MIAMI BAYSIDE FOUNDATION, INC.

FINANCIAL STATEMENTS,
INDEPENDENT AUDITOR'S REPORT AND
SUPPLEMENTARY INFORMATION

FOR THE YEARS ENDED
DECEMBER 31, 2025 AND 2024

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Miami Bayside Foundation, Inc.
Miami, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Miami Bayside Foundation, Inc., (the "Foundation") (a non-profit organization), which comprise the statements of financial position as of December 31, 2025 and 2024, 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 Miami Bayside Foundation, Inc., as of December 31, 2025 and 2024, 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation 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 opinions.

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation'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 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation'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.

Garcia Santa Maria De Armas Trujillo, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
June 18, 2026

MIAMI BAYSIDE FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2025 AND 2024

ASSETS

	2025	2024
CURRENT ASSETS		
Cash and cash equivalents	$ 1,522,879	$ 1,989,829
Investments	2,930,309	2,587,742
Loan receivables, current portion	1,689,059	2,216,283
Pledge receivables, current portion	25,000	25,000
Right-of-use asset, current portion	2,402	9,232
TOTAL CURRENT ASSETS	6,169,649	6,828,086
Loan receivables, long-term portion, net	3,783,459	4,105,733
Pledge receivables, long-term portion, net	282,402	298,448
Right-of-use asset, long-term portion	-	2,402
Property and equipment, net	-	5,706
Other assets	86,000	336,426
TOTAL ASSETS	$ 10,321,510	$ 11,576,801

LIABILITIES AND NET ASSETS

	2025	2024
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 6,359	$ 2,686
Deferred revenue	-	276,501
Right-of-use liability, current portion	2,566	9,790
Notes payable, current portion	1,219,022	1,697,715
TOTAL CURRENT LIABILITIES	1,227,947	1,986,692
Right-of-use liability, long-term portion	-	2,566
Notes Payable, long-term portion	1,997,083	2,204,444
TOTAL LIABILITIES	3,225,030	4,193,702
NET ASSETS		
Net assets without donor restrictions	6,789,078	6,721,750
Net assets with donor restrictions	307,402	661,349
TOTAL NET ASSETS	7,096,480	7,383,099
TOTAL LIABILITIES AND NET ASSETS	$ 10,321,510	$ 11,576,801

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

MIAMI BAYSIDE FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	$ 457,802	$ -	$ 457,802
Federal, state and local grants	432,251	-	432,251
Investment income and realized gains	138,389	-	138,389
Interest and other income	230,285	-	230,285
Net assets released from restrictions	353,947	(353,947)	-
TOTAL SUPPORT AND REVENUE	1,612,674	(353,947)	1,258,727
EXPENSES			
Program services	1,658,880	-	1,658,880
Supporting services	153,991	-	153,991
TOTAL EXPENSES	1,812,871	-	1,812,871
CHANGE IN NET ASSETS BEFORE UNREALIZED GAIN	(200,197)	(353,947)	(554,144)
UNREALIZED GAIN	267,525	-	267,525
CHANGE IN NET ASSETS	67,328	(353,947)	(286,619)
Net assets, beginning of year	6,721,750	661,349	7,383,099
Net assets, end of year	$ 6,789,078	$ 307,402	$ 7,096,480

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

MIAMI BAYSIDE FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	$ 501,358	$ 470,600	$ 971,958
Federal grants	1,060,167	-	1,060,167
Investment income and realized gains	156,773	-	156,773
Interest and other income	171,503	-	171,503
Net assets released from restrictions	164,107	(164,107)	-
TOTAL SUPPORT AND REVENUE	2,053,908	306,493	2,360,401
EXPENSES			
Program services	1,585,410	-	1,585,410
Supporting services	287,085	-	287,085
TOTAL EXPENSES	1,872,495	-	1,872,495
CHANGE IN NET ASSETS BEFORE UNREALIZED GAIN	181,413	306,493	487,906
UNREALIZED GAIN	211,965	-	211,965
CHANGE IN NET ASSETS	393,378	306,493	699,871
Net assets, beginning of year	6,328,372	354,856	6,683,228
Net assets, end of year	$ 6,721,750	$ 661,349	$ 7,383,099

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

MIAMI BAYSIDE FOUNDATION, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025

	Program Services	General & Administrative	Fundraising	Total
Awards and grants	$ 379,776	$ -	$ -	$ 379,776
Salaries, benefits and payroll taxes	523,426	61,580	30,790	615,796
Bad debt	206,000	-	-	206,000
Contract services	24,621	2,726	9,000	36,347
Facilities and equipment	13,191	3,298	-	16,489
Management fees	-	15,863	-	15,863
Business fee registration	-	2,814	-	2,814
Marketing, public relations and advertising	1,777	197	-	1,975
Operations	73,099	12,900	-	85,998
Travel and meetings	3,935	11,805	-	15,740
Technical Assistance/Workshops	433,055	-	-	433,055
Other expenses	-	3,018	-	3,018
TOTAL FUNCTIONAL EXPENSES	$ 1,658,880	$ 114,201	$ 39,790	$ 1,812,871

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

MIAMI BAYSIDE FOUNDATION, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024

	Program Services	General & Administrative	Fundraising	Total
Awards and grants	$ 368,704	$ -	$ -	$ 368,704
Salaries, benefits and payroll taxes	648,143	81,018	81,018	810,179
Bad debt	70,000	-	-	70,000
Contract services	7,985	31,940	-	39,925
Facilities and equipment	8,742	8,307	-	17,049
Interest on notes payable	187,245	-	-	187,245
Management fees	-	5,081	-	5,081
Business fee registration	-	591	-	591
Marketing, public relations and advertising	11,254	1,250		12,504
Operations	23,932	4,223	-	28,155
Travel and meetings	2,852	8,557	-	11,409
Technical Assistance/Workshops	199,236	-	-	199,236
Fundraising expenses	-	-	48,513	48,513
Other expenses	57,317	16,587	-	73,904
TOTAL FUNCTIONAL EXPENSES	$ 1,585,410	$ 157,554	$ 129,531	$ 1,872,495

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

MIAMI BAYSIDE FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (286,619)	$ 699,871
Adjustments to reconcile change in net assets to net cash used in provided by operating activities:		
Depreciation	5,706	-
Bad debt expense	206,000	70,000
Noncash lease cost	(558)	435
Realized and unrealized gains on investments	(268,404)	(268,947)
Discount on pledges	(8,954)	-
(Increase) Decrease in operating assets:		
Pledge receivable	25,000	15,580
Other assets	250,426	(253,677)
Increase (Decrease) in operating liabilities:		
Accrued expenses	3,673	78
Deferred revenue	(276,501)	(675,999)
Total adjustments	(63,612)	(1,112,530)
NET CASH USED IN OPERATING ACTIVITIES	(350,231)	(412,659)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(74,163)	(1,214,309)
Sale of investments	-	2,747,161
Proceeds from loan principal payments	2,063,419	1,924,369
Loan disbursements	(1,898,467)	(2,116,574)
NET CASH PROVIDED BY INVESTING ACTIVITIES	90,789	1,340,647
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from notes payable	1,507,000	905,103
Principal payments on notes payable	(1,714,508)	(803,589)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(207,508)	101,514
Net (decrease) increase in cash and cash equivalents	(466,950)	1,029,502
Cash and cash equivalents, beginning of year	1,989,829	960,327
Cash and cash equivalents, end of year	$ 1,522,879	$ 1,989,829

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION
During the year ended December 31, 2025, $478,546 in participating loan receivables and notes payable were written off.

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

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES AND OPERATIONS

Nature of Organization

Miami Bayside Foundation (the "Foundation") is a not-for-profit organization designed to advance economic development in South Florida through the support of minority businesses and education. The Foundation seeks to do this through the creation and administration of loan programs for minority businesses, through the creation of programs and educational scholarships for minorities, and by providing technical assistance to minority businesses.

Basis of Accounting and Presentation

The financial statements have been prepared on the accrual basis of accounting and in accordance with the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"). The Foundation is required to report information regarding its financial position and activities according to two classes of net assets based on the existence or absence of donor-imposed restrictions on the use of the net assets. The two net asset categories are as follows:

<u>Net Assets Without Donor Restrictions</u>

The portion of the net assets of the Foundation that can be used subject to the broad limits resulting from the nature of the Foundation, the environment in which it operates, and the purposes specified in its articles of incorporation or bylaws. In some cases, the use of these resources is also subject to limits resulting from contractual agreements with suppliers, creditors, and others entered into by the Foundation in the normal course of business. The Foundation has the greatest ability to choose when using these resources. Net assets without donor restrictions generally result from contributions that are not subject to donor-imposed restrictions.

<u>Net Assets With Donor Restrictions</u>

The portion of net assets of the Foundation that is subject to either donor-imposed time restrictions or donor-imposed purpose restrictions. These restrictions limit the Foundation's choices when using these resources because the Foundation has a fiduciary responsibility to its donors to follow the donor's instructions. Net assets with donor restrictions generally result from donor-restricted contributions. There are $302,191 and $661,349 in net assets with donor restrictions as of December 31, 2025 and 2024, respectively.

Cash and Cash Equivalents

Cash and cash equivalents include short-term, highly liquid investments with original maturities of 90 days or less.

Contributions

The Foundation follows the provisions of an accounting standard where contributions are recognized when the donor makes a promise to give the Foundation that is, in substance, unconditional. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are transferred to net assets without donor restrictions.

Investments

The Foundation reports its investments under an accounting standard where a not-for-profit organization is required to report investments in equity securities with readily determinable fair values and all investments in debt securities at fair value, with realized and unrealized gains and losses included in the statements of activities. The fair value of marketable securities is determined by quoted market prices.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES AND OPERATIONS (Continued)

Loans Receivable

Loans receivable consist of loans to local minority businesses. Loans consist of loans from $5,000 to $250,000, which are not secured by real property. Interest income is recognized over the life of the receivables and is determined using the effective interest method. On a periodic basis, the Foundation evaluates its receivables and adjusts the allowance for loan losses, when deemed necessary, based on a historic review of collections and current credit conditions. Loans receivable that management has the intent and ability to hold for the foreseeable future or until maturity or pay-off are stated at the amount of unpaid principal, reduced by an allowance for loan losses. The allowance for loan losses is established through a provision for losses charged to expense. Loans are charged against the allowance for loan losses when management believes that collectability of the principal is unlikely. Subsequent recoveries of prior year charges against the allowance, if any, are recorded as revenue in the period received.

The allowance is an amount that management believes will be adequate to absorb estimated losses on existing loans, based on an evaluation of the collectability of loans and prior loss experience. This evaluation also takes into consideration such factors as changes in the nature and volume of the loan portfolio, overall portfolio quality, and review of specific problem loans, and current economic conditions that may affect the borrower's ability to pay. While management uses the best information available to make its evaluation, future adjustments to the allowance may be necessary if there are significant changes in economic conditions. The Foundation has allowances of $156,783 and $235,178 as of December 31, 2025 and 2024, respectively.

Once a loan is delinquent more than six months, the Foundation no longer recognizes interest income on the loan balance. Any payments received on loans previously written off are recorded as loan loss recoveries.

Pledges Receivables, net

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates to the years in which the promises are received. Amortization of the discounts is included in the contributions revenue. Conditional promises to give are not recorded as revenue until the donor's conditions are substantially met. No allowance was deemed necessary for pledges receivables as they were deemed fully collectible by management.

Property and Equipment

Property and equipment are recorded at cost. Depreciable assets with a unit cost equal to $1,000 or greater are depreciated using the straight-line method over the estimated useful lives of the asset.

Restricted Contributions Whose Restrictions Are Met in the Same Reporting Period

Donor restricted contributions whose restrictions are met in the same reporting period are reported as without donor restrictions.

Grant Revenue

Grant revenue is derived from federal, state or local contracts and grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Foundation has incurred expenditures or performed their obligations in compliance with specific contract or grant provisions. Amounts received prior to being incurred are reported as deferred revenue in the statement of financial position. The Foundation had deferred revenue of $0 and $276,501 as of December 31, 2025 and 2024, respectively.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES AND OPERATIONS (Continued)

Income Taxes

The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal or state income taxes has been made in the accompanying financial statements.

The Foundation recognizes and measures tax positions taken or expected to be taken in its tax return based on their technical merit and assesses the likelihood that the positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period. Interest and penalties on tax liabilities, if any, would be recorded in interest expense and other non-interest expense, respectively.

The U.S. Federal jurisdiction and Florida are the major tax jurisdictions where the Foundation files tax returns. The Foundation is generally no longer subject to U.S. Federal or State examinations by tax authorities for years before 2022.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

Concentrations of Credit Risk

Although cash balances may exceed federally insured limits at times during the year, the Foundation has not experienced and does not expect to incur any losses in such accounts.

Leases

The Foundation recognizes and measures its leases in accordance with FASB ASC 842, Leases. The Foundation determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of an existing contract are changed. The Foundation recognizes a lease liability and a right of use (ROU) asset at the commencement date of the lease. The lease liability is initially and subsequently recognized based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. The discount rate is the implicit rate if it is readily determinable or otherwise the Foundation uses its incremental borrowing rate.

The ROU asset is subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized. Lease cost for lease payments is recognized on a straight-line basis over the lease term.

Subsequent Events

The Foundation has evaluated subsequent events through June 18, 2026, which is the date the financial statements were available to be issued.

NOTE 2 – INVESTMENT SECURITIES

Investment securities at December 31, 2025 and 2024 were as follows:

	2025	2024
Equity securities	$ 1,976,349	$ 1,239,776
Fixed income	953,960	1,347,966
	$ 2,930,309	$ 2,587,742

The Foundation's investment income, including income earned on cash deposits, consisted of the following for the years ended December 31, 2025 and 2024:

	2025	2024
Net realized gains	$ 879	$ 56,982
Net unrealized gains	267,525	211,965
Interest and dividends	137,510	99,791
	$ 405,914	$ 368,738

For the years ended December 31, 2025 and 2024, investment fees were $15,863 and $5,081, respectively. These amounts were included in the schedules of functional expenses under the caption "Management Fees".

NOTE 3 – FAIR VALUE MEASUREMENTS

The FASB established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs of valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2 Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

NOTE 3 – FAIR VALUE MEASUREMENTS (Continued)

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Items Measured at Fair Value on a Recurring Basis

The asset's or liability's fair measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2025.

The Equity Portfolio consists of equity securities and mutual funds managed primarily through investments held by independent investment advisors with discretionary investment authority. Equity securities consist primarily of common stocks. Equity Portfolio investments are valued at the closing price reported in the active market in which the individual securities are traded.

The Fixed Income Portfolio consists of investments in securities issued by the U.S. Treasury and corporate bonds through independent investment advisors. Those investments are valued at the closing price reported in the active market in which the individual securities are traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although The Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table represents the Foundation's financial instruments measured at fair value on a recurring basis at December 31, 2025 for each of the fair value hierarchy levels:

		Fair Value Measurement at December 31, 2025		
Description	12/31/2025	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Assets:				
Investment Securities:				
Equity	$ 1,976,349	$ 1,976,349	$ -	$ -
Fixed income	953,960	953,960	-	-
	$ 2,930,309	$ 2,930,309	$ -	$ -

NOTE 3 – FAIR VALUE MEASUREMENTS (Continued)

Items Measured at Fair Value on a Recurring Basis (Continued)

The following table represents the Foundation's financial instruments measured at fair value on a recurring basis at December 31, 2024 for each of the fair value hierarchy levels:

		Fair Value Measurement at December 31, 2024		
Description	12/31/2024	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Assets:				
Investment Securities:				
Equity	$ 1,239,776	$ 1,239,776	$ -	$ -
Fixed income	1,347,966	1,347,966	-	-
	$ 2,587,742	$ 2,587,742	$ -	$ -

NOTE 4 – LOANS RECEIVABLE

Loans receivable consists of loans disbursed under the Loan Programs offered by the Foundation. Loans are secured loans for a maximum of $150,000 given to minority-owned small businesses for 5 year terms at 6% interest and collateralized by corporate assets.

December 31, 2024	**Loans Receivable**	**Allowance for Loan Losses**	**Net Receivable**
Loans	$ 6,557,194	$ 235,178	$ 6,322,016
Less, current portion	2,216,283	-	2,216,283
Loans receivable, net of current portion	$ 4,340,911	$ 235,178	$ 4,105,733

December 31, 2025	**Loans Receivable**	**Allowance for Loan Losses**	**Net Receivable**
Loans	$ 5,629,301	$ 156,783	$ 5,472,518
Less, current portion	1,689,059	-	1,689,059
Loans receivable, net of current portion	$ 3,940,242	$ 156,783	$ 3,783,459

Net loans and micro loans receivable consist of the following:

	2025	2024
Balance - allowance for loan losses, beginning of year	$ 235,178	$ 238,704
Loan loss expense	206,000	70,000
Write-offs	(292,695)	(86,261)
Recoveries	8,300	12,735
Balance - allowance for loan losses, end of year	$ 156,783	$ 235,178

NOTE 5 – PLEDGE RECEIVABLE

Pledge receivable at December 31, 2025 and 2024 amounted to $307,402 and $323,448, net of a present value discount, and consist of an outstanding pledge from a corporation as follows:

	2025	2024
Pledge Receivable	With donor restriction	With donor restriction
Less than a year	$ 25,000	$ 25,000
One to five years	125,000	125,000
More than five years	225,000	250,000
Less: present value discount (3%)	(67,598)	(76,552)
Pledge receivable, net	$ 307,402	$ 323,448

No allowance was deemed necessary as of December 31, 2025 and 2024 for pledges receivable, as they were deemed fully collectible by management.

NOTE 6 – NOTES PAYABLE

Notes payable consists of loans obtained under the SSBCI Loan Support Program between the Foundation and Enterprise Florida, Inc. (“EFI”). The terms allow EFI to purchase a participation in a loan being offered by the Foundation to a borrower. The amount of EFI’s participation shall not exceed 50%, or $75,000 for each loan. Loans are secured loans for a maximum of $150,000 given to minority-owned small businesses for 5 year terms at 6% interest and collateralized by corporate assets. During the years ended December 31, 2025 and 2024, the amounts owed were $86,809 and $123,801 respectively.

Notes payable also consists of a loan between the Foundation and FloridaCommerce. The terms allow Florida Commerce to purchase a participation in a loan being offered by the Foundation to a borrower. The amount of the participation shall not exceed $125,000 for each loan. The loans are administered by Florida First Capital Finance Corp. (“FFCFC”). Loans are secured loans for a maximum of $250,000 given to minority-owned small businesses for a maximum of 5 year terms at 6% interest and collateralized by corporate assets. During the years ended December 31, 2025 and 2024, the amounts owed were $1,513,289 and $1,103,867 respectively.

Notes payable also consists of a loan between the Foundation and Florida Commerce Black Business Loan Program (“BBLP”). Loans are secured loans for a maximum of $250,000 given to minority-owned small businesses for a maximum of 5 year terms at 6% interest and collateralized by corporate assets. During the years ended December 31, 2025 and 2024, the amounts owed were $1,530,167 and $2,674,490 respectively.

The participation portion of the notes are included within the loans receivable, and the liability is included as notes payable on the statements of financial position.

NOTE 6 – NOTES PAYABLE (Continued)
Future maturities of notes payable for the next five years and thereafter are as follows:

December 31,	Amount
2026	$ 1,219,022
2027	803,613
2028	634,645
2029	418,332
2030	134,223
Thereafter	6,270
	$ 3,216,105

NOTE 7 – COMMITMENTS AND CONTINGENCIES
Operating Leases
The Foundation leases office space under a non-cancelable operating lease agreement expiring in March 2026. The Foundation recognizes a right-of-use asset and related lease liability at the commencement date based on the present value of lease payments over the lease term. The lease liability is measured using the Foundation's incremental borrowing rate, which was determined to be 6% at lease commencement. As of December 31, 2025, the remaining lease term is approximately 0.25 years.

Maturities of lease liabilities under the operating leases as of December 31, 2025 are as follows:

Year ending December 31,	
2026	$ 2,578
Undiscounted liabilities	2,578
Less: imputed interest	(12)
	$ 2,566

The operating lease cost was $11,828 and $11,084 for the years ended December 31, 2025 and 2024, respectively.

Subsequent to year-end, the Foundation entered into a new lease agreement for office space. As the lease was executed after December 31, 2025, no right-of-use asset or lease liability has been recognized in the accompanying financial statements. The impact of this lease will be recognized in the period in which the lease commences.

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS
These net assets are restricted for specific purposes or until specific events occur. Net assets are restricted to the following purposes or time periods as of December 31:

	2025	2024
Miami Produce	$ 307,402	$ 330,955
PNC Foundation	-	330,394
	$ 307,402	$ 661,349

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS (Continued)

These net assets with donor restrictions consist of the following assets as of December 31, 2025 and 2024:

	2025	2024
Cash	$ -	$ 337,901
Pledge receivable, net	307,402	323,448
	$ 307,402	$ 661,349

NOTE 9 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Foundation's financial assets as of December 31, 2025 and 2024 that are available for general use within one year of that date to meet cash for general expenditures. The Foundation has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

	2025	2024
Financial assets:	$ 6,169,649	$ 6,828,086
Less those unavailable for general expenditure within one year due to:		
Donor imposed time or purpose restrictions	(307,402)	(661,349)
Financial assets available to meet cash needs for general expenditures within one year	$ 5,862,247	$ 6,166,737

NOTE 10 – GRANT FUNDING

The Foundation receives funding under various federal, state, and local grant arrangements and administers programs funded through governmental agencies and other sources. These programs are subject to the terms and conditions of the applicable agreements and may be subject to review, monitoring, and audit by the respective funding agencies or their representatives. Management believes the Foundation has complied with all significant program requirements. Any adjustments resulting from such reviews or audits are not expected to have a material effect on the accompanying financial statements.

NOTE 11 – MINORITY PARTICIPATION AGREEMENT

On September 2014, the City of Miami (the "City") and Bayside Marketplace, LLC (the "Developer") amended the Minority Participation Agreement which set forth the Developer's obligations with regard to minority participation in connection with the development of Bayside Marketplace. The term of the Minority Participation Agreement as amended, expires on November 30, 2060. The Developer agrees to pay the Foundation a contribution in the amount of $350,000 annually each year during the term of the agreement. The contribution shall increase each year by 2%. If the Foundation ceases to be a 501 (c)(3) tax exempt organization, the contributions shall be placed in an interest bearing escrow account and paid to the Foundation at such time as the Foundation shall satisfactorily prove to the Developer that it has qualified as a 501(c)(3) tax exempt organization, or, at the written request of the City, be paid to another not for profit organization qualified as a 501(c)(3) tax exempt organization.

NOTE 12 – FUNCTIONAL ALLOCATION OF EXPENSES

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Foundation. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Depreciation is allocated based on square footage. Costs of other categories were allocated on estimates of time and effort.