Consolidated Financial Statements and Report of Independent Certified Public Accountants

Grameen America, Inc.

December 31, 2023 and 2022

Contents

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors of
Grameen America, Inc.

Report on the financial statements

Opinion

We have audited the consolidated financial statements of Grameen America and subsidiaries (collectively, "Grameen"), which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, and the related consolidated statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Grameen as of December 31, 2023 and 2022, and the changes in their net assets and their 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 of the consolidated financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Grameen 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Grameen's ability to continue as a going concern for one year after the date the consolidated 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 consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US 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 consolidated financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Grameen'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Grameen'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.

Grant Thornton LLP

New York, New York
March 28, 2024

Grameen America, Inc.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31,
(in thousands of dollars)

	2023	2022
ASSETS		
Current assets		
Cash and cash equivalents	$ 77,497	$ 40,136
Cash held for loan disbursement program	9,083	5,044
Contributions and grants receivable, current	3,718	5,750
Program loans receivable, net	266,578	202,233
Prepaid expenses and other current assets	1,853	1,642
Investments	10,063	20,113
Total current assets	368,792	274,918
Contributions and grants receivable	1,350	1,375
Equipment and software and other assets	4,294	2,476
Total assets	$ 374,436	$ 278,769
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable, accrued expenses, and interest payable	$ 2,214	$ 1,813
Senior debt, current	13,208	9,451
Subordinated debt, current	7,000	-
Other current liabilities	2,292	1,308
Total current liabilities	24,714	12,572
Senior debt	85,725	66,360
Subordinated debt	63,700	50,000
Total liabilities	174,139	128,932
Net assets		
Without donor restrictions	171,631	124,560
With donor restrictions	28,666	25,277
Total net assets	200,297	149,837
Total liabilities and net assets	$ 374,436	$ 278,769

The accompanying notes are an integral part of these consolidated financial statements.

Grameen America, Inc.

CONSOLIDATED STATEMENTS OF ACTIVITIES

Years ended December 31,
(in thousands of dollars)

	2023			2022		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	**Without Donor Restrictions**	**With Donor Restrictions**	**Total**
Revenues						
Contributions	$ 19,158	$ 16,570	$ 35,728	$ 2,858	$ 11,771	$ 14,629
Grant revenue	6,066	-	6,066	1,047	-	1,047
Program interest income - loans	40,691	-	40,691	30,278	-	30,278
Other income	919	-	919	516	-	516
Net assets released from restrictions	13,181	(13,181)	-	15,142	(15,142)	-
Total revenues	80,015	3,389	83,404	49,841	(3,371)	46,470
In-kind revenues	1,149	-	1,149	2,133	-	2,133
Total revenues	81,164	3,389	84,553	51,974	(3,371)	48,603
Expenses						
Microlending program	30,825	-	30,825	26,331	-	26,331
Supporting services	2,119	-	2,119	1,959	-	1,959
In-kind expenses	1,149	-	1,149	2,133	-	2,133
Total expenses	34,093	-	34,093	30,423	-	30,423
INCREASE (DECREASE) IN NET ASSETS	47,071	3,389	50,460	21,551	(3,371)	18,180
Net assets						
Beginning of the year	124,560	25,277	149,837	103,009	28,648	131,657
End of year	$ 171,631	$ 28,666	$ 200,297	$ 124,560	$ 25,277	$ 149,837

The accompanying notes are an integral part of these consolidated financial statements.

Grameen America, Inc.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31,
(in thousands of dollars)

	2023	2022
Operating activities		
Changes in net assets	$ 50,460	$ 18,180
Adjustments to reconcile change in net assets to net cash provided by operations:		
Provision for loan losses and portfolio adjustments, net	1,601	1,880
Depreciation expense	121	-
Net realized and unrealized (gains) on investments	(95)	(73)
Contributed securities	(10,043)	(10)
Liquidation of contributed securities	9,217	10
Change in operating net assets:		
Decrease in contributions and grants receivable	2,057	7,355
Increase in accounts payable, accrued expenses, and interest payable	401	251
Decrease in other assets and other liabilities	267	7,432
Net cash provided by operating activities	53,986	35,025
Investing activities		
Program-related loan disbursements	(917,590)	(689,911)
Program-related loan repayments	850,179	627,678
Purchase of investments	(27,421)	(19,999)
Sale of investments	38,392	-
Purchase of equipment and software	(1,433)	(387)
Net cash used in investing activities	(57,873)	(82,619)
Financing activities		
Proceeds from notes payable	54,450	51,600
Repayments of notes payable	(10,628)	(29,319)
Loans participated, disbursements	11,933	15,869
Loans participated, repayments	(10,468)	(16,176)
Net cash provided by financing activities	45,287	21,974
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	41,400	(25,620)
Cash, cash equivalents and restricted cash		
Beginning of year	45,180	70,800
End of year	$ 86,580	$ 45,180
Supplemental disclosure of cash flow information		
Cash paid for interest	$ 3,794	$ 3,215

The accompanying notes are an integral part of these consolidated financial statements.

NOTE 1 - NATURE OF OPERATIONS

Grameen America, Inc. is the parent organization of the following wholly controlled entities: Grameen America Association, Inc., Grameen America (NY), Inc., and GA Fund Manager, LLC (collectively referred to in the consolidated financial statements as "Grameen"). On December 14, 2021, Grameen formed Grameen Elevate Holdings LLC and Grameen Elevate LLC, wholly controlled entities, as part of a bankruptcy remote arrangement for its Elevate initiative, (collectively referred to in the consolidated financial statements as the "Organization"). In June 2023, the related organization Grameen PrimaCare Inc. was dissolved, and the operations were taken on by Grameen America, Inc. The operations taken on included health promotion services to Grameen America members.

The Organization is a not-for-profit entity incorporated in December 2007 under the laws of the Commonwealth of Massachusetts. The mission of the Organization is to serve low-income entrepreneurial women in the United States, in accordance with the Organization's model of micro lending initiated by Professor Muhammad Yunus and the Grameen Bank of Bangladesh. The Organization's program includes the following key pillars:

i. Access to capital through microloans;

ii. Asset building by encouraging or facilitating savings by borrowers; and

iii. Credit building to help borrowers build or repair their credit history.

As of December 31, 2023, the Organization operates through a network of 32 branches: ("Core" branches):

New York Area
Jackson Heights, New York
Gates Avenue, Brooklyn, New York
Sunset Park, Brooklyn, New York
Jamaica, New York
Manhattan, New York
Bronx, New York
Woodside, New York

Northeast Area
Boston, Massachusetts
Chicago, Illinois
Trenton/Camden, New Jersey
Union City, New Jersey
Newark, New Jersey
Hartford/Bridgeport/New Haven, Connecticut

California Area
Boyle Heights, Los Angeles, California
Pico Union, Los Angeles, California
Long Beach, Los Angeles, California
San Jose, California
Fresno, California
Oakland, California
Riverside, Los Angeles, California

Central and Southeast Area
Indianapolis, Indiana
Omaha, Nebraska
Miami, Florida
Charlotte, North Carolina
Charlotte 2, North Carolina
Atlanta, Georgia

Texas Area
Austin, Texas
Houston, Texas
Houston 2, Texas
San Antonio, Texas
Dallas, Texas
Phoenix, Arizona

The Organization maintains its administrative offices in New York, NY.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting, in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Principles of Consolidation

The consolidated financial statements include the financial statements of the Organization, which includes its wholly controlled entities, as described in Note 1. All intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The most significant estimates relate to recoverability of program loans receivable and the collectability of contributions and grants receivable. Actual results may differ from those estimates.

Income Tax Status

The Organization follows guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This guidance provides that the tax effects from an uncertain tax position can only be recognized in the consolidated financial statements if the position is "more-likely-than-not" to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

The Organization is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code (the "Code"), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Organization has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated business income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the consolidated financial statements. In addition, the Organization has not recorded a provision for income taxes as it has no material tax liability from unrelated business income activities.

Cash and Cash Equivalents

Cash equivalents are in the form of money market accounts and funds are callable on demand.

Cash Held for Loan Disbursement Program

Cash held for disbursements represents amounts in designated bank accounts pursuant to the Organization's Loan Disbursement Program (the "Disbursement Program"). The Disbursement Program is intended to provide borrowers with safe and flexible loan disbursement channels, as opposed to traditional checks.

(Dollars in thousands)

The Organization offers two options for members to receive their loan proceeds:

- Prepaid disbursement card
- Direct deposit in a member’s bank account

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported in the consolidated statements of financial position to totals shown in the consolidated statements of cash flows.

	2023	2022
Cash and cash equivalents	$ 77,497	$ 40,136
Cash held for loan disbursement program	9,083	5,044
Total cash, cash equivalents and restricted cash shown in the consolidated statements of cash flows	$ 86,580	$ 45,180

Investments

All short term, highly liquid investments, which would otherwise qualify as cash equivalents that are included in the Organization's investment pool, Such highly liquid investments, are intended to be held for long-term purposes are treated as investments and are therefore excluded from cash and cash equivalents in the statement of cash flows. The fair value of investments are based upon quoted market prices. Changes in fair values are reflected in the statement of activities as a component of other income.

Program Loans Receivable, Net

On January 1, 2023, the Organization adopted ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which 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 financial assets measured at amortized cost, including loans receivable (program loans). As permitted by ASC 326, the Organization elected to maintain pools of loans accounted for under the guidance. The Organization adopted ASC 326 using the modified retrospective method for program loans receivable and the adoption did not have a material effect on reported assets, liabilities, or net assets.

The Organization recognizes an allowance for credit losses for program loans receivable to present the net amount expected to be collected as of the date of the consolidated statement of financial position. Such allowance is based on the credit losses expected to arise over the life of the loans to program participants who are also called program members. Program participants are individuals who generally meet federal poverty guidelines, and who are given small loans to start or expand the individual’s income generating business activity. Program members are charged simple interest on the declining balance of the loan. The Organization charges no other fees to join or remain in the program. Generally, the terms of the loans are for six months, amortized weekly. The Organization’s business depends on the creditworthiness of its participants and their ability to fulfill their obligations to the Organization and the other members of their borrowing group. As a result of the similar characteristics of the loans, the Organization considers the loans to be one pool in estimating credit losses. The Organization maintains an allowance for credit losses that reflects management’s judgment and estimation of expected losses in the portfolio. The Organization reviews its allowance for credit losses for adequacy considering economic conditions and trends and credit quality indicators, including past write-off experience and level of past due loans. While the Organization has a 99.86% and 99.76%, respectively, repayment rate on 2023 and 2022 loans, management has established a minimum allowance of 2.00% for the Organization for the year ended December 31, 2023 and 2022. This allowance is recorded within the consolidated statements of financial position as of December 31, 2023 and 2022.

The current lending program of the Organization is subject to applicable laws and regulations. Noncompliance with such laws and regulations could result in fines, penalties, and exclusion from such programs. The Organization is not aware of any noncompliance with applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing that could have a material adverse effect on its consolidated financial statements.

Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to a concentration of credit risk consist of cash and program loans receivable. Cash is deposited with high-credit quality financial institutions which are insured by the Federal Deposit Insurance Corporation, up to $250. The account balances fluctuate during the year and can exceed this limit. The Organization monitors the financial stability of the banks and does not believe it is exposed to any significant credit risk on its cash.

The Organization’s program loans receivable are derived from microloans provided to individuals. Concentrations of credit risk with respect to loans receivable are limited because a large number of members make up the Organization’s customer base. At December 31, 2023 and 2022, no single borrower represented more than 0.01% of the total program loans receivable balance for each year. The Organization manages credit risk through credit limits and monitoring procedures. The Organization performs ongoing credit evaluations of its borrowers but does not require collateral to support the loans.

In 2023, the Organization’s interest earned from its microloan portfolio exceeded its operating expenses. To the extent that the interest earned from the Organization’s microloan portfolio is not sufficient to cover its operating expenses, the Organization will be dependent on contributions and grants for any funding deficit. The Organization believes that its relationships with its principal contributors are satisfactory and that it will be able to raise the funding required to adequately support their mission. For the years ended December 31, 2023 and 2022, the largest five donors accounted for approximately 92% and 59%, respectively, of contributions and grants revenues. At December 31, 2023 and 2022, approximately 82% and 45%, respectively, of gross contributions and grants receivable were due from five donors.

Equipment and Software

Equipment and software are recorded at cost. Individual additions and improvements in excess of $10 are capitalized, while repairs are expensed in the year incurred. Depreciation is computed using the straight-line method over the assets’ estimated useful lives, which are between 3 and 10 years.

Net Assets

<u>Without Donor Restrictions</u> - net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization’s policy is to designate donor gifts without restriction to the respective areas that the Organization determines it is most needed to further the program.

<u>With Donor Restrictions</u> - net assets which include resources that have been limited by donor-imposed stipulations that either expire with the passage of time and/or can be fulfilled and removed by the actions of the Organization pursuant to those stipulations. As of December 31, 2023 and 2022, the Organization’s net assets with donor restrictions are restricted either by time or certain strategic initiatives that the Organization plans to undertake.

Revenues and Support

In accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 606, *Revenue from Contracts with Customers* ("ASC 606"), the Organization recognizes revenue when control of the promised goods or services are transferred in an amount that reflects the consideration the Organization expects to be entitled to in exchange for those goods or services. The standard outlines a five-step model whereby revenue is recognized as performance obligations within a contract are satisfied.

ASC 606 requires expanded disclosures regarding revenue recognition to ensure an understanding as to the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The Organization recognizes contracts with customers, as goods or services transferred or provided in accordance with ASC 606.

The Organization recognizes revenue from contributions, grants and contracts in accordance with Accounting Standards Update ("ASU") 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Accordingly, the Organization evaluates whether a transfer of assets is (1) an exchange transaction in which a resource provider is receiving commensurate value in return for the resources transferred or (2) a contribution. If the transfer of assets is determined to be an exchange transaction, the Organization applies guidance under ASC 606. If the transfer of assets is determined to be a contribution, the Organization evaluates whether the contribution is conditional based upon whether the agreement includes both (1) one or more barriers that must be overcome before the Organization is entitled to the assets transferred and promised, and (2) a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets.

Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period received or promised. Conditional contributions are recorded as revenue within the consolidated statements of activities and changes in net assets when the conditions have been met.

Revenues under grants, and similar agreements are recognized at the time expenditures are incurred or at the time of the distribution of eligible loans under exchange-based transactions.

The Organization reports contributions in the net assets with donor restrictions class if they are received with donor stipulations as to their use. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are released and reclassified to net assets without donor restrictions in the consolidated statements of activities and changes in net assets. Contributions of net assets with donor restrictions are initially reported in the net assets with donor restrictions net asset class, even if it is anticipated such restrictions will be met in the current reporting period.

Program Interest Income - Loans

The Organization's loans are 6-month weekly amortizing microloans. An interest rate is charged on each loan issued and there are no other fees or closing costs. Interest rates are set in the context of each state's regulatory environment.

Contributed Services and Goods

For the year ended December 31, 2022, the Organization adopted ASU 2020-07, *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which increased the transparency of contributed nonfinancial assets through enhancements to presentation and disclosure.

(Dollars in thousands)

Contributed services are reported at fair value in the consolidated financial statements for voluntary donations of services when those services (1) create or enhance non-financial assets or (2) require specialized skills or services which would be typically purchased if not provided by donation.

The Organization generally pays for services requiring specific expertise. However, some individuals may volunteer their time and perform a variety of tasks that assist the Organization, as well as, serving on the Board of Directors. For the years ended December 31, 2023 and 2022, donated consulting, legal and other goods and services that meet the criteria for recognition in the consolidated financial statements amounted to $1,149 and $2,133, respectively, were reflected within in-kind revenues and in-kind expenses in the consolidated statements of activities and changes in net assets.

	2023	2022
Consulting/professional services	$ 1,105	$ 1,272
Donated legal services	44	861
	$ 1,149	$ 2,133

Contributed Nonfinancial Asset Type	2023 Revenue Recognized	2022 Revenue Recognized	Utilization in Programs/ Activities	Donor Restrictions	Valuation Techniques and Inputs
Consulting/ professional services	$ 1,105	$ 1,272	Programmatic and supporting	No associated donor restrictions	FMV of goods or services valued using standard industry pricing for similar services
Donated legal services	44	861	Programmatic and supporting	No associated donor restrictions	FMV of goods or services valued using standard industry pricing for similar services
Total	$ 1,149	$ 2,133			

NOTE 3 - LIQUIDITY AND AVAILABILITY

The Organization manages its liquidity position to meet expenditures, liabilities, and other obligations as they fall due. As such, the Organization targets minimum reserves to meet at least three-months of both operating expenses, as well as microloan portfolio growth plus any additional cash reserves to meet lender financial covenants. Liquid resources are held in money market accounts and within US Treasury Bills until they are needed.

The Organization tracks two categories of available liquid resources: (1) operating expenditures and (2) microloan portfolio growth:

- *Operating expenditures*: those expenditures that are funded from interest earned on the microloan portfolio or through grants and contributions.

(Dollars in thousands)

- *Microloan portfolio growth*: those expenditures that are funded by a combination of (a) any operating surplus, (b) grant funding designated for this purpose, and (c) debt financing.

The liquid resources available for each of these categories within one year of the consolidated statement of financial position are as follows*:

December 31, 2023	Available for Operating Expenditures	Available for Program Loan Portfolio Growth	Total Liquid Resources
Liquid resources available:			
Cash and cash equivalents	$ 28,206	$ 49,291	$ 77,497
Cash held for disbursement card program	-	9,083	9,083
Contributions and Grants receivable, current	783	2,935	3,718
Investments	-	10,063	10,063
Prepaid expenses and other current assets	802	1,051	1,853
Total liquid resources available at December 31, 2023	$ 29,791	$ 72,423	$ 102,214

* *100% of the Organization's program loan portfolio ($266.578M as of 12/31/23) is current as the maximum remaining tenor of all its microloans at year end is no more than 6 months.*

December 31, 2022	Available for Operating Expenditures	Available for Program Loan Portfolio Growth	Total Liquid Resources
Liquid resources available:			
Cash and cash equivalents	$ 21,799	$ 18,337	$ 40,136
Cash held for disbursement card program	-	5,044	5,044
Contributions and Grants receivable, current	2,283	3,467	5,750
Investments	-	20,113	20,113
Prepaid expenses and other current assets	816	826	1,642
Total liquid resources available at December 31, 2022	$ 24,898	$ 47,787	$ 72,685

* *100% of the Organization's program loan portfolio ($202.233M as of 12/31/22) is current as the maximum remaining tenor of all its microloans at year end is no more than 6 months.*

NOTE 4 - CONTRIBUTIONS AND GRANTS RECEIVABLE

Contributions and grants receivable consisted of unconditional promises to give from foundations, institutions and individuals. The scheduled receivables under these commitments as of December 31, 2023 and 2022 are as follows:

	2023	2022
Less than 1 year	$ 3,718	$ 5,750
1-5 years, gross amount	1,350	1,375
Contributions and grants receivable	$ 5,068	$ 7,125

(Dollars in thousands)

NOTE 5 - PROGRAM LOANS RECEIVABLE

Program loans receivable consisted of the following at December 31, 2023:

	Northeast Area	Central and Southeast Area	California Area	Texas Area	New York Area	Total Grameen America Inc, Portfolio
Program loans receivable						
Current	$ 31,554	$ 54,660	$ 53,877	$ 18,986	$ 115,283	$ 274,360
8-30 days past due	10	29	36	15	22	112
>30 days past due	71	65	229	29	63	457
Total program loans receivable	31,635	54,754	54,142	19,030	115,368	274,929
Participated loans, net	(123)	-	(2,151)	(326)	(252)	(2,852)
Allowance for credit losses	(650)	(1,072)	(1,227)	(381)	(2,169)	(5,499)
Program loans receivable, net	$ 30,862	$ 53,682	$ 50,764	$ 18,323	$ 112,947	$ 266,578

Program loans receivable consisted of the following at December 31, 2022:

	Northeast Area	Central and Southeast Area	California Area	Texas Area	New York Area	Total Grameen America Inc, Portfolio
Program loans receivable						
Current	$ 21,187	$ 40,318	$ 41,952	$ 12,475	$ 90,982	$ 206,914
8-30 days past due	92	104	192	41	224	653
>30 days past due	35	12	110	2	70	229
Total program loans receivable	21,314	40,434	42,254	12,518	91,276	207,796
Participated loans, net	(2)	-	(1,348)	(23)	(34)	(1,407)
Allowance for credit losses	(450)	(766)	(937)	(239)	(1,764)	(4,156)
Program loans receivable, net	$ 20,862	$ 39,668	$ 39,969	$ 12,256	$ 89,478	$ 202,233

Allowance for credit losses consisted of the following at December 31, 2023 and 2022:

	2023	2022
Balance, beginning of year	$ 4,156	$ 2,598
Additional allowance for credit losses	1,591	1,883
Loans written off	(248)	(325)
Balance, end of year	$ 5,499	$ 4,156

(Dollars in thousands)

NOTE 6 - DEBT BORROWINGS

Debt borrowings at December 31, 2023 and 2022 consisted of fixed-rate loans from foundations and institutions with various interest rates, with a weighted average cost of capital of 2.54% and 2.61%, respectively, and are due in varying amounts through 2032. The agreements contain financial covenants whereby the Organization is required to maintain specific financial ratios (e.g., current ratio, net asset, capital, liquidity), and other requirements such as maintaining net income at break-even and to maintain a certain level of allowance for loan-losses. The Organization is also required to submit annual audited financial statements within 120 days of the end of fiscal year. At December 31, 2023 and 2022, the Organization was either in compliance with all financial covenants or obtained waivers, when appropriate.

The scheduled principal repayments under these debt borrowings as of December 31, 2023 are as follows:

	Year of Maturity						
	2024	2025	2026	2027	2028	2029 and Later	Total
Senior debt	$ 13,208	$ 31,250	$ 17,750	$ 24,817	$ 6,908	$ 5,000	$ 98,933
Subordinated debt	7,000	17,500	2,000	7,000	9,700	27,500	70,700
Total debt	$ 20,208	$ 48,750	$ 19,750	$ 31,817	$ 16,608	$ 32,500	$ 169,633

NOTE 7 - SHORT-TERM INVESTMENTS

The fair value of short-term investments as of December 31, 2023 and 2022 was $10,063 and $20,113, respectively, including $78 and $73 in unrealized appreciation, respectively, for the years ending December 31, 2023 and 2022. As of December 31, 2023 and 2022, short-term investments comprise of treasury bills classified as Level 1 in the fair value hierarchy.

NOTE 8 - COMMITMENTS AND CONTINGENCIES

In February 2016, FASB issued ASU 2016-02*, Leases* (Topic 842). Under the new guidance, lessees will be required to recognize the following for all leases (with the exception of leases with a term of 12 months or less) at the commencement date: (a) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis and (b) a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. Under the new guidance, lessor accounting is largely unchanged. The guidance requires a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the consolidated financial statements. The modified retrospective approach would not require any transition accounting for leases that expire before the earliest comparative period presented. A full retrospective transition approach is not permitted. The guidance was effective for the Organization beginning in fiscal year 2022. The Organization has determined that adoption of ASU 2016-02 is not material to the consolidated financial statements.

(Dollars in thousands)

The Organization leases office space in New York, Omaha, Indianapolis, Charlotte, Oakland, Los Angeles (2), San Jose, Boston, Austin, Houston, Long Beach, Newark, Miami, Chicago, Fresno, San Antonio, Memphis, Union City, Atlanta, Phoenix and New Haven. These leases expire over periods ranging from January 2024 through August 2030. The remaining minimum payment obligations under these leases are as follows:

2024	$ 614
2025	484
2026	286
2027	120
2028	118
2029 and later	193
	$ 1,815

Total rent expense for the years ended December 31, 2023 and 2022 was $790 and $731, respectively.

NOTE 9 - FUNCTIONAL ALLOCATION OF EXPENSES

Expenses are presented on a functional basis in the consolidated statements of activities and changes in net assets. Accordingly, certain costs have been allocated for the programs and supporting services benefited based on an internal time study that is reaffirmed annually by the respective department heads as follows:

	2023		
	Microlending Program	Support Services	Total Expenses
Salaries and benefits	$ 18,746	$ 1,426	$ 20,172
Professional fees	3,025	506	3,531
Office expense	699	62	761
Rent and utilities	941	13	954
Grants to other organizations	680	-	680
Other expense	532	16	548
Bad debt expense	1,792	-	1,792
Interest expense	3,713	-	3,713
Travel	444	53	497
License and insurance expense	164	29	193
Advertising and events	89	14	103
Total expenses	30,825	2,119	32,944
In-kind expenses	977	172	1,149
Total expenses including in-kind	$ 31,802	$ 2,291	$ 34,093

(Dollars in thousands)

	2022		
	Microlending Program	Support Services	Total Expenses
Salaries and benefits	$ 14,983	$ 1,352	$ 16,335
Professional fees	2,125	330	2,455
Office expense	377	99	476
Rent and utilities	792	28	820
Grants to other organizations	2,130	-	2,130
Other expense	290	11	301
Bad debt expense	1,982	-	1,982
Interest expense	3,186	-	3,186
Travel	281	58	339
License and insurance expense	142	24	166
Advertising and events	43	57	100
Total expenses	26,331	1,959	28,290
In-kind expenses	1,813	320	2,133
Total expenses including in-kind	$ 28,144	$ 2,279	$ 30,423

NOTE 10 - RETIREMENT PLAN

The Organization offers the opportunity to participate in a retirement program to all eligible staff members through a 401(k) tax deferred savings plan. Staff are automatically enrolled at a 1% contribution rate once participation in the plan is initiated. The Organization contributes a 50% match up to 6% of each staff member's eligible compensation. Each staff member's contributions and earnings as part of this plan are vested at 100%, with contributions by the Organization following a vesting schedule where employees are fully vested after four years of service. The Organization's matching contributions under the plan totaled $243 and $202 for the years ended December 31, 2023 and 2022, respectively.

NOTE 11 - RELATED PARTY TRANSACTIONS

The Organization received contributions from its Board members and organizations affiliated with its Board members. For the years ended December 31, 2023 and 2022, such contributions totaled approximately $10,332 and $447, respectively. Further, the Organization made a grant to Grameen PrimaCare in the amount of $530 and $1,580 for the years ended December 31, 2023 and 2022, respectively.

NOTE 12 - PARTICIPATED LOANS

During 2019 the Organization entered an agreement with East West Bank to sell loan participations on a portion of loans in certain geographic areas as designated by East West Bank. This transaction represented a true sale of the participated portions and the Organization still performs all servicing required on the loans. Loan participations sold are excluded from the Program loans receivable, net, on the statements of financial position, and the total outstanding participated amount at December 31, 2023 and 2022, net of provision totaled $2,852 and $1,407, respectively.

NOTE 13 - SUBSEQUENT EVENTS

The Organization has evaluated, for potential recognition and disclosure, events subsequent to the consolidated statement of financial position date of December 31, 2023 through March 28, 2024, the date the consolidated financial statements were available to be issued.

The Organization is not aware of any subsequent events that would require recognition or disclosure in the consolidated financial statements.