# STANDARD PREMIUM FINANCE HOLDINGS, INC.

# FORM 10-Q
(Quarterly Report)

Filed 05/13/22 for the Period Ending 03/31/22

| | |
|---|---|
| Address | 13590 SW 134TH AVE |
| | #214 |
| | MIAMI, FL, 33186 |
| Telephone | (305) 232-2752 |
| CIK | 0001807893 |
| Symbol | SPFX |
| SIC Code | 6159 - Miscellaneous Business Credit Institution |
| Fiscal Year | 12/31 |

# UNITED STATES
# 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, 2022**
**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 No. 000-56243**

## STANDARD PREMIUM FINANCE HOLDINGS, INC.
**(Exact name of registrant as specified in its charter)**

| | |
|---|---|
| **Florida** | **81-2624094** |
| **(State or other jurisdiction of incorporation or organization)** | **(I.R.S. Employer Identification Number)** |

**13590 SW 134 th Avenue, Suite 214, Miami, FL 33186**

**(Address of principal executive offices and Zip Code)**

**305-232-2752**
**(Registrant's telephone number, including area code)**

Securities registered pursuant to Section 12(b) of the Act: None

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post 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 ☒

There were 2,905,016 shares of common stock issued and outstanding as of May 12, 2022.

## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the federal securities laws. These statements are subject to risks and uncertainties. These statements may relate to, but are not limited to, information or assumptions about us, our capital and other expenditures, dividends, financing plans, capital structure, cash flow, our potential future business acquisitions, future economic performance, operating income and management's plans, strategies, goals and objectives for future operations and growth. These forward-looking statements generally are accompanied by words such as "intend," "anticipate," "believe," "estimate," "expect," "should," "seek," "project," "plan," "would," "could," "can," "may," and similar terms. Any statement that is not a historical fact is a forward-looking statement. It should be understood that these forward-looking statements are necessarily estimates reflecting the best judgment of senior management, not guarantees of future performance. They are subject to a number of assumptions, risks and uncertainties that could cause actual results to differ materially from those expressed or implied in the forward-looking statements. When considering forward-looking statements, you should keep in mind the risk factors and other cautionary statements described in Part II. "Item 1A. Risk Factors" in this Quarterly Report. The Company assumes no obligation to revise or update any forward-looking statements for any reason, except as required by law.

Forward-looking statements represent intentions, plans, expectations, assumptions and beliefs about future events and are subject to risks, uncertainties and other factors. Many of those factors are outside of our control and could cause actual results to differ materially from the results expressed or implied by those forward-looking statements.

Each of the terms the "Company" and "Standard Premium" as used herein refers collectively to Standard Premium Finance Holdings, Inc. and its wholly owned subsidiaries, unless otherwise stated.

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**March 31, 2022 (unaudited) and December 31, 2021**

| | March 31, 2022 (unaudited) | December 31, 2021 |
|---|---|---|
| **ASSETS** | | |
| **CURRENT ASSETS** | | |
| Cash | $ 106,886 | $ 20,987 |
| Premium finance contracts and related receivable, net | 48,971,089 | 46,674,273 |
| Prepaid expenses and other current assets | 324,138 | 538,139 |
| TOTAL CURRENT ASSETS | 49,402,113 | 47,233,399 |
| **PROPERTY AND EQUIPMENT, NET** | 97,386 | 83,794 |
| **OPERATING LEASE ASSETS** | 203,655 | 228,954 |
| **FINANCE LEASE ASSETS** | 61,862 | 65,176 |
| **OTHER ASSETS** | | |
| Cash surrender value of life insurance | 567,464 | 559,877 |
| Deferred tax asset | 352,000 | 347,000 |
| TOTAL OTHER ASSETS | 919,464 | 906,877 |
| **TOTAL ASSETS** | $ 50,684,480 | $ 48,518,200 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | |
| **CURRENT LIABILITIES** | | |
| Cash overdraft | $ — | $ 153,264 |
| Line of credit, net | 32,225,547 | 30,476,375 |
| Drafts payable | 2,903,180 | 1,935,278 |
| Note payable - current portion | 1,152,849 | 2,285,023 |
| Note payable - stockholders and related parties - current portion | 825,000 | 862,000 |
| Payroll Protection Program loan - current portion | 271,000 | 271,000 |
| Operating lease obligation - current portion | 102,547 | 104,880 |
| Finance lease obligation - current portion | 12,013 | 11,857 |
| Accrued expenses and other current liabilities | 1,125,987 | 1,512,528 |
| TOTAL CURRENT LIABILITIES | 38,618,123 | 37,612,205 |
| **LONG-TERM LIABILITIES** | | |
| Note payable, net of current portion | 6,081,961 | 4,964,787 |
| Note payable - stockholders and related parties, net of current portion | 1,065,000 | 1,229,302 |
| Operating lease obligation, net of current portion | 101,108 | 124,074 |
| Finance lease obligation, net of current portion | 49,991 | 53,053 |
| TOTAL LONG-TERM LIABILITIES | 7,298,060 | 6,371,216 |
| **TOTAL LIABILITIES** | 45,916,183 | 43,983,421 |
| **COMMITMENTS AND CONTINGENCIES (see Note 13)** | | |
| **STOCKHOLDERS' EQUITY:** | | |
| Preferred stock, par value $.001 per share; 20 million shares authorized, 600,000 shares designated as Series A - convertible, 101,000 and 99,000 issued and outstanding at March 31, 2022 and December 31, 2021, respectively | 101 | 99 |
| Common stock, par value $.001 per share; 100 million shares authorized, 2,905,016 and 2,905,016 shares issued and outstanding at March 31, 2022 and December 31, 2021, respectively | 2,905 | 2,905 |
| Additional paid in capital | 2,708,771 | 2,682,995 |
| Retained earnings | 2,056,520 | 1,848,780 |
| TOTAL STOCKHOLDERS' EQUITY | 4,768,297 | 4,534,779 |
| **TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY** | $ 50,684,480 | $ 48,518,200 |

See accompanying notes to the condensed consolidated unaudited financial statements.

**Standard Premium Finance Holdings, Inc. and Subsidiary**
**Condensed Consolidated Statements of Operations**
**For the Three Months Ended March 31, 2022 and 2021**
**(Unaudited)**

| | For the Three Months Ended March 31, 2022 | For the Three Months Ended March 31, 2021 |
|---|---|---|
| **REVENUES** | | |
| Finance charges | $ 1,559,590 | $ 1,395,581 |
| Late charges | 228,330 | 217,091 |
| Origination fees | 94,676 | 99,232 |
| TOTAL REVENUES | 1,882,596 | 1,711,904 |
| **OPERATING COSTS AND EXPENSES** | | |
| Interest expense | 426,490 | 394,824 |
| Salaries and wages | 360,699 | 332,123 |
| Commission expense | 240,849 | 251,339 |
| Bad debts | 168,105 | 177,053 |
| Professional fees | 105,802 | 51,597 |
| Postage expense | 25,366 | 24,688 |
| Insurance expense | 43,844 | 46,171 |
| Other operating expenses | 210,753 | 176,912 |
| TOTAL COSTS AND EXPENSES | 1,581,908 | 1,454,707 |
| **INCOME BEFORE INCOME TAXES** | 300,688 | 257,197 |
| **PROVISION FOR INCOME TAXES** | 75,623 | 76,943 |
| **NET INCOME** | 225,065 | 180,254 |
| **PREFERRED SHARE DIVIDENDS** | 17,325 | 17,325 |
| **NET INCOME ATTRIBUTABLE TO COMMON SHAREHOLDERS** | $ 207,740 | $ 162,929 |
| Net income per share attributable to common shareholders | | |
| Basic | $ 0.07 | $ 0.06 |
| Diluted | $ 0.07 | $ 0.06 |
| Weighted average common shares outstanding | | |
| Basic | 2,905,016 | 2,905,016 |
| Diluted | 2,905,016 | 2,905,016 |

See accompanying notes to the condensed consolidated unaudited financial statements.

**Standard Premium Finance Holdings, Inc. and Subsidiary**
**Condensed Consolidated Statement of Changes in Stockholders' Equity**
**For the Three Months Ended March 31, 2022 and 2021**
**(Unaudited)**

| | Preferred Stock | | Common Stock | | Additional Paid-in Capital | Retained Earnings | Total Stockholders' Equity |
|---|---|---|---|---|---|---|---|
| | Shares | Amount | Shares | Amount | | | |
| **BALANCE AT DECEMBER 31, 2020** | 99,000 | $ 99 | 2,905,016 | $ 2,905 | $ 2,639,051 | $ 1,041,757 | $ 3,683,812 |
| Options issued for services | | | | | 8,667 | | 8,667 |
| Distributions (preferred shares) | | | | | | (17,325) | (17,325) |
| Net income | | | | | | 180,254 | 180,254 |
| **BALANCE AT MARCH 31, 2021 (unaudited)** | 99,000 | $ 99 | 2,905,016 | $ 2,905 | $ 2,647,718 | $ 1,204,686 | $ 3,855,408 |

| | Preferred Stock | | Common Stock | | Additional Paid-in Capital | Retained Earnings | Total Stockholders' Equity |
|---|---|---|---|---|---|---|---|
| | Shares | Amount | Shares | Amount | | | |
| **BALANCE AT DECEMBER 31, 2021** | 99,000 | $ 99 | 2,905,016 | $ 2,905 | $ 2,682,995 | $ 1,848,780 | $ 4,534,779 |
| Series A Convertible Preferred Stock issued in exchange for note payable | 2,000 | 2 | | | 19,998 | | 20,000 |
| Options issued for services | | | | | 5,778 | | 5,778 |
| Distributions (preferred shares) | | | | | | (17,325) | (17,325) |
| Net income | | | | | | 225,065 | 225,065 |
| **BALANCE AT MARCH 31, 2022 (unaudited)** | 101,000 | $ 101 | 2,905,016 | $ 2,905 | $ 2,708,771 | $ 2,056,520 | $ 4,768,297 |

See accompanying notes to the condensed consolidated unaudited financial statements.

**Standard Premium Finance Holdings, Inc. and Subsidiary**
**Condensed Consolidated Statement of Cash Flows**
**For the Three Months Ended March 31, 2022 and 2021**
**(Unaudited)**

| | For the Three Months Ended March 31, | |
|---|---|---|
| | 2022 | 2021 |
| **CASH FLOW FROM OPERATING ACTIVITIES:** | | |
| NET INCOME | $ 225,065 | $ 180,254 |
| ADJUSTMENTS TO RECONCILE NET INCOME TO CASH USED IN OPERATING ACTIVITIES: | | |
| Depreciation | 4,541 | 7,873 |
| Loss on disposal of property and equipment | 2,167 | — |
| Amortization of right to use asset - operating lease | 25,299 | 27,868 |
| Amortization of finance lease asset | 3,314 | — |
| Bad debt expense | 168,105 | 177,053 |
| Amortization of loan origination fees | 21,858 | 25,238 |
| Options issued for services | 5,778 | 8,667 |
| Changes in operating assets and liabilities: | | |
| (Increase)/Decrease in premium finance contracts | (2,464,921) | (4,613,918) |
| (Increase)/Decrease in prepaid expenses and other current assets | 214,001 | (96,190) |
| (Increase)/Decrease in deferred tax asset, net | (5,000) | (16,635) |
| Increase/(Decrease) in drafts payable | 967,902 | 165,525 |
| Increase/(Decrease) in accounts payable and accrued expenses | (386,541) | 154,633 |
| Increase/(Decrease) in operating lease liability | (25,299) | (27,868) |
| **Net cash used in operating activities** | (1,243,731) | (4,007,500) |
| | | |
| **CASH FLOWS FROM INVESTING ACTIVITIES:** | | |
| Payments made on life insurance policy | (7,587) | (7,096) |
| Sale of property and equipment | 4,500 | — |
| Purchases of property and equipment | (24,800) | (25,881) |
| **Net cash used in investing activities** | (27,887) | (32,977) |
| | | |
| **CASH FLOWS FROM FINANCING ACTIVITIES:** | | |
| Cash overdraft | (153,264) | — |
| Proceeds from notes payable - stockholders and related parties | — | 50,000 |
| Repayment of notes payable - stockholders and related parties | (181,302) | — |
| Repayment of finance lease obligation | (2,906) | — |
| Proceeds of line of credit, net of repayments | 1,727,314 | 3,404,447 |
| Dividends paid | (17,325) | (17,325) |
| Proceeds from notes payable - other | 200,000 | 531,965 |
| Repayment of notes payable - other | (215,000) | — |
| **Net cash provided by financing activities** | 1,357,517 | 3,969,087 |
| | | |
| **NET CHANGE IN CASH** | 85,899 | (71,390) |
| | | |
| CASH AT THE BEGINNING OF THE PERIOD | 20,987 | 477,289 |
| | | |
| **CASH AT THE END OF THE PERIOD** | $ 106,886 | $ 405,899 |
| | | |
| **SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:** | | |
| Cash paid during the period for: | | |
| Income taxes | $ 85,000 | $ 3,220 |
| Interest paid | $ 423,601 | $ 346,035 |
| **NON-CASH INVESTING AND FINANCING TRANSACTION:** | | |
| Debt exchanged for Series A Convertible Preferred Stock | $ 20,000 | $ — |
| Operating lease assets obtained in exchange for lease liabilities | $ — | $ 235,335 |

See accompanying notes to the condensed consolidated unaudited financial statements.

**Standard Premium Finance Holdings, Inc. and Subsidiary**
**Notes to Condensed Consolidated Financial Statements**
**March 31, 2022 and 2021**
**(unaudited)**

## 1. Principles of Consolidation and Description of Business

Standard Premium Finance Holdings, Inc. ("SPFH" or the "Holding") was incorporated on May 12, 2016, pursuant to the laws of the State of Florida.

Standard Premium Finance Management Corporation ("SPFMC" or the "subsidiary") was incorporated on April 23, 1991, pursuant to the laws of the State of Florida, to engage principally in the insurance premium financing business. The Subsidiary is a licensed insurance premium finance company in Florida, Georgia, North Carolina, South Carolina, Tennessee, Texas, Virginia, Maryland, Colorado, and Arizona.

The accompanying condensed consolidated financial statements include the accounts of SPFH and its wholly-owned subsidiary SPFMC. SPFH and its subsidiary are collectively referred to as "the Company". All significant intercompany balances and transactions have been eliminated in consolidation.

## 2. Summary of Significant Accounting Policies

### Basis of Presentation
The condensed consolidated financial statements (unaudited), which include the accounts of Standard Premium Finance Holdings, Inc. and its wholly-owned subsidiary, have been prepared in accordance with accounting principles generally accepted in the United States of America and the rules of the Securities and Exchange Commission. These unaudited condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements and related notes thereto for the year ended December 31, 2021.

In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of financial position and the results of operations for the interim periods presented have been reflected herein. The results of operations for the interim periods are not necessarily indicative of the results to be expected for the full year. Notes to the financial statements that would substantially duplicate the disclosures contained in the audited financial statements of Standard Premium Finance Holdings, Inc. and its wholly-owned subsidiary for the fiscal year ended December 31, 2021 have been omitted.

### Cash and Cash Equivalents
The Company considers short-term interest-bearing investments with initial maturities of three months or less to be cash equivalents. The Company has no cash equivalents at March 31, 2022 and December 31, 2021.

### Revenue Recognition
Revenues are recognized when control of the promised services is transferred to the customer and in an amount that reflects the consideration the Company expects to be entitled to in exchange for these services. For the services where the Company's performance obligation is satisfied at a point in time and for which there is no ongoing obligation, revenue is recognized upon delivery. For the services where the Company satisfies its performance obligation over time as the service is being transferred to the customer, revenue is generally recognized using the output method as the services are delivered.

**2. Summary of Significant Accounting Policies (Continued)**

Finance charges on insurance premium installment contracts are initially recorded as unearned interest and are credited to income monthly over the term of the finance agreement. For Florida, Georgia, North Carolina and Texas contracts, an initial service fee of $20 per contract and the first month's interest are recognized as income at the inception of a contract. The same treatment is applied to the $15 initial service fee and first month's interest in South Carolina. The initial $20 per contract fee can only be charged once to an insured in a twelve-month period. In accordance with industry practice, finance charges are recognized as income using the "Rule of 78s" method of amortizing finance charge income, which does not materially differ from the interest method of amortizing finance charge income on short term receivables. Late charges are recognized as income when charged. Unearned interest is netted against Premium Finance Contracts and Related Receivables on the balance sheet for reporting purposes.

**Premium Finance Contracts and Related Receivable**

The Company finances insurance premium on policies for the transportation industry and other commercial enterprises. The term of each contract varies from 3 to 12 monthly payments. Repayment terms are structured such that the contracts will be repaid within the term of the underlying insurance policy, generally less than one year. The contracts are secured by the unearned premium of the insurance carrier which is obligated to pay the Company any unearned premium in the event the insurance policy is cancelled pursuant a power of attorney contained in the finance contract. As of March 31, 2022 and December 31, 2021, the amount of unearned premium on open and cancelled contracts totaled $70,748,780 and $67,929,695, respectively. The annual percentage interest rates on new contracts averaged approximately 14.8% and 15.2% during the three months ended March 31, 2022 and 2021, respectively.

**Allowance for Doubtful Accounts**

The carrying amount of the Premium Finance Contracts ("Contracts") is reduced by an allowance for losses that are maintained at a level which, in management's judgment, is adequate to absorb losses inherit in the Contracts. The amount of the allowance is based upon management's evaluation of the collectability of the Contracts, including the nature of the accounts, credit concentration, trends, and historical data, specific impaired Contracts, economic conditions, and other risks inherent in the Contracts. The allowance is increased by a provision for loan losses, which is charged to expense, and reduced by charge-offs, net of recovery.

In addition, specific allowances are established for accounts over 120 days. Individual contracts are written off against the allowance when collection of the individual contracts appears doubtful. The collectability of outstanding and cancelled contracts is generally secured by collateral in the form of the unearned premiums on the underlying policies and accordingly historical losses tend to be relatively small. The collectability of amounts due from agents is determined by the financial strength of the agency.

**Property and Equipment**

Property and equipment are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Furniture and equipment 5 - 7 years
Computer equipment and software 3 - 5 years
Leasehold improvements 10 years

## 2. Summary of Significant Accounting Policies (Continued)

### Amortization of Loan Origination Costs

Amortization of loan origination costs is computed using the straight-line method over the life of the loan agreement.

### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include assumptions used in valuation of deferred tax assets, allowance for doubtful accounts, depreciable lives of property and equipment, and valuation of stock-based compensation.

### Concentration of Credit and Financial Instrument Risk

Financial instruments that potentially subject the Company to concentrations of credit risk are primarily cash and accounts receivable from customers, agents, and insurance companies. The Company maintains its cash balances at three banks. Accounts at these financial institutions are insured by the Federal Deposit Insurance Corporation up to $250,000. Uninsured balances are $234,069 and $0 at March 31, 2022 and December 31, 2021, respectively. The Company mitigates this risk by maintaining its cash balances at high-quality financial institutions. The following table provides a reconciliation between uninsured balances and cash per the balance sheet:

| | March 31, 2022 (unaudited) | December 31, 2021 |
|---|---|---|
| Uninsured Balance | $ 234,069 | $ — |
| Plus: Insured balances | 250,000 | — |
| Plus: Balances at other institutions that do not exceed FDIC limit | 101,414 | 193,179 |
| Plus: Cash overdraft | — | 153,264 |
| Less: Outstanding checks | (478,597) | (325,456) |
| Cash per Consolidated Balance Sheet | $ 106,886 | $ 20,987 |

The Company controls its credit risk in accounts receivable through credit standards, limits on exposure, by monitoring the financial condition of insurance companies, by adhering to statutory cancellation policies, and by monitoring and pursuing collections from past due accounts. We cancel policies at the earliest permissible date allowed by the statutory cancellation regulations.

Approximately 54% and 52% of the Company’s business activity is with customers located in Florida for both 2022 and 2021, respectively. Approximately 16% and 23% of the Company’s business activity is with customers located in Georgia for 2022 and 2021, respectively. Approximately 14% and 13% of the Company's business activity is with customers located in North Carolina for 2022 and 2021, respectively. There were no other significant regional, industrial or group concentrations during the three months ended March 31, 2022 and 2021.

**2. Summary of Significant Accounting Policies (Continued)**

**Cash Surrender Value of Life Insurance**
The Company is the owner and beneficiary of a life insurance policy on its president. The cash surrender value relative to the policy in place at March 31, 2022 and December 31, 2021 was $567,464 and $559,877, respectively.

**Fair Value of Financial Instruments**
The Company's carrying amounts of financial instruments as defined by Financial Accounting Standards Board ("FASB") ASC 825, "Disclosures about Fair Value of Financial Instruments", including finance contract and related receivables, prepaid expenses, drafts payable, accrued expenses and other current liabilities, approximate their fair value due to the relatively short period to maturity for these instruments. The fair value of the line of credit and long-term debt are based on current rates at which the Company could borrow funds with similar remaining maturities and the carrying value approximates fair value.

**Income Taxes**
The provision for income taxes is computed using the asset and liability method, under which deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the financial reporting and tax bases of assets and liabilities and for operating losses and tax credit carryforwards. Deferred tax assets and liabilities are measured using the currently enacted tax rates that apply to taxable income in effect for the years in which those tax assets and liabilities are expected to be realized or settled. The Company records a valuation allowance to reduce deferred tax assets to the amount that is believed more likely than not to be realized.

Uncertain tax positions are recognized only when the Company believes it is more likely than not that the tax position will be upheld on examination by the taxing authorities based on the merits of the position. The Company has no material unrecognized tax benefits and no adjustments to its consolidated financial position, results of operations or cash flows were required as of March 31, 2022.

Tax returns are open to examination by taxing authorities for three years after filing. No income tax returns are currently under examination by taxing authorities. SPFMC and SPFH recognize interest and penalties, if any, related to uncertain tax positions in income tax expense. SPFMC and SPFH did not have any accrued interest or penalties associated with uncertain tax positions as of December 31, 2021.

**Stock-Based Compensation**
The Company account for stock-based compensation in accordance with FASB ASC Topic No. 718, "Stock Compensation," which establishes the requirements for expensing equity awards. The Company measures and recognizes as compensation expense the fair value of all share-based payment awards based on estimated grant date fair values. Our stock-based compensation are issuances made to directors, executives, employees and consultants, which includes employee stock options related to our 2019 Equity Incentive Plan and stock warrants. The determination of fair value involves a number of significant estimates. We use the Black Scholes option pricing model to estimate the value of employee stock options and stock warrants which requires a number of assumptions to determine the model inputs. These include the expected volatility of our stock and employee exercise behavior which are based expectations of future developments over the term of the option.

## 2. Summary of Significant Accounting Policies (Continued)

### Earnings per Common Share

The Corporation accounts for earnings (loss) per share in accordance with FASB ASC Topic No. 260 - 10*, "Earnings Per Share",* which establishes the requirements for presenting earnings per share ("EPS"). FASB ASC Topic No. 260 - 10 requires the presentation of "basic" and "diluted" EPS on the face of the statement of operations. Basic EPS amounts are calculated using the weighted-average number of common shares outstanding during each period. Diluted EPS assumes the exercise of all stock options, warrants and convertible securities having exercise prices less than the average market price of the common stock during the periods, using the treasury stock method.

For both the three months ended March 31, 2022 and 2021, stock options to purchase 187,400 shares of common stock were outstanding as described in Note 11. 93,700 of these options vested on March 1, 2021 and the remaining 93,700 stock options vested on March 1, 2022. The stock options are anti-dilutive and not included in the calculation of diluted EPS at March 31, 2022 and 2021. For the three months ended March 31, 2022 and 2021, stock warrants to purchase 975,000 and 800,000 shares of common stock were outstanding, respectively, as described in Note 11. Although these stock warrants vested immediately, they are not "in-the-money" and are thus anti-dilutive and not included in the calculation of diluted EPS at March 31, 2022 and 2021. The Series A Convertible Preferred Stock can be converted to common stock at 20% of the prevailing market price over the previous 30-day period at the option of the Company.

### Reclassification

In 2021, the Company reconsidered its definition of related party when classifying its notes payable. The Company previously had recorded notes payable due from any stockholder as a related party note. Under the new classification, only notes payable to officers, directors, greater than 5% shareholders, and insiders are considered related party notes. See Footnote 9 and Footnote 10 for more information on the notes payable. The effect of this reclassification on the consolidated statement of cash flows for the three months ended March 31, 2021 is as follows:

| Consolidated Statement of Cash Flows Item | March 31, 2021 (before reclassification) | Reclassification amount | March 31, 2021 (after reclassification) |
|---|---|---|---|
| Proceeds from notes payable - other | $ 181,965 | $ 350,000 | $ 531,965 |
| Repayment of notes payable - other | — | — | — |
| | | | |
| Proceeds from notes payable - stockholders and related parties | 400,000 | (350,000) | 50,000 |
| Repayments of notes payable - stockholders and related parties | — | — | — |

## 2. Summary of Significant Accounting Policies (Continued)

**Leases**

The Company recognizes and measures its leases in accordance with ASC Topic 842, *"Leases"*. The Company determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of an existing contract are changed. The Company recognizes a lease liability and a right of use (ROU) asset at the commencement date of the lease. The lease liability is initially and subsequently recognized based on the present value of its future lease payments calculated using the Company's incremental borrowing rate.

**Recent Accounting Pronouncements**

There were no recent accounting pronouncements that have a material impact on the financial statements of the Company.

## 3. Premium Finance Contracts, Related Receivable and Allowance for Doubtful Accounts

Premium Finance Contracts and Related Receivable represent monthly payments due on insurance premium finance contracts. The Company finances insurance policies over periods from three months to one year for businesses and consumers who make an initial down payment of, on average, 25 percent of the insurance policy amounts. The entire amount of the contract is recorded including amounts due for finance charges and services charges. These receivables are reported net of unearned interest for financial statements purposes. Amounts due from agents represent balances related to (1) an agent's unearned commission due to a policy cancellation and (2) down payments collected by the agents on behalf of the insured, which are due to us. Receivables from insurance premium finance contracts cancelled are due from the insurance companies.

At March 31, 2022 and December 31, 2021, premium finance contract and agents' receivable consists of the following:

| Description | March 31, 2022 (unaudited) | December 31, 2021 |
|---|---|---|
| Insurance premium finance contracts outstanding | $ 47,055,398 | $ 44,079,251 |
| Insurance premium finance contracts cancelled | 3,767,860 | 4,426,576 |
| | 50,823,258 | 48,505,827 |
| Amounts due from agents | 912,870 | 793,869 |
| Less: Unearned interest | (1,550,935) | (1,431,666) |
| | 50,185,193 | 47,868,030 |
| Less: Allowance for doubtful accounts | (1,214,104) | (1,193,757) |
| Total | $ 48,971,089 | $ 46,674,273 |

The allowance for doubtful accounts at March 31, 2022 and December 31, 2021 are as follows:

| | March 31, 2022 (unaudited) | December 31, 2021 |
|---|---|---|
| Allowance for premium finance contracts | $ 1,000,347 | $ 1,000,000 |
| Allowance for amounts due from agents | 213,757 | 193,757 |
| Total allowance for doubtful accounts | **$ 1,214,104** | **$ 1,193,757** |

**3. Premium Finance Contracts, Related Receivable and Allowance for Doubtful Accounts (Continued)**

Activity in the allowance for doubtful accounts for the three months ended March 31, 2022 and the year ended December 31, 2021 are as follows:

| | March 31, 2022 (unaudited) | December 31, 2021 |
|---|---|---|
| Balance, at the beginning of the period | $ 1,193,757 | $ 824,342 |
| Current year provision | 335,000 | 1,353,057 |
| Direct write-downs charged against the allowance | (325,845) | (1,212,150) |
| Recoveries of amounts previously charged off | 11,192 | 228,508 |
| Balance at end of the period | **$ 1,214,104** | **$ 1,193,757** |

The Company maintains its allowance at gross amounts, which includes allowances for write-offs of unearned revenues. Provisions and write-offs per the footnote table above are displayed at gross amounts, which include provisions and write-offs of unearned revenues. These write-offs are appropriately split between the principal (i.e. bad debt expense) and interest/fee (i.e. contra-revenue) portions on the income statement. The following table shows a reconciliation between the total provision per the footnote and bad debt expense on the consolidated statement of operations:

| | March 31, 2022 (unaudited) | March 31, 2021 (unaudited) |
|---|---|---|
| Total Provision per footnote table | $ 335,000 | $ 288,777 |
| Less: Contra-revenues | (166,895) | (111,724) |
| Bad Debt Expense per the Consolidated Statement of Operations | $ 168,105 | $ 177,053 |

**4. Property and Equipment, Net**

The Company's property and equipment consists of the following:

| | March 31, 2022 (unaudited) | December 31, 2021 |
|---|---|---|
| Computer Software | $ 26,207 | $ 26,207 |
| Automobile | 104,667 | 87,867 |
| Furniture & Fixtures | 14,273 | 14,273 |
| Leasehold Improvements | 116,811 | 116,811 |
| Computer Equipment | 62,494 | 62,974 |
| Property and equipment | 324,452 | 308,132 |
| Accumulated depreciation | (227,066) | (224,338) |
| **Property and equipment, net** | **$ 97,386** | **$ 83,794** |

The Company recorded depreciation expense of $4,541 and $7,873, respectively for the three months ended March 31, 2022 and 2021, respectively.

**5. Leases**

The Company accounts for leases in accordance with ASC Topic 842. In March 2021, the Company renewed its office lease with Marlenko Acquisitions, LLC. The new two-year lease is identical to the previous lease and expires on February 28, 2023 with a one-year option to renew. The right-of-use asset and operating lease liability at the execution of this lease totaled $235,335. The Company used its incremental borrowing rate of 5.25% for all operating leases as of March 31, 2022 and December 31, 2021.

Office lease – On March 1, 2021, the Company entered into a two (2) year lease for an office facility located in Miami Florida with an entity controlled by our CEO and related parties. The lease has a one-time renewal option for one year which management is reasonably certain will be exercised. The lease is $7,450 per month and expires in February 2024, including the renewal option (see Note 12).

Secure facility lease – On September 11, 2017, the Company entered into a five (5) year lease for a secure facility located in Miami Florida. The lease has a no renewal option. The lease is $1,233 per month and expires in August 2022.

Copier lease – On October 14, 2019 the Company entered into a copier lease. The right to use asset and lease liability at inception of the copier lease was $68,799. The Company used its incremental borrowing rate of 5.25% to determine the present value of the lease payment. The cost of the copier lease is $1,116 per month and expires October 14, 2024 with a one-year renewal option which the Company expects to exercise.

Server lease – On December 7, 2021, the Company entered into a five-year lease for computer hardware. The lease contains a bargain purchase option, which the Company intends to exercise. The Company recorded this lease as a finance lease. The fixed asset and lease liability at inception of the lease was $66,281 and $65,801, respectively. The Company used its incremental borrowing rate of 5.25% to determine the present value of the lease payment. The lease payments are $1,249 per month through December 2026.

| Leases | Classification | March 31, 2022 (unaudited) | December 31, 2021 |
|---|---|---|---|
| Right-of-use assets | Operating lease assets | $ 203,655 | $ 228,954 |
| Server lease | Finance lease assets | 61,862 | 65,176 |
| Total lease assets | | $ 265,517 | $ 294,130 |
| Current operating lease liability | Current operating lease liabilities | $ 102,547 | $ 104,880 |
| Non-current operating lease liability | Long-term operating lease liabilities | 101,108 | 124,074 |
| Total operating lease liabilities | | $ 203,655 | $ 228,954 |
| Current finance lease liability | Current finance lease liabilities | $ 12,013 | $ 11,857 |
| Non-current finance lease liability | Long-term finance lease liabilities | 49,991 | 53,053 |
| Total finance lease liabilities | | $ 62,004 | $ 64,910 |

**5. Leases (Continued)**

The weighted-average remaining lease term was 2.80 years and 2.99 years as of March 31, 2022 and December 31, 2021, respectively. For the three months ended March 31, 2022 and 2021, the total lease cost was $28,193 and $28,997, respectively.

**6. Drafts Payable**

Drafts payable outstanding represent unpaid drafts that have not been disbursed by the bank as of the reporting date, on insurance premium finance contracts received by the Company prior to the reporting date. As of March 31, 2022 and December 31, 2021, the draft payable balances are $2,903,180 and $1,935,278, respectively.

**7. Line of Credit**

**Relationship with Woodforest National Bank ("WNB")**
On October 5, 2018, the Company entered into an exclusive twenty-four month loan agreement with Woodforest National Bank for a revolving line of credit in the amount of $25,000,000. The Company recorded $164,396 of loan origination costs. On July 30, 2019, the Company's line of credit was modified to $27,500,000, maturing October 5, 2020. On October 5, 2020, the Company's line of credit was extended to a maturity date of January 5, 2021.

Interest expense on this line of credit for the three months ended March 31, 2022 and 2021 totaled approximately $0 and $86,000, respectively. This line of credit was fully paid off on February 3, 2021 (see below).

**Relationship with First Horizon Bank ("FHB")**
On February 3, 2021, the Company entered into an exclusive twenty-four month loan agreement with First Horizon Bank for a revolving line of credit in the amount of $35,000,000, which was immediately funded for $25,974,695 to pay off the prior line of credit with WNB. On this date, the line of credit with WNB was fully repaid and terminated. The Company recorded $180,350 of loan origination costs.

At March 31, 2022 and December 31, 2021, the advance rate was 85% of the aggregate unpaid balance of the Company's eligible accounts receivable. The line of credit is secured by all the Company's assets and is personally guaranteed by our CEO and a member of the Board of Directors of the Company. The line of credit bears interest at 30 Day Libor plus 2.85% per annum (3.35% at March 31, 2022 and December 31, 2021). The terms of the Line of Credit agreement provide for a minimum interest of 3.35% when the 30 day Libor falls below 0.50%. For the three months ended March 31, 2022 and 2021, the minimum rate of 3.35% was in effect. As of March 31, 2022, the amount of principal outstanding on the line of credit was $32,264,381 and is reported on the consolidated balance sheet net of $38,834 of unamortized loan origination fees. As of December 31, 2021, the amount of principal outstanding on the line of credit was $30,537,067 and is reported on the consolidated balance sheet net of $60,692 of unamortized loan origination fees. Interest expense on this line of credit for the three months ended March 31, 2022 and 2021 totaled approximately $258,000 and $144,000, respectively. The Company recorded amortized loan origination fee for three months ended March 31, 2022 and 2021 of $21,858 and $25,238, respectively.

### 7. Line of Credit (Continued)

The Company's agreements with WNB and FHB contain certain financial covenants and restrictions. Under these restrictions, all the Company's assets are pledged to secure the line of credit, the Company must maintain certain financial ratios such as an adjusted tangible net worth ratio, interest coverage ratio and senior leverage ratio. The loan agreement also provides for certain covenants such as audited financial statements, notice of change of control, budget, permission for any new debt, copy of filings with regulatory bodies, minimum balances. Management believes it was in compliance with the applicable debt covenants as of March 31, 2022 and December 31, 2021.

### 8. PPP Loan

On April 18, 2020, the Company entered into a $271,000 loan with its primary lender, under a program administered by the Small Business Administration ("SBA") as part of the Paycheck Protection Program ("PPP") approved under the "Coronavirus Aid, Relief, and Economic Security Act" ("CARES Act") (Pub. L. No. 116-136). The loan matures in two (2) years and accrues interest at 1% from the origination of the loan. After a 6 month deferral, interest and principal payments are due monthly. The Note is subject to partial or full forgiveness, the terms of which are dictated by the SBA, the CARES Act, section 7(a)(36) of the Small Business Act, all rules and regulations promulgated thereunder including, without limitation, Interim Final Rule RIN 3245-AH34, subsequent SBA guidance, and the Code of Federal Regulations. In January 2022, the Company appealed the decision by the SBA to reject the Company's original application for the PPP loan. If this appeal is rejected, the loan will become due immediately. As of March 31, 2022, the Company had not received the final decision on the appeal.

As of March 31, 2022 and December 31, 2021, the balance of the PPP loan is as follows:

| | March 31, 2022 (unaudited) | December 31, 2021 |
|---|---|---|
| Total PPP loan | $ 271,000 | $ 271,000 |
| Less current maturities | (271,000) | (271,000) |
| Long-term maturities | $ — | $ — |

### 9. Note Payable – Others

At March 31, 2022 and December 31, 2021, the balances of long-term unsecured notes to unrelated parties are as follows:

| | March 31, 2022 (unaudited) | December 31, 2021 |
|---|---|---|
| Total notes payable - Others | $ 7,234,810 | $ 7,249,810 |
| Less current maturities | (1,152,849) | (2,285,023) |
| | | |
| Long-term maturities | $ 6,081,961 | $ 4,964,787 |

These are notes payable to individuals. The notes have interest payable monthly, ranging from 6% to 8% per annum and are unsecured and subordinated. The principal is due on various dates through May 31, 2026. The notes roll-over at periods from 8 months to 4 years on maturity unless the note holder requests repayment through written instructions at least 90 days prior to the expiration date. Interest expense on these notes totaled approximately $128,000 and $112,000 during the three months ended March 31, 2022 and 2021, respectively. The Company received proceeds on these notes of $200,000 and $531,965 for the three months ended March 31, 2022 and 2021, respectively. The Company repaid principal on these notes of $215,000 and $0 for the three months ended March 31, 2022 and 2021, respectively.

### 10. Note Payable – Stockholders and Related Parties

At March 31, 2022 and December 31, 2021, the balances of long-term notes payable to stockholders and related parties are as follows:

| | March 31, 2022 (unaudited) | December 31, 2021 |
|---|---|---|
| Total notes payable - Related parties | $ 1,890,000 | $ 2,091,302 |
| Less current maturities | (825,000) | (862,000) |
| | | |
| Long-term maturities | $ 1,065,000 | $ 1,229,302 |

These are notes payable to stockholders and related parties. The notes have interest payable monthly ranging from 6% to 8% per annum and are unsecured and subordinated. The principal is due on various dates through February 28, 2026. The notes roll-over at periods from 8 months to 4 years on maturity unless the note holder requests repayment through written instructions at least 90 days prior to the expiration date. Interest expense on these notes totaled approximately $39,000 and $39,000 during the three months ended March 31, 2022 and 2021, respectively. The Company received proceeds on these notes of $0 and $50,000 for the three months ended March 31, 2022 and 2021, respectively. The Company repaid principal on these notes of $181,302 and $0 for the three months ended March 31, 2022 and 2021, respectively.

In January 2022, the Company exchanged $20,000 of these notes payable for 2,000 shares of Series A Convertible Preferred Stock at a price of $10.00 per share.

### 11. Equity

**Preferred Stock**

As of March 31, 2022, the Company was authorized to issue 20 million shares of preferred stock with a par value of $0.001 per share, of which 600,000 shares had been designated as Series A convertible and 101,000 shares had been issued and are outstanding.

In the event of any liquidation, dissolution or winding up of the Company, the holders of preferred stock shall be entitled to receive, prior and in preference to any distribution of any of the assets of the Company to the holders of common stock, an amount equal to $10 for each share of preferred stock, plus all unpaid dividends that have been accrued, accumulated or declared. The Company may redeem the preferred stock from the holders at any time following the second anniversary of the closing of the original purchase of the preferred stock. The Company shall also have the right to convert any or all of the preferred stock into common stock at a 20% discount to the market price of common shares with written approval of the stockholder.

**11. Equity (Continued)**

Holders of preferred stock are entitled to receive preferential cumulative dividends, only if declared by the board of directors, at a rate of 7% per annum per share of the liquidation preference amount of $10 per share. During the three months ended March 31, 2022 and 2021, the Board of Directors has declared and paid dividends on the preferred stock of $17,325 and $17,325, respectively. As of March 31, 2022 and December 31, 2021, preferred dividends are in arrears by $17,558 and $17,325, respectively. December 31, 2020 dividends in arrears were declared and paid in January 2021. March 31, 2021 dividends in arrears were declared and paid in April 2021. June 30, 2021 dividends in arrears were declared and paid in July 2021. September 30, 2021 dividends in arrears were declared and paid in October 2021. December 31, 2021 dividends in arrears were declared and paid in January 2022. March 31, 2022 dividends in arrears were declared and paid in April 2022.

**Common Stock**

As of both March 31, 2022 and December 31, 2021, the Company was authorized to issue 100 million shares of common stock with a par value of $0.001 per share, of which 2,905,016 shares were issued and outstanding.

**Stock Options**

In 2019, the Company's Board of Directors approved the creation of the 2019 Equity Incentive Plan (the "2019 Plan"). The 2019 Plan provides for the issuance of incentive stock options to designated employees, certain key advisors and non-employee members of the Board of Directors with the opportunity to receive grant awards to acquire, in the aggregate, up to 300,000 shares of the Corporation's common stock.

A summary of information regarding the stock options outstanding is as follows:

| | Number of Shares | Weighted Average Exercise Price | Weighted Average Remaining Contractual Term |
|---|---|---|---|
| **Outstanding at December 31, 2021** | 187,400 | $ 0.80 | 8.2 years |
| Issued | — | — | |
| Exercised | — | — | |
| **Outstanding at March 31, 2022** | 187,400 | $ 0.80 | 7.9 years |
| **Exercisable at March 31, 2022** | 187,400 | $ 0.80 | 7.9 years |

The above outstanding options were granted on March 1, 2020, to designated Officers and employees. Half of the options vested on March 1, 2021 and the other half vested on March 1, 2022. During the three months ended March 31, 2022 and 2021, the Corporation recognized $5,778 and $8,667, respectively, of stock option expense.

**11. Equity (Continued)**

**Stock Warrants**

On April 1, 2020, the Company issued 800,000 of previously authorized warrants for the purchase of common stock that are split into two classes of warrants. The 400,000 Class W4 warrants are issued at $.001 Par Value and exercisable at a strike price of $4 for a period of five (5) years. The 400,000 Class W12 warrants are issued at $.001 Par Value and are exercisable at a strike price of $12 for a period of five (5) years. On June 11, 2021, the Company issued 175,000 of previously authorized warrants for the purchase of common stock. The 175,000 Class W4A warrants are issued at $.001 Par Value and exercisable at a strike price of $4 for a period of five (5) years. A summary of information regarding the stock options outstanding is as follows:

| | Number of Shares | Weighted Average Exercise Price | Weighted Average Remaining Contractual Term |
|---|---|---|---|
| **Outstanding at December 31, 2021** | 975,000 | $ 7.28 | 3.46 years |
| Issued | — | — | |
| Exercised | — | — | |
| **Outstanding at March 31, 2022** | 975,000 | $ 7.28 | 3.21 years |
| **Exercisable at March 31, 2022** | 975,000 | $ 7.28 | 3.21 years |

The above outstanding warrants were issued on June 11, 2021 and April 1, 2020, to designated Officers, Directors, and consultants with a total fair value of $9,275 and $27,200 on the grant date, respectively. The warrants vested immediately. During the three months ended March 31, 2022 and 2021, the Company recognized $0 and $0, respectively, of stock warrant expense.

**12. Related Party Transactions**

The Company has engaged in transactions with related parties primarily shareholders, officers and directors and their relatives that involve financing activities and services to the Company. The following discussion summarizes its activities with related parties.

**Office lease**

The Company entered a three-year lease for its office space in Miami, FL with an entity that is controlled by our CEO and related parties. The Company leases approximately 3,000 square feet of office space. Rent of $7,451 is paid monthly. The lease contract expires in February 2024.

**Line of credit**

As discussed in Note 7, the Company secured its primary financing in part through the assistance of our CEO and a significant shareholder who guaranteed the loan to the financial institution. The current line of credit with First Horizon Bank was initiated at $35,000,000. In October 2021, the Company increased its line of credit with First Horizon Bank from $35,000,000 to $45,000,000.

**Notes payable**

As discussed in Note 10, the Company has been advanced funds by its executives, directors, and other related parties. As of March 31, 2022 and December 31, 2021, the amounts advanced were $1,890,000 and $2,091,302, respectively.

**12. Related Party Transactions (Continued)**

**Stock Options**

As discussed in Note 11, on March 1, 2020, the Company issued 187,400 stock options, of which 167,400 stock options were issued to officers and directors under the terms of the 2019 Equity Incentive Plan. The impact on earnings from this transaction was a total of $69,338, which has been fully amortized as of March 31, 2022. This transaction also increased additional paid in capital over the same period.

**Stock Warrants**

As discussed in Note 11, on June 11, 2021 and April 1, 2020, the Company issued 175,000 and 800,000 stock warrants, respectively, of which 175,000 and 800,000 stock warrants, respectively, were issued to officers, directors, and a related party.

**13. Commitments and Contingencies**

From time-to-time, we may be involved in litigation or be subject to claims arising out of our operations or content appearing on our websites in the normal course of business. Although the results of litigation and claims cannot be predicted with certainty, we currently believe that the final outcome of these ordinary course matters will not have a material adverse effect on our business. Regardless of the outcome, litigation can have an adverse impact on our company because of defense and settlement costs, diversion of management resources and other factors.

**14. Subsequent Events**

In April 2022, the Company issued $25,000 of notes payable (related party).

In April 2022, the Board of Directors declared and paid dividends on the Series A convertible preferred stock of $17,558.

In April 2022, the Company issued 65,000 shares of its Series A Convertible Preferred Stock to four accredited investors in exchange for $400,000 cash and exchange of $250,000 of notes payable (others) by the Company at a price of $10.00 per share.

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

We are an insurance premium financing company, specializing primarily in commercial policies. We make it efficient for companies to access financing for insurance premiums. Enabled by our network of marketing representatives and relationships with insurance agents, we provide a value-driven, customer-focused lending service.

We have offered premium financing since 1991 through our wholly owned subsidiary, Standard Premium Finance Management Corporation. We are generally targeting premium financing loans from $1,000 to $15,000, with repayment terms ranging from 6 to 10 months, although we may offer larger loans in cases we deem appropriate. Qualified customers may have multiple financings with us concurrently, which we believe provides opportunities for repeat business, as well as increased value to our customers.

We originate loans primarily in Florida, although we operate in several states. The Company has expanded its operations, and currently is licensed to finance insurance premiums in Florida, Georgia, South Carolina, North Carolina, Texas, Virginia, Maryland, Mississippi, Colorado, Tennessee and Arizona. We intend to continue to expand our market into new states as part of our organic growth trend. Loans are originated primarily through a network of insurance agents solicited by our in-house sales team and marketing representatives.

We generate the majority of our revenue through interest income and the associated fees earned from our loan products. We earn interest based on the "rule of 78" and earn other associated fees as applicable to each loan. These fees include, but are not limited to, a one-time finance charge, late fees, and NSF fees. Our company charges interest to its customers solely by the Rule of 78. Charging interest per the Rule of 78 is the industry standard among premium finance loans. The Rule of 78 is a method to calculate the amount of principal and interest paid by each payment on a loan with equal monthly payments. The Rule of 78 is a permissible method of calculating interest in the states in which we operate. The Rule of 78 recognizes greater amounts of interest income during the first months of the loan, while decreasing interest income during the final months of the loan. Whenever a loan is repaid prior to full maturity, the Rule of 78 methodology is applied and the borrower is refunded accordingly.

We rely on several funding sources for the loans we make to our customers. Our primary source of financing has historically been a line of credit from a bank collateralized by our loan receivables and other assets. We receive additional funding from unsecured subordinate noteholders that pays monthly interest to the investors. We have also used proceeds from operating cash flow to fund loans in the past and continue to finance a portion of our outstanding loans with these funds. See *Liquidity and Capital Resources* for additional information regarding our financing strategy.

The Company's main source of funding is its line of credit, which represented approximately 64% ($32,225,547) of its capital as of March 31, 2022. This line of credit was replaced with a new lender, First Horizon Bank, on February 3, 2021. As of March 31, 2022, the Company's subordinated notes payable represented approximately 18% ($9,124,810) of the Company's capital, operating liabilities provide approximately 8% ($4,294,826) of the Company's capital, preferred equity provides approximately 2% ($1,010,000) of the Company's capital, the PPP loan represents approximately 1% ($271,000) of the Company's capital, and equity in retained earnings and common paid-in capital represents the remaining 7% ($3,758,297) of the Company's capital structure.

## Key Financial and Operating Metrics

We regularly monitor a series of metrics in order to measure our current performance and project our future performance. These metrics aid us in developing and refining our growth strategies and making strategic decisions.

| | As of or for the Three Months Ended March 31, | |
|---|---|---|
| | 2022 (unaudited) | 2021 (unaudited) |
| Gross Revenue | $ 1,822,596 | $ 1,711,904 |
| Originations | $ 29,571,428 | $ 27,429,500 |
| Interest Earned Rate | 14.8% | 15.2% |
| Cost of Funds Rate | 3.22% | 3.21% |
| Reserve Ratio | 2.03% | 1.77% |
| Provision Rate | 0.57% | 0.65% |
| Return on Assets | 1.68% | 1.51% |
| Return on Equity | 22.76% | 23.45% |

*Gross Revenue*

Gross Revenue represents the sum of interest and finance income, associated fees and other revenue.

*Originations*

Originations represent the total principal amount of Loans made during the period.

*Interest Earned Rate*

The Interest Earned Rate is the average annual percentage interest rate earned on new loans.

*Cost of Funds Rate*

Cost of Funds Rate is calculated as interest expense divided by average debt outstanding for the period, net of the interest related tax benefit.

*Reserve Ratio*

Reserve Ratio is our allowance for credit losses at the end of the period divided by the total amount of principal outstanding on Loans at the end of the period. It excludes net deferred origination costs and associated fees.

*Provision Rate*

Provision Rate equals the provision for credit losses for the period divided by originations for the period. Because we reserve for probable credit losses inherent in the portfolio upon origination, this rate is significantly impacted by the expectation of credit losses for the period's originations volume. This rate is also impacted by changes in loss expectations for contract receivables originated prior to the commencement of the period.

*Return on Assets*

Return on Assets is calculated as annualized net income (loss) attributable to common stockholders for the period divided by average total assets for the period.

*Return on Equity*

Return on Equity is calculated as annualized net income (loss) attributable to common stockholders for the period divided by average stockholders' equity attributable to common stockholders for the period.

**RESULTS of OPERATIONS**

**Results of Operations for the Three Months ended March 31, 2022 Compared to the Three Months ended March 31. 2021**

***Revenue***

Revenue increased by 10.0% overall or $170,692 to $1,882,596 for the three months ended March 31, 2022 from $1,711,904 for the three months ended March 31, 2021. The increase in revenue was primarily due to a 11.8% or $164,009 increase in finance charges. Revenue from finance charges comprised 82.8% and 81.5% of overall revenue for the three months ended March 31, 2022 and 2021, respectively.

During the three months ended March 31, 2022 compared to the three months ended March 31, 2021, the company financed an additional $2,141,928 in new loan originations. This increase was due largely to increased marketing efforts throughout our established states. Although the Company increased amounts financed, the total quantity of loan originations remained stable for the three months ended March 31, 2022 as compared to the three months ended March 31, 2021. The quantity of loan originations is directly correlated to the origination charge revenue, as the Company immediately recognizes an origination fee on substantially all new loans.

Under the terms of the line of credit agreement, the loan receivables and our other assets provide the collateral for the loan. As the receivables increase, driven by new sales, the company has greater borrowing power, giving it the opportunity generate additional sales. In February 2021, the Company executed a $35,000,000 line of credit with a new lender, terminating the previous line of credit. In October 2021, the Company further increased its borrowing power on its line of credit to $45,000,000, an increase of $10,000,000. The additional availability on our line of credit was an essential driver to our increased originations during the three months ended March 31, 2022 as compared to the three months ended March 31, 2021. See *Future Cash Requirements* for the Company's strategy regarding its line of credit.

***Expense***

Expenses increased by 8.7% or $127,201 to $1,581,908 for the three months ended March 31, 2022 from $1,454,707 for the three months ended March 31, 2021.

The increase in expenses was primarily due to increases in the following categories:

- $54,205 increase in professional fees primarily because of audit fees expensed as incurred, fees related to the trading of our common stock, and programming fees related to our software.
- $33,841 increase in other operating expenses as a result of general business growth. The primary cost increases were convention expenses, office repairs and maintenance, business travel, and licensing costs.
- $31,666 increase in interest expense as a result of increased borrowings on our line of credit. Although the Company increased borrowings on the line of credit of $3,142,389, an increase of 10.8%, for the three months ended March 31, 2022 over the three months ended March 31, 2021, interest expense increased by only 8.0% over the same period. The Company's new line of credit with First Horizon Bank has a lower minimum rate, which the Company has benefited from during the three months ended March 31, 2022 as compared to partially for the three months ended March 31, 2021. See *Liquidity and Capital Resources* for more information on the new line of credit.

***Income before Taxes***

Income before taxes increased by $43,491 to $300,688 for the three months ended March 31, 2022 from $257,197 for the three months ended March 31, 2021. This increase was attributable to the net increases and decreases as discussed above.

***Income Tax Provision***

Income tax provision decreased $1,320 to $75,623 for the three months ended March 31, 2022 from $76,943 for the three months ended March 31, 2021. This decrease was primarily attributable to temporary differences related to the allowance for doubtful accounts.

***Net Income***

Net Income increased by $44,811 to $225,065 for the three months ended March 31, 2022 from $180,254 for the three months ended March 31, 2021. This increase was attributable to the $43,491 increase in income before taxes related to increased business activity, and the $1,320 decrease in the provision for income taxes.

**<u>Comparison of Cash Flows for the Three Months Ended March 31, 2022 and March 31, 2021</u>**

***Cash Flows from Operating Activities***

We used $1,243,731 of cash in our operating activities in 2022 compared to $4,007,500 used in our operating activities in 2021. The decrease in cash used of $2,763,769 was primarily due to a $2,734,595 decrease of cash used to support working capital components partially offset by a $29,174 increase of net income as adjusted for noncash items.

The $2,734,595 decrease of cash used to support working capital components was primarily due to a $2,148,997 decrease in the change in premium finance contracts, a $802,377 decrease in the change in drafts payable, and a $310,191 increase in the change in prepaid expenses and other current assets, partially offset by a $541,174 increase in the change in accounts payable and accrued expenses. These are natural fluctuations in operating accounts that occur during the normal course of business. The Company expects net cash outflows from operations during periods of growth, which we experienced during the three months ended March 31, 2022 as well as the three months ended March 31, 2021. During both 2022 and 2021, the Company has utilized its increased availability on its line of credit leading to the increases in premium finance contracts receivable.

The $29,174 increase of cash from net earnings as adjusted by noncash items resulted primarily from an $44,811 increase in net income partially offset by a $8,948 decrease in bad debt expense. As the Company grew its receivables portfolio in 2021, bad debt expense increased to adjust the allowance accordingly.

***Cash Flows from Investing Activities***

We used $27,887 of cash in our investing activities in 2022 compared to $32,977 in cash used in 2021. The decrease in cash used of $5,090 is due primarily to the sale of property and equipment in 2022.

***Cash Flows from Financing Activities***

We received $1,357,517 of cash provided by our financing activities in 2022 compared to $3,969,087 provided by financing activities in 2021. The decrease in funds provided of $2,611,570 is due primarily to an decrease in proceeds from the line of credit of $1,677,133, a decrease in proceeds from notes payable – others of $331,965, an increase in repayments of notes payable – others of $215,000, and an increase in repayments of notes payable – stockholders and related parties of $181,302. In 2021, the Company began utilizing its increased line of credit to finance its increased premium finance contracts receivable. In conjunction with the new line of credit, the Company was required to increase its subordinated debt, which accounts for the increases in proceeds from notes payable – related parties and notes payable – others, leading to a substantial increase of cash provided by financing activities in 2021.

**LIQUIDITY and CAPITAL RESOURCES as of March 31, 2022**

We had $106,886 cash and a working capital surplus of $10,783,990 at March 31, 2022. A significant working capital surplus is generally expected through the normal course of business due primarily to the difference between the balance in loan receivables and the related line of credit liability. As discussed in the *Revenues* section, the Company's line of credit is currently the primary source of operating funds. In February 2021, the Company entered into a contract with a new lender, First Horizon Bank, for a two-year $35,000,000 line of credit. In October 2021, the Company further increased its borrowing power on its line of credit to $45,000,000, an increase of $10,000,000. The terms of the new line of credit are generally more favorable than the previous line of credit, including an interest rate based on the 30-day LIBOR rate plus 2.85% with a minimum rate of 3.35%. The previous, terminated line of credit had an interest rate based on the 30-day LIBOR rate plus 2.75% with a minimum rate of 3.75%. We anticipate that the interest rate we pay on our revolving credit agreement may rise due to the recently adopted benchmark interest rate increase by the Federal Reserve Board. We believe that we will be able to pass along any interest rate increase to our borrowers so that our net interest spread will not be adversely affected. Furthermore, because of the short-term nature of our loans, we are not bound to any particular loan and its fixed interest rate for a long period of time. Based on our estimates and taking into account the risks and uncertainties of our plans, we believe that we will have adequate liquidity to finance and operate our business and repay our obligations as they become due for at least the next 12 months.

During the three months ended March 31, 2022, the Company raised an additional $200,000 in subordinated notes payable – others, repaid $215,000 of subordinated notes payable – others, and repaid $181,302 in subordinated notes payable – stockholders and related parties. The Company utilizes its inflows from subordinated debt as a financing source before drawing additionally from the line of credit.

***Future Cash Requirements***

As the Company anticipates its growth patterns to continue, the larger line of credit is paramount to fueling this growth. By securing its larger line of credit, the Company can expect to satisfy the cash requirements anticipated by its future growth, Coinciding with these goals, in February 2021, the Company entered into a contract with a new lender for a two-year $35,000,000 line of credit. In October 2021, the Company further increased its borrowing power on its line of credit to $45,000,000, an increase of $10,000,000.

***Uses of Liquidity and Capital Resources***

We require cash to fund our operating expenses and working capital requirements, including costs associated with our premium finance loans, capital expenditures, debt repayments, acquisitions (if any), pursuing market expansion, supporting sales and marketing activities, and other general corporate purposes. While we believe we have sufficient liquidity and capital resources to fund our operations and repay our debt, we may elect to pursue additional financing activities such as refinancing or expanding existing debt or pursuing other debt or equity offerings to provide flexibility with our cash management and provide capital for potential acquisitions.

***Off-balance Sheet Arrangements***

None.

**CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

We consider the following to be our most critical accounting policy because it involves critical accounting estimates and a significant degree of management judgment:

*Allowance for premium finance contract receivable losses*

We are subject to the risk of loss associated with our borrowers' inability to fulfill their payment obligations, the risk that we will not collect sufficient unearned premium refunds on the cancelled policies on the defaulted loans to fully cover the unpaid loan principal and the risk that payments due us from insurance agents and brokers will not be paid.

The carrying amount of the Premium Finance Contracts ("Contracts") is reduced by an allowance for losses that are maintained at a level which, in management's judgment, is adequate to absorb losses inherent in the Contracts. The amount of the allowance is based upon management's evaluation of the collectability of the Contracts, including the nature of the accounts, credit concentration, trends, and historical data, specific impaired Contracts, economic conditions, and other risks inherent in the Contracts. The allowance is increased by a provision for loan losses, which is charged to expense, and reduced by charge-offs, net of recovery.

In addition, specific allowances are established for accounts past due over 120 days. Individual contracts are written off against the allowance when collection of the individual contracts appears doubtful. The collectability of outstanding and cancelled contracts is generally secured by collateral in the form of the unearned premiums on the underlying policies and accordingly historical losses are approximately 1% to 1.5% of the principal amount of loans made each year. The Company considers historical losses in determining the adequacy of the allowance for doubtful accounts. The collectability of amounts due from agents is determined by the financial strength of the agency.

*Stock-Based Compensation*

We account for stock-based compensation by measuring and recognizing as compensation expense the fair value of all share-based payment awards made to directors, executives, employees and consultants, including employee stock options related to our 2019 Equity Incentive Plan and stock warrants based on estimated grant date fair values. The determination of fair value involves a number of significant estimates. We use the Black Scholes option pricing model to estimate the value of employee stock options and stock warrants which requires a number of assumptions to determine the model inputs. These include the expected volatility of our stock and employee exercise behavior which are based expectations of future developments over the term of the option.

**Item 3. Quantitative and Qualitative Disclosures About Market Risk.**

Not required.

## Item 4. Controls and Procedures.

### Evaluation of Disclosure Controls and Procedures

As required by Rule 13a-15(b) of the Exchange Act, we have evaluated, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of March 31, 2022. Our disclosure controls and procedures are designed to provide reasonable assurance that the information required to be disclosed by us in reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure and is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. Based upon the evaluation, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures were effective at March 31, 2022 at the reasonable assurance level.

### Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that occurred during the quarter ended March 31, 2022 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.**

The Company becomes involved in various legal proceedings and claims in the normal course of business. In management's opinion, the ultimate resolution of these matters will not have a material effect on our financial position or results of operations.

**Item 1A. Risk Factors.**

Our operations and financial results are subject to various risks and uncertainties, including those described in the Part I. "Item 1A. Risk Factors" section of our Annual Report on Form 10-K for the year ended December 31, 2021 filed with the Securities and Exchange Commission ("SEC") on March 25, 2022 ("2021 Form 10-K"), which could adversely affect our business, financial condition, results of operations and cash flows. During the three months ended March 31, 2022, there have been no material changes in our risk factors disclosed in our 2021 Form 10-K.

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

On January 21, 2022 the Company issued 2,000 shares of its Series A Preferred Stock in exchange of $20,000 shares of its promissory notes. The transaction was exempt from registration pursuant to Section 3(a)(9) of the Securities Act of 1933.

*Dividend restrictions*

Our revolving credit agreement provides that we may only pay dividends on our equity securities so long as no event of default has occurred and is continuing and so long as the aggregate principal amount of our subordinated debt is at least $8.5 million.

*Working capital restrictions*

Our revolving credit agreement provides that we will maintain: (a) a ratio total liabilities to tangible net worth of not more that 3-to-one as of the end of each fiscal quarter, and (b) a fixed charge coverage ratio of not less than 1.25-to-one as of the end of each fiscal quarter.

**Item 3. Defaults Upon Senior Securities.**

None.

**Item 4. Mine Safety Disclosures.**

Not applicable.

**Item 5. Other Information.**

None.

**Item 6. Exhibits.**

**Exhibit Index**

| Exhibit Number | Description |
|---|---|
| 2.1 | Agreement of Share Exchange dated as of March 22, 2017 by and between Registrant, Standard Premium Finance Management Corporation and the shareholders of Standard Premium Finance Management Corporation. (Incorporated by reference to Exhibit 2.1 to Registrant's Registration Statement on Form 10 filed on January 19, 2021) |
| 3.1 | Articles of Incorporation of Registrant filed May 12, 2016. (Incorporated by reference to Exhibit 3.1 to Registrant's Registration Statement on Form 10 filed on January 19, 2021) |
| 3.2 | Articles of Amendment to Registrant's Articles of Incorporation filed May 31, 2016. (Incorporated by reference to Exhibit 3.2 to Registrant's Registration Statement on Form 10 filed on January 19, 2021) |
| 3.3 | Articles of Amendment to Articles of Incorporation filed May 17, 2017. (Incorporated by reference to Exhibit 3.3 to Registrant's Registration Statement on Form 10 filed on January 19, 2021) |
| 3.4 | By-laws of Registrant. (Incorporated by reference to Exhibit 3.1 to Registrant's Current Report on Form 8-K filed on May 2, 2022) |
| 4.1 | Description of Securities. (Incorporated by reference to Exhibit 4.1 to Registrant's Form 10-K filed on March 30, 2021) |
| 10.1* | 2019 Equity Incentive Plan. (Incorporated by reference to Exhibit 10.1 to Registrant's Registration Statement on Form 10 filed on January 19, 2021) |
| 10.2* | Form of Employee Incentive Stock Option Award Agreement. (Incorporated by reference to Exhibit 10.2 to Registrant's Registration Statement on Form 10 filed on January 19, 2021) |
| 10.3(a)* | Form of Warrant to Purchase Common Stock, $4.00 (Incorporated by reference to Exhibit 10.3(a) to Registrant's Registration Statement on Form 10 filed on January 19, 2021) |
| 10.3(b)* | Form of Warrant to Purchase Common Stock, $12.00 (Incorporated by reference to Exhibit 10.3(b) to Registrant's Registration Statement on Form 10 filed on January 19, 2021) |
| 10.4* | Schedule of Warrants to Purchase Common Stock issued on April 1, 2020. (Incorporated by reference to Exhibit 10.4 to Registrant's Registration Statement on Form 10 filed on January 19, 2021) |
| 10.5* | Consulting Agreement dated August 1, 2016 between Registrant and Bayshore Corporate Finance, LLC. (Incorporated by reference to Exhibit 10.5 to Amendment No. 1 to Registrant's Registration Statement on Form 10 filed on March 2, 2021) |

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|---|---|
| 10.6 | Lease Agreement dated March 1, 2018 between Registrant and Marlenko Acquisitions, LLC. (Incorporated by reference to Exhibit 10.6 to Registrant's Registration Statement on Form 10 filed on January 19, 2021) |
| 10.7* | Schedule of Employee Incentive Stock Options issued on March 1, 2020. (Incorporated by reference to Exhibit 10.7 to Registrant's Registration Statement on Form 10 filed on January 19, 2021) |
| 10.8 | Credit and Guaranty Agreement dated October 5, 2018 between Standard Premium Finance Management Corporation and Woodforest National Bank. (Incorporated by reference to Exhibit 10.8 to Registrant's Registration Statement on Form 10 filed on January 19, 2021) |
| 10.9 | Loan Agreement dated February 3, 2021 among Standard Premium Finance Management Corporation and First Horizon Bank. (Incorporated by reference to Exhibit 10.9 to Amendment No. 1 to Registrant's Registration Statement on Form 10 filed on March 2, 2021) |
| 14.1 | Code of Ethics. (Incorporated by reference to Exhibit 14.1 to Registrant's Form 10-K filed on March 30, 2021) |
| 21 | Subsidiaries of the Registrant. (Incorporated by reference to Exhibit 21 to Registrant's Registration Statement on Form 10 filed on January 19, 2021) |
| 31.1 | Rule 13a-14(a) / 15d-14(a) Certification of Principal Executive Officer. |
| 31.2 | Rule 13a-14(a) / 15d-14(a) Certification of Principal Financial Officer. |
| 32.1 | Section 1350 Certifications of Principal Executive Officer and Principal Financial Officer. |
| 101.INS | Inline XBRL Instance Document–the instance document does not appear in the Interactive Data File as its XBRL tags are embedded within the Inline XBRL document |
| 101.SCH | Inline XBRL Taxonomy Extension Schema |
| 101.CAL | Inline XBRL Taxonomy Extension Calculation Linkbase |
| 101.DEF | Inline XBRL Taxonomy Extension Definition Linkbase |
| 101.LAB | Inline XBRL Taxonomy Extension Label Linkbase |
| 101.PRE | Inline XBRL Taxonomy Extension Presentation Linkbase |
| 104 | Cover page formatted as Inline XBRL and contained in Exhibit 101 |

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* Indicates a management contract or compensatory plan or arrangement.

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) 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.

Date: May 13, 2022

STANDARD PREMIUM FINANCE HOLDINGS, INC.

By: /s/ William Koppelmann
William Koppelmann
Chairman, President and Chief Executive Officer
(Principal Executive Officer)

By: /s/ Brian Krogol
Brian Krogol
Chief Financial Officer
(Principal Financial Officer)

**EXHIBIT 31.1**

## CERTIFICATIONS

I, William Koppelmann, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Standard Premium Finance Holdings, 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(s) 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(s) 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.

Date: May 13, 2022

**EXHIBIT 31.2** By: /s/ William Koppelmann

William Koppelmann
Principal Executive Officer

**CERTIFICATIONS**

I, Brian Krogol, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Standard Premium Finance Holdings, 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(s) 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(s) 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.

Date: May 13, 2022

**EXHIBIT 32.1**

By: /s/ Brian Krogol
Brian Krogol
Principal Financial Officer

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, William Koppelmann, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of Standard Premium Finance Holdings, Inc. on Form 10-Q for the fiscal quarter ended March 31, 2022 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in such Form 10-Q fairly presents in all material respects the financial condition and results of operations of Standard Premium Finance Holdings, Inc.

May 13, 2022

By: /s/ William Koppelmann
William Koppelmann
Principal Executive Officer

I, Brian Krogol, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of Standard Premium Finance Holdings, Inc. on Form 10-Q for the fiscal quarter ended March 31, 2022 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in such Form 10-Q fairly presents in all material respects the financial condition and results of operations of Standard Premium Finance Holdings, Inc.

May 13, 2022

By: /s/ Brian Krogol
Brian Krogol
Principal Financial Officer