

**EARN, INC. DBA SAVERLIFE**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2023**



## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
Earn, Inc. DBA SaverLife

### **Opinion**

We have audited the accompanying financial statements of Earn, Inc. DBA SaverLife (a nonprofit corporation), which comprise the statement of financial position as of December 31, 2023, 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 financial statements referred to above present fairly, in all material respects, the financial position of Earn, Inc. DBA SaverLife as of December 31, 2023, 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 of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Earn, Inc. DBA SaverLife 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 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 Earn, Inc. DBA SaverLife's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditors' 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 auditors' 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 Earn, Inc. DBA SaverLife'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 Earn, Inc. DBA SaverLife'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.

## **Report on Summarized Comparative Information**

We have previously audited Earn, Inc. DBA SaverLife's financial statements as of December 31, 2022, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 27, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Lotz + Carr, LLP*

## EARN, INC. DBA SAVERLIFE

## STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2023 WITH COMPARATIVE TOTALS FOR 2022

	<u>2023</u>	<u>2022</u>
<b>Assets</b>		
Cash and cash equivalents (Notes 1b and 7a)	\$ 157,154	\$1,040,109
Contributions receivable (Notes 1c, 4 and 7b)		
Without donor restrictions	186,461	339,669
With donor restrictions	181,938	1,932,282
Accounts and other receivables (Note 6)	156,200	457,746
Prepaid expenses and other assets	96,414	57,860
Intangible assets, at cost, net of accumulated amortization (Notes 1d and 5)	<u>483,236</u>	<u>490,578</u>
<b>Total Assets</b>	<u><u>\$1,261,403</u></u>	<u><u>\$4,318,244</u></u>
<b>Liabilities and Net Assets</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 211,188	\$ 257,922
Advances - due to savers (Note 1f)	<u>1,500</u>	<u>226,695</u>
Total Liabilities	<u>212,688</u>	<u>484,617</u>
Commitments (Notes 9 and 10)		
Net Assets (Note 3)		
Without Donor Restrictions		
Undesignated	(381,408)	11,614
Board designated operating reserve	<u>-</u>	<u>540,000</u>
Total Without Donor Restrictions	<u>(381,408)</u>	<u>551,614</u>
With Donor Restrictions	<u>1,430,123</u>	<u>3,282,013</u>
Total Net Assets	<u>1,048,715</u>	<u>3,833,627</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$1,261,403</u></u>	<u><u>\$4,318,244</u></u>

See notes to financial statements.

## EARN, INC. DBA SAVERLIFE

## STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2023 WITH COMPARATIVE TOTALS FOR 2022

	<b>2023</b>			<b>2022</b>
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	<b>Total</b>
<b>Changes in Net Assets</b>				
Revenue and Public Support				
Contributions (Note 7b)	\$ 2,299,630	\$ 225,458	\$2,525,088	\$6,254,677
Donated services (Note 8)	336,752	-	336,752	86,796
Program service fees (Note 1f)	171,978	-	171,978	284,418
Other revenue	11,479	-	11,479	12,877
Net assets released from restrictions				
Satisfaction of time and program restrictions (\$1,583,171 in 2022)	2,077,348	(2,077,348)	-	-
Total Revenue and Public Support	4,897,187	(1,851,890)	3,045,297	6,638,768
Expenses				
Program Services	4,672,638	-	4,672,638	5,232,833
Supporting Services				
Management and general	612,322	-	612,322	733,144
Fundraising	545,249	-	545,249	607,482
Total Supporting Services	1,157,571	-	1,157,571	1,340,626
Total Expenses	5,830,209	-	5,830,209	6,573,459
Increase (decrease) in net assets	(933,022)	(1,851,890)	(2,784,912)	65,309
Net assets, beginning of year	551,614	3,282,013	3,833,627	3,768,318
<b>Net Assets, End of Year</b>	<b>\$ (381,408)</b>	<b>\$ 1,430,123</b>	<b>\$1,048,715</b>	<b>\$3,833,627</b>

See notes to financial statements.

## EARN, INC. DBA SAVERLIFE

## STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2023 WITH COMPARATIVE TOTALS FOR 2022

	2023			2022
	Supporting Services			
	Program Services	Management and General	Fundraising	Total Expenses
Salaries, payroll taxes and employee benefits	\$2,361,967	\$ 327,350	\$ 470,803	\$3,160,120
SaaS	295,955	64,780	15,363	376,098
Technology development	582,825	-	-	582,825
Professional fees	271,505	175,221	35,494	482,220
Donated legal services	114,193	-	-	114,193
Saver incentives	103,817	-	-	103,817
Marketing	478,293	42	18	478,353
Occupancy	20,252	3,472	2,311	26,035
Travel	23,863	1,906	8,945	34,714
Office expenses	28,688	5,329	5,837	39,854
Insurance	16,309	2,796	1,861	20,966
Miscellaneous	32,616	31,396	4,597	68,609
Depreciation and amortization	342,355	30	20	342,405
Total Expenses, 2023	<u>\$4,672,638</u>	<u>\$ 612,322</u>	<u>\$ 545,249</u>	<u>\$5,830,209</u>
Total Expenses, 2022	<u>\$5,232,833</u>	<u>\$ 733,144</u>	<u>\$ 607,482</u>	<u>\$6,573,459</u>

See notes to financial statements.

## EARN, INC. DBA SAVERLIFE

## STATEMENT OF CASH FLOWS

## YEAR ENDED DECEMBER 31, 2023 WITH COMPARATIVE TOTALS FOR 2022

	<u>2023</u>	<u>2022</u>
<b>Cash Flows From Operating Activities</b>		
Increase (decrease) in net assets	\$(2,784,912)	\$ 65,309
Adjustments to reconcile increase (decrease) in net assets to net cash used by operating activities:		
Donated intangible assets	(68,124)	-
Depreciation and amortization	342,405	381,943
(Increase) decrease in:		
Contributions receivable	1,903,552	(1,140,171)
Accounts and other receivables	301,546	19,449
Prepaid expenses and other assets	(38,554)	54,390
Increase (decrease) in:		
Accounts payable and accrued expenses	(46,734)	(460,406)
Advances - due to savers	(225,195)	140,468
Saver incentives payable	-	(19,018)
Deferred revenue	-	(68,333)
Deferred rent	-	(5,789)
Net Cash Used By Operating Activities	<u>(616,016)</u>	<u>(1,032,158)</u>
 <b>Cash Flows From Investing Activities</b>		
Acquisition of intangible assets	<u>(266,939)</u>	<u>(297,480)</u>
 <b>Cash Flows From Financing Activities</b>		
Proceeds from line of credit	900,000	750,000
Repayment of line of credit	<u>(900,000)</u>	<u>(750,000)</u>
Net Cash Provided (Used) By Financing Activities	<u>-</u>	<u>-</u>
 Net decrease in cash and cash equivalents	(882,955)	(1,329,638)
Cash and cash equivalents, beginning of year	<u>1,040,109</u>	<u>2,369,747</u>
 <b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$ 157,154</u></u>	<u><u>\$1,040,109</u></u>
 <b>Supplemental Disclosure of Cash Flow Information</b>		
Interest paid	<u>\$ 28,542</u>	<u>\$ 7,561</u>
Non-cash investing activity - donated intangible asset	<u><u>\$ 68,124</u></u>	<u><u>\$ -</u></u>

See notes to financial statements.

**EARN, INC. DBA SAVERLIFE**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**Note 1 - Organization and Summary of Significant Accounting Policies**

a - Organization

Earn, Inc. DBA SaverLife (the "Organization"), is a nonprofit organization incorporated in the State of California in December 2001. The Organization uses personalized technology to improve the financial health of people living on low-to-moderate incomes.

b - Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments, purchased with a maturity of three months or less, to be cash equivalents.

c - Contributions and Contributions Receivable

Contributions are recognized when the donor makes a promise to give to the Organization, that is, in substance, unconditional. Conditional promises to give, that is, those with a measurable performance-related or other barrier and right of return of assets transferred or release of a promisor's obligation to transfer assets in the future, are not recognized until the conditions on which they depend have been met.

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. 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 reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

d - Intangible Assets

Intangible assets include contracted software engineering labor to add new features and functionality to the Organization's SaverLife platform. All major upgrades and enhancements to the platform are capitalized. Donated services are recorded at fair value on the date of donation. The SaverLife platform is amortized using the straight-line method over an estimated useful life of three years. Other related costs, such as maintenance, repairs and training, are expensed as incurred.

e - Impairment of Long-Lived Assets

The Organization evaluates long-lived assets, such as intangibles, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The recoverability of assets held and used is measured by comparison of the carrying amount of an asset or an asset group to estimated undiscounted future net cash flows expected to be generated by the asset or asset group. If the carrying amount of an asset exceeds these estimated future cash flows, an impairment charge is recognized for the amount by which the carrying amount of the assets exceeds the fair value of the asset or asset group, based on discounted cash flows.



**EARN, INC. DBA SAVERLIFE**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**Note 1 - Organization and Summary of Significant Accounting Policies (continued)**

**f - Revenue Recognition**

The Organization has revenue streams that are accounted as exchange transactions which are evaluated under Accounting Standards Codification ("ASC") 606 through the following five steps: (i) identification of the contract or contracts with a customer; (ii) identification of the performance obligations in the contract; (iii) determination of the transaction price; (iv) allocation of the transaction price in the contract; and (v) recognition of revenue when or as a performance obligation is satisfied.

The Organization earns revenue by completing mission-aligned research projects for various clients. The Organization also enters into contracts with companies, referred to as "Program Partners" to give specific groups customized access to the SaverLife platform. Program service fees represent implementation and annual fees for partnerships as well as earned revenue for contracted research projects.

The Organization recognizes revenue over time for all annual program fees and recognizes implementation fees at a point in time once implementation is complete. The disaggregation of revenue is as follows:

	<u>2023</u>	<u>2022</u>
Revenue recognized over time	\$166,978	\$284,418
Revenue recognized at a point in time	<u>5,000</u>	<u>-</u>
	<u>\$171,978</u>	<u>\$284,418</u>

Amounts paid in advance of services performed are classified as deferred revenue, and amounts received in advance from program partners for awards to be paid to savers are classified as Advances - due to savers on the statement of financial position.

**g - Financial Statement Presentation**

The financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

**Net Assets Without Donor Restrictions**

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization management and Board of Directors.

**EARN, INC. DBA SAVERLIFE**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**Note 1 - Organization and Summary of Significant Accounting Policies (continued)**

g - Financial Statement Presentation (continued)

Net Assets With Donor Restrictions

Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or the passage of time.

h - Donated Services

Donated services are recognized as contributions if the services require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Donated services are recognized as contribution income and expenses on the statement of activities.

i - Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Expenses are applied directly to programs where applicable or allocated on a reasonable and consistent basis. A substantial portion of the Organization expenses are directly allocated to program activities. The expenses that are allocated include salaries, payroll taxes and benefits, occupancy costs, insurance, and general office expenses, which are allocated based on an estimate of employees' time and effort.

j - Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

k - Tax Status

Earn, Inc. DBA SaverLife is a not-for-profit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation.

l - Comparative Financial Information

The financial statements include certain prior period summarized comparative information in total but not by net asset classification. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2022, from which the summarized information was derived.

For comparability purposes, certain 2022 amounts have been reclassified, where appropriate, to conform to the financial statement presentation used in 2023.

**EARN, INC. DBA SAVERLIFE**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**Note 1 - Organization and Summary of Significant Accounting Policies (continued)**

m - New Accounting Standard

During 2023, the Organization adopted ASU 2016-13, *Current Expected Credit Losses* ("Topic 326"). The core principles of ASU 2016-13 (the "ASU") significantly change the way Organizations recognize credit losses from the incurred loss model to the expected loss model for most financial assets. The financial asset held by the Organization that is subject to the ASU is accounts receivable. The adoption of the ASU did not have a significant impact on net assets.

n - Subsequent Events

The Organization has evaluated subsequent events through November 12, 2024, the date that the financial statements are considered available to be issued.

**Note 2 - Information Regarding Liquidity and Availability**

Management monitors the level of available financial assets to anticipate cash requirements for general expenditures as obligations come due on a monthly basis, at a minimum. Board designated net assets, which are designated for operating reserves and future program development, are included in cash and cash equivalents, and per the Board designated reserve policy can be used for cash flow.

The Organization's financial assets as of December 31 available to meet cash needs for general expenditures within one year are summarized as follows:

	<u>2023</u>	<u>2022</u>
Financial Assets at Year End:		
Cash and cash equivalents	\$ 157,154	\$1,040,109
Contributions receivable	368,399	2,271,951
Accounts and other receivable	<u>156,200</u>	<u>457,746</u>
Total Financial Assets	681,753	3,769,806
Less: Amounts not Available to be Used within One Year:		
Net assets with donor restrictions, subject to expenditure for specific purposes or passage of time	(1,430,123)	(3,282,013)
Plus: Net assets with donor restrictions expected to be met in less than one year	<u>1,407,781</u>	<u>2,532,013</u>
Financial Assets Available to Meet General Expenditures within One Year	<u>\$ 659,411</u>	<u>\$3,019,806</u>

**EARN, INC. DBA SAVERLIFE**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Note 3 - Net Assets**

a - Net Assets Without Donor Restrictions - Board Designated Operating Reserve

The Board of Directors established a board designated operating reserve (the "reserve") that can be utilized to meet cash flow needs. During the year ended December 31, 2022, the Board of Directors approved transfers of \$1,135,000 from the reserve for use in operations. The Board of Directors approved a resolution to no longer maintain the reserve as of December 31, 2023.

b - Net Assets With Donor Restrictions

Net assets with donor restrictions at December 31, 2023 and 2022 are designated for future programs and periods as follows:

	<u>2023</u>	<u>2022</u>
Subject to expenditure for specified purpose:		
Policy and research	\$ 309,646	\$ 561,214
Mobile application development	-	207,072
Personalized member engagement	-	63,727
	<u>309,646</u>	<u>832,013</u>
Subject to expenditure for specified periods	<u>1,120,477</u>	<u>2,450,000</u>
Total Net Assets With Donor Restrictions	<u><u>\$1,430,123</u></u>	<u><u>\$3,282,013</u></u>

**Note 4 - Contributions Receivable**

Contributions receivable are due as follows:

	<u>2023</u>	<u>2022</u>
Due within one year	\$346,057	\$2,249,609
Due within three years	<u>23,327</u>	<u>23,327</u>
	369,384	2,272,936
Less: Discount to present value	<u>(985)</u>	<u>(985)</u>
	<u><u>\$368,399</u></u>	<u><u>\$2,271,951</u></u>

Contributions receivable due after one year are discounted to net present value using a discount rate of 3%. Uncollectible contributions receivable are expected to be insignificant.

**EARN, INC. DBA SAVERLIFE**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Note 5 - Intangible Assets**

Intangible assets at December 31, 2023 and 2022 consists of the following:

	<u>Life</u>	<u>2023</u>	<u>2022</u>
Technology platform	3 years	\$1,524,779	\$1,316,692
Less: Accumulated amortization		<u>(1,041,543)</u>	<u>(826,114)</u>
		<u>\$ 483,236</u>	<u>\$ 490,578</u>

The following is the future estimated amortization of intangible assets:

<u>Year Ending December 31,</u>	
2024	\$225,081
2025	206,575
2026	<u>51,580</u>
	<u>\$483,236</u>

**Note 6 - Employee Retention Tax Credit**

The Coronavirus Aid, Relief and Economic Security ("CARES") Act enacted in 2020 allowed eligible employers to claim employee retention tax credits for qualified wages paid after March 12, 2020 and before September 30, 2021. The Organization qualified for the credit during this period based on a decrease in gross receipts. The Organization claimed credits for the year ended December 31, 2021 of \$427,412, which are included as income in the Statement of Activities for the year ended December 31, 2021. As of December 31, 2023 and 2022, the Organization had a receivable of \$149,106 and \$427,412, respectively.

**Note 7 - Concentrations**

a - The Organization maintains its cash and cash equivalents in financial institutions located in the United States of America. The balances are insured by the Federal Deposit Insurance Corporation for up to \$250,000 per depositor. From time to time, the Organization's balances may exceed federally insured limits.

**EARN, INC. DBA SAVERLIFE**  
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**Note 7 - Concentrations (continued)**

b - The Organization received approximately 54% and 61% of its total contribution income from three donors in 2023 and two donors in 2022, respectively. Amounts due from two donors and one donor represented 97% and 66% of contributions receivable as of December 31, 2023 and 2022, respectively.

**Note 8 - Donated Services**

During the years ended December 31, 2023 and 2022, the Organization received the following donated services:

	<u>2023</u>	<u>2022</u>
Software engineering services	\$222,559	\$ -
Legal services	<u>114,193</u>	<u>86,796</u>
	<u>\$336,752</u>	<u>\$86,796</u>

IT consulting and legal services were valued by the service provider based on rates charged for similar services. \$68,124 of donated IT consulting was capitalized as an intangible asset, and the remaining donated services were used in connection with its program and administrative supporting services.

**Note 9 - Line of Credit**

The Organization had a \$1,000,000 line of credit with Flagstar Bank that expired on March 2, 2024. Borrowings bore interest at the greater of 3% per annum or a fluctuating rate per annum equal to the bank's prime rate less 0.5%. During 2023, \$900,000 was borrowed from the line of credit and fully repaid by December 31, 2023.

In May 2024, the Organization entered into a \$350,000 line of credit with Community Bank of the Bay that expires on May 24, 2025.

The Organization incurred interest of \$28,542 and \$7,561 during the years ended December 31, 2023 and 2022, respectively.

**EARN, INC. DBA SAVERLIFE**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Note 10 - Retirement Plan**

The Organization maintains a 401(k) plan for qualifying eligible employees. Employees are eligible to contribute to the plan on their dates of hire. A matching contribution is made to match 100% of the employee's contribution up to \$6,000 for employees that have completed three months of service. Contributions are fully vested at all times. Total expense under this plan for the years ended December 31, 2023 and 2022 was \$116,266 and \$121,343, respectively.