CANI's Center for Community and Economic Development, Inc dba Brightpoint Development Fund

Financial Statements
and Supplementary Information

Year Ended October 31, 2024

WIPFLI

CANI's Center for Community and Economic Development, Inc dba Brightpoint Development Fund

Year Ended October 31, 2024

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Independent Auditor's Report

Board of Directors
CANI’s Center for Community and Economic Development, Inc dba Brightpoint Development Fund
Fort Wayne, Indiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of CANI’s Center for Community and Economic Development, Inc dba Brightpoint Development Fund ("BDF"), which comprise the statement of financial position as of October 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.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of BDF as of October 31, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States (''GAAP'').

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. 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 BDF and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, 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 BDF's ability to continue as a going concern for one year after the date 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 GAAS 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 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 GAAS and *Government Auditing Standards,* we:

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

- Identify and assess the risks of material misstatement of the 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 BDF’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 BDF'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of program activity, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.
The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. 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 10, 2025, on our consideration of BDF'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 BDF'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 BDF's internal control over financial reporting and compliance.

Wipfli LLP

Wipfli LLP

Madison, Wisconsin
June 10, 2025

CANI's Center for Community and Economic Development, Inc dba Brightpoint Development Fund

Statement of Financial Position

As of October 31, 2024

ASSETS		
Current Assets:		
Cash and cash equivalents	$	720,204
Restricted cash		895,318
Grants receivable		64,262
Accounts receivable		200,001
Prepaid expenses		15,500
Loans receivable - current, net		307,714
Total current assets		2,202,999
Long Term assets: Loans receivable - net of allowance of $263,982 and current		1,189,636
TOTAL ASSETS	$	3,392,635
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	$	93,654
Notes payable		130,464
Refundable advances		564,799
Total current liabilities		788,917
Long Term Liabilities: Notes payable, net of current		1,117,322
Total liabilities		1,906,239
Net assets:		
Without donor restrictions:		
Undesignated		461,876
Board designated - SBA loan programs		42,996
Total net assets without donor restrictions		504,872
With donor restrictions		981,524
Total net assets		1,486,396
TOTAL LIABILITIES AND NET ASSETS	$	3,392,635

See accompanying notes to financial statements.

CANI's Center for Community and Economic Development, Inc dba Brightpoint Development Fund

Statement of Activities

Year Ended October 31, 2024		**Without Donor Restrictions**		**With Donor Restrictions**		**Total**
Revenue:						
Grant revenue	$	615,401	$	75,000	$	690,401
Contributions		289		-		289
Interest income		142,440		32,695		175,135
Loan processing revenue		33,162		-		33,162
Other income		58,347		-		58,347
Net assets released from donor restrictions		130,820		(130,820)		-
Total revenue		980,459		(23,125)		957,334
Expenses:						
Self-sufficiency		837,728		-		837,728
Total program activities		837,728		-		837,728
Management and general		111,594		-		111,594
Total expenses		949,322		-		949,322
Change in net assets		31,137		(23,125)		8,012
Net assets without donor restrictions - Beginning of year		827,320		-		827,320
Transfer of Small Business Administration loan activity		(873,642)		1,004,649		131,007
Capital contributions		400,000		-		400,000
Cumulative effect of change in accounting standard		120,057		-		120,057
Net assets without donor restrictions - End of year	$	504,872	$	981,524	$	1,486,396

See accompanying notes to financial statements.

CANI’s Center for Community and Economic Development, Inc dba Brightpoint Development Fund

Statement of Functional Expenses

Year Ended October 31, 2024	Program Activities	Management and General	Total Expenses
Personnel	$ 456,819	$ 69,060	$ 525,879
Consultants and contract labor	126,379	869	127,248
Travel	11,959	1	11,960
Occupancy	31,715	6,353	38,068
Client assistance	551	-	551
Materials and supplies	9,371	34,981	44,352
Telephone and postage	7,199	330	7,529
Provision for credit losses	97,117	-	97,117
Loan servicing fee	38,269	-	38,269
Interest	33,497	-	33,497
Other	24,852	-	24,852
Total expenses	$ 837,728	$ 111,594	$ 949,322

See accompanying notes to financial statements.

CANI's Center for Community and Economic Development, Inc dba Brightpoint Development Fund

Statement of Cash Flows

Year Ended October 31, 2024		
Change in cash, cash equivalents, and restricted cash:		
Cash flows from operating activities:		
Change in net assets	$	8,012
Adjustments to reconcile change in net assets to cash flows from operating activities:		
Provision for credit losses		20,357
Changes in operating assets and liabilities:		
Accounts receivable		(183,297)
Grants receivable		(38,218)
Prepaid expenses		(15,500)
Accounts payable		(5,639)
Refundable advances		64,799
Net cash flows from operating activities		(149,486)
Cash flows from investing activities:		
Proceeds from repayments of loan receivable		1,302,393
Issuance of loans receivable		(1,696,311)
Net cash flows from investing activities		(393,918)
Cash flows from financing activities:		
Proceeds from notes payable		450,000
Capital contributions		400,000
Proceeds from transfer of Small Business Administration funds		493,476
Principal payments on notes payable		(275,856)
Net cash flows from financing activities		1,067,620
Net changes in cash, cash equivalents, and restricted cash		524,216
Cash, cash equivalents, and restricted cash, beginning of year		1,091,306
Cash, cash equivalents, and restricted cash, end of year	$	1,615,522
Reconciliation of cash, cash equivalents, and restricted cash:		
Cash and cash equivalents	$	720,204
Restricted cash		895,318
Total cash, cash equivalents, and restricted cash	$	1,615,522
Supplemental disclosure of cash and non-cash activities:		
Interest paid and expensed	$	33,497

See accompanying notes to financial statements.

Note 1: Summary of Significant Accounting Policies

Nature of Activities

CANI's Center for Community and Economic Development, Inc dba Brightpoint Development Fund (BDF), a not-for-profit organization, was formed for the purposes of operating revolving loan programs, including small business and consumer loans. Approximately 59% of revenue recognized was from grants.

Basis of Accounting

The financial statements of BDF are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Classification of Net Assets

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

> **Net assets without donor restrictions:** Net assets available for use in general operations and not subject to donor restrictions. Net assets without donor restrictions may be designated for specific purposes by the board of directors. The governing board has designated, from net assets without donor restrictions, excess funds from closed out SBA programs to support future SBA programs.
>
> **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 explicit 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.

Use of Estimates

The preparation of accompanying financial statements in accordance with GAAP requires management to make estimates and assumptions that directly 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 revenue and expenses during the reporting period. Actual results may differ from these estimates.

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue and Revenue Recognition

Contributions

Contributions, including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution or promise to give contains a donor or grantor condition when both of the following are present:

- An explicit identifying of a barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized.

- An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met.

Conditional contributions are recognized when the barrier(s) to entitlement are overcome. Unconditional contributions are recognized as revenue when received.

Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. If the restriction is satisfied in the period the income is received, the income is recorded as revenue without donor restrictions.

Grants

Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award.

A. Grant Awards That Are Contributions

Grants that qualify as contributions are recorded as invoiced to the funding sources. Revenue is recognized in the accounting period when the related allowable expense or asset acquisition is incurred. Amounts received in excess of expense or assets acquisition is reflected as a refundable advance.

B. Grant Awards That Are Exchange Transactions

Exchange transactions are reimbursed based on a predetermined rate for services performed in accordance with the terms of the award. Revenue is recognized when control of the promised goods or services is transferred to the customer (grantor) in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Amounts received in excess of recognized revenue are reflected as a contract liability.

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue and Revenue Recognition (Continued)

Contract Revenue

BDF recognized revenue from exchange transactions from contracts with customers for loan processing revenue. These are exchange transactions that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition with a focus on the transfer of control of promised goods or services to a customer. BDF reported the loan processing revenue in its statement of activities for the year ended October 31, 2024.

Loan processing revenue of $33,162 for the year ended October 31, 2024 is recognized upon successful closing of the project and disbursement of loan proceeds to the Qualified Active Low-Income Community Business or individual. BDF considers the performance obligation to be the successful closing of the loan.

BDF determined at October 31, 2024 that there were no services provided without a contract in place and, therefore, has no expected adjustments to receivables and revenue. There are no receivables from contracts with customers at November 1, 2023 and October 31, 2024.

There are no contract assets or contract liabilities at November 1, 2023 and October 31, 2024.

Adoption of New Accounting Standard

Accounting Standards Update (ASU) No. 2016-13, *Measurement of Credit Losses on Financial Instruments*, requires the BDF to present financial assets measured at amortized cost (including accounts receivables) at the net amount expected to be collected over their remaining contractual lives. Estimated credit losses are based on relevant information about historical experience, current conditions, and reasonable and supportable forecasts that affect the collectibility of the reported amounts.

BDF adopted ASU No. 2016-13 on November 1, 2023, and recorded a cumulative effect adjustment of $120,057 to net assets. Results for the year ended October 31, 2024, are presented under Accounting Standards Codification (ASC) 326 while prior period amounts continue to be reported in accordance with previously applicable accounting standards generally accepted in the United States (US GAAP). See the Allowance for Credit Losses policy disclosure for changes to the accounting policies.

Accounts Receivable

Accounts receivable represent amounts due from a related party. Beginning November 1, 2023, the carrying amount of accounts receivable is reduced by an allowance that reflects management's best estimate of the current expected credit losses. The estimate of the allowance for credit losses is based on an analysis of historical loss experience, current receivables aging, and management's assessment of current conditions and expected changes during a reasonable and supportable forecast period. BDF uses an aging method to estimate allowances for credit losses. Management assesses collectability by pooling receivables with similar risk characteristics and evaluates receivables individually when specific customer balances no longer share those risk characteristics. An allowance for credit losses was not considered necessary at October 31, 2024.

Note 1: Summary of Significant Accounting Policies (Continued)

Loans Receivable

BDF operates loan programs that provides capital to employees, employees of partner organizations, and small businesses. There are three categories of loan funds, as noted below:

- Business Development: U.S. Small Business Administration (SBA) loans and CDFI loans
- Community Loan Center: Loans to employees of partner organizations
- Consumer Loans: Drive to Success loans

The SBA, Indiana Housing Community and Economic Development Authority (IHCDA), and Department of the Treasury, among other sources provide capital for financing purchases of equipment, supplies, inventory, professional services, and operating capital. Business development loans are to be repaid over a time period of up to 60 months, have fees not to exceed 2% of the amount borrowed, and have interest rates ranging between 6.75% to 9.25%. BDF established a loan loss reserve for these loans that remains at least 15% of principal outstanding at all times, which is included in restricted cash. Loans are reviewed monthly to determine their risk, and loans that have become riskier over time through delinquency or external factors have their loan loss reserve elevated above the 15% minimum. If an amount becomes delinquent after all collection efforts have failed, the account will be written off against this loan loss reserve. A loan portfolio management policy is included within Brightpoint's current Small Business Loan Fund Policy and Procedure Manual.

Community Loan Center loans are made to the employees of partner organizations have a $20 administrative fee associated with them and are to be repaid over a time of up to 12 months and have an interest rate of 18%.

Consumer loans include Drive to Success (See Note 5). The employee loans are to be repaid over a time period of up to 18 months, and have a flat fee associated with them based on the loan amount.

Terms and rates vary depending upon the borrower's capital requirements and management's assessment of risk. Allowance for bad debts is based on management's review of portfolio performance. Notes are secured by the borrower's collateral. Loans receivable, which ultimately are to be remitted back to the funding source, are reported in the statement of financial position under liabilities as refundable advances.

Management has the intent and ability to hold all loans for the foreseeable future or until maturity or pay-off. Management has reported the loans at their outstanding unpaid principal balances adjusted for charge-offs and the allowance for expected loan losses. Interest income is accrued on the unpaid principal balance. Loan origination fees, net of certain direct origination costs, are recognized as income or expense when received or incurred since capitalization of these fees or costs would not have a significant impact on the financial statements.

Note 1: Summary of Significant Accounting Policies (Continued)

Loans Receivable (Continued)

At such time when a loan is determined to be past due, the interest-bearing loans can be placed on nonaccrual status. The determination of past due loans for purposes of placing on nonaccrual status is made on a case-by-case basis. Interest accrued, but not collected for loans that are placed on nonaccrual 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 accrual. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

Allowance for Credit Losses

Effective November 1, 2023, BDF uses a current expected credit loss ("CECL") model to estimate the allowance for credit losses on loans. The CECL model considers historical loss rates and other qualitative adjustments, as well as a new forward-looking component that considers reasonable and supportable forecasts over the expected life of each loan. To develop the allowance for credit losses estimate under CECL, BDF segments the loan portfolio into loan pools based on loan type and similar credit risk elements and adjusts for forecasted macro-level economic conditions and other anticipated changes in credit quality; and determines qualitative adjustments based on factors and conditions unique to the Organization's loan portfolios. Management evaluates substantially all collectively evaluated loans using the remaining life model.

Under the CECL model, loans that do not share similar risk characteristics with loans in their respective pools are individually evaluated for expected credit losses and are excluded from the collectively evaluated loan credit loss estimates. Management individually evaluates its loans receivable for evidence of credit deterioration. For loans individually evaluated, a specific reserve is estimated based on either the fair value of the collateral (if applicable) or the discounted value of expected future cash flows. See Note 5 for more information.

The allowance for credit losses is a valuation allowance for probable incurred credit losses based on an evaluation of the outstanding loans.

Loan losses are charged against the allowance when management believes the collectability of the principal is unlikely. Subsequent recoveries, if any, are reported as charge-off recovery income on the statement of activities.

Note 1: Summary of Significant Accounting Policies (Continued)

Allowance for Credit Losses (Continued)

A loan is considered impaired when, based on current information and events, it is probable that BDF will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the amount owed.

Impairment is measured on a loan-by-loan basis for loans by either the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's obtainable market price, or the fair value of the collateral if the loan is collateral dependent. A loan is considered to be collateral dependent when, based upon management's assessment, the borrower is experiencing financial difficulty and repayment is expected to be provided substantially through the operation or sale of the collateral. For collateral dependent loans, expected credit losses are based on the fair value of the collateral as of the date of the statement of financial position, with consideration for estimated selling costs if satisfaction of the loan depends on the sale of collateral. Business development, Community Loan Center and consumer loans are generally secured by the related inventory, autos, or business to which the loans relate.

Cash and Cash Equivalents

BDF considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents, excluding amounts whose use is limited or restricted. Cash and cash equivalents are stated at cost.

Income Taxes

BDF is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. BDF is required to assess whether it is more likely than not that a tax position will be sustained upon examination on the technical merits of the position assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more likely than not recognition threshold, the benefit of that position is not recognized in the financial statements. Accordingly, no provision or liability for income taxes has been included in the financial statements. Management does not believe there are any uncertain tax positions as of October 31, 2024.

Note 1: Summary of Significant Accounting Policies (Continued)

Functional Allocation of Expenses

Certain categories of expenses are attributable to one or more programs or supporting functions of BDF. Those expenses include occupancy costs, administrative salaries, and supplies. Occupancy costs are allocated based on a square footage basis and the remaining administrative costs are allocated based on time and effort.

Subsequent Events

BDF have evaluated events and transactions for potential recognition or disclosure in the financial statements throughout June 10, 2025, which is the date the financial statements were available to be issued.

Note 2: Liquidity and Availability of Financial Resources

Financial assets available for general expenditure, that is, without donor or other restrictions or designations limiting their use, within 12 months of the statement of financial position date, comprise the following as of October 31, 2024:

Cash and cash equivalents	$	720,204
Restricted cash		895,318
Grants receivable		64,262
Accounts receivable		200,001
Loans receivable, net		307,714
Subtotal financial assets		2,187,499
Less: Refundable advances		(564,799)
Less: Accounts payable		(93,654)
Less: Designated for SBA loan programs		(42,996)
Less: Net assets with donor restrictions		(981,524)
Total	$	504,526

BDF has no formal liquidity policy, but its process of liquidity management calls for BDF to maintain sufficient liquid financial assets in order to readily meet general expenditures and obligations as they become due. BDF can rely on a lower cash balance as it is primarily funded with cost reimbursement grants. Under cost reimbursement grants, once expenses are incurred, an organization can request reimbursement from the funding source. BDF has grant commitments for future expenses of approximately $743,000 as described in Note 6.

Note 3: Concentration of Credit Risk

BDF maintains cash balances at numerous banks. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. BDF has a daily sweep agreement with one of the banks to sweep the funds into an interest-bearing money market account at the same bank. The swept funds are treated by the bank as deposits and are covered by FDIC insurance to the maximum amount provided by law. At times during the year, the balance in the other accounts may exceed federally insured limits. Management believes the financial institutions have strong credit ratings and credit risk related to these deposits is minimal.

Note 4: Grants Receivable

Grants receivable at October 31, 2024, consisted of $64,262 in funds from the SBA.

Note 5: Loans Receivable

Brightpoint and BDF operate programs that provide assistance to business owners and individuals. The assistance is provided in the form of various installment loans, which are secured by various property owned by the recipients. Loan funds repaid are made available to loan to other eligible participants.

Loans receivable consisted of the following at October 31, 2024:

SBA Loans	$	736,950
Community Loan Center		822,696
Community Development Financial Institutions (CDFI) loans		119,187
Drive to Success		82,499
Subtotal		1,761,332
Less: Allowance for credit losses		(263,982)
Net loans receivable	$	1,497,350
Loans receivable – Current	$	307,714
Loans receivable – Long-term		1,189,636
Net loans receivable	$	1,497,350

Note 5: Loans Receivable (Continued)

Revolving loan classifications at October 31, 2024 consist of the following:

Business development	$	856,137
Community Loan Center		822,696
Consumer		82,499
Subtotals		1,761,332
Allowance for credit losses – Business development		(176,130)
Allowance for credit losses – Community Loan Center		(82,764)
Allowance for credit losses – Consumer loans		(5,088)
Net loans receivable	$	1,497,350

An analysis of the allowance for loan losses for the business development, community loan center, and consumer loans for the year ended October 31, 2024, is as follows:

Balance at beginning of year	$	196,047
Cumulative effect of change in accounting standard - CECL		(120,057)
Loans charged off		(101,808)
Recoveries of loans previously charged off		31,735
Transfer of provision for credit losses from Brightpoint		151,760
Provision for credit losses		106,305
Balance at end of year	$	263,982

Detailed analysis of loans evaluated for impairment as of October 31, 2024, is as follows:

	Business Development	Community Loan Center	Consumer Loans	Total
Loans:				
Individually evaluated for impairment	$ 114,859	$ 7,723	$ -	$ 122,582
Collectively evaluated for impairment	741,278	814,973	82,499	1,638,750
Totals	$ 856,137	$ 822,696	$ 82,499	$ 1,761,332

Note 5: Loans Receivable (Continued)

	Business Development	Community Loan Center	Consumer Loans	Total
Related allowance for loan losses:				
Individually evaluated for impairment	$ 114,859	$ 7,723	$ -	$ 122,582
Collectively evaluated for impairment	61,271	75,041	5,088	141,400
Totals	$ 176,130	$ 82,764	$ 5,088	$ 263,982

The following is a summary of information pertaining to impaired and nonperforming loans as of October 31, 2024:

Impaired loans with an allowance for loan loss	$ 122,582
Total impaired loans	$ 122,582
Allowance for loan losses related to impaired loans	$ 122,582
Average investment in impaired loans	$ 20,426
Interest income recognized on impaired loans	$ 2,989

BDF regularly evaluate attributes of loans to determine the appropriateness of the allowance for loan losses. Loans are generally evaluated based on whether or not the loan is performing according to the contractual terms of the loan.

Information regarding the credit quality indicators most closely monitored by class of loan as of October 31, 2024, is as follows:

- Performing: Loan payments as agreed on October 31st of each year (current + less than 90 days past due).

- Nonperforming: Loan payment outstanding and unpaid on October 31st of each year (greater than 90 days past due).

Note 5: Loans Receivable (Continued)

		Performing		Non-Performing		Totals
Credit exposure:						
Business development	$	741,278	$	114,859	$	856,137
Community Loan Center		814,973		7,723		822,696
Consumer loans		82,499		-		82,499
Totals	$	1,638,750	$	122,582	$	1,761,332

Loan aging information on nonperforming for BDF for the year ended October 31, 2024, is as follows:

		31-60 days		60-90 days		90+ days		Total Past Due Loans
Loans receivable	$	2,803	$	2,803	$	116,976	$	122,582

When, for economic or legal reasons related to the borrower's financial difficulties, BDF grants concessions to borrowers and a loan modification may be offered Loan modifications may consist of interest-only payments for a period of time, extending amortization terms, a reduction of the interest rate, and/or forgiveness of interest and/or principal.

There were no modifications of loans classified as troubled debt restructurings during the year ended October 31, 2024.

Note 6: Grant Awards

At October 31, 2024, BDF had commitments under various grants of approximately $743,000. These commitments are not recognized in the accompanying financial statements as they are conditional awards.

Note 7: Restricted Cash

BDF operates lending programs with funding from the United States Department of the Treasury and Small Business Administration.

Note 8: Line of Credit

BDF maintains a line of credit with Old National Bank in the amount of $1,000,000. The effective rate at October 31, 2024, was 8.5%. The line of credit matures October 10, 2025. The line of credit is collateralized by the assignment of the Community Loan Center loan portfolio. There was no balance on the line of credit at October 31, 2024.

Note 9: Notes Payable

Notes payable at October 31, 2024, consist of the following:

BDF has a $350,000 note payable with the SBA. This note has a variable interest rate up to 1.75% minus a buy down of 1.25% for an accrual rate of 0.50% and matures September 2027. The variable interest rate can be reduced to 0% under certain parameters, which have been met. Payments are currently $3,328 per month.	$	123,456
BDF has a $500,000 note payable with the SBA. This note has a variable interest rate up to 1.88% minus a buy down of 2% for months one through twelve for an accrual rate of 0%, and a buy down rate of 1.25%, for subsequent months for an accrual rate of 0% and matures May 2030. Payments are currently $5,108 per month.		457,200
BDF has a $350,000 note payable with the SBA. This note has a variable interest rate up to 0.75% minus a buy down of 2% for months one through twelve for an accrual rate of 0%, and a buy down rate of 1.25%, for subsequent months for an accrual rate of 0% and matures May 2030. Payments are currently $3,241 per month.		217,130
BDF has a secured note payable for $450,000 with Texas Community Capital. The note has an interest rate of 4.50% per annum and matures in June 1, 2026. Note is to be paid in full at date of maturity.		450,000
Total		1,247,786
Current maturities		(130,464)
Long-term debt	$	1,117,322

Note 9: Notes Payable (Continued)

The maturity of the notes payable at October 31, 2024, is as follows:

2025	$	130,464
2026		580,464
2027		129,070
2028		88,848
2029		88,848
Thereafter		230,092
Total	$	1,247,786

Note 10: Net Assets with Donor Restrictions

At October 31, 2024, BDF has net assets with donor restrictions consisting of:

SBA Revolving Loan Fund	$	981,524
Total	$	981,524

Net assets released from restrictions at October 31, 2024, consisted of purpose related expenses of $130,820.

Note 11: Related Entities

During the year ended October 31, 2024, BDF's parent company, Brightpoint, contributed $400,000 as a capital contribution to BDF. The capital contributions were for the purpose of covering operating activities of BDF.

On March 18, 2024, the SBA loan receivable balance, the associated notes payable and loan loss reserves were transferred from Brightpoint to BDF as part of the realignment of the operations of the program. The associated gain transfer to support the amounts transferred at March 18, 2024 is summarized below:

SBA loan receivable	$	662,933
SBA loan receivable allowance		(151,760)
SBA notes payable		(873,642)
Credit loss reserve - restricted cash		493,476
Total	$	131,007

Note 12: Funded Loan Loss Reserve Requirements

The SBA Microloan loan agreement requires that BDF maintains a funded loan loss reserve at a minimum of 15% of the total outstanding principal amount due on all current microloan program loans receivable. BDF is also required to charge against the loan loss reserve any loans receivable originating under the microloan program once a scheduled payment has remained unpaid for 120 days.

The principal amount of loans receivable under the microloan program was $736,950 at October 31, 2024. The minimum loan loss reserve was $110,543 and the actual amount in the funded loan loss reserve amounted to $135,581, which was in excess of the requirement at October 31, 2024.

Supplementary Information

CANI's Center for Community and Economic Development, Inc dba Brightpoint Development Fund

Schedule of Program Activity

Year Ended October 31, 2024

		FEDERAL PROGRAMS						
		Department of the Treasury			SBA	Dept of Treasury	DHHS	
		21.011	21.020	21.033	59.046	21.025	93.569	
	Total	CDFI RRP	CDFI TA 22	CDFI LOAN CAPITAL	SBA Microloan Program	CDFI SDL	CSBG	Subtotal Federal Programs
		(1)	(2)	(3)	(4)	(5)	(6)	
REVENUE								
Grant revenue	$ 690,401	$ 0	$ 23,968	$ 60,000	$ 139,251	$ 282,327	$ 60,000	$ 565,546
Donations	289	0	0	0	5	0	0	5
Interest income	175,135	3,835	0	12,780	32,695	0	0	49,310
Loan processing revenue	33,162	0	0	0	0	0	0	0
Other income	58,347	28	0	0	134	0	0	162
Total Revenue	**957,334**	**3,863**	**23,968**	**72,780**	**172,085**	**282,327**	**60,000**	**615,023**
EXPENSES								
Personnel	525,879	0	40,679	0	55,965	14,071	60,000	170,715
Consultants and contract labor	127,248	0	1,073	0	51	0	0	1,124
Travel	11,960	0	67	0	0	0	0	67
Occupancy	38,068	0	320	0	0	0	0	320
Client assistance	551	0	0	0	0	0	0	0
Materials and supplies	44,352	0	0	0	0	0	0	0
Telephone and postage	7,529	0	188	(2)	0	0	0	186
Provision for credit losses	97,117	0	0	5,883	56,413	268,256	0	330,552
Loan servicing fee	38,269	0	0	0	0	0	0	0
Interest	33,497	0	0	0	7,567	0	0	7,567
Transfers	0	3,863	0	12,780	0	0	0	16,643
Other	24,852	0	0	0	0	0	0	0
Shared costs	0	0	(18,359)	(834)	8,285	0	0	(10,908)
Total Expenses	**949,322**	**3,863**	**23,968**	**17,827**	**128,281**	**282,327**	**60,000**	**516,266**
Change in Net Assets	**8,012**	**0**	**0**	**54,953**	**43,804**	**0**	**0**	**98,757**
Transfer of Small Business Administration loan activity	131,007	0	0	0	187,304	0	0	187,304
Capital contributions	400,000	0	0	0	0	0	0	0
Cumulative effect of change in accounting standard	120,057	0	0	0	0	0	0	0
Net assets - Beginning of year	827,320	49,532	0	1,423	0	0	0	50,955
NET ASSETS - End of year	**$ 1,486,396**	**$ 49,532**	**$ 0**	**$ 56,376**	**$ 231,108**	**$ 0**	**$ 0**	**$ 337,016**

See Independent Auditor's Report.

CANI's Center for Community and Economic Development, Inc dba Brightpoint Development Fund

Schedule of Program Activity

Year Ended October 31, 2024

	Community Loan Center	Drive to Success	Flagstar CLC	Subtotal Nonfederal Programs	Discretionary
REVENUE					
Grant revenue	$ 28,500	$ 0	$ 94,355	$ 122,855	$ 2,000
Donations	0	0	0	0	284
Interest income	116,543	3,629	0	120,172	5,653
Loan processing revenue	29,310	0	0	29,310	3,852
Other income	27,880	(5)	0	27,875	30,310
Total Revenue	**202,233**	**3,624**	**94,355**	**300,212**	**42,099**
EXPENSES					
Personnel	63,357	0	92,075	155,432	199,732
Consultants and contract labor	27,092	58	0	27,150	98,974
Travel	593	0	467	1,060	10,833
Occupancy	1,013	0	0	1,013	36,735
Client assistance	0	0	0	0	551
Materials and supplies	0	0	50	50	44,302
Telephone and postage	12	0	0	12	7,331
Provision for credit losses	(291,290)	9,460	0	(281,830)	48,395
Loan servicing fee	38,269	0	0	38,269	0
Interest	25,930	0	0	25,930	0
Transfers	41,000	3,629	0	44,629	(61,272)
Other	0	0	0	0	24,852
Shared costs	69,262	0	1,764	71,026	(60,118)
Total Expenses	**(24,762)**	**13,147**	**0**	**(11,615)**	**350,315**
Change in Net Assets	**226,995**	**(9,523)**	**94,355**	**311,827**	**(308,216)**
Transfer of Small Business Administration loan activity	0	60,000	0	60,000	(116,297)
Capital contributions	0	0	0	0	400,000
Cumulative effect of change in accounting standard	0	0	0	0	120,057
Net assets - Beginning of year	0	0	0	0	776,365
NET ASSETS - End of year	**$ 226,995**	**$ 50,477**	**$ 94,355**	**$ 371,827**	**$ 871,909**

See Independent Auditor's Report.

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

Board of Directors
CANI's Center for Community and Economic Development, Inc dba Brightpoint Development Fund
Fort Wayne, Indiana

We have audited, 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, the financial statements of CANI's Center for Community and Economic Development, Inc dba Brightpoint Development Fund ("BDF"), which comprise the statement of financial position as of October 31, 2024, and the related statement 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 10, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered BDF'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 BDF's internal control. Accordingly, we do not express an opinion on the effectiveness of BDF'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 reasonable possibility that a material misstatement of BDF'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a deficiency in internal control described in the accompanying schedule of findings and responses as item 2024-01 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether BDF'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*.

CANI's Center for Community and Economic Development, Inc dba Brightpoint Development Fund's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the CANI's Center for Community and Economic Development, Inc dba Brightpoint Development Fund's response to the finding identified in our audit and described in the accompanying schedule of findings and responses. CANI's Center for Community and Economic Development, Inc dba Brightpoint Development Fund's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 BDF's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering BDF's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wipfli LLP

Wipfli LLP

Madison, Wisconsin
June 10, 2025

Finding 2024-01: Presentation of Restricted Net Assets

Condition: We noted that CANI's Center for Community and Economic Development, Inc dba Brightpoint Development Fund had improperly classified a portion of the SBA loan receivable and SBA cash balances in net assets without donor restrictions as of October 31, 2024. This issue arose during the transfer of SBA funds previously held under Brightpoint that occurred during the year, which was not accurately classified within net asset. There were reclassifications made between net assets with and without donor restrictions during the audit to reconcile the SBA loan receivable and SBA cash balances as of October 31, 2024. There was also a reclassification made to present certain completed SBA funds as board designated net assets as of October 31, 2024.

Criteria: Internal controls are effective if they are properly designed and implemented to prevent and detect account misstatements and classifications prior to audit fieldwork.

Cause: BDF did not have the appropriate processes and procedures in place to ensure accurate classification between net assets without donor restrictions and net assets with donor restrictions.

Effect: As a result of the financial reporting matters identified in the condition paragraph, a significant deficiency exists in BDF's internal control over financial reporting.

Recommendation: We recommend BDF implement procedures to provide sufficient internal control over financial statement reconciliations and classifications such that all necessary transactions are reflected in accordance with generally accepted accounting principles.

View of Responsible Officials: Management agrees with the finding Prior to audit fieldwork, net asset reconciliations were completed and financial reports reflecting board designated net assets and net assets with and without donor restrictions were provided. However, those reconciled accounts were not transferred to the audit workpapers requested by the audit team. As a result, the audit report was issued without correct classifications to net assets. To ensure proper classification of board designated net assets and net assets with and without donor restrictions, the formal net asset reconciliation workpaper will be completed and provided to the audit team.