UNITEDSTATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2024

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number 001-37605

LM FUNDING AMERICA, INC.

(Exact name of Registrant as specified in its charter)

Delaware	**47-3844457**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. employer identification no.)**
1200 West Platt Street **Suite 100** **Tampa, FL**	**33606**
(Address of principal executive offices)	**(Zip code)**

Registrant's telephone number, including area code: 813-222-8996

Securities registered pursuant to Section 12(b) of the Act:

Title of each class:	Trading symbol	Name of each exchange on which registered
Common Stock par value $0.001 per share	LMFA	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.:

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☑	Smaller reporting company	☑
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

The registrant had 2,492,964 shares of Common Stock, par value $0.001 per share, outstanding as of May 10, 2024.

LM FUNDING AMERICA, INC.

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PART I. FINANCIAL INFORMATION
ITEM 1. Financial Statements

LM Funding America, Inc. and Subsidiaries Consolidated Balance Sheets

	March 31, 2024 (Unaudited)	December 31, 2023
Assets		
Cash	$ 827,366	$ 2,401,831
Digital Assets (Note 2)	11,651,969	3,416,256
Finance receivables	27,459	19,221
Marketable securities (Note 5)	15,700	17,860
Receivable from sale of Symbiont assets (Note 5)	200,000	200,000
Prepaid expenses and other assets	2,483,368	4,067,212
Income tax receivable	31,187	31,187
Current assets	15,237,049	10,153,567
Fixed assets, net (Note 3)	20,897,314	24,519,610
Deposits on mining equipment (Note 4)	1,117,798	20,837
Notes receivable from Seastar Medical Holding Corporation (Note 5)	-	1,440,498
Long-term investments - equity securities (Note 5)	753,973	156,992
Investment in Seastar Medical Holding Corporation (Note 5)	1,899,484	1,145,486
Operating lease - right of use assets (Note 7)	162,966	189,009
Other assets	86,798	86,798
Long-term assets	24,918,333	27,559,230
Total assets	$ 40,155,382	$ 37,712,797
Liabilities and stockholders' equity		
Accounts payable and accrued expenses	2,042,906	2,064,909
Note payable - short-term (Note 6)	325,669	567,586
Due to related parties (Note 10)	55,290	22,845
Current portion of lease liability (Note 7)	114,148	110,384
Total current liabilities	2,538,013	2,765,724
Lease liability - net of current portion (Note 7)	56,148	85,775
Long-term liabilities	56,148	85,775
Total liabilities	2,594,161	2,851,499
Stockholders' equity (Note 8)		
Preferred stock, par value $.001; 150,000,000 shares authorized; no shares issued and outstanding as of March 31, 2024 and December 31, 2023	-	-
Common stock, par value $.001; 350,000,000 shares authorized; 2,492,964 shares issued and outstanding as of March 31, 2024 and 2,492,964 as of December 31, 2023	2,493	2,493
Additional paid-in capital	95,327,227	95,145,376
Accumulated deficit	(56,857,610)	(58,961,461)
Total LM Funding America stockholders' equity	38,472,110	36,186,408
Non-controlling interest	(910,889)	(1,325,110)
Total stockholders' equity	37,561,221	34,861,298
Total liabilities and stockholders' equity	$ 40,155,382	$ 37,712,797

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

LM Funding America, Inc. and Subsidiaries Consolidated Statements of Operations (unaudited)

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Revenues:		
Digital mining revenues	$ 4,597,908	$ 2,090,851
Specialty finance revenue	116,628	182,836
Rental revenue	33,068	39,831
Total revenues	**4,747,604**	**2,313,518**
Operating costs and expenses:		
Digital mining cost of revenues (exclusive of depreciation and amortization shown below)	2,654,946	1,667,673
Staff costs and payroll	1,243,026	932,835
Depreciation and amortization	2,426,068	801,873
Gain on fair value of Bitcoin, net	(4,257,515)	-
Impairment loss on mining equipment	1,188,058	-
Impairment loss on mined digital assets	-	199,554
Realized gain on sale of mined digital assets	-	(424,333)
Professional fees	509,893	572,356
Selling, general and administrative	177,906	239,464
Real estate management and disposal	27,189	31,803
Collection costs	926	9,808
Other operating costs	214,505	251,911
Total operating costs and expenses	**4,185,002**	**4,282,944**
Operating income (loss)	**562,602**	**(1,969,426)**
Unrealized gain (loss) on marketable securities	(2,160)	5,790
Impairment loss on prepaid machine deposits	-	(36,691)
Unrealized gain (loss) on investment and equity securities	1,350,979	(5,822,854)
Gain on fair value of purchased Bitcoin, net	57,926	-
Realized gain on sale of purchased digital assets	-	1,917
Loss on disposal of assets	(8,170)	-
Other income - coupon sales	4,490	603,591
Interest expense	(70,826)	-
Interest income	9,125	55,077
Income (loss) before income taxes	**1,903,966**	**(7,162,596)**
Income tax expense	-	-
Net income (loss)	**$ 1,903,966**	**$ (7,162,596)**
Less: loss (income) attributable to non-controlling interest	(414,221)	1,776,264
Net income (loss) attributable to LM Funding America Inc.	**$ 1,489,745**	**$ (5,386,332)**
Basic income (loss) per common share	$ 0.61	$ (2.41)
Diluted income (loss) per common share	$ 0.61	$ (2.41)
Weighted average number of common shares outstanding		
Basic	2,428,203	2,232,964
Diluted	2,428,203	2,232,964

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

LM Funding America, Inc. and Subsidiaries Consolidated Statements of Cash Flows
(unaudited)

	Three Months ended March 31, 2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ 1,903,966	$ (7,162,596)
Adjustments to reconcile net income (loss) to net cash used in operating activities		
Depreciation and amortization	2,426,068	801,873
Noncash lease expense	26,043	23,224
Stock compensation	71,047	-
Stock option expense	110,804	194,356
Accrued investment income	(8,568)	(53,734)
Digital assets other income	(4,490)	-
Gain on fair value of Bitcoin, net	(4,315,441)	-
Impairment loss on mining machines	1,188,058	-
Impairment loss on digital assets	-	199,554
Impairment loss on hosting deposits	-	36,691
Unrealized loss (gain) on marketable securities	2,160	(5,790)
Unrealized loss (gain) on investment and equity securities	(1,350,979)	5,822,854
Loss on disposal of fixed assets	8,170	-
Realized gain on sale of digital assets	-	(426,250)
Change in operating assets and liabilities:		
Prepaid expenses and other assets	1,583,843	36,473
Advances (repayments) to related party	32,445	(12,659)
Accounts payable and accrued expenses	(22,003)	111,486
Mining of digital assets	(4,597,908)	(2,090,851)
Proceeds from sale of digital assets	-	1,455,141
Lease liability payments	(25,863)	(22,243)
Net cash used in operating activities	(2,972,648)	(1,092,471)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net collections of finance receivables - original product	(8,238)	-
Net collections of finance receivables - special product	-	4,695
Capital expenditures	-	(263,596)
Collection of notes receivable	1,449,066	1,644,834
Investment in digital assets	-	(35,157)
Proceeds from sale of digital assets	1,296,233	33,675
Deposits for mining equipment	(1,096,961)	(923,687)
Net cash from investing activities	1,640,100	460,764
CASH FLOWS FROM FINANCING ACTIVITIES:		
Insurance financing repayments	(241,917)	(177,393)
Net cash used in financing activities	(241,917)	(177,393)
NET DECREASE IN CASH	(1,574,465)	(809,100)
CASH - BEGINNING OF PERIOD	2,401,831	4,238,006
CASH - END OF PERIOD	**$ 827,366**	**$ 3,428,906**
SUPPLEMENTAL DISCLOSURES OF NON-CASH ACTIVITIES		
ROU assets and operating lease obligation recognized	$ -	$ 21,887
Reclassification of mining equipment deposit to fixed assets, net	$ -	$ 54,876
Change in accounting principle (see Note 1)	$ 614,106	$ -
SUPPLEMENTAL DISCLOSURES OF CASHFLOW INFORMATION		
Cash paid for taxes	$ -	$ -
Cash paid for interest	$ -	$ -

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

LM Funding America, Inc. and Subsidiaries Consolidated Statements of Changes in Stockholders' Equity
For the Three Months Ended March 31, 2024 and 2023
(unaudited)

	Common Stock					
	Shares	**Amount**	**Additional paid-in capital**	**Accumulated Deficit**	**Non-Controlling Interest**	**Total Equity**
Balance - December 31, 2022	**2,232,964**	**$ 2,233**	**$ 92,206,200**	**$ (43,017,207)**	**$ 1,606,003**	**$ 50,797,229**
Stock option expense	-	-	194,356	-	-	194,356
Net loss	-	-	-	(5,386,332)	(1,776,264)	(7,162,596)
Balance - March 31, 2023	**2,232,964**	**$ 2,233**	**$ 92,400,556**	**$ (48,403,539)**	**$ (170,261)**	**$ 43,828,989**
Balance - December 31, 2023	**2,492,964**	**$ 2,493**	**$ 95,145,376**	**$ (58,961,461)**	**$ (1,325,110)**	**$ 34,861,298**
Stock option expense	-	-	110,804	-	-	110,804
Stock compensation	-	-	71,047	-	-	71,047
Cumulative effect of change in accounting principle (See Note 1)				614,106		614,106
Net income	-	-	-	1,489,745	414,221	1,903,966
Balance - March 31, 2024	**2,492,964**	**$ 2,493**	**$ 95,327,227**	**$ (56,857,610)**	**$ (910,889)**	**$ 37,561,221**

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

LM FUNDING AMERICA, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2024
(UNAUDITED)

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

LM Funding America, Inc. ("we", "our", "LMFA" or the "Company") was formed as a Delaware corporation on April 20, 2015.

LMFA is the sole member of several entities including LM Funding, LLC, which was organized in January 2008, US Digital Mining and Hosting Co., LLC, which was formed on September 10, 2021 ("US Digital"); LMFA Financing LLC, formed on November 23, 2020, and LMFAO Sponsor LLC, formed on October 29, 2020 (LMFA is a majority member of LMFAO Sponsor LLC). Additionally, US Digital has formed various 100% owned subsidiaries to engage in business in various states in connection with its Bitcoin mining business.

LMFAO Sponsor LLC formed a majority owned subsidiary LMF Acquisition Opportunities Inc. ("LMAO") on October 29, 2020 which was organized as a special purpose acquisition company that that completed an initial public offering in January 2021, whereupon the company ceased to be majority owned by LMFA. LMF Acquisition Opportunities Inc. was subsequently merged with Seastar Medical Holding Corporation on October 28, 2022.

The Company also from time to time organizes other subsidiaries to serve a specific purpose or hold a specific asset.

Lines of Business

The Company currently operates two lines of business: our cryptocurrency mining business and our specialty finance business.

The Bitcoin mining operation deploys our computing power to mine Bitcoin on the Bitcoin network. We conduct this business through our wholly owned subsidiary, US Digital, a Florida limited liability company, which we formed in 2021 to develop and operate our cryptocurrency mining business.

With respect to our specialty finance business, the Company has historically engaged in the business of providing funding to nonprofit community associations primarily located in the state of Florida. We offer incorporated nonprofit community associations, which we refer to as "Associations," a variety of financial products customized to each Association's financial needs.

Bitcoin Mining Business

We obtain Bitcoin as a result of our mining operations, and we sell Bitcoin from time to time, to support our operations and strategic growth. We plan to convert our Bitcoin to U.S. dollars. We may engage in regular trading of Bitcoin or engage in hedging activities related to our holding of Bitcoin. However, our decisions to hold or sell Bitcoin at any given time may be impacted by the Bitcoin market, which has been historically characterized by significant volatility. Currently, we do not use a formula or specific methodology to determine whether or when we will sell Bitcoin that we hold, or the number of Bitcoins we will sell. Rather, decisions to hold or sell Bitcoins are currently determined by management based on working cash needs and by monitoring the market in real time.

As of March 31, 2024 and December 31, 2023, the Company had approximately 5,900 machines installed, which amounted to operating units capable of producing over 615 petahash and 615 petahash, respectively per second ("EH/s") of computing power.

Specialty Finance Company

In our specialty finance business, we purchase an Association's right to receive a portion of the Association's collected proceeds from owners that are not paying their assessments. After taking assignment of an Association's right to receive a portion of the Association's proceeds from the collection of delinquent assessments, we engage law firms to perform collection work on a deferred billing basis wherein the law firms receive payment upon collection from the account debtors or a predetermined contracted amount if payment from account debtors is less than legal fees and costs owed.

Principles of Consolidation

The consolidated financial statements include the accounts of LMFA and its wholly-owned subsidiaries: LM Funding, LLC; LMF October 2010 Fund, LLC; REO Management Holdings, LLC (including all 100% owned subsidiary limited liability companies); LM Funding of Colorado, LLC; LM Funding of Washington, LLC; LM Funding of Illinois, LLC; US Digital (includes all 100% owned subsidiary limited liability companies) and LMF SPE #2, LLC and various single purpose limited liability corporations owned by REO Management Holdings, LLC which own various properties. It also includes LMFA Sponsor, LLC (a 69.5% owned subsidiary). All significant intercompany balances have been eliminated in consolidation.

Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). Certain information and note disclosures normally included in the annual consolidated financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to those rules and regulations, although the Company believes that the disclosures made are adequate to make the information not misleading. The interim consolidated financial statements as of March 31, 2024 and for the three months ended March 31, 2024 and March 31, 2023, respectively are unaudited. In the opinion of management, the interim consolidated financial statements include all adjustments, consisting only of normal recurring adjustments, necessary to provide a fair statement of the results for the interim periods. The accompanying consolidated balance sheet as of December 31, 2023, is derived from the audited consolidated financial statements presented in the Company's Annual Report on Form 10-K for fiscal the year ended December 31, 2023.

Recently adopted accounting pronouncements

In December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2023-08, *Intangible - Goodwill and Other -Crypto Assets (Subtopic 350-60)* ("ASC 350-60"). ASC 350-60 requires entities with certain crypto assets to subsequently measure such assets at fair value, with changes in fair value recorded in net income in each reporting period. In addition, entities are required to provide additional disclosures about the holdings of certain crypto assets. Crypto assets that meet all the following criteria are within the scope of the ASC 350-60:

(1) meet the definition of intangible assets as defined in the Codification

(2) do not provide the asset holder with enforceable rights to or claims on underlying goods, services, or other assets

(3) are created or reside on a distributed ledger based on blockchain or similar technology

(4) are secured through cryptography

(5) are fungible, and

(6) are not created or issued by the reporting entity or its related parties.

Bitcoin, which is the sole crypto asset mined by the Company, meets each of these criteria. For all entities, the ASC 350-60 amendments are effective for fiscal years beginning after December 15, 2024, including interim periods within those years. Early adoption is permitted for both interim and annual financial statements that have not yet been issued (or made available for issuance). If an entity adopts the amendments in an interim period, it must adopt them as of the beginning of the fiscal year that includes that interim period. The Company has elected to early adopt the new guidance effective January 1, 2024 resulting in a $614 thousand cumulative-effect change to adjust the Company's Bitcoin held on January 1, 2024 with the corresponding entry to beginning accumulated deficit.

Segment and Reporting Unit Information

Operating segments are defined as components of an entity for which discrete financial information is available that is regularly reviewed by the Chief Operating Decision Maker ("CODM") in deciding how to allocate resources to an individual segment and in assessing performance. The Chief Executive Officer and1 Chief Financial Officer of the Company comprise the CODM, as a group. The Company has two operating segments as of March 31, 2024, which we refer to as Specialty Finance and Mining Operations. Our corporate oversight function and other components that may earn revenues that are only incidental to the activities of the Company are aggregated and included in the "All Other" category. Refer to Note 9 - Segment Information.

Reclassification

Certain prior period immaterial amounts have been reclassified to conform to the current period presentation. These reclassifications had no effect on the reported results of operations.

Liquidity

The accompanying consolidated financial statements of the Company have been prepared assuming the Company will continue as a going concern. The going concern basis of presentation assumes that the Company will continue in operation one year after the date these financial statements are issued and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. The evaluation of going concern under the accounting guidance requires significant judgment which involves the Company to consider that it has historically incurred losses in recent years as it has prepared to grow its business through expansion and acquisition opportunities. The Company must also consider its current liquidity as well as future market and economic conditions that may be deemed outside the control of the Company as it relates to obtaining financing and generating future profits. As of March 31, 2024, the Company had $0.8 million available cash on-hand and Bitcoin with a fair market value of $11.7 million. After considering its current liquidity and future market and economic conditions, the Company has concluded there is no substantial doubt about the Company's ability to continue as a going concern.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates include the evaluation of probable losses on balances due from a related party, the realization of deferred tax assets, the evaluation of contingent losses related to litigation and reserves on notes receivables. We consider our critical accounting estimates to be those related to long-lived asset impairment assessments. Our estimates may change, however, as new events occur and additional information is obtained, and any such changes will be recognized in the consolidated financial statements.

Cash

The Company maintains cash balances at several financial institutions that are insured under the Federal Deposit Insurance Corporation's ("FDIC") Transition Account Guarantee Program. Balances with the financial institutions may exceed federally insured limits. We have approximately $492,000 of cash in various institutions that exceed the FDIC or SIPC insurance coverage limit of $250,000.

Digital Assets

Bitcoin are included in current assets in the consolidated balance sheets due to the Company's ability to sell Bitcoin in a highly liquid marketplace and such Bitcoin holdings are expected to be realized in cash or sold or consumed during the normal operating cycle of the Company. As a result of adopting ASC 350-60 on January 1, 2024, Bitcoin is measured at fair value as of each reporting period (see Recently Issued Accounting Pronouncements). The fair value of Bitcoin is measured using the period-end closing Bitcoin price from its principal market in accordance with ASC 820, Fair Value Measurement. Since Bitcoin is traded on a 24-hour period, the Company utilizes the price as of midnight UTC time, which aligns with the Company's revenue recognition cut-off. The increase and decrease in fair value from each reporting period is reflected on the consolidated statements of operation as "Gain on fair value of Bitcoin, net". The Company sells Bitcoin and such gains and losses from such transactions are measured as the difference between the cash proceeds and the carrying basis of Bitcoin as determined on a First In-First Out ("FIFO") basis and are recorded within "Gain on fair value of Bitcoin, net".

Prior to issuance of the ASU 2023-08 and adoption of ASC 350-60, Bitcoin were recorded at cost less impairment and were classified as indefinite-lived intangible assets in accordance with ASC 350, Intangibles — Goodwill and Other. An intangible asset with an indefinite useful life was not amortized but was assessed for impairment annually, or more frequently, when events or changes in circumstances occurred indicating that it was more likely than not that the carrying amount of the indefinite-lived asset exceeded its fair value. The Company determined the fair value of Bitcoin in accordance with ASC 820, Fair Value Measurement, based on lowest intraday quoted prices from our principal market for such assets (Level 1 inputs). We performed an analysis each month to identify whether events or changes in circumstances indicate that it is more likely than not that our digital assets were impaired. If the carrying value of a digital asset exceeded the fair value so determined, an impairment loss had occurred with respect to those digital assets in the amount equal to the difference between their carrying values and the fair value. To the extent an impairment loss was recognized, the loss established the new cost basis of the asset and subsequent reversal of impairment losses was not permitted under ASC 350, Intangibles – Goodwill and Other. Additionally, in the previous guidance, subsequent increases in Bitcoin prices are not allowed to be recorded (unrealized gains) unless the Bitcoin is sold, at which point the gain is recognized. Accordingly, gains (losses) recognized on fair value of Bitcoin in fiscal year 2024 are not comparable to fiscal year 2023.

Bitcoin, which is non-cash consideration earned by the Company through its mining activities, are included as a reconciling item as a cash outflow within operating activities on the accompanying consolidated statements of cash flows. The cash proceeds from the sales of Bitcoin are classified based on the holding period in which the Bitcoin are held. ASC 350-60 specifies that Bitcoin converted nearly immediately into cash would qualify as cash flows from operating activities and all other sales would qualify as investing activities. In prior fiscal periods, the Company did not hold its Bitcoin for extended periods of time and such sales proceeds prior to the adoption of ASC 350-60 were reported as cash flows from operating activities. Upon adoption of ASC 350-60, the Company evaluates its sales of Bitcoin and will record Bitcoin sold nearly immediately as operating cash flows and the remainder will be recorded as investing activities. During the quarter ended March 31, 2024, all proceeds from Bitcoin sales were classified as investing activities.

Investment in Securities

Investment in Securities includes investments in common stocks and convertible notes receivables. Investments in securities are reported at fair value with changes in unrecognized gains or losses included in other income on the income statement.

Investments in Unconsolidated Entities

We account for investments in less than 50% owned and more than 20% owned entities using the equity method of accounting. Because we have elected the fair value option for these securities, unrealized holding gains and losses during the period are included in other income within the Consolidated Statements of Operation.

Fair Value of Financial Instruments

FASB ASC 825-10, *Financial Instruments*, requires disclosure of fair value information about financial instruments, whether or not recognized in the balance sheet.

Fixed Assets

The Company capitalizes all acquisitions of fixed assets in excess of $500. Fixed assets are stated at cost, net of accumulated depreciation. State and local use tax for equipment shipped from overseas is generally accrued on a quarterly basis at the time equipment is placed in service and is paid to the state in which the equipment is being utilized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets and commences once the assets are ready for their intended use. Fixed assets are comprised of furniture, computer, office equipment, buildings and mining machines with assigned useful lives of 3 to 30 years.

The Company classifies mining machine deposit payments within "Deposits on mining equipment" in the consolidated balance sheets. As mining machines are received, the respective cost of the mining machines plus the related shipping and customs fees are reclassified from "Deposits on mining equipment" to "Fixed assets, net" in the consolidated balance sheet. Refer to Note 4 - Deposits on Mining Equipment and Hosting Services. In addition, as part of its periodic review of its fixed asset groups during the fourth quarter of 2023, the Company changed the estimated useful life for its mining machines from 5 years to 4 years. The change was accounted for on a prospective basis.

The Company operates in an emerging industry for which limited data is available to make estimates of the useful economic lives of mining machines. To the extent that any of the assumptions underlying management's estimate of useful life of its mining machines are subject to revision in a future reporting period, either as a result of changes in circumstances or through the availability of greater quantities of data, then the estimated useful life could change and have a prospective impact on depreciation expense and the carrying amounts of these assets.

Equipment Purchases

We ordered 300 S21 Bitmain machines in January 2024 for an aggregate purchase price of approximately $1.1 million which were delivered in two shipments, March 2024 and April 2024.

Right to Use Assets

The Company capitalizes all leased assets pursuant to ASU 2016-02, *Leases (Topic 842)*, which requires lessees to recognize right-of-use assets and lease liability, initially measured at present value of the lease payments, on its balance sheet for leases with terms longer than 12 months and classified as either financing or operating leases. As of March 31, 2024 and December 31, 2023 right to use assets, net of accumulated amortization, was $163 thousand and $189 thousand.

Impairment of Long-Lived Assets

Management reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to undiscounted future cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment amount is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. There was $1.2 million and nil impairment loss recorded on fixed assets during the three months ended March 31, 2024 and 2023, respectively. Refer to Note 3 - Fixed Assets.

Hosting Contracts

On September 5, 2022, the Company, through its wholly-owned subsidiary US Digital, entered into a hosting agreement (the "Core Hosting Agreement") with Core Scientific Inc. ("Core") pursuant to which Core, under various additional orders, agreed to host approximately 3,000 of the Company's Bitcoin miner machines at a secure location and provide power, maintenance and other services specified in the contract with a term of one year, with automatic renewals unless either party notifies the other party in writing not less than ninety (90) calendar days before such renewal of its desire for the order not to renew unless terminated sooner pursuant to the terms of the Core Hosting Agreement. The Company entered into a number of amendments in 2023 and 2024 that resulted in

Core hosting a total of approximately 4,870 miners. The amended Hosting Agreement results in the terms of the hosting arrangement expiring with respect to approximately 4,400 miners on May 31, 2024 while allowing the terms of the hosting arrangement to continue with respect to approximately 800 miners through December 31, 2024.

As required under the Core Hosting Agreement, the Company has paid approximately $1.5 million as of March 31, 2024 and $2.2 million as of December 31, 2023 as a deposit. Under the terms of the amended Hosting Agreement, the deposit for the miners that will be removed in May 2024 is being applied to our invoices. In December 2022, Core filed for Chapter 11 bankruptcy in the U.S. Bankruptcy Court for the Southern District of Texas. Core's bankruptcy filing has not negatively impacted our mining ability at their sites as of the date of this filing.

On May 5, 2023, the Company entered into a hosting agreement (the “GIGA Hosting Agreement”) with GIGA Energy Inc. (“GIGA”) pursuant to which GIGA agreed to host 1,080 of the Company's Bitcoin Miner S19J Pro machines at a secure location and provide power, maintenance and other services specified in the contract with a term of one year. On April 12, 2024, the Company amended the contract to allow for an extension of the contract with a 60 day termination notice. As required under the GIGA Hosting Agreement, the Company paid $173 thousand as a pre-payment in May 2023 and paid a refundable deposit of $173 thousand in August 2023.

Revenue Recognition – Bitcoin Mining

We recognize revenue in accordance with generally accepted accounting principles as outlined in ASC 606, Revenue From Contracts with Customers, which requires that five steps be followed in evaluating revenue recognition: (i) identify the contract with the customer; (ii) identity the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price; and (v) recognize revenue when or as the entity satisfied a performance obligation.

Our accounting policy on revenue recognition for our Bitcoin mining segment is provided below.

Step 1: The Company enters into a contract with a Bitcoin mining pool operator (i.e., the customer) to provide computing power to the mining pools. The contract is terminable at any time by either party and the Company’s enforceable right to compensation only begins when the Company starts providing computing power to the mining pool operator (which occurs daily at midnight Universal Time Coordinated (UTC)). When participating in ratable share pools, in exchange for providing computing power the Company is entitled to a fractional share of the Bitcoin award the mining pool operator receives for successfully adding a block to the blockchain, plus a fractional share of the transaction fees attached to that blockchain. The Company’s fractional share is based on the proportion of computing power the Company contributed to the mining pool operator to the total computing power contributed by all mining pool participants in solving the current algorithm. When participating in a Full Pay Per Share (“FPPS”) mining pool, in exchange for providing computing power to the pool the Company is entitled to compensation, calculated on a daily basis, at an amount that approximates the total Bitcoin that could have been mined using the Company’s computing power, calculated on a look-back basis across previous blocks using the pools hash rate index. Applying the criteria per ASC 606-10-25-1, the contract arises at the point that the Company provides computing power to the mining pool operator, which is beginning contract day at midnight UTC (contract inception), because customer consumption is in tandem with daily earnings of delivery of the computing power.

Step 2: In order to identify the performance obligations in a contract with a customer, the Company must assess the promised goods or services in the contract and identify each promised good or service that is distinct. A performance obligation meets ASC 606’s definition of a “distinct” good or service (or bundle of goods or services) if both of the following criteria are met:

- The customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer (i.e., the good or service is capable of being distinct); and
- The entity’s promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (i.e., the promise to transfer the good or service is distinct within the context of the contract).

Based on these criteria, the Company has a single performance obligation in providing computing power services (i.e., hashrate) to the mining pool operator (i.e., customer). The performance obligation of computing power services is fulfilled daily over-time, as opposed to a point in time, because the Company provides the hashrate throughout the day and the customer simultaneously obtains control of it and uses the asset to produce Bitcoin. The Company has full control of the mining equipment utilized in the mining pool and if the Company determines it will increase or decrease the processing power of its machines and/or fleet (i.e., for repairs or when power costs are excessive) the computing power provided to the customer will be reduced.

Step 3: The transaction consideration the Company earns is non-cash digital consideration in the form of Bitcoin, which the Company measures at fair value on the date earned at the daily closing price, which is not materially different from the fair value at contract inception.

The transaction consideration the Company earns is all variable since it is dependent on the daily computing power provided by the Company under the FPPS model and total Bitcoin earned by the under the ratable share model. The Company’s Bitcoins earned through the contractual payout formula is not known until the Company’s computational hashrate contributed over the daily measurement period is fulfilled over-time daily between midnight-to-midnight UTC time. The Company’s proportionate amount of the global network transaction fee rewards earned are calculated at the end of each transactional day (midnight to midnight). There are no other forms of variable considerations, such as discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses, penalties, or other similar items.

The Company does not constrain this variable consideration because it is probable that a significant reversal in the amount of revenue recognized from the contract will not occur when the uncertainty is subsequently resolved and recognizes the noncash consideration on the same day that control is transferred, which is the same day as contract inception.

Step 4: The transaction price is allocated to the single performance obligation upon verification for the provision of computing power to the mining pool operator, and total Bitcoin rewards earned by the pool, when applicable under a ratable share model. There is a single performance obligation (i.e., computing power or (hashrate) for the contract; therefore, all consideration from the mining pool operator is allocated to this single performance obligation.

Step 5: The Company's performance is complete in transferring the hashrate service over-time (midnight to midnight) to the customer and the customer obtains control of that asset.

In exchange for providing computing power, the Company is entitled to a pro-rata share of the fixed Bitcoin awards earned over the measurement period, plus a pro-rata fractional share of the global transaction fee rewards for the respective measurement period, less net digital asset fees due to the mining pool operator over the measurement period, as applicable. The transaction consideration the Company receives is non-cash consideration, in the form of Bitcoin. The Company measures the Bitcoin at fair value on the date earned using the closing price of Bitcoin on the date earned (midnight UTC), which is not materially different from the fair value at contract inception.

There are no deferred revenues or other liability obligations recorded by the Company since there are no payments in advance of the performance. At the end of the 24 hour "midnight-to-midnight" period, there are no remaining performance obligations.

Bitcoin earned by the Company through its mining activities are included within operating activities on the accompanying consolidated statements of cash flows.

Cost of Revenues

The Company includes energy costs and external co-location mining hosting fees in cost of revenues. Depreciation of mining machines is included within "Depreciation and amortization" in the Consolidated Statements of Operations.

Revenue Recognition - Specialty Finance

Accounting Standards Codification ("ASC") 606 of the Financial Accounting Standards Board ("FASB") states an entity needs to conclude at the inception of the contract that collectability of the consideration to which it will be entitled in exchange for the goods and services that will be transferred to the customer is probable. That is, in some circumstances, an entity may not need to assess its ability to collect all of the consideration in the contract. The Company provides funding to Associations by purchasing their rights under delinquent accounts from unpaid assessments due from property owners. Collections on the Accounts may vary greatly in both the timing and amount ultimately recovered compared with the total revenues earned on the Accounts because of a variety of economic and social factors affecting the real estate environment in general.

The Company's contracts with its specialty finance customers have very specific performance obligations. The Company has determined that the known amount of cash to be realized or realizable on its revenue generating activities cannot be reasonably estimate and as such, classifies its finance receivables as nonaccrual and recognizes revenues in the accompanying statements of income on the cash basis or cost recovery method in accordance with ASC 310-10, *Receivables*. The Company's operations also consist of rental revenue earned from tenants under leasing arrangements which provide for rent income. The leases have been accounted for as operating leases. For operating leases, revenue is recorded based on cash rental payments was collected during the period. The Company analyzed its remaining revenue streams and concluded there were no changes in revenue recognition with the adoption of the new standard.

Under ASC 606, the Company applies the cash basis method to its original product and the cost recovery method to its special product as follows:

Finance Receivables—Original Product: Under the Company's original product, delinquent assessments are funded only up to the Super Lien Amount as discussed above. Recoverability of funded amounts is generally assured because of the protection of the Super Lien Amount. As such, payments by unit owners on the Company's original product are recorded to income when received in accordance with the provisions of the Florida Statute (718.116(3)) and the provisions of the purchase agreements entered into between the Company and Associations. Those provisions require that all payments be applied in the following order: first to interest, then to late fees, then to costs of collection, then to legal fees expended by the Company and then to assessments owed. In accordance with the cash basis method of recognizing revenue and the provisions of the statute, the Company records revenues for interest and late fees when cash is received. In the event the Company determines the ultimate collectability of amounts funded under its original product are in doubt, payments are applied to first reduce the funded or principal amount.

Finance Receivables—Special Product (New Neighbor Guaranty program): During 2012, the Company began offering associations an alternative product under the *New Neighbor Guaranty* program whereby the Company will fund amounts in excess of the Super Lien Amount. Under this special product, the Company purchases substantially all of the delinquent assessments owed to the association, in addition to all accrued interest and late fees, in exchange for payment by the Company of (i) a negotiated amount or (ii) on a going forward basis, all monthly assessments due for a period up to 48 months. Under these arrangements, the Company considers the collection of amounts funded is not assured and under the cost recovery method, cash collected is applied to first reduce the carrying value of the funded or principal amount with any remaining proceeds applied next to interest, late fees, legal fees, collection costs and any amounts due to the Association. Any excess proceeds still remaining are recognized as revenues. If the future proceeds collected are lower than the Company's funded or principal amount, then a loss is recognized.

Net Commission Revenue: The Company acts as an agent in providing health travel insurance policies. As a result, the Company revenue is recorded at net. The Company has determined that the known amount of cash to be realized or realizable on its revenue generating activities can be reasonably estimated and as such, classifies its receivables as accrual and recognizes revenues in the accompanying statements of income on the accrual basis. If a policy is not effective as of the end of a period, then the associated revenue and underwriting costs are deferred until the effective date. The majority of the commission revenue is underwritten by two policy underwriters who pays the Company commissions.

Coupon Sales

From time to time the Company receives coupons from Bitmain to incentivize purchases of equipment. Coupons have a stated face value in dollars and can be applied against future invoices for purchased machines. Coupons are transferable and there are not restrictions on the sale to third parties. Occasionally, the Company sells coupons to third parties in exchange for cash consideration or digital assets. As there is currently no active market for the buying and selling of Bitmain coupons, the Company has determined that the fair value of coupons received is nil at the time of receipt therefore revenue associated with the sale of such coupons is not recognized until the sale transaction has been completed and consideration has been received from the third party. During the three months ended March 31, 2024 and March 31, 2023, the Company sold Bitmain coupons for $4 thousand and $604 thousand, which was recognized as other income within "Other income - coupon sales" in the Consolidated Statements of Operations.

Income Taxes

The Company's calculation of its tax liabilities involves dealing with uncertainties in the application of complex tax laws and regulations in various taxing jurisdictions. The Company recognizes tax liabilities for uncertain tax positions based on management's estimate of whether it is more likely than not that additional taxes will be required. The Company had no uncertain tax positions as of March 31, 2024 and December 31, 2023.

Deferred income taxes are recognized in the consolidated financial statements for the tax consequences in future years of differences between the tax basis of assets and liabilities and their financial reporting amounts based on enacted tax laws and statutory tax rates. Temporary differences arise from net operating losses, differences in depreciation methods of archived images, and property and equipment, stock-based and other compensation, and other accrued expenses. A valuation allowance is established when it is determined that it is more likely than not that some or all of the deferred tax assets will not be realized.

The application of tax laws and regulations is subject to legal and factual interpretation, judgment and uncertainty. Tax laws and regulations themselves are subject to change as a result of changes in fiscal policy, changes in legislation, the evolution of regulations and court rulings. Therefore, the actual liability for U.S., or the various state jurisdictions, may be materially different from managements estimates, which could result in the need to record additional tax liabilities or potentially reverse previously recorded tax liabilities. Interest and penalties are included in tax expense.

Income tax expense/(benefit) from operations for the three months ended March 31, 2024 and 2023 was $nil in each period, which resulted primarily from maintaining a full valuation allowance against the Company's deferred tax assets.

Income (Loss) Per Share

Basic income (loss) per share is calculated as net income (loss) to common stockholders divided by the weighted average number of common shares outstanding during the period.

The weighted average shares used in calculating income per share for the three months ended March 31, 2024 includes 65 thousand restricted shares that were legally issued during the year ended December 31, 2023 and vested during the three months ended March 31, 2024 based on their respective vesting date and excludes 22 thousand restricted shares that were legally issued during the year ended December 31, 2023 but not vested as of March 31, 2024. No issuance or vesting of restricted shares occurred during the three months ended March 31, 2023.

Diluted income (loss) per share for the periods equal to basic income (loss) per share as the effect of any convertible notes, stock-based compensation awards or stock warrants would be anti-dilutive.

The anti-dilutive stock-based compensation awards consisted of:

	March 31, 2024	December 31, 2023
Stock Options	599,597	599,597
Stock Warrants	1,274,807	1,274,807
Restricted Shares	21,667	86,667

Contingencies

The Company accrues for contingent obligations, including estimated legal costs, when the obligation is probable and the amount is reasonably estimable. As facts concerning contingencies become known, the Company reassesses its position and makes appropriate adjustments to the consolidated financial statements. Estimates that are particularly sensitive to future changes include those related to tax, legal and other regulatory matters.

Stock-Based Compensation

The Company records all equity-based incentive grants to employees and non-employee members of the Company's Board of Directors in operating expenses in the Company's Consolidated Statements of Operations based on their fair values determined on the date of grant. Stock-based compensation expense, reduced for estimated forfeitures, is recognized over the requisite service period of the award, which is generally the vesting term of the outstanding equity awards. The expense attribution method is straight-line or accelerated graded-vesting depending on the nature of the award.

Non-cash Activities

ROU assets and operating lease obligation recognized - Due to the execution of its office equipment operating lease during the three months ended March 31, 2024 and 2023, the Company recognized a lease liability and ROU asset associated with the lease in the amount of nil and $22 thousand, respectively.

Reclassification of mining equipment deposit to fixed assets, net - During the three months ended March 31, 2024 and 2023 as mining machines were received, the Company reclassified nil and $55 thousand of mining machine costs plus related shipping and customs fees from "Deposits on mining equipment" to "Fixed assets, net" in the consolidated balance sheets, respectively.

Change in equity due to change in accounting principal ASC 350-60 - The Company has elected to early adopt the new guidance effective January 1, 2024 resulting in a $614 thousand cumulative-effect change to adjust the Company's Bitcoin held on January 1, 2024 with the corresponding entry to beginning accumulated deficit.

Note 2. Digital Asset

Digital assets consisted of the following:

	March 31, 2024	December 31, 2023	March 31, 2023
Bitcoin	$ 11,637,319	$ 3,406,096	$ 1,751,914
Tether	14,650	10,160	-
Total digital assets	$ 11,651,969	$ 3,416,256	$ 1,751,914

Bitcoin

	March 31, 2024	December 31, 2023	March 31, 2023
Number of Bitcoin held	163.4	95.1	83.6
Carrying basis - per Bitcoin	$ 48,046	$ 35,816	$ 20,956
Fair value - per Bitcoin	$ 71,306	$ 42,273	$ 28,486
Carrying basis of Bitcoin	$ 7,850,671	$ 3,406,096	$ 1,751,914
Fair value of Bitcoin	$ 11,637,319	$ 4,020,202	$ 2,381,442

The carrying basis represents the valuation of Bitcoin at the time the Company earns the Bitcoin through mining activities. The carrying basis for Bitcoin held prior to the adoption of ASU 2023-08 was determined on the "cost less impairment" basis. Fair value of Bitcoin was determined using Level 1 inputs.

The following table presents a roll-forward of Bitcoin for the three months ended March 31, 2024, based on the fair value model under ASU 2023-08:

	March 31, 2024
Bitcoin as of December 31, 2023	$ 3,406,096
Cumulative effect of the adoption of ASU 2023-08 (See Note 1)	614,106
Beginning balance: Bitcoin as of January 1, 2024	**4,020,202**
Addition of Bitcoin from mining activities	4,597,908
Disposition of Bitcoin from sales	(1,296,232)
Gain on fair value of Bitcoin, net	4,315,441
End of period	**$ 11,637,319**

During the three months ended March 31, 2024, the Company realized total gains on Bitcoin of $519 thousand and did not realize any losses on Bitcoin.

The following table presents a roll-forward of Bitcoin for the three months ended March 31, 2023, prior to the adoption of ASU 2023-08, based on the cost less impairment model under ASC 350:

	March 31, 2023
Beginning of year	$ 888,026
Purchase of Bitcoin	35,157
Production of Bitcoin	2,090,851
Impairment loss on mined Bitcoin	(199,554)
Carrying amount of Bitcoin sold	(1,062,566)
End of period	**1,751,914**

Note 3. Fixed Assets, net

The components of fixed assets as of March 31, 2024 and December 31, 2023 are as follows:

	Useful Life (Years)	March 31, 2024	December 31, 2023
Mining machines	4	$ 28,602,298	$ 29,799,782
Real estate assets owned	30	80,057	80,057
Furniture, computer and office equipment	3-5	230,062	230,063
Gross fixed assets		28,912,417	30,109,902
Less: accumulated depreciation		(8,015,103)	(5,590,292)
Fixed assets, net		$ 20,897,314	$ 24,519,610

As of March 31, 2024 and December 31, 2023, there were approximately 5,900 mining machines in service at various hosting sites. The Company's depreciation expense recognized for the three months ended March 31, 2024 and 2023 was $2.4 million and $0.8 million, respectively.

In order to accommodate an expected incoming shipment of S21 mining machines in April 2024, management identified 365 mining machines at a Core hosting facility that would require relocation. As part of its impairment testing management considered the possible cashflows and probabilities associated with the relocation and continued use of 365 mining machines at a separate hosting facility location and the potential sale of such assets to a third party. Based on the assessment performed, management concluded a sale was probable and an impairment of $1.2M on the mining machines was recorded as of March 31, 2024, which was calculated as the net carrying value of the 365 mining machines of $1.3M less the expected sales price of $79 thousand. The loss was recorded on our Consolidated Statements of Operations as "Impairment loss on mining equipment" for the three months ended March 31, 2024.

On April 16, 2024, the 365 mining machines were sold to a third party for $79 thousand. There was no additional loss recognized upon the asset sale.

There was no impairment loss recorded on fixed assets during the three months ended March 31, 2023.

Note 4. Deposits on Mining Equipment and Hosting Services

As further described in Note 1, the Company has entered into a series of mining machine purchase agreements, hosting and colocation service agreements in connection with our cryptocurrency mining operations which required deposits to be paid in advance of the respective asset or service being received.

As of March 31, 2024 and December 31, 2023, the Company has a total of $1.1 million and $20 thousand, respectively, classified as "Deposits on mining equipment".

As of March 31, 2024 and December 31, 2023, the Company has a total of $1.7 million and 3.1 million in hosting deposits, respectively, classified as "Prepaid expenses and Other assets" as these assets are associated with hosting contracts that expire in 2024.

Note 5. Investments

Marketable Securities

Our marketable equity securities are publicly traded stocks measured at fair value using quoted prices for identical assets in active markets and classified as Level 1 within the fair value hierarchy. Marketable equity securities as of March 31, 2024 and December 31, 2023, and activity for the three months ended March 31, 2024 and year ended December 31, 2023, are as follows:

	Cost	Cost of Shares Sold	Gross Unrealized Gain (Loss)	Fair Value
Marketable equity securities, March 31, 2024	$ 17,860	$ -	$ (2,160)	$ 15,700
Marketable equity securities, December 31, 2023	$ 743,906	$ (739,616)	$ 13,570	$ 17,860

No marketable securities were sold during the three months ended March 31, 2024 and 2023.

Notes receivable from Sale of Symbiont assets

The Company entered into a secured promissory note and loan agreement with Symbiont.IO, Inc. ("Symbiont") on December 1, 2021 under which the Company loaned Symbiont an aggregate principal amount of $2 million bearing interest at a rate of 16% per annum. The outstanding principal, plus any accrued and unpaid interest, became due and payable on December 1, 2022 but was not paid. The Symbiont note was secured by a first priority perfected security interest in the assets of Symbiont.

Symbiont filed for bankruptcy on December 1, 2022. On June 5, 2023, the Company purchased substantially all of the assets of Symbiont (the "Symbiont Assets") by means of a credit bid of the full amount of the note payable owed by Symbiont to the Company. The Symbiont Assets were comprised principally of intellectual property and software code relating to Symbiont's financial services blockchain enterprise platform. The assets were recorded as intangible assets at an amount equal to the total consideration of $2.8 million.

On December 26, 2023, the Company entered into an asset purchase agreement with Platonic Holdings, Inc. ("Platonic") pursuant to which we agreed to sell to Platonic the Symbiont Assets. The sale of the Symbiont Assets closed on December 27, 2023. The sales proceeds were $2.0 million, of which $0.2 million is being held in a customary indemnity escrow until December 26, 2024. Amounts held in escrow are recorded as "Receivable from the sale of Symbiont assets" in the consolidated balance sheets as of March 31, 2024 and December 31, 2023.

Notes receivable from Seastar Medical Holding Corporation

As of March 31, 2024, there was no outstanding principal and accrued interest and as of December 31, 2023, there was $1,127 thousand of principal and $13 thousand of accrued interest on the Amended Sponsor Note included in "Note receivable from Seastar Medical Holding Corporation" on the consolidated balance sheets.

As of March 31, 2024, there was no outstanding principal and accrued interest and as of December 31, 2023, there was $296 thousand of principal and $3 thousand of accrued interest on the amended LMFA Note in "Notes receivable from Seastar Medical Holding Corporation" on the consolidated balance sheets.

On January 29, 2024 Seastar fully repaid the remaining balance of principal and accrued interest on the Notes which totaled approximately $1.4 million as of the payoff date.

	March 31, 2024	December 31, 2023	March 31, 2023
Notes receivable from Seastar Medical Holding Corporation	$ -	$ 1,440,498	$ 2,216,649
End of period	$ -	$ 1,440,498	$ 2,216,649

	March 31, 2024	March 31, 2023
Beginning of year	$ 1,440,498	$ 3,807,749
Repayment of Seastar Medical Holding Corporation notes receivable	(1,449,066)	(1,644,834)
Accrued interest income	8,568	53,734
End of period	$ -	$ 2,216,649

Long-term Investments

Long-term investments held to maturity in equity securities consist of the following:

LMF Acquisition Opportunities Inc. and SeaStar Medical - Warrants

The Company, through its affiliate LMFA Sponsor LLC ("Sponsor"), owns an aggregate 5,738,000 private placement warrants in SeaStar Medical, Inc., a Delaware corporation ("SeaStar Medical"). For the three months ended March 31, 2024 and 2023, our re-measurement of the fair value of the private placement warrants resulted in an unrealized gain of approximately $597 thousand and unrealized loss of $26 thousand, respectively. The unrealized loss is included within "Unrealized gain on investment and equity securities" within the consolidated statements of operations.

Long-term investments for the SMHC (formerly LMAO) warrants consist of the following:

	March 31, 2024	December 31, 2023	March 31, 2023
Seastar Medical Holding Corporation (formerly LMAO) warrants	$ 753,973	$ 156,992	$ 437,924
End of period	$ 753,973	$ 156,992	$ 437,924

	March 31, 2024	March 31, 2023
Beginning of year	$ 156,992	$ 464,778
Unrealized gain (loss) on equity securities	596,981	(26,854)
End of period	$ 753,973	$ 437,924

SeaStar Medical Holding Corporation - Common Stock

As of March 31, 2024 and December 31, 2023, Sponsor holds 2,587,500 shares, or approximately 3.4% of the total common shares of SeaStar Medical, along with 5,738,000 private placement warrants. Taking into consideration the approximately 30% minority interest in Sponsor, the percentage of ownership in the total common shares of SeaStar Medical that is attributable to the Company is approximately 2.4%.

Our investment in SeaStar Medical common stock qualifies for equity-method accounting, for which we have elected the fair value option which requires the Company to remeasure our retained interest in SeaStar Medical at fair value and include any resulting adjustments as part of a gain or loss on investment. The fair value calculation related to our retained interest in SeaStar Medical is based upon the observable trading price of SeaStar Medicals Class A common stock.

The Company determined that our investment in SeaStar Medical meets the criteria for the equity method of accounting, for which we have elected the fair value option. We remeasure our retained interest in SeaStar Medical's common stock at fair value and include any resulting adjustments as part of our gain or loss on investments. The fair value of our retained interest in SeaStar Medical's common stock is classified as Level 1 in the fair value hierarchy as the fair value is based upon the observable trading price of ICU common stock. The trading price of ICU common stock as of March 31, 2024 and 2023 was $0.73 and $1.86 per share, respectively.

Changes in fair value are recorded in the income statement during the period of change. For the three months ended March 31, 2024 and 2023, our re-measurement of the fair value of ICU common stock resulted in an unrealized gain of approximately $0.8 million and unrealized loss of approximately $5.8 million, respectively. The unrealized gain (loss) is included within "Unrealized gain (loss) on investment and equity securities" within the consolidated statements of operations.

Long-term investments for the SeaStar Medical common stock consist of the following:

	March 31, 2024	December 31, 2023	March 31, 2023
Seastar Medical Holding Corporation common stock	$ 1,899,484	$ 1,145,486	$ 4,812,750
End of period	$ 1,899,484	$ 1,145,486	$ 4,812,750

	March 31, 2024	March 31, 2023
Beginning of year	$ 1,145,486	$ 10,608,750
Unrealized gain (loss) on equity investment	753,998	(5,796,000)
End of period	$ 1,899,484	$ 4,812,750

The net unrealized gain (loss) on securities from the Company’s investment in SeaStar Medical's common stock and warrants totaled approximately $1.4 million and ($5.8) million for the three months ended March 31, 2024 and 2023, respectively.

Note 6. Debt and Other Financing Arrangements

Debt of the Company consisted of the following at March 31, 2024 and December 31, 2023:

	March 31, 2024	December 31, 2023
Financing agreement with Imperial PFS that is unsecured. Down payment of $3,438 was required upfront and equal installment payments of $3,658 to be made over a 11 month period. The note matures on July 1, 2024. Annualized interest is 12.05%.	10,973	21,945
Financing agreement with Imperial PFS that is unsecured. Down payment of $36,544 was required upfront and equal installment payments of $41,879 to be made over an 10 month period. The note matures on August 1, 2024. Annualized interest is 9.6%.	209,386	335,022
Financing agreement with Imperial PFS that is unsecured. Down payment of $30,000 was required upfront and equal installment payments of $35,103 to be made over a 6 month period. The note matures on June 1, 2024. Annualized interest is 12.05%.	105,310	210,619
	$ 325,669	$ 567,586

Minimum required principal payments on the Company's debt as of March 31, 2024 are as follows:

Maturity	Amount
2024	$ 325,669
	$ 325,669

Note 7. Commitments and Contingencies

Leases

The Company leases certain office space and office equipment under non-cancelable operating leases. Leases with an initial term of one year or less are not recorded on the balance sheet, and the Company generally recognizes lease expense for these leases on a straight-line basis over the lease term. As of March 31, 2024, the Company's long term operating leases have remaining lease terms of 17 - 26 months and include options to renew the lease. The Company's leases do not contain any material residual value guarantees or material restrictive covenants. The Company does not have any material financing leases.

The Company determines if an arrangement is a lease at inception. Operating lease right-of-use ("ROU") assets and current and long-term operating lease liabilities are separately stated on the Consolidated Balance Sheet. ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. The present value of future lease payments are discounted using either the implicit rate in the lease, if known, or the Company's incremental borrowing rate for the specific lease as of the lease commencement date. The ROU asset is also adjusted for any prepayments made or incentives received. The lease terms include options to extend or terminate the lease only to the extent it is reasonably certain any of those options will be exercised. Lease expense is recognized on a straight-line basis over the lease term. The Company accounts for lease components (e.g., fixed payments) separate from the non-lease components (e.g., common-area maintenance costs) for its building lease. For office equipment, the company does not separate lease components (e.g., fixed payments) from the non-lease components (e.g., service costs).

The Company's office lease began July 15, 2019 and is due to expire on July 31, 2025. This office space is in a building owned by a board member. The Company shares this space and the related costs associated with this operating lease with a related party (see Note 10 - Related Party Transactions) that also performs legal services associated with the collection of delinquent assessments. The related party has a sub-lease for approximately $2,500 per month plus operating expenses.

On February 27, 2023, the Company executed a lease for office equipment which has been classified as an operating lease. The lease term is 39 months. As of the effective date of the lease, the Company recorded an adjustment to the right-of-use asset and lease liability in the amount of $22 thousand based on the net present value of lease payments discounted using an estimated incremental borrowing rate of 7.35%.

Lease expense recognized for the three months ended March 31, 2024 and 2023 was approximately $29 thousand and $28 thousand, respectively. Sub-lease income for the three months ended March 31, 2024 and 2023 was approximately $7 thousand and $15 thousand, respectively.

The following table presents supplemental balance sheet information related to operating leases as of March 31, 2024 and December 31, 2023:

	Balance Sheet Line Item	**March 31, 2024**	**December 31, 2023**
Assets			
ROU assets	Right of use asset, net	$ 162,966	$ 189,009
Total lease assets		$ 162,966	$ 189,009
Liabilities			
Current lease liabilities	Lease liability	$ 114,148	$ 110,384
Long-term lease liabilities	Lease liability	56,148	85,775
Total lease liabilities		$ 170,296	$ 196,159
Weighted-average remaining lease term (in years)		1.5	1.7
Weighted-average discount rate		7.49 %	7.49 %

The following table presents supplemental cash flow information and non-cash activity related to operating leases for the three months ended March 31, 2024 and 2023:

	March 31, 2024	March 31, 2023
Operating cash flow information		
Cash paid for amounts included in the measurement of lease liabilities	$ (25,863)	$ (22,243)
Non-cashflow information		
ROU assets and operating lease obligation recognized	$ -	$ 21,887

The following table presents maturities of operating lease liabilities on an undiscounted basis as of March 31, 2024:

Lease Maturity Table

	Operating Leases
2024	92,011
2025	85,324
2026	3,163
(less: imputed interest)	(10,202)
	$ 170,296

Legal Proceedings

Except as described below, we are not currently a party to material pending or known threatened litigation proceedings. However, we frequently become party to litigation in the ordinary course of business, including either the prosecution or defense of claims arising from contracts by and between us and client Associations. Regardless of the outcome, litigation can have an adverse impact on us because of prosecution, defense, and settlement costs, diversion of management resources and other factors.

The Company accrues for contingent obligations, including estimated legal costs, when the obligation is probable and the amount is reasonably estimable. As facts concerning contingencies become known, the Company reassesses its position and makes appropriate adjustments to the consolidated financial statements. Estimates that are particularly sensitive to future changes include those related to tax, legal, and other regulatory matters.

In October 2021, we entered into a sale and purchase agreement (the “Uptime Purchase Agreement”) with Uptime Armory LLC (“Uptime”) pursuant to which US Digital agreed to purchase, and Uptime agreed to supply to US Digital, an aggregate of 18 modified 40-foot cargo containers (“POD5ive containers”) that will be designed to hold and operate 280 S19 Pro Antminers manufactured by Bitmain. The purchase price of the POD5ive containers totals $3.15 million, of which $2.4 million or 75% was paid in 2021 as a non-refundable down payment and the remaining 25% was paid after Uptime delivered a “notice of completion” of the equipment in 2022. However, no containers have been delivered as of December 31, 2023.

On November 8, 2022, LMFA filed an action in Florida circuit court against Uptime Armory, LLC and Bit5ive, LLC in a case styled US Digital Mining and Hosting Co. LLC v. Uptime Amory, LLC and Bit5ive, LLC (Fla. 11thCir. Ct., November 8, 2022). In that action, we alleged breach of contract and violation of the Florida Deceptive and Unfair Trade Practices Act and are seeking, among other things, damages of $3.15 million for non-delivery of the 18 POD5ive containers. The Defendants in this action filed a motion to compel confidential arbitration action. The court has now stayed the action in the Florida Circuit Court, and ordered the parties to confidential arbitration governed by the American Arbitration Association and the case is proceeding to arbitration. We recorded an impairment charge of $3.15 million on our mining machine deposit in the fourth quarter of 2022 and is reported on our Consolidated Statements of Operations as Impairment loss on prepaid mining machine deposits. The arbitrator has ruled in favor of US Digital’s dispositive motions against Uptime Armory and Bit5ive. Entities Uptime Armory, LLC, Uptime Hosting, LLC, and Bit5ive, LLC have filed for Assignment for the Benefit of Creditors. LMFA US Digital’s Proof of Claim against entities was filed in the Circuit Court of the eleventh Judicial Circuit, in and for Miami-Dade County, Florida in the amount of Arbitrator’s award of $3.2 million (owed joint and several with Bit5ive, LLC).

In October 2021, US Digital also entered into a hosting agreement with Uptime Hosting LLC (the “Hosting Agreement”) to host the Company’s 18 POD5ive containers at a secure location and provide power, maintenance and other services specified in the contract for 6 cents per kilowatt with a term of one year. Under the Hosting Agreement we paid a deposit of $0.8 million in 2021 and were required to pay an additional deposit for each container three months prior to delivery at the hosting site of $44 thousand and a final deposit for each container one month prior to arrival at the hosting site of $44 thousand. The deposits paid for hosting services under the Hosting Agreement are refundable. On June 29, 2022, the Company and Uptime Hosting LLC entered into a Release and Termination Agreement in which the Hosting Agreement was terminated and Uptime Hosting LLC agreed to pay the $0.8 million. We recorded an impairment charge of $0.8 million on our prepaid hosting deposit in the fourth quarter of 2022 which is reported on our Consolidated Statements of Operations as Impairment loss on prepaid hosting deposits.

On September 2, 2022, LMFA filed in Florida circuit court a legal action against Uptime Hosting LLC in an action styled US Digital Mining and Hosting Co, LLC v. Uptime Hosting, LLC (Fla. 13thCir. Ct. Sept. 2, 2022) for the return of the deposit and other damages, alleging breach of contract and violation of the Florida Deceptive and Unfair Trade Practices Act. LMFA has amended its complaint.

This is now an action for (i) breach of contract against Uptime and Bit5ive, (ii) violation of Florida's Uniform Fraudulent Transfer Act against Uptime; (iii) violation of Florida's Uniform Fraudulent Transfer Act against Bit5ive; (iv) violation of Florida's Uniform Fraudulent Transfer Act against Block Consulting and Robert Collazo (v) violation of Florida Fraudulent Asset Conversion against Block Consulting Services, 6301 Southwest Ranches, LLC, Robert D Collazo, Jr. and Elyam Moral-Collazo; (vi) violation of Florida Deceptive and Unfair Trade Practices Act against all Defendants, (vii) equitable lien against Robert D Collazo, Jr., Elyam Moral-Collazo and 6301 Southwest Ranches, LLC., and (viii) equitable lien against Defendants Robert D Collazo, Jr., Elyam Moral-Collazo and 6301 Southwest Ranches, LLC. Currently the proceedings have been stayed by the court while defendants seek new counsel.

Note 8. Stockholders' Equity

Reverse Stock Split

On February 23, 2024, the Board approved a one-for-six (1:6) reverse split of the Company's issued and outstanding common stock, par value $0.001 per share, pursuant to which every six outstanding shares of common stock was converted into one share of common stock (the "Reverse Stock Split"). The Reverse Stock Split was effected by the filing of an amendment to our Certificate of Incorporation on March 7, 2024 which provided that the Reverse Stock Split become effective at 12:01 a.m. eastern time on March 12, 2024. The amendment provided that no fractional shares shall be issued and, in lieu thereof, any person who would otherwise be entitled to a fractional share of common stock as a result of the Reverse Stock Split would be entitled to receive one share of common stock. The Company's common stock began trading on The Nasdaq Capital Market on a split-adjusted basis on March 12, 2024. The Company has retroactively adjusted all share amounts and per share data herein to give effect to the Reverse Stock Split.

Stock Options

The following is a summary of the stock option plan activity during the three months ended March 31, 2024 and 2023:

	2024		2023	
	Number of Options	**Weighted Average Exercise Price**	**Number of Options**	**Weighted Average Exercise Price**
Options outstanding at beginning of the year	599,597	$ 9.00	186,877	$ 19.56
Granted	-	-	-	-
Cancelled	-	-	-	-
Forfeited	-	-	-	-
Options outstanding at March 31,	599,597	$ 9.00	186,877	$ 19.56
Options exercisable at March 31,	383,152	$ 10.81	34,402	$ 67.20

Stock compensation expense recognized for the three months ended March 31, 2024 and 2023 related to stock options was approximately $0.1 million and $0.2 million, respectively. There was $0.5 million of unrecognized compensation cost associated with unvested stock options remaining as of March 31, 2024.

The aggregate intrinsic value of the outstanding common stock options as of March 31, 2024 and December 31, 2023 was nil. The remaining weighted average life of the options as of March 31, 2024 was approximately 8.8 years.

Stock Issuance

The following is a summary of the restricted share activity during the three months ended March 31, 2024 and 2023:

	2024		2023	
	Number of Restricted Shares	Weighted Average Award Price	Number of Restricted Shares	Weighted Average Award Price
Restricted Shares outstanding at beginning of the year	86,667	$ 4.51	-	$ -
Vested	(65,000)	4.51	-	-
Restricted Shares outstanding at March 31,	21,667	$ 4.51	-	$ -

The Company expensed $71 thousand and nil for the three months ended March 31, 2024 and 2023. There was $5 thousand of unrecognized compensation cost associated with unvested restricted stock remaining as of March 31, 2024.

Warrants

The following is a summary of the warrant activity during the three months ended March 31, 2024 and 2023:

	2024		2023	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Warrants outstanding at beginning of the year	1,274,807	$ 30.04	1,279,573	$ 30.00
Granted	-	-	-	-
Exercised	-	-	-	-
Forfeited	-	-	-	-
Warrants outstanding and exercisable at March 31,	1,274,807	$ 30.04	1,279,573	$ 30.00

The aggregate intrinsic value of the outstanding common stock warrants as of March 31, 2024 and 2023 was nil. The remaining weighted average life of the warrants as of March 31, 2024 was 2.5 years.

At the Market Program

On June 26, 2023, the Company entered into an Equity Distribution Agreement (the “Distribution Agreement”) with Maxim Group LLC (the “Agent”), pursuant to which the Company may, from time to time, at the Company's discretion, offer and sell shares of the Company’s common stock, having an aggregate offering price of up to $4.7 million (the “Shares”), through the Agent, acting as sales agent. The Shares to be sold under the Distribution Agreement, if any, will be issued and sold pursuant to the Company’s shelf registration statement which was filed with the Securities and Exchange Commission (“SEC”) on July 30, 2021 (the “Registration Statement”) and was declared effective on August 16, 2021. A prospectus supplement related to the Company’s at the market offering ("ATM") program with the Agent under the Distribution Agreement was filed with the SEC on June 26, 2023. The ATM program is expected to remain in effect until June 26, 2024. As of March 31, 2024, no sales have been made under the ATM program, and an aggregate gross sales limit of $2.7 million remains available for issuance under the ATM program. Approximately $138 thousand of legal and professional fees incurred related to the establishment of the ATM program were deferred and recorded within "Prepaid expenses and other assets" on the Consolidated Balance Sheets and will be amortized ratably as stock is issued under the program.

Note 9. Segment Information

The Company applies ASC 280, Segment Reporting, in determining its reportable segments. The Company has two reportable segments: Specialty Finance and Mining Operations. The guidance requires that segment disclosures present the measure(s) used by the CODM to decide how to allocate resources and for purposes of assessing such segments’ performance. The Company’s CODM uses revenue, income from operations and income before taxes of our reporting segments to assess the performance of the business of our reportable operating segments.

No operating segments have been aggregated to form the reportable segments. The corporate oversight function, and other components that may earn revenues that are only incidental to the activities of the Company are aggregated and included in the "All Other" category.

The Specialty Finance segment generates revenue from providing funding to nonprofit community associations. The Mining Operations segment generates revenue from the Bitcoin the Company earns through its mining activities.

	Three Months Ended March 31, 2024			
	Specialty Finance	Mining Operations	All Other	Total
Revenue, net	$ 149,696	$ 4,597,908	$ -	$ 4,747,604
Depreciation and amortization	1,366	2,423,062	1,640	2,426,068
Operating income (loss)	(307,084)	2,272,837	(1,403,151)	562,602
Unrealized gain on investment and equity securities	-	-	1,350,979	1,350,979
Gain on fair value of purchased Bitcoin, net	-	-	57,926	57,926
Unrealized loss on marketable securities	-	-	(2,160)	(2,160)
Loss on disposal of assets	-	(8,170)	-	(8,170)
Other income - coupon sales	-	4,490	-	4,490
Interest income	-	-	9,125	9,125
Interest expense	-	(70,826)	-	(70,826)
Income (loss) before income taxes	(307,084)	2,198,331	12,719	1,903,966
Fixed Asset Additions	-	-	-	-

	Three Months Ended March 31, 2023			
	Specialty Finance	Mining Operations	All Other	Total
Revenue, net	$ 222,667	$ 2,090,851	$ -	$ 2,313,518
Depreciation and amortization	2,966	797,869	1,038	801,873
Operating loss	(211,646)	(456,802)	(1,300,978)	(1,969,426)
Unrealized loss on investment and equity securities	-	-	(5,822,854)	(5,822,854)
Realized gain on sale of purchased digital assets	-	-	1,917	1,917
Unrealized gain on marketable securities	-	-	5,790	5,790
Impairment loss on prepaid hosting deposits	-	(36,691)	-	(36,691)
Other income - coupon sales	-	603,591	-	603,591
Interest income	-	-	55,077	55,077
Income (loss) before income taxes	(211,646)	110,098	(7,061,048)	(7,162,596)
Fixed Asset Additions	-	316,874	1,596	318,470

Note 10. Related Party Transactions

Legal services for the Company associated with the collection of delinquent assessments from property owners was performed by a law firm (Business Law Group "BLG") which was owned solely by Bruce M. Rodgers, the chairman and CEO of the Company, until and through the date of its initial public offering in 2015. Following the initial public offering, Mr. Rodgers transferred his interest in BLG to other attorneys at the firm through a redemption of his interest in the firm. The law firm has historically performed collection work primarily on a deferred billing basis wherein the law firm receives payment for services rendered upon collection from the property owners or at amounts ultimately subject to negotiations with the Company.

On February 1, 2022, the Company consented to the assignment by BLG to the law firm BLG Association Law, PLLC ("BLGAL") of the Services Agreement, dated April 15, 2015, previously entered into by the Company and Business Law Group, P.A. (the "Services Agreement"). The Services Agreement had set forth the terms under which Business Law Group, P.A. would act as the primary law firm used by the Company and its association clients for the servicing and collection of association accounts. Bruce M. Rodgers is a 50% owner of BLGAL.

Under the agreement, the Company paid BLG a fixed monthly fee of $53 thousand per month for services rendered during the three months ended March 31, 2023. The Company pays BLG a minimum per unit fee of $700 in any case where there is a collection event and BLG received no payment from the property owner, including any unit where the Company has taken title to the unit or where the Association has terminated its contract with either BLG or the Company. On March 28, 2024, BLGAL and the Company reduced the monthly compensation payable to the law firm from $53 thousand to $43 thousand effective January 1, 2024.

The Company had originally engaged BLG on behalf of many of its Association clients to service and collect the Accounts and to distribute the proceeds as required by Florida law and the provisions of the purchase agreements between LMF and the Associations. This engagement was subsequently assigned to BLGAL as described above. Ms. Gould, who is a Director of the Company, worked as the General Manager of BLG and works as the General Manager of BLGAL.

Amounts paid to BLGAL for the three months ended March 31, 2024 and 2023 were $129 thousand and $159 thousand, respectively.

Under the Services Agreement in effect during the three months ended March 31, 2024 and 2023, the Company pays all costs (lien filing fees, process and serve costs) incurred in connection with the collection of amounts due from property owners. Any recovery of these collection costs is accounted for as a reduction in expense incurred. The Company incurred expenses related to collection costs for the three months ended March 31, 2024 and 2023 in the amounts of $14 thousand and $4 thousand, respectively. Recoveries during the three months ended March 31, 2024 and 2023 were $15 thousand and $14 thousand, respectively.

The Company also shares office space, personnel and related common expenses with BLGAL. All shared expenses, including rent, are charged to BLGAL based on an estimate of actual usage. Any expenses of BLGAL paid by the Company that have not been reimbursed or settled against other amounts are reflected as due from related parties in the accompanying consolidated balance sheet. BLGAL was charged a total of $7 thousand and $15 thousand for the office sub-lease during the three months ended March 31, 2024 and 2023, respectively.

Amounts payable to BLGAL as of March 31, 2024 and December 31, 2023 were approximately $57 thousand and $24 thousand, respectively.

Note 11. Subsequent Events

On May 13, 2024, the Company entered into a $1.5 million secured loan ("Secured Note") with Brown Family Enterprises LLC which pays ten percent (10%) interest per annum, simple interest on a monthly basis until the Secured Note is paid in full. The note matures on May 14, 2025. The Company granted to the holders of the Secured Note a secured interest in substantially all of the Company's assets and interests. The Company received the funds as of May 15, 2024.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

This Management's Discussion and Analysis should be read in conjunction with the Consolidated Financial Statements and Notes for the three months ended March 31, 2024, and with the Annual Report on Form 10-K for the year ended December 31, 2023.

Forward-Looking Statements

This Quarterly Report on Form 10-Q contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical facts included in this Quarterly Report on Form 10-Q, including, without limitation, statements regarding our future financial position, business strategy, budgets, projected revenues, projected costs, and plans and objectives of management for future operations, are forward-looking statements. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "may," "will," "expects," "intends," "plans," "projects," "estimates," "anticipates," "believes," or the negative thereof or any variation thereon or similar terminology or expressions.

We have based these forward-looking statements on our current expectations and projections about future events. These forward-looking statements are not guarantees and are subject to known and unknown risks, uncertainties, and assumptions about us that may cause our actual results, levels of activity, performance, or achievements to be materially different from any future results, levels of activity, performance, or achievements expressed or implied by such forward-looking statements. Important factors which could materially affect our results and our future performance include, without limitation:

- our ability to retain the listing of our securities on the Nasdaq Capital Market,
- the early stage of our cryptocurrency mining business and our lack of operating history in such business,
- volatility surrounding the value of Bitcoin and other cryptocurrencies,
- the uncertainty surrounding the cryptocurrency mining business in general,
- bankruptcy or financial problems of our hosting vendors in our mining business,
- reliance to date on a single model of Bitcoin miner,
- the ability to scale our mining business,
- our ability to obtain funds to purchase receivables,
- our ability to purchase defaulted consumer receivables at appropriate prices,
- competition to acquire such receivables,
- our dependence upon third party law firms to service our accounts,
- our ability to manage growth or declines in the business,
- changes in government regulations that affect our ability to collect sufficient amounts on our defaulted consumer Association receivables,
- the impact of class action suits and other litigation on our business or operations,
- our ability to keep our software systems updated to operate our business,
- our ability to employ and retain qualified employees,
- our ability to establish and maintain internal accounting controls,
- changes in the credit or capital markets,
- changes in interest rates,
- deterioration in economic conditions,
- negative press regarding the debt collection industry which may have a negative impact on a debtor's willingness to pay the debt we acquire, and
- other factors set forth under "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023 and Item 1A of this Quarterly Report on Form 10-Q.

Except as required by law, we assume no duty to update or revise any forward-looking statements.

Overview

The Company currently operates two lines of business: our cryptocurrency mining business and our specialty finance business.

The Bitcoin mining operation deploys our computing power to mine Bitcoin on the Bitcoin network. We conduct this business through our wholly owned subsidiary, US Digital, a Florida limited liability company, which we formed in 2021 to develop and operate our cryptocurrency mining business.

With respect to our specialty finance business, the Company has historically engaged in the business of providing funding to nonprofit community associations primarily located in the state of Florida. We offer incorporated nonprofit community associations, which we refer to as “Associations,” a variety of financial products customized to each Association’s financial needs. Our original product offering consists of providing funding to Associations by purchasing their rights under delinquent accounts that are selected by the Associations arising from unpaid Association assessments. Historically, we provided funding against such delinquent accounts, which we refer to as “Accounts,” in exchange for a portion of the proceeds collected by the Associations from the account debtors on the Accounts. In addition to our original product offering, we also purchase Accounts on varying terms tailored to suit each Association’s financial needs, including under our New Neighbor Guaranty™ program.

Corporate History

The Company was originally organized in January 2008 as a Florida limited liability company under the name LM Funding, LLC. Prior to our initial public offering in 2015, all of our business was conducted through LM Funding, LLC and its subsidiaries. Immediately prior to our initial public offering in October 2015, the members of the LM Funding, LLC contributed all of their membership interests to LM Funding America, Inc., a Delaware corporation incorporated on April 20, 2015 (“LMFA”), in exchange for shares of the common stock of LMFA. Immediately after such contribution and exchange, the former members of LM Funding, LLC became the holders of 100% of the issued and outstanding common stock of LMFA, thereby making LM Funding, LLC a wholly-owned subsidiary of LMFA.

The Company organized two new subsidiaries in 2020: LMFA Financing LLC, a Florida limited liability company, on November 21, 2020, and LMFAO Sponsor LLC, a Florida limited liability company, on October 29, 2020. LMFAO Sponsor LLC organized a subsidiary, LMF Acquisition Opportunities Inc., on October 29, 2020. LM Funding America Inc. organized a subsidiary, US Digital (and 100% subsidiaries), on September 10, 2021. US Digital has formed 100% owned subsidiaries to engage in business in various states in connection with its Bitcoin mining business. The Company also from time to time organizes other subsidiaries to serve a specific purpose or hold a specific asset. LMF Acquisition Opportunities Inc. was merged with Seastar Medical Holding Corporation on October 28, 2022.

Cryptocurrency Mining Business

Bitcoin was introduced in 2008 with the goal of serving as a digital means of exchanging and storing value. Bitcoin is a form of digital currency that depends upon a consensus-based network and a public ledger called a “blockchain”, which contains a record of every Bitcoin transaction ever processed. The Bitcoin network is the first decentralized peer-to-peer payment network, powered by users participating in the consensus protocol, with no central authority or middlemen, that has wide network participation. The authenticity of each Bitcoin transaction is protected through digital signatures that correspond with addresses of users that send and receive Bitcoin. Users have full control over remitting Bitcoin from their own sending addresses. All transactions on the Bitcoin blockchain are transparent, allowing those running the appropriate software to confirm the validity of each transaction. To be recorded on the blockchain, each Bitcoin transaction is validated through a proof-of-work consensus method, which entails solving complex mathematical problems to validate transactions and post them on the blockchain. This process is called mining. Miners are rewarded with Bitcoins, both in the form of newly-created Bitcoins and transaction fees in Bitcoin, for successfully solving the mathematical problems and providing computing power to the network.

We obtain Bitcoin as a result of our mining operations, and we sell Bitcoin from time to time, to support our operations and strategic growth. We plan to convert our Bitcoin to U.S. dollars. We may engage in regular trading of Bitcoin or engage in hedging activities related to our holding of Bitcoin. However, our decisions to hold or sell Bitcoin at any given time may be impacted by the Bitcoin market, which has been historically characterized by significant volatility. Currently, we do not use a formula or specific methodology to determine whether or when we will sell Bitcoin that we hold, or the number of Bitcoins we will sell. Rather, decisions to hold or sell Bitcoins are currently determined by management by monitoring the market in real time.

Factors such as access to computer processing capacity, interconnectivity, electricity cost, environmental factors (such as cooling capacity) and location play important roles in mining. In Bitcoin mining, “hashrate” is a measure of the computing and processing power and speed by which a mining computer mines and processes transactions on the Bitcoin network. A company’s computing power measured in hashrate is generally considered to be one of the most important metrics for evaluating Bitcoin mining companies.

As of March 31, 2024 and 2023, the Company had approximately 5,900 and 3,700 machines installed, respectively which translated into our operating mining units were capable of producing over 615 petahash and 360 petahash, respectively per second (“EH/s”) of computing power. We expect to continue increasing our computing power through 2024 and beyond as we expand the number of active mining machines.

The Company currently uses two companies to host its miners. Core Scientific hosts approximately 4,870 miners under a Hosting Agreement, pursuant to which approximately 4,400 miners will no longer be hosted by Core on May 31,2024, while the terms of the hosting arrangement with respect to continue for approximately 800 miners will continue through December 31, 2024. Giga Energy Inc ("GIGA") hosts approximately 1,080 machines on a contract that expires on May 31, 2024 but will continue on a month to month basis with a 60 day termination notice.

Results of Operations

Summarized Consolidated Statements of Operations

	Three Months Ended March 31,	
	2024	**2023**
Revenue	$ 4,747,604	$ 2,313,518
Operating costs and expenses	4,185,002	4,282,944
Operating income (loss)	562,602	(1,969,426)
Other income (loss)	1,341,364	(5,193,170)
Income (loss) before income taxes	1,903,966	(7,162,596)
Income tax expense	-	-
Net income (loss)	1,903,966	(7,162,596)
Less: loss (income) attributable to non-controlling interest	(414,221)	1,776,264
Net income (loss) attributable to LM Funding America Inc.	$ 1,489,745	$ (5,386,332)

Range of intraday Bitcoin prices

Quarterly Reporting Periods Ended	**Minimum Price**	**Maximum Price**
December 31, 2022	$ 15,486	$ 21,474
March 31, 2023	$ 16,489	$ 29,178
June 30, 2023	$ 24,750	$ 31,422
September 30, 2023	$ 24,915	$ 31,838
December 31, 2023	$ 26,544	$ 44,800
March 31, 2024	$ 38,512	$ 73,798

Effective January 1, 2024, we adopted ASC 350-60 which required Bitcoin to be measured at fair value. See Note 1 - Summary of Significant Accounting Policies for more details on impact of implementation to the financial statements. As a result, the carrying value of each Bitcoin we held at the end of March 31, 2024 and each subsequent reporting period reflects the price of one Bitcoin quoted on the active exchange at the end of the reporting period. Therefore, negative swings in the market price of Bitcoin could have a material impact on our earnings and on the carrying value of our Bitcoin.

The following reflects the financial summary of Bitcoin holdings:

Bitcoin

	March 31, 2024	**December 31, 2023**	**March 31, 2023**
Number of Bitcoin held	163.4	95.1	83.6
Carrying basis - per Bitcoin	$ 48,046	$ 35,816	$ 20,956
Fair value - per Bitcoin	$ 71,306	$ 42,273	$ 28,486
Carrying basis of Bitcoin	$ 7,850,671	$ 3,406,096	$ 1,751,914
Fair value of Bitcoin	$ 11,637,319	$ 4,020,202	$ 2,381,442

The following is a summary of the average cost of revenues for mining each Bitcoin during the three months ended March 31, 2024 and 2023:

Cost of Revenues - Analysis of costs to mine one Bitcoin (per Bitcoin amounts are actual)	Three Months Ended March 31, 2024		2023	
Digital mining revenues	$	4,597,908	$	2,090,851
Average revenue of each Bitcoin mined (1)	$	53,217	$	22,801
Cost of mining - hosted facilities	$	2,654,946	$	1,667,673
Hosting fees expense per one Bitcoin	$	30,729	$	18,186
Bitcoin Mined		86.40		91.70
Cost of mining one Bitcoin as % of average Bitcoin mining revenue		57.74 %		79.76 %

(1) Average revenue of each bitcoin mined is calculated by dividing the sum of bitcoin mining revenue for both owned and hosted facilities by the total number of bitcoin mined during the respective periods. See the table "Range of intraday bitcoin prices" for information on the range of intraday bitcoin prices for quarterly periods.

The Company's Bitcoin unit activity during the three months ended March 31, 2024 and 2023 was as follows:

	March 31, 2024	March 31, 2023
Beginning of Year	95.1	54.9
Production of Bitcoin	86.4	91.7
Purchase of Bitcoin	-	2.0
Sale of Bitcoin	(18.0)	(64.9)
Fees	(0.1)	(0.1)
End of Period	163.4	83.6

The Three Months Ended March 31, 2024 compared with the Three Months Ended March 31, 2023

Revenues

During the three months ended March 31, 2024, total revenues increased by $2.4 million, to $4.7 million from $2.3 million for the three months ended March 31, 2023.

Digital mining revenue increased in the three months ended March 31, 2024 by $2.5 million to $4.6 million from $2.1 million for the three months ended March 31, 2023.

Bitcoin mining revenues are determined by two main drivers: quantity of Bitcoin mined and the price of Bitcoin on the date the Bitcoin is mined. During the three months ended March 31, 2024, we mined 86.4 Bitcoin with an average Bitcoin price of $53 thousand as compared to 91.7 Bitcoin with an average Bitcoin price of $23 thousand during the three months ended March 31, 2023. The increase in Bitcoin mining revenue for the three months ended March 31, 2024 was attributable to the increase in Bitcoin prices offset in part by the reduction in the number of Bitcoins mined during the period due to the increased difficulty rate which reduced our share of the global hashrate.

Specialty finance revenue decreased in the three months ended March 31, 2024 by $66 thousand to $116 thousand from $183 thousand for the three months ended March 31, 2023.

Operating Expenses

During the three months ended March 31, 2024, operating expenses decreased approximately $0.1 million to $4.2 million from $4.3 million for the three months ended March 31, 2023. The decrease in operating expenses is primarily due to the following factors:

Digital mining cost of revenues

Bitcoin mining costs increased by $1.0 million to $2.7 million due to the increased number of Bitcoin mining machines earning Bitcoins, as described above.

Staff costs and payroll

Compensation costs for three months ended March 31, 2024 increased by $310 thousand to $1.2 million primarily due to merit and inflationary pay increases.

We grant stock-based awards to certain employees as a significant portion of our payroll-related costs. Stock-based compensation, which is a non-cash expense, was $182 thousand for the three months ended March 31, 2024, versus $194 thousand for the three months ended March 31, 2023.

Depreciation and amortization

Depreciation and amortization increased by $1.6 million to $2.4 million for the three months ended March 31, 2024 due to the increased number of Bitcoin mining machines placed into service earning Bitcoins as stated above.

Gain on fair value of Bitcoin, net

The gain on fair value of Bitcoin, net for the three months ended March 31, 2024 was $4.3 million. As discussed in Notes 2 and Note 5 above, the Company adopted the amendments per ASC 350-60 as of January 1, 2024, accordingly, we measured crypto assets within the scope of ASC Topic 350-60 - Intangibles - Goodwill and Other - Crypto Assets at fair value in accordance with ASC Topic 820 - Fair Value Measurement and included the gains and losses from remeasurement in net income. The gain pertains to the change in Bitcoin's fair value from January 1, 2024, through March 31, 2024. The fair value of Bitcoin was approximately $71 thousand per Bitcoin at March 31, 2024 and $43 thousand per Bitcoin at December 31, 2023.

Impairment loss on mining equipment

The Company incurred a $1.2 million impairment on mining equipment related to machines disposed of in April 2024.

Impairment loss on mined digital assets

Impairment loss on mined digital assets was nil and $0.2 million for the three months ended March 31, 2024 and 2023, respectively with no impairment recognized in 2024 due to the implementation of ASC 350-60 effective January 1, 2024.

Realized gain on sale of mined digital assets

Realized gain on sale of mined digital assets for the three months ended March 31, 2024 and 2023 was nil and $0.5 million respectively.

Prior to adoption of ASC 350-60 - Crypto Assets, Bitcoin was classified as indefinite-lived intangible assets and were measured at cost less impairment. Additionally, in the previous guidance, subsequent increases in Bitcoin prices are not allowed to be recorded (unrealized gains) unless the Bitcoin is sold, at which point the gain is recognized. Accordingly, gains (losses) recognized on fair value of Bitcoin in fiscal year 2024 are not comparable to fiscal year 2023.

The Company sold 18.0 Bitcoins during the three months ended March 31, 2024 and 64.9 Bitcoins during the three months ended March 31, 2023.

Other operating costs

The Company's other operating costs which includes professional fees, selling, general and administrative costs, real estate management costs, collections costs and other operating costs decreased by approximately $175 thousand or 16% to $0.9 million for the three months ended March 31, 2024 as compared to the three months ended March 31, 2023.

Other Income (Expense)

The Company recognized an unrealized gain on securities of $1.4 million for the three months ended March 31, 2024 as compared to an unrealized loss of $5.8 million for the three months ended March 31, 2023 from the revaluation of Seastar's common stock and private placement warrants.

The Company recognized $4 thousand on the sale of Bitmain coupons received from the purchase of Bitcoin mining equipment for the three months ended March 31, 2024 compared to $0.6 million for the three months ended March 31, 2023.

Income Tax Expense

During the three months ended March 31, 2024, the Company generated a $1.9 million net income before income taxes and the Company decreased its income tax valuation allowance by $0.6 million, which offset the Company’s incurred net income tax expense of $0.6 million which resulted in no income tax expense being recognized during this period. This net activity resulted in no recognized income tax expense for the three months ended March 31, 2024. During the three months ended March 31, 2023, the Company generated a $7.2 million net loss before income taxes and the Company increased its income tax valuation allowance by $2.1 million, which offset the Company’s incurred net income tax expense of $2.1 million, resulting in no income tax expense being recognized during the period.

Net Income (Loss)

During the three months ended March 31, 2024, net income was $1.9 million as compared to net loss of $7.2 million for the three months ended March 31, 2023.

Net (Income) Loss Attributable to Non-Controlling Interest

The Company owns 69.5% of Sponsor. As such, there is a $0.4 million net gain for the three months ended March 31, 2024 attributable to the Non-Controlling Interest as compared to a $1.8 million net loss for the three months ended March 31, 2023.

Net Income (Loss) Attributable to LM Funding America, Inc.

During the three months ended March 31, 2024, net income was $1.5 million as compared to net loss of $5.4 million for the three months ended March 31, 2023.

Liquidity and Capital Resources

General

Our primary sources of liquidity are our cash and cash equivalents, Bitcoin generated from our digital mining operations, and cash from our note receivables. At March 31, 2024, we had cash, cash equivalents and Bitcoin of $12.5 million compared to cash, cash equivalents and Bitcoin of $5.8 million at December 31, 2023. As of March 31, 2024, we had working capital of $12.7 million reflecting an increase of $5.3 million since December 31, 2023. In addition, we have access to equity financing through our At-the-Market offering facility. Refer to Note 8 - Stockholders' Equity. Cash management continues to be a top priority. We expect to incur negative operating cash flows as we work to increase our digital mining revenue and maintain operational efficiencies.

Our working capital needs may increase in the future as we continue to expand and enhance our operations. Our ability to raise additional funds for working capital through equity or debt financings or other sources may depend on the financial success of our then current business and successful implementation of our key strategic initiatives, financial, economic and market conditions and other factors, some of which are beyond our control. No assurance can be given that we will be successful in raising the required capital at a reasonable cost and at the required times, or at all. Further equity financings may have a dilutive effect on shareholders and any debt financing, if available, may require restrictions to be placed on our future financing and operating activities. If we require additional capital and are unsuccessful in raising that capital, we may not be able to continue our business operations in the cryptocurrency mining industry which could adversely impact our business, financial condition and results of operations.

As of March 31, 2024 and December 31, 2023, our liquidity was comprised of:

	March 31, 2024		December 31, 2023	
Cash and cash equivalents	$	827,366	$	2,401,831
Bitcoin		11,651,969		3,416,256
Marketable securities		15,700		17,860
End of Period	$	12,495,035	$	5,835,947

The Company's cash flow summary for the three months ended March 31, 2024 and 2023 are as follows:

	Three Months Ended March 31,			
	2024		2023	
Cash Flows used in Operating Activities	$	(2,972,648)	$	(1,092,471)
Cash Flows provided by Investing Activities		1,640,100		460,764
Cash Flows used in Financing Activities		(241,917)		(177,393)
Net Decrease in Cash		(1,574,465)		(809,100)
Cash - Beginning of Year		2,401,831		4,238,006
Cash - End of Period	**$**	**827,366**	**$**	**3,428,906**

Contractual Obligations

The Company has digital mining hosting contracts that expire between May 2024 and December 2024. These contracts currently require total monthly payments of approximately $800 thousand to $900 thousand monthly.

Cash from Operations

Net cash used in operations was $3.0 million during the three months ended March 31, 2024 compared with net cash used in operations of $1.1 million during the three months ended March 31, 2023. This change in cash used in operating activities was primarily driven by the difference between Bitcoin mining revenue received in noncash consideration (i.e. Bitcoin) which was $4.6 million and $2.1 million for the three months ended March 31, 2024 and 2023, respectively.

Cash from Investing Activities

For the three months ended March 31, 2024 net cash provided by investing activities was $1.6 million as compared to net cash provided by investing activities of $0.5 million for the three months ended March 31, 2023. For the three months ended March 31, 2024, the Company received net payments of approximately $1.4 million from SeaStar Medical related to the payment of outstanding notes receivable, received proceeds of $1.3 million from the sale of digital assets while investing $1.1 million for capital expenditures including Bitcoin mining equipment. For the three months ended March 31, 2023 the Company received $1.6 million from SeaStar Medical related to the payment of outstanding notes receivable while investing $1.2 million for Bitcoin mining equipment.

Cash from Financing Activities

Net cash used in financing activities was $0.2 million for the three months ended March 31, 2024 compared to $0.2 million used in financing activities for the three months ended March 31, 2023. During the three months ended March 31, 2024 and 2023, the Company repaid debt of $0.2 million and $0.2 million, respectively.

Stockholders' Equity

The Company had no cash infusion from equity financing transactions during the three months ended March 31, 2024 or 2023.

Debt

Debt of the Company consisted of the following at March 31, 2024 and December 31, 2023:

	March 31, 2024	December 31, 2023
Financing agreement with Imperial PFS that is unsecured. Down payment of $3,438 was required upfront and equal installment payments of $3,658 to be made over a 11 month period. The note matures on July 1, 2024. Annualized interest is 12.05%.	10,973	21,945
Financing agreement with Imperial PFS that is unsecured. Down payment of $36,544 was required upfront and equal installment payments of $41,879 to be made over an 10 month period. The note matures on August 1, 2024. Annualized interest is 9.6%.	209,386	335,022
Financing agreement with Imperial PFS that is unsecured. Down payment of $30,000 was required upfront and equal installment payments of $35,103 to be made over a 6 month period. The note matures on June 1, 2024. Annualized interest is 12.05%.	105,310	210,619
	$ 325,669	$ 567,586

The following table presents maturities of debt on an undiscounted basis as of March 31, 2024:

Maturity	Amount
2024	$ 325,669
	$ 325,669

ATM Program

On June 26, 2023, the Company entered into an Equity Distribution Agreement (the "Distribution Agreement") with Maxim Group LLC (the "Agent"), pursuant to which the Company may, from time to time, at the Company's discretion, offer and sell shares of the Company's common stock, having an aggregate offering price of up to $2.7 million, through the Agent, acting as sales agent. The shares to be sold under the Distribution Agreement, if any, will be issued and sold pursuant to the Company's shelf registration statement which was filed with the SEC on July 30, 2021, and was declared effective on August 16, 2021. A prospectus supplement related to the Company's at the market offering ("ATM") program with the Agent under the Distribution Agreement was filed with the SEC on June 26, 2023. The ATM program is expected to remain in effect until June 26, 2024. As of March 31, 2024, no sales have been made under the ATM program, and an aggregate gross sales limit of $2.7 million remains available for issuance under the ATM program. Approximately $138 thousand of legal and professional fees incurred related to the establishment of the ATM program were deferred and recorded within "Prepaid expenses and other assets" on the Consolidated Balance Sheets and will be amortized ratably as stock is issued under the program.

Non-GAAP Financial Measures

Our reported results are presented in accordance with U.S. generally accepted accounting principles ("GAAP"). We also disclose Earnings before Interest, Tax, Depreciation and Amortization ("EBITDA") and Core Earnings before Interest, Tax, Depreciation and Amortization ("Core EBITDA") which adjusts for unrealized loss on investment and equity securities, impairment loss on mined digital assets, impairment of long-lived assets, impairment of prepaid hosting deposits, and stock compensation expense and option expense, all of which are non-GAAP financial measures. We believe these non-GAAP financial measures are useful to investors because they are widely accepted industry measures used by analysts and investors to compare the operating performance of Bitcoin miners.

The following tables reconcile net loss, which we believe is the most comparable GAAP measure, to EBITDA and Core EBITDA:

	Three Months Ended March 31,	
	2024	2023
Net income (loss)	$ 1,903,966	$ (7,162,596)
Income tax expense	-	-
Interest expense	70,826	-
Depreciation and amortization	2,426,068	801,873
Income (loss) before interest, taxes & depreciation	$ 4,400,860	$ (6,360,723)
Unrealized loss (gain) on investment and equity securities	(1,350,979)	5,822,854
Impairment loss on prepaid hosting deposits	-	36,691
Impairment loss on mining equipment	1,188,058	-
Stock compensation and option expense	181,851	194,356
Core income (loss) before interest, taxes & depreciation	$ 4,419,790	$ (306,822)

Critical Accounting Estimates

Our financial statements are prepared in accordance with generally accepted accounting principles in the United States, or GAAP. The preparation of the consolidated financial statements in conformity with GAAP requires our management to make a number of estimates and assumptions relating to the reported amounts of assets and liabilities, the disclosure or inclusion of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the period. Our critical accounting policies include revenue recognition, digital assets, and policies related to long-lived assets. We consider our critical accounting estimates to be those related to long-lived asset impairment assessments.

There have been no material changes to our critical accounting policies and estimates as compared to those disclosed in our Form 10-K. For a description of our critical accounting policies and estimates, see Part I, Item 1, Note 1, "Summary of Significant Accounting Policies" in our notes to the consolidated financial statements in this Quarterly Report on Form 10-Q.

Recent Accounting Pronouncements

Please refer to Note 1 in our unaudited consolidated financial statements contained in Part I, Item 1 of this Quarterly Report on Form 10-Q for recently adopted accounting pronouncements and recently issued accounting pronouncements not yet adopted as of March 31, 2024.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

As a smaller reporting company, we are not required to make disclosures under this item.

Item 4. Controls and Procedures

(a) Evaluation of disclosure controls and procedures.

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15 under the Securities Exchange Act of 1934, as amended, as of the end of the period covered by this Quarterly Report on Form 10-Q. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Management, with the participation of our Chief Executive Officer and Chief Financial Officer, performed an evaluation of the effectiveness of our disclosure controls and procedures (as that term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on that evaluation, our management, including our Chief Executive Officer and Chief Financial Officer, concluded that our disclosure controls and procedures were effective as of March 31, 2024.

(b) Changes in internal control over financial reporting.

There were no changes in our internal control over financial reporting that occurred during the quarter ended March 31, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Legal Proceedings are set forth under Note 7 "Commitments and Contingencies" included in Part I, Item 1 of this Quarterly Report on Form 10-Q and are incorporated herein by reference.

Item 1A. Risk Factors

There have been no material changes from the risk factors previously disclosed in the section entitled “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2023.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(a) ***Sales of Unregistered Securities.***

None.

(b) ***Use of Proceeds.***

None.

(c) ***Repurchase of Securities.***

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information

During the three months ended March 31, 2024, none of our directors or officers (as defined in Rule 16a-1(f) of the Exchange Act) adopted, modified, or terminated any contract, instruction, or written plan for the purchase or sale of our securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) of the Exchange Act or any non-Rule 10b5-1 trading arrangement (as defined in the Securities and Exchange Commission’s rules).

On May 13, 2024, the Company entered into a $1.5 million secured loan ("Secured Note") with Brown Family Enterprises LLC which pays ten percent (10%) interest per annum, simple interest on a monthly basis until the Secured Note is paid in full. The note matures on May 14, 2025. The Company granted to the holders of the Secured Note a secured interest in substantially all of the Company's assets and interests.

Item 6. Exhibits

The following documents are filed as a part of this report or are incorporated herein by reference.

EXHIBIT NUMBER	DESCRIPTION
3.1	Certificate of Incorporation of LM Funding America, Inc., as amended (incorporated by reference to Exhibit 4.1 to the Registration Statement on Form S-8 filed on January 24, 2022 (Registration No. 333-262316))
3.2	Certificate of Amendment to Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to Form 8-K filed on March 8, 2024)
3.3	Restated By-Laws of LM Funding America, Inc. (incorporated by reference to Exhibit 3.2 to the Form 10-Q filed on November 17, 2022)
4.1	Form of Common Stock Certificate (incorporated by reference to Exhibit 4.2 to the Registration Statement on Form S-1 (Amendment No. 2) filed on August 27, 2015 (Registration No. 333-205232))
4.2	Form of Common Stock Purchase Warrant (incorporated by reference to Exhibit 4.1 to Form 8-K filed on August 18, 2020)
4.3	Form of Representative's Warrant (incorporated by reference to Exhibit 4.1 to the Form 8-K filed on October 20, 2021)
4.4	Form of Common Warrant (incorporated by reference to Exhibit 4.2 to the Form 8-K filed on October 20, 2021)
4.5	Secured Promissory Note, dated May 13, 2024, between LM Funding America, Inc. and Brown Family Enterprises LLC
31.1*	Rule 13a – 14(a) Certification of the Principal Executive Officer
31.2*	Rule 13a – 14(a) Certification of the Principal Financial Officer
32.1*	Written Statement of the Principal Executive Officer, Pursuant to 18 U.S.C. § 1350
32.2*	Written Statement of the Principal Financial Officer, Pursuant to 18 U.S.C. § 1350
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized:

		LM FUNDING AMERICA, INC.
Date: May 15, 2024	By:	/s/ Bruce M. Rodgers Bruce M. Rodgers Chief Executive Officer and Chairman of the Board (Principal Executive Officer)
Date: May 15, 2024	By:	/s/ Richard Russell Richard Russell Chief Financial Officer (Principal Accounting Officer)

THIS INSTRUMENT HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "*ACT*"). IT MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT OR UPON RECEIPT BY THE COMPANY OF AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT REGISTRATION IS NOT REQUIRED UNDER THE ACT.

SECURED PROMISSORY NOTE

Series 2024-SN-001
US $1,500,000
Date of Issuance: May 13, 2024

FOR VALUE RECEIVED, LM Funding America, Inc., a Delaware corporation, (the "*Company*"), hereby promises to pay to the order of the undersigned holder (the "*Holder*"), the principal sum of US$1,500,000 (the "*Principal Amount*"), together with interest thereon from the date of issuance of this secured promissory note (this "*Note*"). Interest will be due monthly in arrears on this Note in an amount equal to ten percent (10%) per annum, simple interest (calculated on the basis of a 365-day year), of the outstanding principal balance of this Note until the Note is paid in full. All principal and accrued but unpaid interest under this Note shall become due and payable on May 14, 2025.

1.Payment.

1.1*Generally*. All payments will be made in lawful money of the United States of America at the principal office of the Company, or at such other place as the Holder may from time to time designate in writing to the Company. Payment will be credited first to accrued interest due and payable, with any remainder applied to the principal. If any amount payable hereunder is not paid when due, such overdue amount shall bear interest at eighteen percent (18%) per annum.

1.2*Prepayment*. The Company may prepay the principal amount of the Note in whole or in part at any time or from time to time by paying the principal amount to be prepaid together with accrued interest thereon to the date of prepayment.

1.3*Business Day*. Whenever any payment hereunder is due on a day that is not a business day, such payment shall be made on the next succeeding business day, and interest shall be calculated to include such extension.

2.Representations and Warranties of the Company. In connection with the transactions contemplated by this Note, the Company hereby represents and warrants to the Holder as follows:

2.1*Due Organization; Qualification and Good Standing*. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has all requisite corporate power and authority to carry on its business as now conducted.

2.2*Authorization and Enforceability*. All corporate action has been taken on the part of the Company and its members and managers necessary for the authorization, execution and delivery of this Note. Except as may be limited by applicable bankruptcy, insolvency, reorganization or similar laws relating to or affecting the enforcement of creditors' rights, the Company has taken all corporate action required to make all of the obligations of the Company reflected in the provisions of this Note valid and enforceable in accordance with its terms.

3.<u>Representations and Warranties of the Holder</u>. In connection with the transactions contemplated by this Note, the Holder hereby represents and warrants to the Company as follows:

3.1*Authorization*. The Holder has full power and authority (and, if an individual, the capacity) to enter into this Note and to perform all obligations required to be performed by it hereunder. This Note, when executed and delivered by the Holder, will constitute the Holder's valid and legally binding obligation, enforceable in accordance with its terms, except (a) as by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, and any other laws of general application affecting enforcement of creditors' rights generally, and (b) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies.

3.2*Purchase Entirely for Own Account*. The Holder acknowledges that this Note is made with the Holder in reliance upon the Holder's representation to the Company, which the Holder hereby confirms by executing this Note, that this Note will be acquired for investment for the Holder's own account, not as a nominee or agent (unless otherwise specified on the Holder's signature page hereto), and not with a view to the resale or distribution of any part thereof, and that the Holder has no present intention of selling, granting any participation in, or otherwise distributing the same. By executing this Note, the Holder further represents that the Holder does not have any contract, undertaking, agreement or arrangement with any person to sell, transfer or grant participations to such person or to any third person, with respect to the Note.

3.3*Disclosure of Information; Non-Reliance*. The Holder acknowledges that it has received all the information it considers necessary or appropriate to enable it to make an informed decision concerning an investment in this Note. The Holder further represents that it has had an opportunity to ask questions and receive answers from the Company regarding the terms and conditions of the offering of this Note. The Holder confirms that the Company has not given any guarantee or representation as to the potential success, return, effect or benefit (either legal, regulatory, tax, financial, accounting or otherwise) of an investment in the Note. In deciding to purchase this Note, the Holder is not relying on the advice or recommendations of the Company and has made its own independent decision that the investment in this Note is suitable and appropriate for the Holder. The Holder understands that no federal or state agency has passed upon the merits or risks of an investment in this Note or made any finding or determination concerning the fairness or advisability of this investment.

3.4*Investment Experience*. The Holder is an experienced investor and acknowledges that it is able to fend for itself, can bear the economic risk of its investment and has such knowledge and experience in financial or business matters that it is capable of evaluating the merits and risks of the investment in this Note.

3.5*Accredited Investor*. The Holder is an “accredited investor” within the meaning of Rule 501 of Regulation D promulgated under the Securities Act. The Holder agrees to furnish any additional information requested by the Company or any of its affiliates to assure compliance with applicable U.S. federal and state securities laws in connection with the purchase and sale of this Note.

3.6*Restricted Securities*. The Holder understands that this Note has not been, and will not be, registered under the Securities Act or state securities laws, by reason of specific exemptions from the registration provisions thereof which depend upon, among other things, the bona fide nature of the investment intent and the accuracy of the Holder’s representations as expressed herein. The Holder understands that the Note is a “restricted security” under U.S. federal and applicable state securities laws and that, pursuant to these laws, the Holder must hold this Note indefinitely unless the Note is registered with the Securities and Exchange Commission (“*SEC*”) and registered or qualified by state authorities, or an exemption from such registration and qualification requirements is available. The Holder acknowledges that the Company has no obligation to register or qualify the Note for resale and further acknowledges that, if an exemption from registration or qualification is available, it may be conditioned on various requirements including, but not limited to, the time and manner of sale, the holding period for the Note, and on requirements relating to the Company which are outside of the Holder’s control, and which the Company is under no obligation, and may not be able, to satisfy.

3.7*No Public Market*. The Holder understands that no public market now exists for the Note and that the Company has made no assurances that a public market will ever exist for the Note.

3.8*No General Solicitation*. The Holder, and its officers, directors, members, managers, employees, agents, stockholders or partners have not either directly or indirectly, including through a broker or finder solicited offers for or offered or sold the Note by means of any form of general solicitation or general advertising within the meaning of Rule 502 of Regulation D under the Securities Act or in any manner involving a public offering within the meaning of Section 4(a)(2) of the Securities Act. The Holder acknowledges that neither the Company nor any other person offered to sell this Note to it by means of any form of general solicitation or advertising within the meaning of Rule 502 of Regulation D under the Securities Act or in any manner involving a public offering within the meaning of Section 4(a)(2) of the Securities Act.

3.9*Residence*. If the Holder is an individual, then the Holder resides in the state or province identified in the address shown on the Holder’s signature page hereto. If the Holder is a partnership, corporation, limited liability company or other entity, then the Holder’s principal place of business is located in the state or province identified in the address shown on the Holder’s signature page hereto.

3.10*Foreign Investors*. If the Holder is not a United States person (as defined by Section 7701(a)(30) of the Internal Revenue Code of 1986, as amended), the Holder hereby represents that it has satisfied itself as to the full observance of the laws of its jurisdiction in connection with any invitation to subscribe for this Note, including (a) the legal requirements within its jurisdiction for the purchase of this Note; (b) any foreign exchange restrictions applicable to such purchase; (c) any governmental or other consents that may need to be obtained; and (d) the income tax and other tax consequences, if any, that may be relevant to the purchase, holding, conversion, redemption, sale, or transfer of this Note. The Holder's subscription and payment for and continued beneficial ownership of this Note will not violate any applicable securities or other laws of the Holder's jurisdiction. The Holder acknowledges that the Company has taken no action in foreign jurisdictions with respect to the Note.

4.Security. The Note is a secured obligation of the Company. Unless otherwise defined herein, terms used in this Section 4 that are defined in the Uniform Commercial Code as in effect from time to time in the State of Delaware (the "*UCC*") shall have the meanings assigned to them in the UCC.

4.1*Grant of Security Interest*. The Company hereby grants to the holders of the Note (the "*Secured Parties*"), to secure the payment and performance in full of the Note, a security interest in, and pledges and assigns to the Secured Parties, the following properties, assets, and rights of the Company, wherever located, whether the Company now has or hereafter acquires an ownership or other interest or power to transfer, and all proceeds and products thereof, and all books and records relating thereto (all of the same being hereinafter called the "*Collateral*"): all personal and fixture property of every kind and nature including all goods, instruments (including promissory notes), documents (whether tangible or electronic), accounts, chattel paper (whether tangible or electronic), money, deposit accounts, securities and all other investment property, supporting obligations, and other contracts rights or rights to the payment of money, insurance claims and proceeds, tort claims, and all general intangibles (including all payment intangibles).

4.2*Perfection of Security Interest*. The Company agrees that at any time and from time to time, at the request of the Collateral Agent and at the expense of the Company, the Company will promptly execute and deliver all further instruments and documents, obtain such agreements from third parties, and take all further action, that may be necessary or desirable, or that the Collateral Agent (as defined below) may reasonably request, in order to create and/or maintain the validity, perfection or priority of and protect any security interest granted or purported to be granted hereby or to enable the Collateral Agent to exercise and enforce its rights and remedies hereunder or under any other agreement with respect to any Collateral. The Company hereby authorizes the Collateral Agent to file or record any document necessary to perfect, continue, amend, or terminate its security interest in the Collateral, including, but not limited to, any financing statements, including amendments, authorized to be filed under the UCC, without signature of the Company where permitted by law, including the filing of a financing statement describing the Collateral as all assets now owned or hereafter acquired by the Company, or words of similar effect.

4.3*Remedies.* If a default shall have occurred and be continuing under the Note, the may exercise all the rights and remedies of a secured party upon default under the UCC.

4.4*Collateral Agent.*

(a)Appointment. The Holder or its designee shall act as the collateral agent (the "*Collateral Agent*") hereunder and authorizes the Collateral Agent to take such actions on its behalf and to exercise such powers as are delegated to the Collateral Agent by the terms hereof for purposes of acquiring, holding and enforcing any and all liens on Collateral granted by the Company to secure payment under the Note, together with such powers and discretion as are reasonably incidental thereto.

(b)Rights as a Lender. The person or entity serving as the Collateral Agent hereunder shall have the same rights and powers in its capacity as a noteholder as any other noteholder.

(c)Exculpatory Provisions.

(i)The Collateral Agent shall not have any duties or obligations except those expressly set forth herein, which shall be ministerial and administrative in nature.

(ii)The Collateral Agent shall not be liable for any action taken or not taken by it in the absence of its own gross negligence or willful misconduct as determined by a final and non-appealable judgment of a court of competent jurisdiction.

(iii)The Collateral Agent shall not be deemed to have knowledge of any default unless and until notice describing such default is given to the Collateral Agent by the Holder or the Company. Upon the occurrence of a default, the Collateral Agent shall take such action with respect to such default as it shall deem advisable in the best interest of the noteholders.

(iv)The Collateral Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with the Note, (ii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth in the Note or the occurrence of any default, (iv) the validity, enforceability, effectiveness or genuineness of the Note or any other agreement, instrument or document or the creation, perfection or priority of any lien purported to be created by the Note, or (v) the value or the sufficiency of any Collateral.

(v)The Collateral Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including, but not limited to, any electronic message, internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper person or entity.

(d)Resignation; Removal. The Collateral Agent may resign upon thirty (30) days' prior written notice. Upon receipt of any such notice of resignation, the Holder shall have the right to appoint a successor Collateral Agent. The Collateral Agent may be removed as Collateral Agent for good cause by the Holder upon thirty (30) days' prior written notice to the Collateral Agent. Upon any such removal, the Holder shall have the right to appoint a successor Collateral Agent.

(e)Collateral Matters. The Holder irrevocably authorize the Collateral Agent, at its option and in its discretion to release any lien on any property granted to or held by the Collateral Agent under the Note (i) upon payment in full of all obligations under the Note, or (ii) that is sold or otherwise disposed of or to be sold or otherwise disposed of as part of or in connection with any sale or other disposition permitted hereunder.

5.Protective Covenants and Subordination.

5.1*Covenants*. For so long as the Note is outstanding, without the written consent of the Holder, the Company shall not:

(a)other than indebtedness under the Note, incur any indebtedness, except (i) accounts payable in the ordinary course of business on a basis consistent with past practice, (ii) except for premium financing for director and officer insurance coverage, and (iii) other debt items currently on the balance sheet and any renewal or refinancing thereof;

(b)incur, create, assume, or suffer to exist any lien on any of its property or assets, whether now owned or hereafter acquired, other than the lien granted hereunder and other than liens (if any) in existence as of the date of this Note;

(c)(i) make any advance, loan, extension of credit (by way of guaranty or otherwise), or capital contribution to, or (ii) purchase, hold, or acquire any equity interests, bonds, notes, debentures, or other debt securities of, or (iii) make any other investment in, any person or entity, other than in the ordinary course of business;

(d)Merge into or consolidate with any other person or entity, or permit any other person or entity to merge into or consolidate with it, or liquidate or dissolve;

(e)Dispose of any material assets other than in the ordinary course of business;

(f)pay any distributions to the equity holders of the Company in respect of their equity interests, whether now or hereafter outstanding;

(g)redeem any equity interests of any stockholders of the Company, whether now or hereafter outstanding; or

(h)Enter into or be a party to any transaction including any purchase, sale, lease, or exchange of property, the rendering of any service, or the payment of any management, advisory, or similar fees, with any related party, unless such transaction is on fair and reasonable terms no less favorable to the Company than those that would have been obtained in a comparable transaction on an arm's length basis from an unrelated person or entity.

6.Miscellaneous.

6.1*Successors and Assigns*. Except as otherwise provided herein, the terms and conditions of this Note will inure to the benefit of, and be binding upon, the respective successors and assigns of the parties; provided, however, that the Company may not assign its obligations under this Note without the written consent of the holder of the Note. This Note is for the sole benefit of the parties hereto and their respective successors and permitted assigns, and nothing herein, express or implied, is intended to or will confer upon any other person or entity any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Note.

6.2*Choice of Law*. This Note, and all matters arising out of or relating to this Note, whether sounding in contract, tort, or statute, will be governed by and construed in accordance with the internal laws of the State of Delaware, without giving effect to the conflict of laws provisions thereof to the extent such principles or rules would require or permit the application of the laws of any jurisdiction other than those of the State of Delaware.

6.3*Counterparts*. This Note may be executed in counterparts, each of which will be deemed an original, but all of which together will be deemed to be one and the same agreement. Counterparts may be delivered via facsimile, electronic mail (including PDF or any electronic signature complying with the U.S. federal ESIGN Act of 2000, *e.g.*, www.docusign.com) or other transmission method, and any counterpart so delivered will be deemed to have been duly and validly delivered and be valid and effective for all purposes.

6.4*Titles and Subtitles*. The titles and subtitles used in this Note are included for convenience only and are not to be considered in construing or interpreting this Note.

6.5*Notices*. All notices and other communications given or made pursuant hereto will be in writing and will be deemed effectively given: (a) upon personal delivery to the party to be notified; (b) when sent by email; (c) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid; or (d) one (1) day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All communications will be sent to the respective parties at the addresses shown on the signature pages hereto (or to such email address, facsimile number or other address as subsequently modified by written notice given in accordance with this Section 6.5).

6.6*No Finder's Fee*. Each party represents that it neither is nor will be obligated to pay any finder's fee, broker's fee or commission in connection with the transactions contemplated by this Note. The Holder agrees to indemnify and to hold the Company harmless from any liability for any commission or compensation in the nature of a finder's or broker's fee arising out of the transactions contemplated by this Note (and the costs and expenses of defending against such liability or asserted liability) for which the Holder or any of its officers, employees, members, managers or representatives is responsible.

6.7*Expenses*. Each party will pay all costs and expenses that it incurs with respect to the negotiation, execution, delivery and performance of this Note.

6.8*Attorneys' Fees*. If any action at law or in equity is necessary to enforce or interpret the terms of this Note, the prevailing party will be entitled to reasonable attorneys' fees, costs and necessary disbursements in addition to any other relief to which such party may be entitled.

6.9*Entire Agreement; Amendments and Waivers*. This Note constitutes the full and entire understanding and agreement between the parties with regard to the subject hereof. Notwithstanding the foregoing, any term of this Note may be amended and the observance of any term may be waived (either generally or in a particular instance and either retroactively or prospectively) with the written consent of the Company and the Holder. Any waiver or amendment effected in accordance with this Section 6.9 will be binding upon the Holder and each future holder of the Note.

6.10*Effect of Amendment or Waiver*. The Holder acknowledges and agrees that by the operation of 86.9 hereof, the Holder will have the right and power to diminish or eliminate all rights of the Holder under this Note.

6.11*Severability*. If one or more provisions of this Note are held to be unenforceable under applicable law, such provisions will be excluded from this Note and the balance of the Note will be interpreted as if such provisions were so excluded and this Note will be enforceable in accordance with its terms.

6.12*Transfer Restrictions*. Without in any way limiting the representations and warranties set forth in this Note, the Holder further agrees not to make any disposition of all or any portion of this Note unless and until the transferee has agreed in writing for the benefit of the Company to make the representations and warranties set out in 23 and either:

(a)there is then in effect a registration statement under the Securities Act covering such proposed disposition, and such disposition is made in connection with such registration statement; or

(b)the Holder has (A) notified the Company of the proposed disposition; (B) furnished the Company with a detailed statement of the circumstances surrounding the proposed disposition; and (C) if requested by the Company, furnished the Company with an opinion of counsel reasonably satisfactory to the Company that such disposition will not require registration under the Securities Act.

6.13*Further Assurances*. From time to time, the parties will execute and deliver such additional documents and will provide such additional information as may reasonably be required to carry out the terms of this Note and any agreements executed in connection herewith.

6.14*Limitation on Interest*. In no event will any interest charged, collected or reserved under this Note exceed the maximum rate then permitted by applicable law, and if any payment made by the Company under this Note exceeds such maximum rate, then such excess sum will be credited by the Holder as a payment of principal.

6.15*Directors and Officers not Liable*. In no event will any director or officer of the Company be liable for any amounts due and payable pursuant to this Note.

6.16*Waiver of Jury Trial*. EACH PARTY HEREBY WAIVES ITS RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS NOTE OR THE SUBJECT MATTER HEREOF OR THEREOF. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL-ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS TRANSACTION, INCLUDING, WITHOUT LIMITATION, CONTRACT CLAIMS, TORT CLAIMS (INCLUDING NEGLIGENCE), BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. THIS SECTION HAS BEEN FULLY DISCUSSED BY EACH OF THE PARTIES HERETO AND THESE PROVISIONS WILL NOT

BE SUBJECT TO ANY EXCEPTIONS. EACH PARTY HERETO HEREBY FURTHER REPRESENTS AND WARRANTS THAT SUCH PARTY HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL, AND THAT SUCH PARTY KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL.

[*Signature Page Follows*]

LM FUNDING AMERICA, INC.

By:
Name: Richard Russell
Title: Chief Financial Officer

Address: 1200 W. Platt Street
Suite 100
Tampa, Florida 33606
Email Address: Rrussell@lmfunding.com

Agreed to and accepted:

Brown Family Enterprises LLC

____
Print Name: Christian Brown, Manager
Address:
5911 Beacon Shores Street
Tampa, FL 33616
Email: Christian.h.g.brown@gmail.com

[*Signature Page to Amended and Restated Secured Promissory Note*]

Exhibit 31.1

Certification of Chief Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Bruce Rodgers, certify that:

1. I have reviewed this quarterly report on Form 10-Q of LM Funding America, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

May 15, 2024

/s/ Bruce Rodgers
Bruce Rodgers
Chief Executive Officer
(Principal Executive Officer)

A signed original of this document has been provided to LM Funding America, Inc. and will be retained by LM Funding America, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 31.2

Certification of Chief Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Richard Russell, certify that:

1. I have reviewed this quarterly report on Form 10-Q of LM Funding America, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

	/s/ Richard Russell
May 15, 2024	Richard Russell
	Chief Financial Officer
	(Principal Financial and Accounting Officer)

A signed original of this document has been provided to LM Funding America, Inc. and will be retained by LM Funding America, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.1

Written Statement of the Chief Financial Officer

Pursuant to 18 U.S.C. Section 1350

Solely for the purposes of complying with 18 U.S.C. ss.1350, I, the undersigned Chief Executive Officer of LM Funding America, Inc. (the "Company"), hereby certify, based on my knowledge, that the Quarterly Report on Form 10-Q of the Company for the quarterly period ended March 31, 2024 as filed with the Securities and Exchange Commission on May 15, 2024 (the "Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Bruce Rodgers

Bruce Rodgers
Chief Executive Officer
(Principal Executive Officer)
May 15, 2024

A signed original of this document has been provided to LM Funding America, Inc. and will be retained by LM Funding America, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

Written Statement of the Chief Financial Officer

Pursuant to 18 U.S.C. Section 1350

Solely for the purposes of complying with 18 U.S.C. ss.1350, I, the undersigned Chief Executive Officer of LM Funding America, Inc. (the “Company”), hereby certify, based on my knowledge, that the Quarterly Report on Form 10-Q of the Company for the quarterly period ended March 31, 2024 as filed with the Securities and Exchange Commission on May 15, 2024 (the “Report”), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Richard Russell

Richard Russell
Chief Financial Officer
(Principal Financial and Accounting Officer)
May 15, 2024

A signed original of this document has been provided to LM Funding America, Inc. and will be retained by LM Funding America, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.