowance for credit losses. Management must use judgment in establishing input metrics for the modeling processes. The models and assumptions are reviewed to ensure that their theoretical foundation, assumptions, data integrity, computational processes, reporting practices and end-user controls are appropriate and properly documented. Management monitors differences between estimated and actual incurred credit losses. This monitoring process includes periodic assessment by senior management of portfolio segments and the models used to estimate incurred losses in those segments.

Additions and subtractions to the allowance for credit losses are made by an expense or credit to the provision for credit losses. Loans are charged against the allowance for credit losses when management believes that the collectability of the principal is unlikely. Loan losses are charged against the allowance when a loan is delinquent more than 180 days, or management believes there is confirmation that a loan balance is not collectible. Subsequent recoveries are credited to the allowance for credit losses.

The allowance for credit losses is increased by charges to income and decreased by charge-offs, net of recoveries. Credit losses are charged against the allowance (charge-offs) when management believes the uncollectibility of a loan balance is confirmed. Repossessed collateral is reported at net realizable value on or soon after acquisition based on an evaluation completed on the collateral. Management's periodic evaluation of the adequacy of the allowance is based on the Organization's past and current loan-loss experience, known and inherent risks in the portfolio, adverse situations that may affect the borrower's ability to repay and current economic conditions.

All interest accrued but not collected for loans that are placed on nonaccrual or charge-off status is reversed against interest income. The interest on these loans is accounted for on the cash-basis or cost-recovery method, until qualifying for return to current accrual status. Loans are returned to accrual status when all principal and interest payment amounts contractually due are brought current and future payments are reasonably assured.

ACCESSITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Note 2 - Significant Accounting Policies: (Continued)

Loans Receivable (Continued)

Loans that have been modified and economic concessions that have been granted to borrowers who have experienced financial difficulties are considered a troubled debt restructuring (TDR). These concessions typically would result from the Organization's loss mitigation activities and may include suspension of interest, payment extensions, forgiveness of principal, forbearance, and other actions. Specifically, loans are considered TDR's when, in order to stay current on loan payments, a borrower has needed one payment extension of longer than three months duration, or two payment extensions of three months duration in the life of the loan. If these clients perform pursuant to the modified terms, the loans may be placed back on accrual status, but they will still be reported as TDR's. After a loan is restructured once, it may not be modified again. Total TDR's outstanding were \$24,337 and \$167,894 at December 31, 2024 and 2023, respectively. The specific valuation allowance for these TDR's has been calculated based on the reserve factor as calculated by management in the evaluation of the allowance for loan losses.

When the Organization modifies loans in a TDR, it evaluates any possible impairment similar to other impaired loans based on the present value of expected future cash flows, discounted at the contractual interest rate of the original loan agreement. If the Organization determines that the value of the modified loan is less than the recorded investment in the loan (net of previous charge-offs, deferred loan fees or costs and unamortized premium or discount), impairment is recognized through an allowance estimate or a charge-off to the allowance. In periods subsequent to modification, the Organization evaluates TDR's, including those that have payment defaults, for possible impairment and recognizes impairment through the allowance.

In situations where, for economic or legal reasons related to a borrowers' financial difficulties, the Organization grants a concession for other than an insignificant period of time to the borrower that the Organization would not otherwise consider, the related loan is classified as a loan modification. These modified terms may include rate reductions, principal or accrued interest forgiveness, payment forbearance, and other actions intended to minimize economic loss and to avoid foreclosure or repossession of the collateral. There were no significant modifications as of December 31, 2024 and 2023, respectively.

Loan Loss Reserve

The Organization participates in a program to establish a cash reserve to be used to cover loan losses for enrolled loans. Deposits to the reserve are received from the Organization and the State of California. The portion of deposits received from the State of California are refundable to California Capital Access Program (CalCAP) if the program is terminated and excess deposits remain in the reserve account. The Organization has recorded a loan loss reserve equal to the portion non-refundable to the State of California. The loan loss reserve totaled \$29,720 and \$32,942 at December 31, 2024 and 2023, respectively.

Capitalized Direct Lending Cost

The Organization capitalizes direct loan origination costs such as salaries and benefits related to underwriting, legal and appraisal fees, and credit checks as part of the loan balance. These costs are amortized over the life of the loan using the effective interest method. If a loan is prepaid, derecognized, or impaired, unamortized costs are recognized in earnings or included in the carrying amount as applicable. Capitalized direct lending cost totaled \$44,692 and \$-0- at December 31, 2024 and 2023, respectively.

ACCESSITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Note 2 - Significant Accounting Policies: (Continued)

Deferred Loan Origination Fees

The Organization prepares an annual assessment of its origination fee income and the cost associated with the originated loans including direct lending fees to evaluate whether the capitalization and amortization of these fees are material to the financial statements. The net amount of unamortized loan origination and direct lending fees, are reported as part of the loans receivable balance. Unamortized loan origination and direct lending fees totaled \$246,010 and \$174,746 at December 31, 2024 and 2023, respectively.

Capitalization and Depreciation

The Organization capitalizes all expenditures in excess of \$4,000 for property and equipment at cost, while donations of property and equipment are recorded at their estimated fair values. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as support with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Property and equipment are depreciated using the straight-line method over the estimated useful asset lives as follows:

Leasehold improvements	10 years
Computer software	3 years
Computer equipment	3 years
Furniture and equipment	3 years

Depreciation totaled \$17,479 and \$13,012 for the years ended December 31, 2024 and 2023, respectively.

Maintenance and repairs are charged to operations as incurred. Upon sale or disposition of property or equipment, the asset account is reduced by the cost and the accumulated depreciation account is reduced by the depreciation taken prior to the sale. Any resultant gain or loss is then recorded as income or expense.

Compensated Absences

Accumulated unpaid paid time off (PTO) totaling \$239,301 and \$242,873 at December 31, 2024 and 2023, respectively, is accrued when incurred and included in incentive and PTO payable as a component of accounts payable and accrued expenses.

ACCESSITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Note 2 - Significant Accounting Policies: (Continued)

Revenue Recognition

Grants and contributions are recognized when the donor makes a promise to give to the Organization that is in substance, unconditional. Conditional promises to give are not recognized until they become unconditional—that is, when the conditions on which they depend are substantially met. Contributions are recorded as without donor restriction or with donor restriction depending on the existence or nature of any donor restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions. When the stipulated time restriction ends or purpose restriction is accomplished, donor restricted net assets are reclassified to net assets without donor restrictions. Contributions to be received in future periods are discounted at an appropriate discount rate. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Federal grant awards are recognized in the period in which the related work is performed in accordance with the terms of the grant award. Grants receivable are recorded when revenue earned under a grant award exceeds the cash received. Deferred revenue is recorded when cash received under a grant award exceeds the revenue earned.

Donated Services, Supplies and Below Market Interest

The Organization has received donations for professional services, supplies and below market rent and interest. The professional services are recorded at their fair value based upon the rates normally charged by the provider. The Organization recorded in-kind contributions of interest expense using the difference between the actual interest rate charged and the fair value of the loan interest rate using publicly available information. Donated services, supplies, and below market interest totaled \$76,748 and \$81,372 for the years ended December 31, 2024 and 2023, respectively, and have been reported as in-kind contributions and expenses.

2024				
Items Donated	Revenue Recognized	Utilization in Programs/Activities	Donor Restrictions	Valuation Techniques and Inputs
Below market interest on notes payable	\$47,791	General and administrative	No associated donor restrictions	Initially recorded at fair value using a present value technique. The discount is calculated based on prevailing market interest rates for similar debt instruments with comparable terms and risk profiles.
Donated events services	\$25,304	Program services	No associated donor restrictions	Donated services are valued at the estimated fair value based on current rates for similar services.

(Continued)

ACCESSITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Note 2 - Significant Accounting Policies: (Continued)

Donated Services and Below Market Interest (Continued)

2024				
Items Donated	Revenue Recognized	Utilization in Programs/Activities	Donor Restrictions	Valuation Techniques and Inputs
Donated legal services	\$2,840	Program services	No associated donor restrictions	Donated services are valued at the estimated fair value based on current rates for similar services.
Donated office supplies	\$813	Program services	No associated donor restrictions	Estimated the fair value on the basis of estimate of current market price that would be received for selling similar products in the United States.
2023				
Items Donated	Revenue Recognized	Utilization in Programs/Activities	Donor Restrictions	Valuation Techniques and Inputs
Below market interest on notes payable	\$41,250	General and administrative	No associated donor restrictions	Initially recorded at fair value using a present value technique. The discount is calculated based on prevailing market interest rates for similar debt instruments with comparable terms and risk profiles.
Donated legal services	\$24,844	Program services	No associated donor restrictions	Donated services are valued at the estimated fair value based on current rates for similar services.
Donated events services	\$15,278	Program services	No associated donor restrictions	Donated services are valued at the estimated fair value based on current rates for similar services.

ACCESSITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Note 2 - Significant Accounting Policies: (Continued)

Donated Services, Facilities and Below Market Interest (Continued)

In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization with programs and various assignments. This contribution of services by the volunteers is not recognized in the financial statements unless the services received (a) create or enhance nonfinancial assets or (b) require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The donated services by volunteers for the years ended December 31, 2024 and 2023 did not meet the requirements above, therefore no amounts were recognized in the financial statements for volunteer time.

Functional Allocation of Expenses

The Organization allocates its expenses on a functional basis among its various programs and supporting services. Expenditures which can be identified with a specific program or support services are allocated directly, according to their natural expenditure classification. Costs that are common to several functions are allocated among the program and supporting services on the basis of time records, space utilized and estimates made by the Organization's management.

Leases

The Organization entered into office and equipment leases (Note 13). Pursuant to the guidance for accounting for leases, the Organization accounts for the leases as operating leases.

The Organization determines if an arrangement is a lease at inception. An arrangement is a lease if the arrangement conveys a right to direct the use of and to obtain substantially all of the economic benefits from the use of an asset for a period of time in exchange for consideration.

Right-of-use operating lease assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. The Organization uses the risk-free rate in determining the present value of lease payments.

Right-of-use operating lease asset also included any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. The lease agreements do not contain any material residual value guarantees or material restrictive covenants. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Income Taxes

The Organization is a public charity, and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization is not a private foundation.

The Organization's Return of Organization Exempt from Income Tax for the years ended December 31, 2024, 2023, 2022 and 2021 are subject to examination by the Internal Revenue Service and State taxing authorities, generally three-to-four years after the returns were filed.

ACCESSITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Note 2 - Significant Accounting Policies: (Continued)

Concentrations

The Organization maintains its cash in bank deposit accounts and money market funds which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

The Organization provides micro lending to qualifying small business entities in several counties in Southern California. The Organization considers this a geographic concentration potentially subject to risk. Additionally, financial instruments that potentially subject the Organization to credit risk are primarily loans receivable.

Cash and Restricted Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. Certificates of deposits that may be redeemed without a significant penalty are considered cash and cash equivalents regardless of the maturity. The following is a reconciliation of cash and restricted cash and cash equivalents reported within the statements of financial position that sum to the total in the statements of cash flows at December 31:

	<u>2024</u>	<u>2023</u>
Cash and money market funds	\$ 3,156,631	\$ 4,037,426
Loan loss reserve	29,720	32,942
Total Cash and Restricted Cash and Cash Equivalents	<u>\$ 3,186,351</u>	<u>\$ 4,070,368</u>

Subsequent Events

The Organization has evaluated subsequent events through June 2, 2025 which is the date the financial statements are available for issuance, and concluded that there were no events or transactions that needed to be disclosed, except as disclosed in Note 15.

Reclassification

The Organization has reclassified certain prior year information to conform with the current year presentation.

Note 3 - Liquidity and Availability:

Financial assets available for general expenditure that is, without donor or other restrictions limiting their use within one year of the statements of financial position date, comprise the following:

	<u>2024</u>	<u>2023</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 3,156,631	\$ 4,037,426
Receivables, net - current	7,125,360	7,148,058
Less: Cash and cash equivalents held for donor - specified purposes	(1,108,011)	(777,161)
Cash and cash equivalents held for loan reserve	<u>-</u>	<u>(61,034)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 9,173,980</u>	<u>\$ 10,347,289</u>

ACCESSITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Note 3 - Liquidity and Availability: (Continued)

As part of the liquidity management plan of the Organization, cash in excess of daily requirements are invested in short-term deposits and money market funds.

Note 4 - Grants Receivable:

Grants receivable consist of the following at December 31:

	<u>2024</u>	<u>2023</u>
City of San Diego - Community Development Block Grant	\$ 34,802	\$ 34,297
City of San Diego - Small Business Enhancement Program	14,519	13,289
Total Grants Receivable	<u>\$ 49,321</u>	<u>\$ 47,586</u>

Note 5 - Contributions Receivable:

Contributions receivable consists of the following at December 31:

	<u>2024</u>	<u>2023</u>
Due in less than one year	\$ <u>800</u>	\$ <u>7,488</u>

Note 6 - Other Receivables:

Other receivables consist of the receivables from sold loans and loan loss recoveries requested but not received, and totaled \$844,482 and \$530,594 at December 31, 2024 and 2023, respectively.

Note 7 - Loans Receivable:

Loans receivable were funded from various sources and consist of the following at December 31:

<u>Funding Source</u>	<u>Interest Rates</u>	<u>2024</u>	<u>2023</u>
Accessity	2.99% - 18.49%	\$ 9,955,611	\$ 9,958,410
Community Development Financial Institution	3.99% - 14.99%	4,033,971	2,119,007
Wells Fargo Bank	2.99% - 18.99%	2,074,949	2,048,968
Comerica Bank	3.99% - 18.24%	1,070,326	1,055,218
Private sources	2.99% - 18.99%	827,949	245,520
San Diego County	1.00%	503,285	1,334,885
Pacific Premier Bank	3.99% - 14.99%	488,026	446,126
Jacobs Foundation	7.99% - 14.99%	49,023	56,145
Torrey Pines Bank	9.99% - 14.99%	39,515	39,603
California Bank and Trust	13.99% - 14.99%	6,423	5,190
Total Loans Receivable		<u>19,049,078</u>	<u>17,309,072</u>
Less:			
Allowance for credit losses		(489,263)	(359,581)
Loss reserve		-	(61,034)
Loans receivable, net		<u>18,559,815</u>	<u>16,888,457</u>
Less: Current portion of loans receivable		<u>(5,641,300)</u>	<u>(5,980,820)</u>
Loans Receivable, Noncurrent		<u>\$ 12,918,515</u>	<u>\$ 10,907,637</u>

ACCESSITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Note 7 - Loans Receivable: (Continued)

The activity in the allowance for credit losses consisted of the following for the years ended December 31:

	2024		
	Balance, December 31, 2023	Change in Allowance Estimate	Balance, December 31, 2024
Allowance for Credit Losses:			
Contractor	\$ 3,256	\$ 112	\$ 3,368
Food	56,938	33,699	90,637
Professional	56,873	(6,422)	50,451
Retail	53,608	42,053	95,661
Service	98,015	44,330	142,345
Trucking	90,891	15,910	106,801
Total allowance for credit losses	359,581	129,682	489,263
Loan loss reserves – Wells Fargo	61,034	(61,034)	-
Total Allowance for Credit Losses	<u>\$ 420,615</u>	<u>\$ 68,648</u>	<u>\$ 489,263</u>

	2023		
	Balance, January 1, 2023	Change in Allowance Estimate	Balance, December 31, 2023
Allowance for Credit Losses:			
Contractor	\$ 3,673	\$ (417)	\$ 3,256
Food	53,432	3,506	56,938
Professional	9,749	47,124	56,873
Retail	41,650	11,958	53,608
Service	84,587	13,428	98,015
Trucking	21,712	69,179	90,891
Total allowance for credit losses	214,803	144,778	359,581
Loan loss reserves – Wells Fargo	61,034	-	61,034
Total Allowance for Credit Losses	<u>\$ 275,837</u>	<u>\$ 144,778</u>	<u>\$ 420,615</u>

The aging analysis of the total allowance for credit losses are as follows:

		2024				
		Past Due				
	Current	1 - 30 Days	31 - 60 Days	61 - 90 Days	>90 Days	Total
Contractor	\$ 3,183	\$ 134	\$ -	\$ -	\$ 51	\$ 3,368
Food	87,272	1,307	1,061	210	787	90,637
Professional	46,869	1,154	278	396	1,754	50,451
Retail	90,945	1,173	1,830	478	1,235	95,661
Service	130,695	3,994	1,731	-	5,925	142,345
Trucking	97,328	3,609	1,904	250	3,710	106,801
Total	<u>\$ 456,292</u>	<u>\$ 11,371</u>	<u>\$ 6,804</u>	<u>\$ 1,334</u>	<u>\$ 13,462</u>	<u>\$ 489,263</u>

ACCESSITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Note 7 - Loans Receivable: (Continued)

		2023				
		Past Due				
	Current	1 - 30 Days	31 - 60 Days	61 - 90 Days	>90 Days	Total
Contractor	\$ 3,243	\$ 5	\$ 8	\$ -	\$ -	\$ 3,256
Food	54,813	813	1,154	-	158	56,938
Professional	52,891	1,963	1,635	-	384	56,873
Retail	49,329	3,366	139	-	774	53,608
Service	90,674	4,261	2,868	123	89	98,015
Trucking	81,960	4,618	2,969	281	1,063	90,891
Total	\$ 332,910	\$ 15,026	\$ 8,773	\$ 404	\$ 2,468	\$ 359,581

Changes in allowance for credit losses for the years ended December 31 are as follows:

	<u>2024</u>	<u>2023</u>
Balance at Beginning of Year	\$ 420,615	\$ 393,277
Provision for credit losses	129,682	100,358
Change in loan loss reserve funded by lender	<u>(61,034)</u>	<u>(73,020)</u>
Balance at End of Year	<u>\$ 489,263</u>	<u>\$ 420,615</u>

Total bad debts written off, net of recoveries, amounted to \$40,867 and \$52,847, for the years ended December 31, 2024 and 2023, respectively.

The Organization has secured guarantee agreements that limit its risk of loan loss on certain loans. Of the loans charged off, \$824,946 and \$654,335 for the years ended December 31, 2024 and 2023, respectively, were covered by these agreements (Note 12).

The following tables present the aging for loans receivable and the status of interest accruals at December 31:

2024							
Current	Past Due					Total Past Due	Balance
	1-30 Days	31-60 Days	61-90 Days	91-120 Days	>120 Days		
\$ 17,781,032	\$ 456,416	\$ 252,626	\$ 55,946	\$ 92,552	\$ 410,506	\$ 1,268,046	\$ 19,049,078

2023							
Current	Past Due					Total Past Due	Balance
	1-30 Days	31-60 Days	61-90 Days	91-120 Days	>120 Days		
\$ 16,039,133	\$ 701,605	\$ 417,275	\$ 21,607	\$ 97,421	\$ 32,031	\$ 1,269,939	\$ 17,309,072

2024			2023		
Status of Interest Accruals			Status of Interest Accruals		
Total Loans Receivable	Total Loans Receivable on Nonaccrual Status	Loans Receivable Past Due > 120 Days and Still Accruing Interest	Total Loans Receivable	Total Loans Receivable on Nonaccrual Status	Loans Receivable Past Due > 120 Days and Still Accruing Interest
\$ 19,049,078	\$ 573,773	\$ -	\$ 17,309,072	\$ 150,278	\$ -

ACCESSITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Note 7 - Loans Receivable: (Continued)

The Organization sold loans which are excluded from the Organization's loan portfolio, but the Organization continues to service the borrowers and remits all principal and interest collections to the buyer. The principal balance of sold loans totaled \$1,692,262 and \$3,245,066 at December 31, 2024 and 2023.

Note 8 - Property and Equipment:

Property and equipment consist of the following at December 31:

	<u>2024</u>	<u>2023</u>
Leasehold improvements	\$ 90,360	\$ 90,360
Computer software	43,484	43,484
Computer equipment	42,047	40,623
Furniture and equipment	<u>7,092</u>	<u>7,092</u>
Subtotal	182,983	181,559
Less: Accumulated depreciation	<u>(170,966)</u>	<u>(153,487)</u>
Property and Equipment, Net	<u>\$ 12,017</u>	<u>\$ 28,072</u>

Note 9 - Deferred Revenue:

During the year ended December 31, 2023, the Organization received a conditional award from CDFI totaling \$5,887,242. Funds are to be requested as the conditions of the grant are met which include meeting certain lending benchmarks. The Organization received \$2,200,000 and \$2,290,000 under federal awards and recognized revenue totaling \$3,600,141 and \$754,246 for the years ended December 31, 2024 and 2023, respectively. Deferred revenue under the grant totaled \$85,025 and \$1,535,754 at December 31, 2024 and 2023, respectively.

During the year ended December 31, 2023, the Organization received a conditional award from private institutions totaling \$230,000 to be used as loan and operating capital. The Organization recognized revenue totaling \$191,471 and \$-0- for the year ended December 31, 2024 and 2023, respectively. Deferred revenue under the grant totaled \$38,529 and \$230,000 at December 31, 2024 and 2023, respectively.

Deferred revenue consists of the following at December 31:

	<u>2024</u>	<u>2023</u>
CDFI grant	\$ 85,025	\$ 1,535,754
Other grants	<u>38,529</u>	<u>230,000</u>
Total Deferred Revenue	<u>\$ 123,554</u>	<u>\$ 1,765,754</u>

ACCESSITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Note 10 - Notes Payable:

Notes payable consist of the following at December 31:

	<u>2024</u>	<u>2023</u>
Unsecured note payable to the San Diego Foundation. The note bears no interest, with quarterly payments equal to the total amount of collections on the business loans granted by the Organization using the proceeds from the note payable. The outstanding principal balance will also be reduced by uncollected amounts on such business loans not to exceed 5% of the original principal amount. Any remaining balance will be due at maturity, December 31, 2025.	\$ 718,575	\$ 1,614,894
Unsecured note payable to Wells Fargo Community Development Corporation. The note bears interest at a fixed rate of 2% of the outstanding balance annually, with interest only payments due quarterly. All outstanding principal and any accrued but unpaid interest will be due at maturity November 16, 2025. The note was subsequently refinanced (Note 15).	750,000	750,000
Unsecured note payable to Pacific Premier Bank. The note bears interest at a fixed rate of 2% of the outstanding balance annually, with interest payments due quarterly. All outstanding principal and any accrued but unpaid interest will be due at maturity, December 31, 2029. The note terms can be extended five additional years at a modified interest rate.	500,000	500,000
Unsecured note payable to Opportunity Finance Network. The note bears interest at a fixed rate of 2% of the outstanding balance annually, with interest payments due quarterly. All outstanding principal and any accrued but unpaid interest will be due at maturity, June 17, 2029.	500,000	-
Total Notes Payable	2,468,575	2,864,894
Less: Current portion	(1,468,575)	(817,855)
Notes Payable, Noncurrent	<u>\$ 1,000,000</u>	<u>\$ 2,047,039</u>

As of December 31, 2024 and 2023, accrued interest on notes payable totaled \$3,746 and \$3,750, respectively and is included in accounts payable and accrued expenses.

Future principal payments on notes payable are as follows:

<u>Years Ended</u> <u>December 31</u>	
2025	\$ 1,468,575
2026	-
2027	-
2028	-
2029	1,000,000
	<u>\$ 2,468,575</u>

ACCESSITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Note 11 - Net Assets With Donor Restrictions:

Net assets with donor restrictions represent contributions received or receivable by the Organization, which are limited in their use by time or donor-imposed restrictions. Net assets with donor restrictions are available for the following purposes at December 31:

	<u>2024</u>	<u>2023</u>
Subject to Expenditure for Specified Purpose:		
Loan participation	\$ 1,108,011	\$ 777,161
Total Net Assets With Donor Restrictions	<u>\$ 1,108,011</u>	<u>\$ 777,161</u>

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of the passage of time or other events specified by the donors are as follows for the years ended December 31:

	<u>2024</u>	<u>2023</u>
Purpose Restrictions Accomplished:		
Loan participation	<u>\$ 4,912,241</u>	<u>\$ 2,240,742</u>

Note 12 - Loan Guarantee and Reserve Programs:

The Organization participates in the Nor-Cal Financial Development Corporation (FDC), the California Southern FDC, the California Southern FDC Disaster loss guarantee program, Pacific Coast Regional (PCR), Business Finance FDC and the California CAP loan loss reserve program. These programs provide loan loss recoveries between 80% and 100% on enrolled loans depending on the characteristics of the loan and the program. The total balance covered by loan guarantee and reserve programs is reduced by the total loans sold but serviced to arrive at the total loans receivable as of December 31, 2024 and 2023, respectively. The following summarizes, by program, the loan balances and the related loan loss guarantees or reserves:

Nor-Cal FDC

The Organization participates in the Nor-Cal FDC loan loss guarantee program which guarantees loans up to 80% of the loan balance at the time of the loss claim, with no minimum dollar exposure and a maximum dollar exposure of \$50 million, and a maximum term of seven years. A guarantee fee of 2.5% (\$300 minimum) is charged to the client in addition to a \$250 application fee. If a loan defaults, Accessity can use the loan guarantee to recover the loss, up to the guarantee percentage of the loan loss, at the time of claim. Minimum loan amount to qualify for this program is \$15,000.

The following summarizes the number of loans, the loan balance and the related loan guarantee as of and for the years ended December 31:

	<u>2024</u>	<u>2023</u>
Number of Loans	<u>154</u>	<u>197</u>
Loan Balance	<u>\$ 4,179,319</u>	<u>\$ 5,998,450</u>
Loan Guarantee	<u>\$ 3,343,455</u>	<u>\$ 4,798,760</u>

ACCESSITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Note 12 - Loan Guarantee and Reserve Programs: (Continued)

California Southern FDC

The Organization participates in California Southern FDC loan loss guarantee program which guarantees loans up to 80% of the loan balance at the time of the loss claim, with no minimum dollar exposure, a maximum dollar exposure of \$50 million and a maximum term of seven years. A guarantee fee of 2.5% (\$300 minimum) is charged to the client in addition to a \$250 application fee. If a loan defaults the Organization can use the loan guarantee to recover the loss up to the guarantee percentage of the loan loss at the time of the claim. Minimum loan amount to qualify for this program is \$8,000.

The following summarizes the number of loans, the loan balance and the related loan guarantee as of and for the years ended December 31:

	<u>2024</u>	<u>2023</u>
Number of Loans	<u>555</u>	<u>326</u>
Loan Balance	<u>\$ 12,898,240</u>	<u>\$ 8,541,209</u>
Loan Guarantee	<u>\$ 10,318,592</u>	<u>\$ 6,832,967</u>

This is the minimum guaranteed amount of coverage. The actual guaranteed percent coverage varies by loan within the portfolio, and therefore the actual dollar amount covered by guarantee may exceed the minimum guaranteed amount.

Pacific Coast Regional (PCR) Business Finance FDC

The Organization participates in the PCR FDC loan loss guarantee program which guarantees loans up to 80% of the loan balance at the time of the loss claim, with no minimum dollar exposure and a maximum term of seven years. A guarantee fee of 2.5% (\$300 minimum) is charged to the client in addition to a \$250 application fee. If a loan defaults, Accessity can use the loan guarantee to recover the loss, up to the guarantee percentage of the loan loss, at the time of claim. Minimum loan amount to qualify for this program is \$15,000.

The following summarizes the number of loans, the loan balance and the related loan guarantee as of and for the years ended December 31:

	<u>2024</u>	<u>2023</u>
Number of Loans	<u>35</u>	<u>9</u>
Loan Balance	<u>\$ 1,085,321</u>	<u>\$ 378,580</u>
Loan Guarantee	<u>\$ 868,257</u>	<u>\$ 302,864</u>

California Southern FDC Disaster Loss Guarantee Program

The Organization participates in the California Southern FDC Disaster Loss Guarantee Program in response to COVID-19, which provided 95% guarantees on loans to businesses that had been negatively impacted as a result of the pandemic. If a loan defaults, the Organization can use the guarantee to recover the loss at 95% of the loan loss at the time of the claim.

ACCESSITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Note 12 - Loan Guarantee and Reserve Programs: (Continued)

California Southern FDC Disaster Loss Guarantee Program (Continued)

The following summarizes the number of loans, the loan balance and the related loan guarantee as of and for the years ended December 31:

	<u>2024</u>	<u>2023</u>
Number of Loans	<u>159</u>	<u>250</u>
Loan Balance	\$ <u>744,883</u>	\$ <u>2,054,087</u>
Loan Guarantee	\$ <u>707,639</u>	\$ <u>1,951,383</u>

California Capital Access Program (CalCAP)

The Organization participates in the CalCAP loan loss reserve program which is a post disbursement risk management tool available to Accessity when making micro loans. By participating in CalCAP's program, the Organization has mitigated the risk of losses to the portfolio. Premiums are paid into the portfolio loss reserve account (2% by Accessity, 2% by the borrower). CalCAP then adds 100% of the lender (Accessity) premium (2%) to the reserve account. If a covered loan defaults, the Organization has the option to draw funds from this reserve to cover the loss or the funds can remain in the reserve account for future needs. The Organization does not record the CalCAP amount until the funds are drawn down due to the recapture component described in the next paragraph. Minimum loan amount to qualify for this program is \$5,001.

There is a recapture component to the program in which CalCAP has the right to recapture the amount they contributed (2% match) upon maturity of the loan or 5 years after enrollment (whichever comes first). CalCAP limits the amount of annual recapture to ensure that the balance remaining in the Loss Reserve Account immediately following recapture is greater than the minimum threshold set as a percentage of the outstanding principal balance of loans enrolled in the 60 months prior to each annual recapture. Beginning in 2023, the minimum threshold changed to ten percent (10%) The annual recapture was \$-0- for each of the years ended December 31, 2024 and 2023, given this threshold minimum.

The following summarizes the number of loans, the loan balance and the related loan loss reserve as of and for the years ended December 31:

	<u>2024</u>	<u>2023</u>
Number of Loans	<u>64</u>	<u>88</u>
Loan Balance	\$ <u>261,942</u>	\$ <u>443,352</u>
Loan Loss Reserve	\$ <u>17,571</u>	\$ <u>43,288</u>

ACCESSITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Note 13 - Leases:

Operating Leases

The Organization leased office space under an operating lease that expired January 31, 2023. The monthly rental amount was \$8,457 until the end of lease. The office space lease was renewed on February 1, 2023 for two years plus an option to renew for another five years. The property was sold in September 2024 and the Organization signed a new lease agreement with the new owner through January 31, 2027. The monthly rental under the new lease is \$8,510 without escalation.

In addition, the Organization leases equipment comprising of a digital copier and a postage machine through May 2025. The total monthly rental amount for these leases is \$394.

The following summarizes the line items in the statements of financial position for the operating leases at December 31:

	<u>2024</u>	<u>2023</u>
Right-of-use assets - operating lease	\$ <u>207,373</u>	\$ <u>114,832</u>
Operating lease liabilities - current portion	\$ 98,695	\$ 108,898
Operating lease liabilities - long-term portion	<u>108,724</u>	<u>10,668</u>
Total operating lease liabilities	\$ <u>207,419</u>	\$ <u>119,566</u>

The following summarizes the weighted average remaining lease term and discount rate as of December 31:

	<u>2024</u>	<u>2023</u>
Weighted average remaining lease term – Office space	25 months	13 months
Weighted average remaining lease term – Equipment	8 months	16 months
Weighted average discount rate – Office space	3.48%	1.30%
Weighted average discount rate – Equipment	0.96%	0.96%

The following summarizes the line items in the statements of functional expenses which include the components of lease expense for the years ended December 31:

	<u>2024</u>	<u>2023</u>
Amortization of right-of-use assets - operating lease	\$ 103,192	\$ 103,257
Interest on operating lease liabilities	2,553	2,094
Short-term and variable lease cost	<u>11,643</u>	<u>7,295</u>
Total lease expense	\$ <u>117,388</u>	\$ <u>112,646</u>

ACCESSITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Note 13 - Leases: (Continued)

The following is a schedule of the future minimum lease payments under the leases:

<u>Years Ended</u> <u>December 31</u>	<u>Office Space</u>	<u>Equipment</u>	<u>Total</u>
2025	\$ 102,116	\$ 1,904	\$ 104,020
2026	102,116	-	102,116
2027	8,510	-	8,510
Total Lease Payments	212,742	1,904	214,646
Less: Discount	(7,226)	(1)	(7,227)
Total	<u>\$ 205,516</u>	<u>\$ 1,903</u>	<u>\$ 207,419</u>

Note 14 - Commitments and Contingencies:

Retirement Plan

The Organization offers eligible employees the opportunity for participation in a 403(b) retirement plan. Employees may contribute to the Plan up to the maximum amount allowed by the Internal Revenue Code. The Organization contributes a matching contribution equal to 3% of compensation. The Organization contributed \$77,636 and \$71,871 to the Plan for the years ended December 31, 2024 and 2023, respectively, and is included in payroll taxes and employees benefits in the statements of functional expenses.

Grants

Expenditures under grant programs may be subject to program or compliance audits by the grantor which may result in disallowed program expenditures. The Organization is not aware of any such audits in progress at December 31, 2024 and 2023.

Legal Matters

The Organization is subject to claims that arise out of the normal course of business. The Organization maintains insurance coverage and uses various risk management activities which, combined, management believes are sufficient to ensure that the final outcome of any claims or proceedings will not have an adverse material effect on the financial position, operations, or liquidity of the Organization.

Note 15 - Subsequent Event:

On March 4, 2025, the Organization entered into a Patient Capital Loan Agreement with Wells Fargo Bank, N.A., in the principal amount of \$2,000,000. The proceeds were used to refinance an existing note payable with an outstanding balance of \$750,000 at December 31, 2024 (Note 10), and to provide additional funding of \$1,250,000 for the Organization's small business lending program. The loan bears interest at a fixed annual rate of 2.00%, with quarterly interest payments due beginning April 1, 2025. Repayment of principal begins April 1, 2035, in eight equal quarterly installments of \$250,000, with the loan maturing on March 4, 2037. The funds are restricted for deployment in the Organization's Program that serves financially underserved small businesses in California's San Diego, Imperial, Riverside, and San Bernardino Counties.

ACCESSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2024

Federal Grants/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Agency or Pass-Through Number	Pass Through to Subrecipient	Federal	Total Federal
<u>U.S. Department of Housing and Urban Development:</u>					
Pass-Through Program From:					
CDBG - Entitlement Grants Cluster:					
City of San Diego:					
Community Development Block Grants/Entitlement Grants	14.218	4500123308	\$ -	\$ 218,292	\$ 218,292
Total CDBG - Entitlement Grants Cluster			<u>-</u>	<u>218,292</u>	<u>218,292</u>
Total U.S. Department of Housing and Urban Development			<u>-</u>	<u>218,292</u>	<u>218,292</u>
<u>U.S. Department of the Treasury:</u>					
Direct Program:					
Community Development Financial Institutions Fund Equitable Recovery Program	21.033	22ERP061125	-	3,650,729	3,650,729
Total U.S. Department of the Treasury			<u>-</u>	<u>3,650,729</u>	<u>3,650,729</u>
Total Expenditures of Federal Awards			\$ <u>-</u>	\$ <u>3,869,021</u>	\$ <u>3,869,021</u>

ACCESSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
DECEMBER 31, 2024

Note 1 - Basis of Presentation:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Accessity under programs of the federal government for the year ended December 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 Accessity, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Accessity.

Note 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.

Accessity has elected not to use the 10-percent de minimis indirect cost rate as allowed under Uniform Guidance.



Leaf & Cole, LLP
Certified Public Accountants
A Partnership of Professional Corporations

**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
Accessity

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 Accessity, which comprise the statement of financial position as of December 31, 2024, 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 June 2, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Accessity's internal control over financial reporting (internal control) as a basis for designing 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 Accessity's internal control. Accordingly, we do not express an opinion on the effectiveness of Accessity'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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Accessity'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 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 organization'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.

Leaf & Cole LLP

San Diego, California
June 2, 2025



Leaf & Cole, LLP
Certified Public Accountants
A Partnership of Professional Corporations

**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
Accessity

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Accessity'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 Accessity's major federal programs for the year ended December 31, 2024. Accessity'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, Accessity complied, in all material respects, with the 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, 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; 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 Accessity 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 Accessity'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 Accessity'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 express an opinion on Accessity'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 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 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 Accessity's compliance with the requirements of each major federal program as a whole.

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 Accessity'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 Accessity'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 Accessity'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.

Report on Internal Control over Compliance (Continued)

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.

Leaf & Cole LLP

San Diego, California
June 2, 2025

ACCESSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2024

Section I - Summary of Auditor's Results:

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with U.S. GAAP:

Unmodified

Internal control over financial reporting:

Material weaknesses identified?

_____ Yes X No

Significant deficiencies identified?

_____ Yes X No

Noncompliance material to financial statements noted?

_____ Yes X No

Federal Awards

Type of auditor's report issued on compliance for the major programs:

Unmodified

Internal control over major programs:

Material weaknesses identified?

_____ Yes X No

Significant deficiencies identified?

_____ Yes X No

Any audit findings disclosed that are required to be Reported in accordance with 2 CFR 200.516(a)?

_____ Yes X No

Identification of the major programs:

Assistance Listing Numbers

Name of Federal Program or Cluster

14.218

Community Development Block
Grants - Entitlement Grants Cluster

21.033

Community Development Financial
Institutions Fund Equitable Recovery
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:

None

Section III- Federal Award Findings and Questioned Costs:

None

**ACCESSITY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2024**

There were no prior audit findings for Accessity relative to federal awards for the year ended December 31, 2023.