FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

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CCF Holdings LLC

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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, 2020

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

For the transition period from to to

Commission File Number: 333-231069

CCF HOLDINGS LLC

(Exact name of registrant as specified in its charter)

Ohio	**83-2704255**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
5165 Emerald Parkway, Suite 100, Dublin, Ohio	**43017**
(Address of principal executive offices)	(Zip Code)

(800) 837-0381

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

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 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 12-b-2 of the Act.) Yes ☐ No ☒

There is no market for the registrant’s equity. As of March 31, 2020, there were 992,857 units outstanding.

CCF Holdings LLC and Subsidiaries

Form 10-Q for the Quarterly Period Ended March 31, 2020

Table of Contents

CCF Holdings LLC and Subsidiaries

Consolidated Balance Sheets

March 31, 2020 and December 31, 2019

(In thousands, except share data)

	March 31, 2020 (unaudited)	December 31, 2019
Assets		
Current Assets		
Cash and cash equivalents	**$ 60,991**	$ 49,016
Restricted cash	**4,040**	6,090
Finance receivables, net of allowance for loan losses of $10,891 and $12,869	**59,309**	79,692
Card related pre-funding and receivables	**969**	970
Other current assets	**8,776**	10,273
Total current assets	**134,085**	146,041
Noncurrent Assets		
Finance receivables, net of allowance for loan losses of $529 and $959	**1,058**	2,303
Property, leasehold improvements and equipment, net	**36,686**	40,577
Right of use assets - operating leases	**35,839**	36,728
Goodwill	**—**	11,288
Other intangible assets	**2,536**	2,650
Security deposits	**5,156**	7,238
Total assets	**$ 215,360**	$ 246,825
Liabilities and Members' Equity		
Current Liabilities		
Accounts payable and accrued liabilities	**$ 26,839**	$ 30,195
Money orders payable	**3,300**	9,448
Accrued interest	**9,664**	2,544
Current portion of operating lease obligation	**12,741**	12,878
Current portion of subsidiary notes payable, net of deferred issuance cost of $1 and $1	**128**	127
Deferred revenue	**2,535**	2,535
Total current liabilities	**55,207**	57,727
Noncurrent Liabilities		
Operating lease obligation	**23,891**	24,403
Subsidiary notes payable, net of deferred issuance costs of $1,164 and $372	**73,406**	74,231
Secured notes payable	**40,000**	40,000
Senior PIK notes, at fair value	**36,670**	74,243
Deferred revenue	**1,817**	2,451
Total liabilities	**230,991**	273,055
Commitments and Contingencies		
Members' Equity		
Common units, par value $-0- per unit, 850,000 Class A and 142,857 Class B authorized and outstanding units at March 31, 2020 and December 31, 2019	**870**	870
Retained deficit	**(78,182)**	(51,208)
Accumulated other comprehensive income	**61,681**	24,108
Total members' deficit	**(15,631)**	(26,230)
Total liabilities and members' equity	**$ 215,360**	$ 246,825

See Notes to Unaudited Consolidated Financial Statements.

CCF Holdings LLC and Subsidiaries

Consolidated Statements of Operations and Comprehensive Income

Three Months Ended March 31, 2020 and 2019

(In thousands)

(Unaudited)

	Three Months Ended March 31,	
	2020	**2019**
Revenues:		
Finance receivable fees	**$ 44,515**	$ 48,829
Credit service fees	**5,636**	18,106
Check cashing fees	**15,189**	12,520
Card fees	**2,493**	3,215
Other	**8,146**	3,826
Total revenues	**75,979**	86,496
Operating expenses:		
Salaries	**16,863**	16,846
Provision for loan losses	**19,729**	21,286
Occupancy	**8,776**	8,538
Advertising and marketing	**810**	777
Depreciation and amortization	**4,580**	8,205
Other	**8,478**	6,993
Total operating expenses	**59,236**	62,645
Operating gross profit	**16,743**	23,851
Corporate and other expenses:		
Corporate expenses	**18,215**	17,099
Depreciation and amortization	**957**	1,481
Interest expense, net	**13,199**	11,386
Goodwill impairment	**11,288**	—
Total corporate and other expenses	**43,659**	29,966
Loss from continuing operations, before tax	**(26,916)**	(6,115)
Provision for income taxes	**58**	13
Net loss	**$ (26,974)**	$ (6,128)
Other comprehensive income (loss):		
Change in fair value of senior PIK notes	**37,573**	(14,645)
Other comprehensive income (loss):	**37,573**	(14,645)
Comprehensive income (loss)	**$ 10,599**	$ (20,773)

See Notes to Unaudited Consolidated Financial Statements.

CCF Holdings LLC and Subsidiaries

Consolidated Statements of Members' Equity

Three Months Ended March 31, 2020 and 2019

(Dollars in thousands)

(Unaudited)

	Three Months Ended March 31, 2020						
	Class A Units		Class B Units		Retained	Accumulated Other Comprehensive	
	Shares	Amount	Shares	Amount	Deficit	Income	Total
Balance, December 31, 2019	**850,000**	**$ 740**	**142,857**	**$ 130**	**$(51,208)**	**$ 24,108**	**$(26,230)**
Net loss	—	—	—	—	(26,974)	—	(26,974)
Change in fair value of senior PIK notes	—	—	—	—	—	37,573	37,573
Balance, March 31, 2020	**850,000**	**$ 740**	**142,857**	**$ 130**	**$(78,182)**	**$ 61,681**	**$(15,631)**

	Three Months Ended March 31, 2019						
	Class A Units		Class B Units		Retained Earnings	Accumulated Other Comprehensive	
	Shares	Amount	Shares	Amount	(Deficit)	Income (Loss)	Total
Balance, December 31, 2018	**850,000**	**$ 740**	**150,000**	**$ 130**	**$ 1,636**	**$ 6,635**	**$ 9,141**
Redemption of common units	—	—	(7,143)	—	—	—	—
Net loss	—	—	—	—	(6,128)	—	(6,128)
Change in fair value of senior PIK notes	—	—	—	—	—	(14,645)	(14,645)
Balance, March 31, 2019	**850,000**	**$ 740**	**142,857**	**$ 130**	**$ (4,492)**	**$ (8,010)**	**$(11,632)**

See Notes to Unaudited Consolidated Financial Statements.

CCF Holdings LLC and Subsidiaries
Consolidated Statements of Cash Flows
Three Months Ended March 31, 2020 and 2019
(In thousands, Unaudited)

	Three Months Ended March 31,	
	2020	**2019**
Cash flows from operating activities		
Net loss	$ **(26,974)**	$ (6,128)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Provision for loan losses	**19,729**	21,286
Goodwill impairment	**11,288**	—
Loss on disposal of assets	**593**	—
Gain on sale of receivables	**(207)**	—
Depreciation	**5,426**	9,576
Amortization of deferred debt issuance costs	**527**	43
Amortization of intangibles	**110**	110
Non-cash interest on PIK notes	**8,274**	7,408
Right of use assets - operating leases	**240**	1,209
Changes in assets and liabilities:		
Card related pre-funding and receivables	**1**	(1,268)
Other assets (1)	**3,738**	(2,060)
Deferred revenue	**(634)**	(633)
Accrued interest	**(1,154)**	17
Money orders payable	**(6,148)**	(1,149)
Lease termination payable	**—**	(387)
Accounts payable and accrued expenses	**(3,356)**	3,109
Net cash provided by operating activities	**11,453**	31,133
Cash flows from investing activities		
Net receivables collected (originated)	**583**	(9,045)
Proceeds from sale of receivables	**1,368**	—
Purchase of leasehold improvements and equipment	**(2,129)**	(1,298)
Net cash used in investing activities	**(178)**	(10,343)
Cash flows from financing activities		
Repurchase of secured notes	**—**	(2,000)
Payments on subsidiary note	**(32)**	(31)
Debt issuance costs	**(1,318)**	(1,070)
Net cash used in financing activities	**(1,350)**	(3,101)
Net increase in cash and cash equivalents and restricted cash	**9,925**	17,689
Cash and cash equivalents and restricted cash:		
Beginning	**55,106**	57,383
Ending	$ **65,031**	$ 75,072

(1) Other assets includes $155 remaining from the sale of receivables.

The following table reconciles cash and cash equivalents and restricted cash from the Consolidated Balance Sheets to the above statements:

	December 31,	
	2019	**2018**
Cash and cash equivalents	$ **49,016**	$ 53,208
Restricted Cash	**6,090**	4,175
Total cash and cash equivalents and restricted cash	$ **55,106**	$ 57,383

	March 31,	
	2020	**2019**
Cash and cash equivalents	$ **60,991**	$ 70,927
Restricted Cash	**4,040**	4,145
Total cash and cash equivalents and restricted cash	$ **65,031**	$ 75,072

See Notes to Unaudited Consolidated Financial Statements.

CCF Holdings LLC and Subsidiaries

Notes to Unaudited Consolidated Financial Statements

(Dollars in thousands)

Note 1. Ownership, Nature of Business, and Significant Accounting Policies

Nature of business: CCF Holdings, LLC (the "Company" or "CCF") is a provider of alternative financial services to unbanked and under-banked consumers. The Company was formed in 2018 and succeeded to the business and operations of Community Choice Financial Inc.. The Company owned and operated 474 retail locations in 12 states and was licensed to deliver similar financial services over the internet in 28 states as of March 31, 2020. Through its network of retail locations and over the internet, the Company provides customers a variety of financial products and services, including secured and unsecured, short-term and medium-term consumer loans, check cashing, prepaid debit cards, and other services that address the specific needs of its individual customers.

As an "emerging growth company", the Company is permitted to delay the adoption of new or revised accounting standards until such time as those standards apply to private companies. The Company has chosen to take advantage of the extended transition period for complying with new or revised accounting standards.

COVID-19 Pandemic: The 2019 novel coronavirus ("COVID-19") has adversely affected, and will continue to adversely affect, economic activity globally, nationally, and locally. It is unknown the extent to which COVID-19 may spread, may have a destabilizing effect on financial and economic activity and may increasingly have the potential to negatively impact the Company's and its customers' costs, demand for the Company's products and services, and the U.S. economy. These conditions could adversely affect the Company's business, financial condition, and results of operations. Further, COVID-19 may result in health or other government authorities requiring the closure of the Company's operations or other businesses of the Company's customers and suppliers, which could significantly disrupt the Company's operations and the operations of the Company's customers.

In response to the coronavirus, the Company has the majority of its corporate employees working remotely and has restricted operating hours at certain retail locations in order to ensure the safety or our employees and customers.
As of March 31, 2020, the Company had not yet experienced a significant decline in the demand for its products and services. However, through the date of filing, demand for loan products has been negatively impacted by the Covid-19 Pandemic and portfolio levels have declined as a result. Declining portfolio levels will have a negative impact on operating profits and liquidity and may impact our ability to meet all debt financing and covenant obligations.

A summary of the Company's significant accounting policies follows:

Basis of presentation: The accompanying interim unaudited consolidated financial statements of the Company have been prepared in accordance with the instructions to Form 10-Q and accounting principles generally accepted in the United States ("GAAP") for interim financial information. They do not include all information and footnotes required by GAAP for complete financial statements. Although management believes that the disclosures are adequate to prevent the information from being misleading, the interim unaudited consolidated financial statements should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2019, on Form 10-K filed with the Securities & Exchange Commission on March 12, 2020. All adjustments, consisting of normal recurring adjustments, considered necessary for a fair statement of the Company's financial condition, have been included. The results for any interim period are not necessarily indicative of results to be expected for the year ending December 31, 2020.

Reclassifications: Certain amounts reported in the 2019 consolidated financial statements have been reclassified to conform to classifications presented in the 2020 consolidated financial statements, without affecting the previously reported net income or members' equity. See Note 7 for further details.

Basis of consolidation: The accompanying consolidated financial statements include the accounts of CCF and subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

Business segments: FASB Accounting Standards Codification ("ASC") Topic 280 Segment Reporting requires that a public enterprise report a measure of segment profit or loss, certain specific revenue and expense items, segment assets, information about the way operating segments were determined and other items. The Company reports operating segments in accordance with FASB ASC Topic 280. Operating segments are components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker in determining how to allocate resources and assess performance. The Company operates in two segments: Retail financial services ("Retail segment") and Internet financial services ("Internet segment").

Equity method investments: Entities and investments over which the Company exercises significant influence over the activities of the entity but which do not meet the requirements for consolidation are accounted for using the equity method of accounting pursuant to ASC 323, whereby the Company records its share of the underlying income or loss of these entities. Intercompany profit arising from transactions with affiliates is eliminated to the extent of its beneficial interest. Equity in losses of equity method investments is not recognized after the carrying value of an investment, including advances and loans, has been reduced to zero, unless guarantees or other funding obligations exist.

Revenue recognition: Transactions include loans, credit service fees, check cashing, bill payment, money transfer, money order sales, and other miscellaneous products and services. The recognized revenue from these transactions is classified in the following categories:

Finance receivables fees—Advance fees and direct costs incurred for the origination of secured and unsecured short-term and medium-term consumer loans are deferred and amortized over the loan period using the interest method. Revenue on loans determined to be troubled debt restructurings are recognized at the impaired loans' original interest rates until the impaired loans are charged off or paid by the customer. Revenues from short-term and medium-term consumer loans are recognized and the performance obligation is satisfied over the term of the loan.

Credit service fees—Credit service organization and credit access bureau (collectively "CSO") fees are recognized over the arranged credit service period. ASC 606 requires product sales to be allocated based on performance obligation. CSO performance obligations include the guarantee and the arrangement of the loan. The guarantee portion of the fees are recognized over the period of the loan as the guarantee represents the primary performance obligation. The arrangement of the loan represents a small portion of the CSO fee, and the net impact resulting from the application of ASC 606 for this portion of the fee would not be material. Credit service fees are recognized and the performance obligation is satisfied over the term of the related loan.

Check cashing fees—The full amount of the check cashing fee is recognized as revenue at the time of the transaction. The revenue is recognized and the performance obligation is satisfied at the time the service is provided.

Card fees and Other—The Company acts in an agency capacity regarding bill payment services, money transfers, card products, and money orders offered and sold at its retail locations. The Company records the net amount retained as revenue because the supplier is the primary obligor in the arrangement, the amount earned by the Company is fixed, and the supplier is determined to have the ultimate credit risk. The revenue is recognized and the performance obligation is satisfied at the time the service is provided.

Disaggregation of revenues—Revenues for finance receivable and CSO fees are recognized over the term of the loan and were $50,151 and $66,935 for the three months ended March 31, 2020, and 2019, respectively. Revenues for check cashing, card fees, and other are recognized at the time of service and were $25,828 and $19,561 for the three months ended March 31, 2020, and 2019, respectively.

Finance receivables: Finance receivables consist of short term and medium-term consumer loans.

Short-term consumer loans can be unsecured or secured with a maturity up to ninety days. Unsecured short-term loan products typically range in principal from $100 to $1,000, with a maturity between fourteen and thirty days, and include a written agreement to defer the presentment of the customer's personal check or preauthorized debit for the aggregate amount of the advance plus fees. This form of lending is based on applicable laws and regulations, which vary by state. State statutes vary from charging fees of 5% to 27%, to charging interest up to 25% per month. The customers repay the cash advance by making cash payments or allowing a check or preauthorized debit to be presented. Secured consumer loans with a maturity of ninety days or less are included in this category and represented 16.8% and 14.2% of short-term consumer loans at March 31, 2020 and December 31, 2019, respectively.

Medium-term consumer loans can be unsecured or secured with a maturity greater than ninety days and up to thirty-six months. Unsecured medium-term products typically range from $100 to $5,000, and are evidenced by a promissory note with a maturity between three and thirty-six months. These consumer loans vary in structure depending upon the applicable laws and regulations where they are offered. The medium-term consumer loans are payable in installments or provide for a line of credit with periodic payments. Secured consumer loans with a maturity greater than ninety days are included in this category and represented 11.0% and 15.4% of medium-term consumer loans at March 31, 2020, and December 31, 2019, respectively.

Allowance for loan losses: Provisions for loan losses are charged to income in amounts sufficient to maintain an adequate allowance for loan losses, an adequate accrual for losses related to guaranteed loans processed for third-party lenders under the CSO program, and an accrual for the debt buyer liability. The factors used in assessing the overall adequacy of the allowance for loan losses, the accrual for losses related to guaranteed loans made by third-party lenders, and the debt buyer liability, and the resulting provision for loan losses include an evaluation by product, by market based on historical loan loss experience, and delinquency of certain medium-term consumer loans. The Company evaluates various qualitative factors that may or may not affect the computed initial estimate of the allowance for loan losses, by using internal valuation inputs including historical loan loss experience, delinquency, overall portfolio quality, and current economic conditions.

For short term unsecured consumer loans, the Company's policy is to charge off loans when they become past due. The Company's policy dictates that, where a customer has provided a check or an electronic payment authorization for presentment upon the maturity of a loan, if the customer has not paid off the loan by the due date, the Company will deposit the customer's check or draft the customer's bank account for the amount due. If the check or draft is returned as unpaid, all accrued fees and outstanding principal are charged-off as uncollectible. For short term secured loans, the Company's policy requires that balances be charged off when accounts are either thirty or sixty days past due depending on the product. The Company had $1,614 and $1,560 of loans in non-accrual status as of March 31, 2020 and December 31, 2019, respectively. The amount of the resulting charge-off includes unpaid principal, accrued interest and any uncollected fees, if applicable.

For medium term secured and unsecured consumer loans that have a term of one year or less, the Company's policy requires that balances be charged off when accounts are sixty days past due. For medium term secured and unsecured consumer loans that have an initial maturity of greater than one year, the Company's policy requires that balances be charged off when accounts are ninety-one days past due. The Company accrues interest on past-due loans until charge off. The amount of the resulting charge-off includes unpaid principal, accrued interest and any uncollected fees, if applicable.

In certain markets, the Company reduced interest rates and favorably changed payment terms for medium-term consumer loans to assist borrowers in avoiding default and to mitigate risk of loss. These reduced interest rates and changed payment terms were limited to loans that the Company believed the customer had the ability to pay in the foreseeable future. These loans were accounted for as troubled debt restructurings and represent the only loans considered impaired due to the nature of the Company's charge-off policy.

Recoveries of amounts previously charged off are recorded to the allowance for loan losses or the accrual for third-party losses in the period in which they are received.

Goodwill and other intangible assets: Goodwill, or cost in excess of fair value of net assets of the companies acquired, is recorded at its carrying value and is periodically evaluated for impairment. The Company tests the carrying value of goodwill and other intangible assets annually as of December 31 or when the events and circumstances warrant such a review. One of the methods for this review is performed using estimates of future cash flows. If the carrying value of goodwill or other intangible assets is considered impaired, an impairment charge is recorded for the amount by which the carrying value of the goodwill or intangible assets exceeds its fair value. Changes in estimates of cash flows and fair value, however, could affect the valuation.

Due to the macroeconomic effects of the COVID-19 pandemic, the Company conducted a test for impairment of goodwill for the Retail segment as of March 31, 2020, and recorded an impairment of $11,288. The methodology for determining the fair value was a combination of quoted market prices, prices of comparable businesses, discounted cash flows and other valuation techniques. The Company's goodwill was fully impaired as of March 31, 2020.

The Company's other intangible assets consist of a trade name. The amount recorded for other intangible assets is amortized using the straight-line method over seven years. Intangible amortization expense was $110 for the three months ended March 31, 2020, and 2019. Intangible assets were determined to be not impaired as of March 31, 2020.

Debt buyer liability: The Company records a liability for the secured and unsecured revolving loans offered by a third party expected to default, as the Company is required to purchase loans that default per a debt buying agreement. This liability is disclosed as part of accounts payable and accrued liabilities on the consolidated balance sheet.

Fair value of financial instruments: Financial assets and liabilities measured at fair value are grouped in three levels. The levels prioritize the inputs used to measure the fair value of the assets or liabilities. These levels are:

- Level 1—Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2—Inputs other than quoted prices that are observable for assets and liabilities, either directly or indirectly. These inputs include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are less attractive.
- Level 3—Unobservable inputs for assets and liabilities reflecting the reporting entity's own assumptions.

The Company follows the provisions of ASC 820-10, *Fair Value Measurements and Disclosures,* which applies to all assets and liabilities that are being measured and reported on a fair value basis. ASC 820-10 requires a disclosure that establishes a framework for measuring fair value within GAAP and expands the disclosure about fair value measurements. This standard enables a reader of consolidated financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. The standard requires that assets and liabilities carried at fair value be classified and disclosed in one of the three categories.

In determining the appropriate levels, the Company performed a detailed analysis of the assets and liabilities that are subject to ASC 820-10. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3. The Company's financial instruments consist primarily of cash and cash equivalents, finance receivables, restricted cash, and notes payable. For all such instruments, including notes payable at March 31, 2020, and December 31, 2019, the carrying amounts in the consolidated financial statements approximate their fair values. Finance receivables are short term in nature and are originated at prevailing market rates and lines of credit bear interest at current market rates. The fair value of finance receivables at March 31, 2020 and December 31, 2019, approximates carrying value and is measured using internal valuation inputs including historical loan loss experience, delinquency, overall portfolio quality, and current economic conditions.

The fair value of the PIK notes was determined at March 31, 2020 and December 31, 2019. As more fully described in Note 5, the fair value of the PIK notes was determined using an approach that considered both a Black Scholes option price methodology and the intrinsic value of the notes on an ''as-if-converted'' basis.

	March 31, 2020		
	Carrying Amount	Fair Value	Level
Financial assets:			
Cash and cash equivalents	**$ 60,991**	$ 60,991	1
Restricted cash	**4,040**	4,040	1
Finance receivables	**60,367**	60,367	3
Financial liabilities:			
Senior PIK Notes	**36,670**	36,670	3
Secured Note Payable	**40,000**	40,000	2
Subsidiary Note payable	**74,699**	74,699	2

	December 31, 2019		
	Carrying Amount	Fair Value	Level
Financial assets:			
Cash and cash equivalents	**$ 49,016**	$ 49,016	1
Restricted cash	**6,090**	6,090	1
Finance receivables	**81,995**	81,995	3
Financial liabilities:			
Senior PIK Notes	**74,243**	74,243	3
Secured Note Payable	**40,000**	40,000	2
Subsidiary Note payable	**74,731**	74,731	2

Recent Accounting Pronouncements: In January 2017, the FASB issued ASU No. 2017-04, Intangibles – Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment. This guidance eliminates Step 2 from the goodwill impairment test. The annual, or interim, goodwill impairment test is performed by comparing the fair value of a reporting unit with its carrying amount. Any impairment charge should be recognized for the amount by which the carrying amount exceeds the reporting unit's fair value, however, the loss recognized should not exceed the total amount of goodwill. This guidance also eliminates the requirements for any reporting unit with a zero or negative carrying amount to perform a qualitative assessment, and if it fails that qualitative test, to perform Step 2 of the goodwill impairment test. This guidance is effective for annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2021 for emerging growth companies. The Company elected to early adopt the provisions of ASU 2017-04 during the three months ended March 31, 2020.

Subsequent events: The Company has evaluated its subsequent events (events occurring after March 31, 2020) through the issuance date of May 15, 2020.

Note 2. Finance Receivables, Credit Quality Information and Allowance for Loan Losses

Finance receivables representing amounts due from customers for advances at March 31, 2020, and December 31, 2019, consisted of the following:

	March 31, 2020	December 31, 2019
Short-term consumer loans:		
Secured	**$ 7,560**	$ 8,774
Unsecured	**37,348**	53,199
Total short-term consumer loans	**44,908**	61,973
Medium-term consumer loans		
Secured	**3,103**	5,612
Unsecured	**25,141**	30,745
Total medium-term consumer loans	**28,244**	36,357
Total gross receivables	**73,152**	98,330
Unearned advance fees, net of deferred loan origination costs	**(1,365)**	(2,507)
Finance receivables before allowance for loan losses	**71,787**	95,823
Allowance for loan losses	**(11,420)**	(13,828)
Finance receivables, net	**$ 60,367**	$ 81,995
Finance receivables, net		
Current portion	**$ 59,309**	$ 79,692
Non-current portion	**1,058**	2,303
Total finance receivables, net	**$ 60,367**	$ 81,995

Changes in the allowance for loan losses by product type for the three months ended March 31, 2020, are as follows:

	Balance 1/1/2020	Provision	Charge-Offs	Recoveries	Balance 3/31/2020	Receivables 3/31/2020	Allowance as a percentage of receivables
Short-term consumer loans	$ 2,654	$ 8,068	$(17,366)	$ 8,790	$ 2,146	$ 44,908	4.78 %
Medium-term consumer loans	11,174	5,556	(8,083)	627	9,274	28,244	32.84 %
	$13,828	$13,624	$(25,449)	$ 9,417	$11,420	$ 73,152	15.61 %

The provision for loan losses for the three months ended March 31, 2020, also includes losses from returned items from check cashing of $1,320.

The Company evaluates all short-term and medium-term consumer loans collectively for impairment, except for individually evaluating certain unsecured medium-term loans that have been modified and classified as troubled debt restructurings. In certain markets, the Company reduced interest rates and favorably changed payment terms for certain unsecured medium-term consumer loans to assist borrowers in avoiding default and to mitigate risk of loss. The provision and subsequent charge off related to these loans totaled $11 and is included in the provision for medium-term consumer loans for the three months ended March 31, 2020. For these loans evaluated for impairment, there were $22 of payment defaults during the three months ended March 31, 2020. The troubled debt restructurings during the three months ended March 31, 2020, are subject to an allowance of $2 with a net carrying value of $4 at March 31, 2020.

Changes in the allowance for loan losses by product type for the three months ended March 31, 2019, are as follows:

	Balance 1/1/2019	Provision	Charge-Offs	Recoveries	Balance 3/31/2019	Receivables 3/31/2019	Allowance as a percentage of receivables
Short-term consumer loans	$2,018	$ 7,572	$(16,402)	$ 9,127	$2,315	$ 51,283	4.51 %
Medium-term consumer loans	1,456	6,933	(5,633)	968	3,724	28,872	12.90 %
	$3,474	$14,505	$(22,035)	$ 10,095	$6,039	$ 80,155	7.53 %

The provision for loan losses for the three months ended March 31, 2019, also includes losses from returned items from check cashing of $1,023.

The provision and subsequent charge off related to troubled debt restructurings totaled $10 and is included in the provision for medium-term consumer loans for the three months ended March 31, 2019. For these loans evaluated for impairment, there were $23 of payment defaults during the three months ended March 31, 2019. The troubled debt restructurings during the three months ended March 31, 2019, are subject to an allowance of $3 with a net carrying value of $6 at March 31, 2019.

The Company has subsidiaries that facilitate third-party lender loans under the CSO model. Changes in the accrual for third-party lender losses for the three months ended March 31, 2020, and 2019, were as follows:

	Three Months Ended March 31,	
	2020	2019
Short-term balance, beginning of period	**$ 1,304**	$ 4,454
Provision for loan losses	**2,124**	2,857
Charge-offs, net	**(2,617)**	(4,410)
Short-term balance, end of period	**$ 811**	$ 2,901
Medium-term balance, beginning of period	**$ 1,266**	$ 59
Provision for loan losses	**(148)**	2,901
Charge-offs, net	**(260)**	(7)
Medium-term balance, end of period	**$ 858**	$ 2,953
Total balance, beginning of period	**$ 2,570**	$ 4,513
Provision for loan losses	**1,976**	5,758
Charge-offs, net	**(2,877)**	(4,417)
Total balance, end of period	**$ 1,669**	$ 5,854

A subsidiary of the Company offers a CSO product in Texas, and another subsidiary offered a CSO product in Ohio until April 2019, to assist consumers in obtaining credit with unaffiliated third-party lenders. Ohio House Bill 123 ("HB123") prohibits CSO transactions in Ohio on or after April 28, 2019, at which time, the Ohio CSO product was no longer offered. Total gross finance receivables for which the Company has recorded an accrual for third-party lender losses totaled $5,839 and $12,096 at March 31, 2020, and December 31, 2019, respectively, and the corresponding guaranteed consumer loans are disclosed as an off-balance sheet arrangement. The total gross finance receivables for the Ohio CSO product consist of $2,585 and $7,143 in medium-term loans at March 31, 2020, and December 31, 2019, respectively. The total gross finance receivables for the Texas CSO product consist of $3,254 and $4,953 in short-term loans at March 31, 2020 and December 31, 2019, respectively.

For the Ohio CSO Program, the Company was required to purchase $80 and $9,898 of short-term loans and $616 and $63 of medium-term loans during the three months ended March 31, 2020, and 2019, respectively. As these loans were in default when purchased, they met the Company's policy and were fully charged-off at acquisition. The

Company recognized recoveries of $38 and $6,936 of short-term and $368 and $58 of medium-term collections on these loans during the three months ended March 31, 2020, and 2019, respectively.

For the Texas CSO Program, the Company was required to purchase $4,473 and $2,547 of short-term loans during the three months ended March 31, 2020 and 2019, respectively. As these loans were in default when purchased, they met the Company's policy and were fully charged-off at acquisition. The Company recognized recoveries of $2,107 and $1,205 of short-term collections on these loans during the three months ended March 31, 2020, and 2019, respectively.

Additionally, certain subsidiaries of ours entered into a debt buying agreement with other third parties whereby the subsidiaries will purchase certain delinquent loans. Total gross finance receivables for which the Company recorded a debt buyer liability were $26,667 and $28,444 and the amount reserved for the debt buyer liability was $3,408 and $3,474 as of March 31, 2020 and December 31, 2019, respectively. The purchase price for any delinquent loan is equal to an agreed upon percentage of the unpaid principal balance and accrued interest and fees. The Company records these at fair value and the difference between the purchase price and expected recoverability is charged through the provision for loan losses. The Company has determined the fair value at repurchase based on a historical review of collections on defaulted or delinquent loans. The Company will sell to a third-party or will charge-off the remaining balance after a certain time period of collections activity.

Under the debt buying agreement, the Company's subsidiary purchased $4,116 of loans and recognized recoveries of $1,241 of collections on these loans during the three months ended March 31, 2020.

Changes in the accrual for the debt buyer liability for the three months ended March 31, 2020, were as follows:

		Three Months Ended March 31, 2020
Balance, beginning of period	$	**3,474**
Provision for loan losses		**2,809**
Charge-offs, net		**(2,875)**
Balance, end of period	$	**3,408**

The Company considers the near-term repayment performance of finance receivables as its primary credit quality indicator. The Company performs credit checks through consumer reporting agencies on certain borrowers. If a third-party lender provides the advance, the applicable third-party lender decides whether to approve the loan and establishes all of the underwriting criteria and terms, conditions, and features of the customer's loan agreement.

The aging of receivables at March 31, 2020, and December 31, 2019, were as follows:

	March 31, 2020		December 31, 2019	
Current finance receivables	**$ 63,751**	**87.1 %**	$86,935	88.4 %
Past due finance receivables (1 - 30 days)				
Secured short-term consumer loans	**1,229**	**1.7 %**	1,513	1.5 %
Unsecured short-term consumer loans	**1,070**	**1.5 %**	1,132	1.2 %
Short-term consumer loans	**2,299**	**3.2 %**	2,645	2.7 %
Secured medium-term consumer loans	**812**	**1.1 %**	1,321	1.3 %
Unsecured medium-term consumer loans	**3,307**	**4.5 %**	4,241	4.3 %
Medium-term consumer loans	**4,119**	**5.6 %**	5,562	5.7 %
Total past due finance receivables (1 - 30 days)	**6,418**	**8.8 %**	8,207	8.4 %
Past due finance receivables (31 - 60 days)				
Secured medium-term consumer loans	**331**	**0.5 %**	461	0.5 %
Unsecured medium-term consumer loans	**2,120**	**2.9 %**	2,373	2.4 %
Medium-term consumer loans	**2,451**	**3.4 %**	2,834	2.9 %
Total past due finance receivables (31 - 60 days)	**2,451**	**3.4 %**	2,834	2.9 %
Past due finance receivables (61 - 90 days)				
Secured medium-term consumer loans	**12**	**0.0 %**	10	- %
Unsecured medium-term consumer loans	**520**	**0.7 %**	344	0.3 %
Medium-term consumer loans	**532**	**0.7 %**	354	0.3 %
Total past due finance receivables (61 - 90 days)	**532**	**0.7 %**	354	0.4 %
Total delinquent	**9,401**	**12.9 %**	11,395	11.6 %
	$ 73,152	**100.0 %**	$98,330	100.0 %
Finance receivables in non-accrual status	**$ 1,614**	**2.2 %**	$ 1,560	1.6 %

Note 3. Related Party Transactions and Balances

There were no new significant related party transactions, or material changes to existing related party transactions, during the three months ended March 31, 2020.

Note 4. Goodwill and Other Intangible Assets

The following table summarizes goodwill and other intangible assets as of March 31, 2020 and December 31, 2019:

	March 31, 2020	December 31, 2019
Goodwill	**$ —**	$ 11,288
Other intangible assets, net:		
Trade names	**$ 2,513**	$ 2,624
Favorable lease	**23**	26
	$ 2,536	$ 2,650

The Company tests the carrying value of goodwill and other intangible assets annually as of December 31 or when the events and circumstances warrant such a review. One of the methods for this review is performed using estimates of future cash flows. If the carrying value of goodwill or other intangible assets is considered impaired, an impairment charge is recorded for the amount by which the carrying value of the goodwill or intangible assets exceeds its fair value. Changes in estimates of cash flows and fair value, however, could affect the valuation.

Due to the macroeconomic effects of the COVID-19 pandemic, the Company conducted a test for impairment of goodwill for the Retail segment as of March 31, 2020 and recorded an impairment of $11,288. The methodology for determining the fair value was a combination of quoted market prices, prices of comparable businesses, discounted cash flows and other valuation techniques. For the discounted cash flow model, the most significant inputs were revenue and EBITDA projections, expected changes in working capital, and capital expenditure needs. The discount rate used in the model was approximately 17.0%. The Company's goodwill was fully impaired as of March 31, 2020.

The carrying amounts of goodwill by reportable segment at March 31, 2020 were as follows:

	Retail Financial Services	Internet Financial Services	Total
Goodwill	$ 11,288	$ —	$ 11,288
Accumulated impairment losses	(11,288)	—	(11,288)
	$ —	$ —	$ —

Intangible amortization expense was $110 for the three months ended March 31, 2020 and 2019. There were no significant changes to other intangible assets during the three months ended March 31, 2020. Intangible assets were determined to be not impaired as of March 31, 2020.

Note 5. Pledged Assets and Debt

PIK notes payable at March 31, 2020 and December 31, 2019 consisted of the following:

	March 31, 2020			December 31, 2019		
	Principal	Discount	Fair Value	Principal	Discount	Principal
Senior PIK notes, 10.750% interest payable in-kind, due December 2023	**$307,860**	**$271,190**	**$36,670**	$307,860	$233,617	$74,243
	307,860	**271,190**	**36,670**	307,860	233,617	74,243
Less current maturities	**—**	**—**	**—**	—	—	—
Long-term portion	**$307,860**	**$271,190**	**$36,670**	$307,860	$233,617	$74,243

The Company elected to apply the fair value option to the PIK Notes because the notes were initially recognized at a significant discount, all subsequent interest will be paid-in kind rather than in cash, and management expects it to be likely that the notes will be converted to equity upon maturity. For these reasons, management believes reporting the PIK Notes at fair value provides better information to the users of the Company's financial statements. The fair value option was not elected for the Company's other debt obligations because they do not have the same characteristics as the PIK Notes.

The fair value of the PIK Notes was determined using an approach that considered both a Black Scholes option price methodology and the intrinsic value of the notes on an ''as-if-converted'' basis. This approach was selected because the PIK Notes are expected to be converted to equity upon redemption and the face value of the PIK Notes is greater than the enterprise value of the Company. Significant assumptions used in the Black Scholes option price methodology include the following:

	March 31, 2020	December 31, 2019
Risk-free interest rate	0.33%	1.65%
Dividend yield	0.00%	0.00%
Expected volatility	43.00%	39.30%
Expected term (years)	3.70	3.95

The risk-free interest rate is based on the yield on 5-year Treasury bonds, and the expected volatility was determined using the guideline public company method. The expected term is based on when management expects the

PIK Notes to be redeemed for equity. The intrinsic value at each measurement date is based on the estimated enterprise value adjusted for net debt, and assumes a redemption of all outstanding PIK Notes at that time. An average of the allocated value from the Black Scholes option price methodology and the intrinsic value is used to estimate fair value at each measurement date.

The change in the fair value of the PIK Notes during the three months ended March 31, 2020 and 2019, of ($37,573) and $14,645, respectively, has been recognized in other comprehensive income as the entire change in fair value is attributable to the instrument-specific credit risk of the PIK Notes. We measure the fair value of the PIK Notes on a quarterly basis using a similar methodology, unless there is a quoted market price that can be used instead.

Interest on the PIK Notes accrues at the rate of 10.750% per annum and is payable by increasing the principal amount of the PIK Notes. Interest is payable semiannually in arrears for the prior six-month period on June 15 and December 15 to the Holders of PIK Notes of record on the immediately preceding June 1 and December 1. Interest on the PIK Notes is accrued and recorded as accrued interest until June 15 and December 15, at which time the accrual is released and the additional principal amount is recorded. Accrued interest for the PIK Notes at March 31, 2020, and December 31, 2019, was $9,653 and $1,379, respectively, and is included as a current liability on the Consolidated Balance Sheet.

On December 12, 2018, the Revolving Credit Agreement (which is an intercompany obligation and eliminated upon consolidation) was simultaneously amended and restated. The Revolving Credit Agreement initially provided for borrowings of up to $42,000 and had a maturity date of June 15, 2023. All borrowings under the Revolving Credit Agreement are secured by substantially all of the assets of CCF OpCo, CCF Intermediate Holdings LLC, a Delaware limited liability company, the sole member of CCF OpCo and our wholly owned subsidiary and certain of CCF OpCo's subsidiaries. The Revolving Credit Agreement is guaranteed by certain subsidiaries of CCF OpCo. We discuss this intercompany obligation because the intercompany obligation (and the collateral securing this intercompany obligation) has been given as security for the obligations under the Secured Notes. Borrowings under the Revolving Credit Agreement bear interest at a rate of 9.00% per annum. Those interest payments are used to fund the interest payments on the Secured Notes.

Secured notes payable at March 31, 2020, and December 31, 2019, consisted of the following:

	March 31, 2020			December 31, 2019		
	Principal	Deferred Issuance Costs	Net Principal	Principal	Deferred Issuance Costs	Net Principal
$40,000 Secured note payable, 9.00%, collateralized by all Guarantor Company assets, due June 2023	**$40,000**	**$ —**	**$40,000**	$40,000	$ —	$40,000
	40,000	**—**	**40,000**	40,000	—	40,000
Less current maturities	**—**	**—**	**—**	—	—	—
Long-term portion	**$40,000**	**$ —**	**$40,000**	$40,000	$ —	$40,000

On December 12, 2018, CCF Issuer issued an aggregate principal amount of $42,000 in Secured Notes to previous holders of secured obligations. The Secured Notes bear interest at 9.00% per annum and mature on June 15, 2023. Pursuant to the indenture dated as of September 6. 2018, CCF Issuer and Community Choice Holdings each granted a pledge over all of their respective assets. CCF Issuer was also required to pledge its interests in the Revolving Credit Agreement and the security granted as collateral for the obligations under the Revolving Credit Agreement. The SPV Indenture also contains restrictive covenants that limit our subsidiaries' ability to incur additional indebtedness, pay dividends on or make other distributions or repurchase our capital stock or the capital stock of our subsidiaries, make certain investments, enter into certain types of transactions with affiliates, create liens or merge with or into other companies.

On January 15, 2019, the Company repaid $2,000 of the outstanding borrowings under the Credit Agreement, and repurchased $2,000 of the Secured Notes and 7,143 Class B Common Units corresponding to the repurchased Secured Notes, with the payment allocated to the Secured Notes. The outstanding balances of the Credit Agreement and Secured Notes are $40,000 at March 31, 2020.

Subsidiary notes payable at March 31, 2020, and December 31, 2019, consisted of the following:

	March 31, 2020			December 31, 2019		
	Principal	Deferred Issuance Costs	Net Principal	Principal	Deferred Issuance Costs	Net Principal
$73,000 Note, secured, 16.75%, collateralized by acquired loans, due April 2021	**$73,000**	**$ 1,159**	**$71,841**	$73,000	$ 367	$72,633
$1,425 Term note, secured, 4.75%, collateralized by financed asset, due November 2024	**761**	**—**	**761**	777	—	777
$1,165 Term note, secured, 4.50%, collateralized by financed asset, due May 2021	**938**	**6**	**932**	954	6	948
	74,699	**1,165**	**73,534**	74,731	373	74,358
Less current maturities	**129**	**1**	**128**	128	1	127
Long-term portion	**$74,570**	**$ 1,164**	**$73,406**	$74,603	$ 372	$74,231

On December 12, 2018, CCFI Funding II LLC, a non-guarantor subsidiary of CCF OpCo, entered into an amendment to the Amended and Restated Loan and Security Agreement, dated as of April 25, 2017 (as amended, modified or supplemented from time to time, the "Ivy Credit Agreement") pursuant to which, among other things, our borrowings under the Ivy Credit Agreement were increased from $63,500 to $70,000.

The Ivy Credit Agreement was amended on March 18, 2019, to extend the maturity date to April 30, 2020, and establish an interest rate of 16.75% on the entire credit facility. The Agreement was further amended on September 9, 2019, to increase the Company's borrowings from $70,000 to $73,000. The Ivy Credit Agreement was amended on February 7, 2020, to extend the maturity date to April 30, 2021.

The $1,425 term note was amended on November 22, 2019, to extend the maturity date to November 22, 2024, and increased the interest rate to 4.75%.

Liquidity and Need for Additional Capital

As of April 24, 2020 (see Note 13 to the Company's financial statements, included elsewhere in this report), the Company's indebtedness includes $69,000 subject to the Ivy Credit Agreement that is due in the second quarter of 2021, and its expected cash position will not be sufficient to repay this indebtedness as it becomes due. Declining portfolio levels will have a negative impact on operating profits and liquidity and may impact our ability to meet the Ivy Credit Agreement and Revolving Credit Agreement covenants.

Management has hired advisors to assist with negotiations with the lenders to either amend or obtain waivers from those lenders. Ivy and its affiliates have been a long-term partner to the Company, directly providing the Ivy Credit Agreement, and indirectly through involvement in the third-party lender programs. Management believes that they will be able to extend the Ivy Credit Agreement based upon the Company's relationship with the lender and historical experience of past extensions.

While the Company believes that it will be successful in extending the maturity of the Ivy Credit Agreement and amending the Revolving Credit Agreement' covenants, there is no assurance that the Company will be able to extend the maturity or otherwise refinance the Ivy Credit Agreement and amend the Ivy Credit Agreement and Revolving Credit Agreements' covenants.

Any amendment to or refinancing of this indebtedness could result in an even higher interest rate and may require us to comply with more burdensome restrictive covenants, which may have a material adverse effect on our business, ability to meet our payment obligations, financial condition, and results of operations. If the Company is not able to achieve the plan as outlined herein, substantial doubt may exist regarding the Company's ability to meet its obligations and continue as a going concern.

Note 6. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities at March 31, 2020, and December 31, 2019, consisted of the following:

	March 31, 2020	December 31, 2019
Accounts payable	**$ 5,789**	$ 5,818
Accrued payroll and compensated absences	**8,165**	7,982
Wire transfers payable	**1,547**	1,244
Accrual for third-party losses	**1,669**	2,570
Debt buyer liability	**3,408**	3,474
Unearned CSO Fees	**455**	2,846
Bill payment service liability	**1,064**	897
Lease termination	**328**	467
Other	**4,414**	4,897
	$ **26,839**	$ 30,195

Note 7. Operating and Capital Lease Commitments and Total Rental Expense

The Company leases its facilities under various non-cancelable agreements, which require various minimum annual rentals and may also require the payment of normal common area maintenance on the properties.

All of the Company's 493 leases are operating leases with renewal options and are included in right-of-use assets – operating leases, current portion of operating lease obligation and noncurrent operating lease obligation on our consolidated balance sheets. These assets and liabilities are recognized at the commencement date based on the present value of remaining lease payments over the lease term using the Company's incremental borrowing rates or implicit rates, when readily determinable. Short-term operating leases which have an initial term of 12 months or less are not recorded on the consolidated balance sheets.

	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019
Lease cost:		
Operating lease cost	$ 4,469	$ 4,881
Short-term lease cost	1,518	1,047
Variable lease cost	294	16
Total lease cost	$ 6,281	$ 5,944
Other Information:		
Payments included in the measurement of lease liabilities		
Operating cash flows from operating leases	$ 4,409	$ 4,819
Right-of-use assets obtained in exchange for new operating lease liabilities	$ 2,191	$ 1,701
Weighted-average remaining lease term - operating leases	3.8 years	2.7 years
Weighted-average discount rate - operating leases	9.0 %	9.0 %

Future minimum lease payments for our operating leases as of March 31, 2020 were as follows:

Fiscal Years	Operating Leases
Remaining 2020	$ 11,833
2021	12,142
2022	8,007
2023	4,760
2024	2,783
Thereafter	3,683
Total minimum lease payments	43,208
Less imputed interest	(6,576)
Present value of net minimum lease payments	36,632
Less current portion of operating lease obligation	(12,741)
Operating lease obligation	$ 23,891

Utilities, property & casualty insurance, and repairs & maintenance expenses have been reclassified to the occupancy line item on the consolidated statements of operations and comprehensive loss. Previously, occupancy consisted of rent, common area maintenance, and real estate tax expenses. Utilities, property & casualty insurance, and repairs & maintenance were part of other operating expenses.

Note 8. Concentrations of Credit Risks

The Company's portfolio of finance receivables is comprised of loan agreements with customers living in thirty-one states and consequently such customers' ability to honor their contracts may be affected by economic conditions in those states. Additionally, the Company is subject to regulation by federal and state governments that affect the products and services provided by the Company. To the extent that laws and regulations are passed that affect the Company's ability to offer loans or similar products in any of the states in which it operates, the Company's financial position could be adversely affected.

The following table summarizes the allocation of the portfolio balance by state at March 31, 2020, and December 31, 2019:

	March 31, 2020		December 31, 2019	
State	Balance Outstanding	Percentage of Total Outstanding	Balance Outstanding	Percentage of Total Outstanding
Alabama	**$ 9,762**	**13.3 %**	$ 12,079	12.3 %
Arizona	**9,700**	**13.3**	11,807	12.0
California	**15,863**	**21.7**	26,454	26.9
Mississippi	**6,893**	**9.4**	8,747	8.9
Virginia	**10,607**	**14.5**	12,138	12.3
Other Retail segment states	**15,509**	**21.2**	21,119	21.5
Other Internet segment states	**4,818**	**6.6**	5,986	6.1
Total	**$ 73,152**	**100.0 %**	$ 98,330	100.0 %

The other Retail segment states are: Florida, Indiana, Kentucky, Michigan, Ohio, Oregon, and Tennessee. The Retail financial services segment includes Ohio, however, for the concentration of credit risks table, other retail segment states excludes Ohio as it previously offered a CSO product through a third-party lender. The Company also has agreements with third-party lenders to allow secured and unsecured revolving loans to be offered through the Company's retail locations under our marketplace business model.

The other internet segment states are: Alabama, Alaska, California, Delaware, Florida, Hawaii, Idaho, Indiana, Kansas, Louisiana, Minnesota, Mississippi, Missouri, Nevada, New Mexico, North Dakota, Ohio, Oklahoma, Oregon, Rhode Island, South Carolina, Tennessee, Texas, Utah, Virginia, Washington, Wisconsin, and Wyoming.

A subsidiary of the Company previously offered a CSO product in Ohio until April 2019 and another subsidiary currently offers a CSO product in Texas to assist consumers in obtaining credit with unaffiliated third-party lenders. Total gross finance receivables for which the Company has recorded an accrual for third-party lender losses totaled $5,839 and $12,096 at March 31, 2020, and December 31, 2019, respectively, and the corresponding guaranteed consumer loans are disclosed as an off-balance sheet arrangement. The total gross finance receivables for the Ohio CSO product consist of $2,585 and $7,143 in medium-term loans at March 31, 2020 and December 31, 2019, respectively. The total gross finance receivables for the Texas CSO product consist of $3,254 and $4,953 in short-term loans at March 31, 2020, and December 31, 2019, respectively.

Additionally, certain subsidiaries of ours entered into a debt buying agreement with other third parties whereby the subsidiaries will purchase certain delinquent loans. Total gross finance receivables for which the Company recorded a debt buyer liability were $26,667 and $28,444 as of March 31, 2020 and December 31, 2019, and the debt buyer liability was $3,408 and $3,474, respectively.

Note 9. Contingencies

From time-to-time the Company is a defendant in various lawsuits and administrative proceedings wherein certain amounts are claimed or violations of law or regulations are asserted. In the opinion of the Company's management, these claims are without substantial merit and should not result in judgments which in the aggregate would have a material adverse effect on the Company's financial statements.

Table of Contents

Note 10. Business Segments

The Company has elected to organize and report on its operations as two operating segments: Retail financial services and Internet financial services.

The following tables present summarized financial information for the Company's segments:

	As of and for the three months ended March 31, 2020						
	Retail Financial Services	% of Revenue	Internet Financial Services	% of Revenue	Unallocated (Income) Expenses	Consolidated	% of Revenue
Total Assets	$178,753		$ 36,607			$ 215,360	
Other Intangible Assets	2,497		39			2,536	
Total Revenues	$ 66,007	100.0 %	$ 9,972	100.0 %		$ 75,979	100.0 %
Provision for Loan Losses	14,968	22.7 %	4,761	47.7 %		19,729	26.0 %
Depreciation and Amortization	4,580	6.9 %	—	— %		4,580	6.0 %
Other Operating Expenses	33,731	51.1 %	1,196	12.0 %		34,927	45.9 %
Operating Gross Profit	12,728	19.3 %	4,015	40.3 %		16,743	22.1 %
Interest Expense, net	8,655	13.1 %	4,544	45.6 %		13,199	17.4 %
Depreciation and Amortization	925	1.4 %	32	0.3 %		957	1.3 %
Goodwill Impairment	11,288	17.1 %	—	—		11,288	14.9 %
Other Corporate Expenses (a)	—	—	—	—	18,215	18,215	24.0 %
Loss from Continuing Operations, before tax	(8,140)	(12.3)%	(561)	(5.6)%	(18,215)	(26,916)	(35.4)%

(a) Represents expenses that are not allocated between reportable segments.

	As of and for the three months ended March 31, 2019						
	Retail Financial Services	% of Revenue	Internet Financial Services	% of Revenue	Unallocated (Income) Expenses	Consolidated	% of Revenue
Total Assets	$ 230,491		$ 37,075			$ 267,566	
Goodwill	11,288		—			11,288	
Other Intangible Assets	2,882		132			3,014	
Total Revenues	$ 75,984	100.0 %	$ 10,512	100.0 %		$ 86,496	100.0 %
Provision for Loan Losses	17,250	22.7 %	4,036	38.4 %		21,286	24.6 %
Depreciation and Amortization	8,205	10.8 %	—	— %		8,205	9.5 %
Other Operating Expenses	32,021	42.1 %	1,133	10.8 %		33,154	38.3 %
Operating Gross Profit	18,508	24.4 %	5,343	50.8 %		23,851	27.6 %
Interest Expense, net	7,897	10.4 %	3,489	33.2 %		11,386	13.2 %
Depreciation and Amortization	1,389	1.8 %	92	0.9 %		1,481	1.7 %
Other Corporate Expenses (a)	—	—	—	—	17,099	17,099	19.8 %
Income (loss) from Continuing Operations, before tax	9,222	12.1 %	1,762	16.8 %	(17,099)	(6,115)	(7.1)%

(a) Represents expenses that are not allocated between reportable segments.

Note 11. Income Taxes

The Company files a consolidated federal income tax return. The Company files consolidated or separate state income tax returns as permitted by the individual states in which it operates. The effective tax rate for the three months ended March 31, 2020, is below the statutory rate due to the continued valuation allowance against its deferred tax assets. The Company had no liability recorded for unrecognized tax benefits at March 31, 2020, and December 31, 2019.

At March 31, 2020, the Company had gross deferred tax assets of $42,926 and a valuation allowance of $42,926. At December 31, 2019, the Company had gross deferred tax assets of $32,622, a net deferred tax liability of $16, and a valuation allowance of $32,606. The Company maintains a full valuation allowance against its deferred tax assets as it is more likely than not that the deferred tax assets will not be realized. In evaluating whether a valuation allowance is needed for the deferred tax assets, the Company considered the ability to carry net operating losses back to prior periods, reversing taxable temporary differences, and estimates of future taxable income. There have been no credits or net operating losses that have expired. The projections were evaluated in light of past operating results and considered the risks associated with generating future taxable income due to macroeconomic conditions in the markets in which the Company operates, regulatory developments and cost containment. The Company will continue to evaluate the need for a valuation allowance against deferred tax assets in future periods and will adjust the allowance as necessary if it determines that it is more likely than not that some or all of the deferred tax assets will be realized.

Note 12. Transactions with Variable Interest Entities

Certain subsidiaries of the Company have limited agency agreements with unaffiliated third-party lenders under the CSO program. The agreements govern the terms by which the Company refers customers to that lender, on a nonexclusive basis, for a possible extension of credit, processes loan applications, and commits to reimburse the lender for any loans or related fees that were not collected from such customers. As of March 31, 2020, and December 31, 2019, the outstanding amount of active consumer loans guaranteed by the Company, which represents the Company's maximum exposure, was $5,839 and $12,096, respectively. The outstanding amount of consumer loans with unaffiliated third-party lenders consists of $3,254 and $4,953 in short-term and $2,585 and $7,143 in medium-term loans at March 31, 2020, and December 31, 2019, respectively. The accrual for third party lender losses related to these obligations totaled $1,669 and $2,570 as of March 31, 2020, and December 31, 2019, respectively. This obligation is recorded as a current liability on the Company's consolidated balance sheet.

Additionally, certain subsidiaries of ours entered into a debt buying agreement with other third parties whereby the subsidiaries will purchase certain delinquent loans. Total gross finance receivables for which the Company recorded a debt buyer liability were $26,667 and $28,444 as of March 31, 2020 and December 31, 2019, respectively. The debt buyer liability was $3,408 and $3,474 as of March 31, 2020 and December 31, 2019, respectively, and is recorded as a current liability on the consolidated balance sheet. The Company has determined that the lenders are Variable Interest Entities ("VIEs") but that the Company is not the primary beneficiary of the VIEs. Therefore, the Company has not consolidated the lenders.

Note 13. Subsequent Event

The Ivy Credit Agreement was amended on April 24, 2020, resulting in the credit facility being paid down from $73,000 to $69,000. The amendment also cancelled an $8,000 mandatory repayment due on April 30, 2020, raised the cap on allowable dividends to be paid by CCFI Funding II, LLC to its parent to $7,000 per month, temporarily reduced collateral coverage requirements, increased the advance rate on eligible receivables, and temporarily suspended an adjusted EBITDA test until September 30, 2020, which test will be based on new covenant levels to be determined.

In Virginia, SB 421 was signed into law by the Governor on April 22, 2020, with an effective date of January 1, 2021. This legislation will have a substantial impact on our open-end lending in Virginia, as lenders and borrowers will no longer be free to set interest rates. Rather the interest on open-end credit would be capped at 36%. This may have a substantial impact on our Virginia operations.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion contains management's discussion and analysis of our financial condition and results of operations. Unless the context indicates otherwise, references to "we," "our," "us," and the "Company" refer to CCF Holdings LLC, a Delaware limited liability company, and its consolidated subsidiaries. This discussion contains forward-looking statements and involves numerous risks and uncertainties. Actual results may differ materially from those contained in any forward-looking statements.

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

The Private Securities Litigation Reform Act of 1995 ("Act") provides a safe harbor for forward-looking statements. Certain statements in this report are forward-looking statements within the meaning of the Act, and such statements are intended to qualify for the protection of the safe harbor provided by the Act. The words "anticipate," "estimate," "expect," "objective," "goal," "project," "intend," "plan," "believe," "will," "should," "may," "target," "forecast," "guidance," "outlook," and similar expressions generally identify forward-looking statements. Similarly, descriptions of our objectives, strategies, plans, goals or targets are also forward-looking statements. Forward-looking statements relate to the expectations of management as to future occurrences and trends, including statements expressing optimism or pessimism about future operating results or events and projected revenues, earnings, capital expenditures and business strategy. Forward-looking statements are based upon a number of assumptions concerning future conditions that may ultimately prove to be inaccurate. Forward-looking statements are and will be based upon management's then current views and assumptions regarding future events and operating performance, and are applicable only as of the dates of such statements. Although we believe the expectations expressed in forward-looking statements are based on reasonable assumptions within the bounds of our knowledge, forward-looking statements, by their nature, involve risks, uncertainties and other factors, any one or a combination of which could materially affect our business, financial condition, results of operations or liquidity.

Forward-looking statements that we make herein and in other reports and releases are not guarantees of future performance and actual results may differ materially from those discussed in such forward-looking statements as a result of various factors, including, but not limited to, the ongoing impact of the economic and credit crisis, leveling demand for our products, our inability to successfully execute strategic initiatives, our ability to recognize the expected benefits from recently undertaken strategic initiatives, including those described under "Factors Affecting Our Results of Operations— Strategic Initiatives," integration of acquired businesses, competitive pressures, economic pressures on our customers and us, regulatory and legislative changes, the impact of legislation, the risks discussed under Item 1A "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2019, and other factors discussed from time to time. Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date they are made. We undertake no obligation to publicly update forward-looking statements whether as a result of new information, future events or otherwise.

Readers are advised, however, to consult any further disclosures we make on related subjects in our public announcements, releases, and reports.

Overview

We are a leading provider of alternative financial services to unbanked and under-banked consumers. We were formed in 2018 and continued, without interruption, the business and operations of Community Choice Financial Inc. We provide our customers a variety of financial products and services, including short-term and medium-term consumer loans, check cashing, prepaid debit cards, and other services that address the specific needs of our customers. Through our retail focused business model, we provide our customers immediate access to high quality financial services at competitive rates through the channel most convenient for them. As of March 31, 2020, we operated 474 retail locations across 12 states and were licensed to deliver similar financial services over the internet in 28 states.

Our retail business model provides a broad array of financial products and services whether through a retail location or over the internet, whichever distribution channel satisfies the target customer's needs or desires. We want to achieve a superior level of customer satisfaction, resulting in increased market penetration and value creation. An important part of our retail model is investing in and creating a premier brand presence, supported by a well-trained and motivated workforce with the aim of enhancing the customer's experience, generating increased traffic and introducing our customers to our diversified set of products.

Factors Affecting Our Results of Operations

Retail Platform

The chart below sets forth certain information regarding our retail presence and number of states served via the internet as of and for the year ended December 31, 2019, and the three months ended March 31, 2020.

	Year Ended December 31, 2019	Three Months Ended March 31, 2020
# of Locations		
Beginning of Period	471	484
Opened	23	—
Closed	10	10
End of Period	484	474
Number of states licensed for our internet operations	28	28

The following table provides the geographic composition of our physical locations as of December 31, 2019, and March 31, 2020:

	December 31, 2019	March 31, 2020
Alabama	39	39
Arizona	26	25
California	148	140
Florida	14	14
Indiana	21	21
Kentucky	15	15
Michigan	13	13
Mississippi	48	48
Ohio	111	110
Oregon	2	2
Tennessee	21	21
Virginia	26	26
	484	474

In addition, the Company is licensed to provide internet financial services in the following states: Alabama, Alaska, California, Delaware, Florida, Hawaii, Idaho, Indiana, Kansas, Louisiana, Minnesota, Mississippi, Missouri, Nevada, New Mexico, North Dakota, Ohio, Oklahoma, Oregon, Rhode Island, South Carolina, Tennessee, Texas, Utah, Virginia, Washington, Wisconsin, and Wyoming.

Changes in Legislation & Regulation

On October 5, 2017, the Consumer Financial Protection Bureau ("CFPB") released its final Payday, Vehicle Title and Certain High-Cost Installment Loan Rules ("CFPB Rule"). The CFPB Rule is being challenged in a lawsuit filed by the Community Financial Services Association ("CFSA") of America and Consumer Service Alliance of Texas on April 9, 2018, filed in the U.S. District Court for the Western District of Texas, Austin division, which we refer to as the CFSA Litigation. The CFPB Rule was published in the Federal Register on November 17, 2017, and but for the CFPB's February 6, 2019, proposal to rescind a portion of those rules and a stay of the effective date of the CFPB Rules entered in the CFSA Litigation, the CFPB Rule would have become fully effective in August 2019. Further, it is possible that some or all of the CFPB Rule will be subject to legal challenge by other trade groups or other private parties. On September 17, 2019, the CFPB filed a brief with the United States Supreme Court in *Seila Law LLC v. CFPB*, 923 F.3d 680 (9th Cir. 2019) (petition for cert. filed June 28, 2019). In its brief, the CFPB argued that its structure is unconstitutional and urged the Supreme Court to grant certiorari. If the Supreme Court declares the CFPB's structure is unconstitutional, it is unclear what the effect would be on the CFPB Rule.

The portion of the CFPB Rule that the February 6, 2019, proposal seeks to rescind involves the ability-to-repay ("ATR") requirements for "covered short-term loans" and "covered longer-term balloon-payment loans," as well as payment limitations on these loans and "covered longer-term loans." Covered short-term loans are consumer loans with a term of 45 days or less. Covered longer-term balloon payment loans include consumer loans with a term of more than 45 days where (i) the loan is payable in a single payment, (ii) any payment is more than twice any other payment, or (iii) the loan is a multiple advance loan that may not fully amortize by a specified date and the final payment could be more than twice the amount of other minimum payments. Covered longer-term loans are consumer loans with a term of more than 45 days where (i) the total cost of credit exceeds an annual rate of 36%, and (ii) the lender obtains a form of "leveraged payment mechanism" giving the lender a right to initiate transfers from the consumer's account. Post-dated checks, authorizations to initiate automated clearing house ("ACH") payments and authorizations to initiate prepaid or debit card payments are all leveraged payment mechanisms under the CFPB Rule.

The February 6, 2019, proposal seeks also to rescind the requirement that a lender choose between the following two options:

A "full payment test", under which the lender must make a reasonable determination of the consumer's ability to repay the loan in full and cover major financial obligations and living expenses over the term of the loan and the succeeding 30 days. Under this test, the lender must take account of the consumer's basic living expenses and obtain and generally verify evidence of the consumer's income and major financial obligations. However, in circumstances where a lender determines that a reliable income record is not reasonably available, such as when a consumer receives and spends income in cash, the lender may reasonably rely on the consumer's statements alone as evidence of income. Further, unless a housing debt obligation appears on a national consumer report, the lender may reasonably rely on the consumer's written statement regarding his or her housing expense. As part of the ATR determination, the CFPB Rule permits lenders and consumers in certain circumstances to rely on income from third parties, such as spouses, to which the consumer has a reasonable expectation of access, and to consider whether another person is regularly contributing to the payment of major financial obligations or basic living expenses. A 30-day cooling off period applies after a sequence of three covered short-term or longer-term balloon payment loans.

A "principal-payoff option," under which the lender may make up to three sequential loans, or so-called Section 1041.6 Loans, without engaging in an ATR analysis. The first Section 1041.6 Loan in any sequence of Section 1041.6 Loans without a 30-day cooling off period between loans is limited to $500, the second is limited to a principal amount that is at least one-third smaller than the principal amount of the first, and the third is limited to a principal amount that is at least two-thirds smaller than the principal amount of the first. A lender may not use this option if (i) the consumer had in the past 30 days an outstanding covered short-term loan or an outstanding longer-term balloon payment loan that is not a Section 1041.6 Loan, or (ii) the new Section 1041.6 Loan would result in the consumer having more than six covered short-term loans (including Section 1041.6 Loans) during a consecutive 12-month period or being in debt for more than 90 days on such loans during a consecutive 12-month period. For Section 1041.6 Loans, the lender cannot take vehicle security or structure the loan as open-end credit.

The portion of the CFPB Rule addressing the “penalty fee prevention” provision, would have become effective but for the stay entered in the CFSA Litigation on August 19, 2019. Under these provisions:

If two consecutive attempts to collect money from a particular account of the borrower, made through any channel (e.g., paper check, ACH, prepaid card) are unsuccessful due to insufficient funds, the lender cannot make any further attempts to collect from such account unless and until the lender has provided a new notice to the borrower and the borrower has provided a new and specific authorization for additional payment transfers. The CFPB Rule contains specific requirements and conditions for the authorization. While the CFPB has explained that these provisions are designed to limit bank penalty fees to which consumers may be subject, and while banks do not charge penalty fees on card authorization requests, the CFPB Rule nevertheless treats card authorization requests as payment attempts subject to these limitations.

A lender generally must give the consumer at least three business days' advance notice before attempting to collect payment by accessing a consumer's checking, savings, or prepaid account. The notice must include information such as the date of the payment request, payment channel and payment amount (broken down by principal, interest, fees, and other charges), as well as additional information for "unusual attempts," such as when the payment is for a different amount than the regular payment, initiated on a date other than the date of a regularly scheduled payment or initiated in a different channel than the immediately preceding payment attempt.

Ohio House Bill 123 ("HB 123"), passed out of both the Senate and the House of Representatives on July 24, 2018. HB 123 amends the General Loan Law and Small Loan Law, under which two of the Company's Ohio subsidiaries are licensed, to prohibit loans with a term of fewer than 180-days. HB 123 also prohibits credit services organizations, such as the Company's CSO subsidiary that operated in Ohio prior to April 28, 2019, from brokering an extension of credit if that credit is in a principal amount of less than five thousand dollars, with a term less than 180-days, and that has an annual percentage rate greater than 28%. Ohio's Governor signed HB 123 on July 30, 2018. It became effective on or about October 30, 2018, but only applies to loans or extensions of credit made on or after April 28, 2019, at which time, the Company's Ohio subsidiary stopped offering the Ohio CSO product. The Company is focused on generating revenue through Money Service Business offerings at its Ohio subsidiaries. Absent additional revenues generated from sales of these products, HB 123 will have a material adverse effect on the Company's results of operations.

Prior to January 1, 2020, the California Financing Law capped rates on loans under $2,500 but imposed no limit on loans with a principal balance of $2,500 or higher. AB 539, effective January 1, 2020, imposed a rate cap on loans above $2,500, and imposed additional requirements on lenders making loans above $2,500. On February 21, 2020, AB 3010 was introduced in the California Assembly. This bill, if passed and signed into law, would have a substantial impact on the payday lending business in California. If it becomes effective, starting July 1, 2021, deferred presentment transaction borrowers would be limited to four loans during any 365-day period, and deferred presentment transaction providers would be required to check database eligibility before making a deferred presentment transaction. This may have a substantial impact on our payday lending business in California.

In Virginia, SB 421 was signed into law by the Governor on April 22, 2020, with an effective date of January 1, 2021. This legislation will have a substantial impact on our open-end lending in Virginia, as lenders and borrowers will no longer be free to set interest rates. Rather, the interest on open-end credit would be capped at 36%. This may have a substantial impact on our Virginia operations.

Product Characteristics and Mix

As the Company expands its product offerings to meet customers' needs, the characteristics of the Company's overall loan portfolio shift to reflect the terms of these new products. Our various lending products have different terms to adapt to the changing markets and regulations. In some instances, certain products offered by third-party lenders throughout the Company's retail locations may enhance fees from check cashing, bill pay services, and other similar money service business offerings provided to the customer.

Expenses

Our operating expenses relate primarily to the operation of our retail locations and internet presence, including salaries and benefits, retail location occupancy costs, call center costs, advertising, loan loss provisions, and depreciation of assets. We also incur corporate and other expenses on a company-wide basis, including interest expense and other financing costs related to our indebtedness, insurance, salaries, benefits, occupancy costs, and professional expenses.

COVID-19 Pandemic

On January 30, 2020, the World Health Organization declared the COVID-19 outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of COVID-19 include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. COVID-19 and actions taken to mitigate the spread of it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographic areas in which the Company operates. In response to COVID-19, the Company has the majority of its corporate employees working remotely and has restricted operating hours at certain retail locations in order to ensure the safety or our employees and customers.

It is unknown how long the adverse conditions associated with the COVID-19 Pandemic will last and what the complete financial effect will be to the Company. As of March 31, 2020, the Company had not yet experienced a significant decline in the demand for its products and services. However, through the date of filing, demand for loan products has been negatively impacted by the Covid-19 Pandemic and portfolio levels have declined as a result. Declining portfolio levels will have a negative impact on operating profits and liquidity and may impact our ability to meet all debt financing and covenant obligations. The Company did update is five-year operating plan to reflect the likely significant adverse macroeconomic effects COVID-19 will have on the Company’s principal markets and customers, resulting in a large decrease in the fair value of its senior PIK notes and a full impairment of goodwill as of March 31, 2020. Additionally, it is reasonably possible that estimates made in the financial statements have been, or will be, materially and adversely impacted in the near term as a result of these conditions, including the allowance for loan losses and valuation allowances on deferred tax assets. Further, the Company’s liquidity and access to capital, including its ability to refinance or otherwise extend the maturity of the Ivy Credit Agreement, or comply with the covenant requirements of the Ivy Credit Agreement and Revolving Credit Agreement, could be materially adversely impacted by the pandemic, which could result in a default and related acceleration of our obligations under these agreements.

Critical Accounting Policies

Consistent with GAAP, our management makes certain estimates and assumptions to determine the reported amounts of assets, liabilities, revenue and expenses in the process of preparing our financial statements. These estimates and assumptions are based on the best information available to management at the time the estimates or assumptions are made. The most significant estimates made by our management include allowance for loan losses, fair value of PIK notes, and our determination for recording the amount of deferred income tax assets and liabilities, because these estimates and assumptions could change materially as a result of conditions both within and beyond management’s control.

Management believes that among our significant accounting policies, the following involve a higher degree of judgment:

Finance Receivables, Net

Finance receivables consist of short-term and medium-term consumer loans.

Short-term consumer loans can be unsecured or secured with a maturity up to ninety days. Unsecured short-term products typically range in size from $100 to $1,000, with a maturity between fourteen and thirty days, and an agreement to defer the presentment of the customer’s personal check or preauthorized debit for the aggregate amount of the advance plus fees. This form of lending is based on applicable laws and regulations which vary by state. Statutes vary from state-to-state permitting charging fees of 5% to 27%, to charging interest up to 25% per month. The customers repay the cash advances by making cash payments or allowing the check or preauthorized debit to be presented. Secured short-term products typically range from $750 to $5,000, and are asset-based consumer loans whereby the customer obtains cash and grants a security interest in the collateral that may become a lien against that collateral. Secured consumer loans represented 14.2% and 16.8% of short-term consumer loans at December 31, 2019, and March 31, 2020, respectively.

Medium-term consumer loans can be unsecured or secured with a maturity of three months up to thirty-six months. Unsecured medium-term products typically range from $100 to $5,000. These consumer loans vary in structure depending upon the regulatory environment where they are offered. The consumer loans are due in installments or provide for a line of credit with periodic monthly payments. Secured medium-term products typically range from $750 to $5,000, and are asset-based consumer loans whereby the customer obtains cash and grants a security interest in the collateral that may become a lien against that collateral. Secured consumer loans represented 15.4% and 11.0% of medium-term consumer loans at December 31, 2019, and March 31, 2020, respectively.

Total finance receivables, net of unearned advance fees and allowance for loan losses on the consolidated balance sheet as of December 31, 2019, and March 31, 2020, were $82.0 million and $60.4 million, respectively. The allowance for loan losses as of December 31, 2019, and March 31, 2020, were $13.8 million and $11.4 million, respectively. At December 31, 2019, and March 31, 2020, the allowance for loan losses was 14.4% and 15.9%, respectively, of total finance receivables, net of unearned advance fees.

Finance receivables, net as of December 31, 2019, and March 31, 2020, are as follows (in thousands):

	December 31, 2019	March 31, 2020
Finance Receivables, net of unearned advance fees	$ 95,823	$ 71,787
Less: Allowance for loan losses	13,828	11,420
Finance Receivables, Net	$ 81,995	$ 60,367

The total changes to the allowance for loan losses for the three months ended March 31, 2019 and 2020, were as follows (in thousands):

	Three Months Ended March 31, 2019	Three Months Ended March 31, 2020
Allowance for loan losses		
Beginning of Period	$ 3,474	$ 13,828
Provisions for loan losses	14,505	13,624
Charge-offs, net	(11,940)	(16,032)
End of Period	$ 6,039	$ 11,420
Allowance as a percentage of finance receivables, net of unearned advance fees	17.1%	15.9%

The provision for loan losses for the three months ended March 31, 2019 and 2020, includes losses from returned items from check cashing of $1.0 million and $1.3 million, respectively, and third-party lender losses of $5.8 million and $2.0 million, respectively. The provision for loan losses for the three months ended March 31, 2020, included debt buyer liability costs of $2.8 million.

A subsidiary of the Company guarantees loans with third-party lenders under the CSO model. As of December 31, 2019, and March 31, 2020, the outstanding amount of active consumer loans were $12.1 million and $5.8 million, respectively, consisting of $5.0 million and $3.2 million in short-term, and $7.1 million and $2.6 million in medium-term loans, respectively. We accrue for these obligations through management's estimation of anticipated purchases based on expected losses in the third-party lender's portfolio. This obligation is recorded as a current liability on our balance sheet and was $2.6 million and $1.7 million as of December 31, 2019, and March 31, 2020, respectively. A subsidiary of the Company has also entered into certain debt buying arrangements to leverage our expertise in collecting delinquent loans. Total gross receivables for which the Company recorded a debt buyer liability were $28.4 million and $26.7

million, and the Company reserved $3.5 million and $3.4 million, for this debt buying liability as of December 31, 2019 and March 31, 2020, respectively.

Goodwill Impairment

Management evaluates all long-lived assets for impairment annually as of December 31, or whenever events or changes in business circumstances indicate an asset might be impaired, including goodwill and equity method investments. Goodwill represents the excess of the cost of an acquisition over the fair value of the net assets at the date of the acquisition.

One of the methods that management employs in the review of such assets uses estimates of future cash flows. If the carrying value is considered impaired, an impairment charge is recorded for the amount by which the carrying value exceeds its fair value. Management believes that its estimates of future cash flows and fair value are reasonable. Changes in estimates of such cash flows and fair value, however, could impact the estimated value of such assets.

Due to the macroeconomic effects of the COVID-19 pandemic, the Company conducted a test for impairment of goodwill as of March 31, 2020 for the Retail financial services reporting unit and concluded that our Retail financial services reporting unit has an impairment of $11.3 million. The Company's goodwill is fully impaired as of March 31, 2020. Intangible assets were determined to be not impaired as of March 31, 2020.

Income Taxes

We record income taxes as applicable under GAAP. Deferred tax assets and liabilities are determined based on differences between the financial reporting and tax basis of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. A valuation allowance is recorded to reduce the deferred tax asset if it is more likely than not that some portion of the asset will not be realized.

As of March 31, 2020, the Company had a valuation allowance on its deferred tax assets as it was more likely than not that approximately $42.9 million of net deferred tax assets would not be realized in the foreseeable future. Based on a pre-tax loss of $26.9 million for the three months ended March 31, 2020, and the projected reversal of temporary items, the Company continues to maintain a full valuation allowance against its deferred tax assets.

Results of Operations

Three Months Ended March 31, 2020, compared to the Three Months Ended March 31, 2019

The following table sets forth key operating data for the three months ended March 31, 2020, and 2019 (dollars in thousands):

	Three Months Ended March 31,					
	2019	2020	Increase (Decrease)		2019	2020
					(Percent of Revenue)	
Total Revenues	$86,496	$ 75,979	$(10,517)	(12.2%)	100.0%	100.0%
Operating Expenses						
Salaries and benefits	16,846	16,863	17	0.1%	19.5%	22.2%
Provision for losses	21,286	19,729	(1,557)	(7.3%)	24.6%	26.0%
Occupancy	8,538	8,776	238	2.8%	9.9%	11.6%
Advertising and marketing	777	810	33	4.2%	0.9%	1.1%
Depreciation and amortization	8,205	4,580	(3,625)	(44.2%)	9.5%	6.0%
Other operating expenses	6,993	8,478	1,485	21.2%	8.1%	11.2%
Total Operating Expenses	62,645	59,236	(3,409)	(5.4%)	72.4%	78.1%
Income from Operations	23,851	16,743	(7,108)	(29.8%)	27.6%	21.9%
Corporate and other expenses						
Corporate expenses	17,099	18,215	1,116	6.5%	19.8%	24.0%
Depreciation and amortization	1,481	957	(524)	(35.4%)	1.7%	1.3%
Interest expense, net	11,386	13,199	1,813	15.9%	13.2%	17.4%
Goodwill impairment	—	11,288	11,288	100.0%	—	14.9%
Income tax expense	13	58	45	0.0%	—	0.1%
Total corporate and other expenses	29,979	43,717	13,738	45.8%	34.6%	57.7%
Net loss	$ (6,128)	$(26,974)	$(20,846)	(340.2%)	(7.0%)	(35.8%)

Operating Metrics

The following tables set forth key loan and check cashing operating data as of and for the three months ended March 31, 2020, and 2019:

	Three Months Ended March 31, 2019	Three Months Ended March 31, 2020
Short-term Loan Operating Data (unaudited):		
Loan volume (originations and refinancing) (in thousands)	$ 247,466	$ 237,971
Number of loan transactions (in thousands)	682	627
Average new loan size	$ 363	$ 379
Average fee per new loan	$ 48.25	$ 49.92
Loan loss provision	$ 7,572	$ 8,068
Loan loss provision as a percentage of loan volume	3.1%	3.4%
Secured loans as percentage of total at March 31st	13.4%	16.8%
Medium-term Loan Operating Data (unaudited):		
Balance outstanding (in thousands)	$ 35,777	$ 28,244
Number of loans outstanding	38,674	33,779
Average balance outstanding	$ 925	$ 836
Weighted average monthly percentage rate	18.2%	18.5%
Allowance as a percentage of finance receivables	29.7%	32.8%
Loan loss provision	$ 6,933	$ 5,556
Secured loans as percentage of total at March 31st	14.6%	11.0%
Check Cashing Data (unaudited):		
Face amount of checks cashed (in thousands)	$ 435,387	$ 431,328
Number of checks cashed (in thousands)	685	642
Face amount of average check	$ 637	$ 671
Average fee per check	$ 18.28	$ 23.65
Returned check expense	$ 1,023	$ 1,320
Returned check expense as a percent of face amount of checks cashed	0.2%	0.3%

Revenue

(dollars in thousands)	Three Months Ended March 31, 2019	2020	Increase (Decrease)		2019 (Percent of Revenue)	2020 (Percent of Revenue)
Short-term Consumer Loan Fees and Interest	$32,889	$31,312	$ (1,577)	(4.8%)	38.0%	41.2%
Medium-term Consumer Loan Fees and Interest	15,940	13,203	(2,737)	(17.2%)	18.4%	17.4%
Credit Service Fees	18,106	5,636	(12,470)	(68.9%)	20.9%	7.4%
Check Cashing Fees	12,520	15,189	2,669	21.3%	14.5%	20.0%
Prepaid Debit Card Services	3,215	2,493	(722)	(22.5%)	3.8%	3.3%
Other Income	3,826	8,146	4,320	112.9%	4.4%	10.7%
Total Revenue	**$86,496**	**$75,979**	**$(10,517)**	**(12.2%)**	**100.0%**	**100.0%**

Total revenue for the three months ended March 31, 2020, decreased $10.5 million, or 12.2%, as compared to the same period in the prior year. The decrease is primarily the result of decreased credit service fees and medium-term consumer loan fees partially offset by increases in check cashing fees and other income.

Revenue from short-term consumer loan fees and interest for the three months ended March 31, 2020, decreased $1.6 million, or 4.8%, as compared to the same period in the prior year, primarily due to the contraction of the short-term portfolios in the Retail segment.

Revenue from medium-term consumer loans for the three months ended March 31, 2020, decreased $2.7 million, or 17.2%, as compared to the same period in the prior year, primarily due to a regulatory change preventing the medium-term product from being offered in a certain market.

Revenue from CSO fees for the three months ended March 31, 2020, decreased $12.5 million, or 68.9%, compared to the same period in the prior year, primarily related to the CSO product no longer being offered in our Retail segment.

Revenue from check cashing fees for the three months ended March 31, 2020, increased $2.7 million, or 21.3%, compared to the same period in the prior year, primarily as the result of an increase in the average fee per check.

Other income for the three months ended March 31, 2020, increased $4.3 million, or 112.9%, compared to the same period in the prior year, primarily as the results of commissions earned for bill pay services in certain markets.

Operating Expenses

	Three Months Ended March 31,					
(dollars in thousands)	**2019**	**2020**	**Increase (Decrease)**		**2019**	**2020**
					(Percent of Revenue)	
Salaries	$ 16,846	$ 16,863	$ 17	0.1%	19.5%	22.2%
Provision for Loan Losses	21,286	19,729	(1,557)	(7.3%)	24.6%	26.0%
Occupancy	8,538	8,776	238	2.8%	9.9%	11.6%
Depreciation & Amortization	8,205	4,580	(3,625)	(44.2%)	9.5%	6.0%
Advertising & Marketing	777	810	33	4.2%	0.9%	1.1%
Bank Charges	2,029	2,177	148	7.3%	2.3%	2.9%
Store Supplies	402	319	(83)	(20.6%)	0.5%	0.4%
Collection Expenses	326	386	60	18.4%	0.4%	0.5%
Telecommunications	1,366	1,490	124	9.1%	1.6%	2.0%
Security	555	466	(89)	(16.0%)	0.6%	0.6%
License & Other Taxes	305	361	56	18.4%	0.4%	0.5%
Loss on Asset Disposal	—	199	199	100.0%	0.0%	0.3%
Verification Processes	669	697	28	4.2%	0.8%	0.9%
Other Operating Expenses	1,341	2,383	1,042	77.7%	1.4%	3.1%
Total Operating Expenses	**62,645**	**59,236**	**(3,409)**	**(5.4%)**	**72.4%**	**78.1%**
Income from Operations	**$ 23,851**	**$ 16,743**	**$ (7,108)**	**(29.8%)**	**27.6%**	**21.9%**

Total operating expenses, net of depreciation, for the three months ended March 31, 2020, were consistent with the same period in the prior year, primarily due to the decrease in provision for loan losses being offset by increases in most operating expense categories.

The provision for loan losses decreased by $1.6 million, or 7.3%, for the three months ended March 31, 2020, as compared to the same period in the prior year, primarily as the result of decreases in the provision for medium-term consumer loans and CSO loans, partially offset by recording a liability for purchasing defaulted third-party lender loans.

Depreciation decreased by $3.6 million, or 44.2%, for the three months ended March 31, 2020, as compared to the prior period, primarily as a result of a large portion of property, leasehold improvements, and equipment becoming fully depreciated during the year ended December 31, 2019.

Other operating expenses increased by $1.0 million, or 77.7%, for the three months ended March 31, 2020, as compared to the prior period, primarily as a result of an increase in other professional services and operating expenses.

Corporate and Other Expenses

(dollars in thousands)	2019	2020	Increase (Decrease)		2019	2020
	Three Months Ended March 31,				(Percent of Revenue)	
Corporate Expenses	$ 17,099	$ 18,215	$ 1,116	6.5%	19.7%	24.0%
Depreciation & Amortization	1,481	957	(524)	(35.4%)	1.7%	1.3%
Interest expense, net	11,386	13,199	1,813	15.9%	13.2%	17.4%
Goodwill Impairment	—	11,288	11,288	100.0%	—	14.9%
Income tax expense	13	58	45	(100.0%)	—	0.1%
Total Corporate and Other Expenses	$ 29,979	$ 43,717	$ 13,738	45.8%	34.6%	57.7%

Total corporate and other expenses increased by $13.7 million, or 45.8%, for the three months ended March 31, 2020, as compared to the same period in the prior year, primarily as the result of the goodwill impairment and increase in interest expense.

Interest expense increased by $1.8 million, or 15.9%, for the three months ended March 31, 2020, as compared to the prior year's period. The increase is primarily due to increases in the principal amount of a subsidiary note and the senior PIK notes.

The $11.3 million goodwill impairment for the current period was recorded when the Company determined that the Retail segment was fully impaired after testing goodwill for impairment based on the triggering event from the macroeconomic effects of the COVID-19 pandemic.

Business Segment Results of Operations for the Three Months Ended March 31 2020, and March 31, 2019

The following tables present summarized financial information for our segments:

	As of and for the three months ended March 31, 2020						
	Retail Financial Services	% of Revenue	Internet Financial Services	% of Revenue	Unallocated (Income) Expenses	Consolidated	% of Revenue
Total Assets	$178,753		$ 36,607			$ 215,360	
Other Intangible Assets	2,497		39			2,536	
Total Revenues	$ 66,007	100.0 %	$ 9,972	100.0 %		$ 75,979	100.0 %
Provision for Loan Losses	14,968	22.7 %	4,761	47.7 %		19,729	26.0 %
Depreciation and Amortization	4,580	6.9 %	—	— %		4,580	6.0 %
Other Operating Expenses	33,731	51.1 %	1,196	12.0 %		34,927	45.9 %
Operating Gross Profit	12,728	19.3 %	4,015	40.3 %		16,743	22.1 %
Interest Expense, net	8,655	13.1 %	4,544	45.6 %		13,199	17.4 %
Depreciation and Amortization	925	1.4 %	32	0.3 %		957	1.3 %
Goodwill Impairment	11,288	17.1 %	—	—		11,288	14.9 %
Other Corporate Expenses (a)	—	—	—	—	18,215	18,215	24.0 %
Loss from Continuing Operations, before tax	(8,140)	(12.3)%	(561)	(5.6)%	(18,215)	(26,916)	(35.4)%

(a) Represents expenses that are not allocated between reportable segments.

	As of and for the three months ended March 31, 2019						
	Retail Financial Services	% of Revenue	Internet Financial Services	% of Revenue	Unallocated (Income) Expenses	Consolidated	% of Revenue
Total Assets	$ 230,491		$ 37,075			$ 267,566	
Goodwill	11,288		—			11,288	
Other Intangible Assets	2,882		132			3,014	
Total Revenues	$ 75,984	100.0 %	$ 10,512	100.0 %		$ 86,496	100.0 %
Provision for Loan Losses	17,250	22.7 %	4,036	38.4 %		21,286	24.6 %
Depreciation and Amortization	8,205	10.8 %	—	— %		8,205	9.5 %
Other Operating Expenses	32,021	42.1 %	1,133	10.8 %		33,154	38.3 %
Operating Gross Profit	18,508	24.4 %	5,343	50.8 %		23,851	27.6 %
Interest Expense, net	7,897	10.4 %	3,489	33.2 %		11,386	13.2 %
Depreciation and Amortization	1,389	1.8 %	92	0.9 %		1,481	1.7 %
Other Corporate Expenses (a)	—	—	—	—	17,099	17,099	19.8 %
Income (loss) from Continuing Operations, before tax	9,222	12.1 %	1,762	16.8 %	(17,099)	(6,115)	(7.1)%

(a) Represents expenses that are not allocated between reportable segments.

Retail Financial Services

Retail financial services represented 86.9%, or $66.0 million, of consolidated revenues for the three months ended March 31, 2020, which was a decrease of $10.0 million, or 13.1%, over the prior period, primarily as a result of a decrease in credit services fees. However, revenue from check cashing, and other income for the Retail segment increased by $2.7 million and $4.3 million, respectively, for the three months ended March 31, 2020, compared to the prior year period.

Internet Financial Services

For the three months ended March 31, 2020, total revenues contributed by our Internet financial services segment were $10.0 million, a decrease of $0.5 million, or 5.1%, over the prior year comparable period, primarily as a result of stricter underwriting criteria and regulatory changes in a certain market.

Three Month Cash Flow Analysis

The table below summarizes our cash flows for the three months ended March 31, 2020, and 2019.

	Three Months Ending March 31,	
(in thousands)	2019	2020
Net Cash Provided by Operating Activities	$ 31,133	$ 11,453
Net Cash Used in Investing Activities	(10,343)	(178)
Net Cash Used in Financing Activities	(3,101)	(1,350)
Net Increase in Cash and Cash Equivalents and Restricted Cash	**$ 17,689**	**$ 9,925**

Cash Flows from Operating Activities. Net cash provided by operating activities for the three months ended March 31, 2020 and 2019, were $11.5 million and $31.3 million, respectively. Net income, net of the non-cash impact of the provision for loan losses, goodwill impairment, depreciation, and interest on PIK notes was $17.8 million and $32.1 million for the three months ended March 31, 2020 and 2019, respectively.

Cash Flows from Investing Activities. The $10.2 million decrease in net cash used in investing activities for the three months ended March 31, 2020, as compared to the three months ended March 31, 2019, is primarily due to $9.6 million less in loan originations.

Cash Flows from Financing Activities. The $1.8 million decrease in net cash used in financing activities for the three months ended March 31, 2020, as compared to the three months ended March 31, 2019, is primarily due to the repurchase of secured notes in the prior year.

Capital Expenditures

During the three months ended March 31, 2019 and 2020, the Company spent $1.3 million and $2.1 million, respectively, on capital expenditures primarily for maintenance on certain retail locations.

Liquidity and Need for Additional Capital

As of April 24, 2020 (see Note 13 to the Company's financial statements, included elsewhere in this report), the Company's indebtedness includes $69,000 subject to the Ivy Credit Agreement that is due in the second quarter of 2021, and its expected cash position will not be sufficient to repay this indebtedness as it becomes due. Declining portfolio levels will have a negative impact on operating profits and liquidity and may impact our ability to meet the Ivy Credit Agreement and Revolving Credit Agreement covenants.

Management has hired advisors to assist with negotiations with the lenders to either amend or obtain waivers from those lenders. Ivy and its affiliates have been a long-term partner to the Company, directly providing the Ivy Credit Agreement, and indirectly through involvement in the third-party lender programs. Management believes that they will be able to extend the Ivy Credit Agreement based upon the Company's relationship with the lender and historical experience of past extensions.

While the Company believes that it will be successful in extending the maturity of the Ivy Credit Agreement and amending the Revolving Credit Agreement' covenants, there is no assurance that the Company will be able to extend the maturity or otherwise refinance the Ivy Credit Agreement and amend the Ivy Credit Agreement and Revolving Credit Agreements' covenants.

Any amendment to or refinancing of this indebtedness could result in an even higher interest rate and may require us to comply with more burdensome restrictive covenants, which may have a material adverse effect on our business, ability to meet our payment obligations, financial condition, and results of operations. If the Company is not able to achieve the plan as outlined herein, substantial doubt may exist regarding the Company's ability to meet its obligations and continue as a going concern.

Seasonality

Our business is seasonal based on the liquidity and cash flow needs of our customers. Customers receive tax refund checks in the first calendar quarter of each year which may result in higher collections and may increase check cashing. We typically see our loan portfolio decline in the first quarter as a result of the consumer liquidity created through income tax refunds. Following the first quarter, we typically see our loan portfolio expand through the remainder of the year with the third and fourth quarters showing the strongest loan demand due to the holiday season.

Contractual Obligations and Commitments

The $40.0 million Secured Notes bear interest at 9.00% per annum and mature on June 15, 2023. Pursuant to the SPV Indenture, CCF Issuer and Community Choice Holdings each granted a pledge over all of their respective assets. CCF Issuer was also required to pledge its interests in the Revolving Credit Agreement. The SPV Indenture also contains restrictive covenants that limit our ability to incur additional indebtedness, pay dividends on or make other distributions or repurchase our capital, or the capital of our subsidiaries, make certain investments, enter into certain types of transactions with affiliates, create liens or merge with or into other companies.

The subsidiaries created to acquire loans from the retail and internet portfolios entered into an amendment on December 12, 2018, to increase our borrowings under the Ivy Credit Agreement from $63.5 million to $70.0 million. The Agreement was amended on September 9, 2019, to increase our borrowing from $70.0 million to $73.0 million and was further amended on February 7, 2020, to extend the maturity date to April 30, 2021.

On July 19, 2014, a subsidiary of the Company entered in to a $1.4 million term note with a nonrelated entity for the acquisition of a share of an airplane. We recorded our $1.1 million share of the joint note, but both parties are joint and severally liable. The joint note had an outstanding balance of $1.0 million at March 31, 2020, and our share of the note was $0.8 million. The term note was amended on November 22, 2019, to extend the maturity date to November 22, 2024, and increased the interest rate to 4.75%.

On May 24, 2016, a subsidiary of the Company entered into a $1.2 million term note for a fractional share of an airplane, and the note had an outstanding balance of $0.9 million as of March 31, 2020.

The Company issued $276.9 million of senior PIK notes on December 12, 2018. The PIK notes accrue interest at 10.75% which is satisfied semi-annually by increasing the principal amount of the PIK notes. The PIK notes had an outstanding principal balance of $307.9 million at March 31, 2020, and are presented at their fair value of $36.7 million on the consolidated balance sheet.

Impact of Inflation

Our results of operations are not materially impacted by fluctuations in inflation.

Balance Sheet Variations

Cash and cash equivalents, accounts payable, accrued liabilities, money orders payable and revolving advances vary because of seasonal and day-to-day requirements resulting primarily from maintaining cash for cashing checks and making loans, and the receipt and remittance of cash from the sale of prepaid debit cards, wire transfers, money orders and the processing of bill payments.

Loan Portfolio

As of March 31, 2020, we were licensed to offer loans in 31 states. We have established a loan loss allowance in respect of our loans receivable at a level that our management believes to be adequate to absorb known or probable losses from loans made by us and accruals for losses in respect of loans made by third parties that we guarantee. Our policy for determining the loan loss allowance is based on historical experience, as well as our management's review and analysis of the payment and collection of the loans within prior periods. All loans and services, regardless of type, are made in accordance with state regulations, and, therefore, the terms of the loans and services may vary from state-to-state. Loan fees and interest are earned on loans. Products which allow for an upfront fee are recognized over the loan term. Other products' interest is earned over the term of the loan.

As of March 31, 2020, and December 31, 2019, our total finance receivables net of unearned advance fees was approximately $71.8 million and $95.8 million, respectively.

Off-Balance Sheet Arrangements

In certain markets under the CSO model, a subsidiary of the Company arranges for consumers to obtain consumer loan products from one of several independent third-party lenders whereby we act as a facilitator. For consumer loan products originated by third-party lenders under the programs, each lender is responsible for providing the criteria by which the consumer's application is underwritten and, if approved, determining the amount of the consumer loan. The Company in turn is responsible for assessing whether or not the Company's subsidiary will guarantee such loans. When a consumer executes an agreement with the Company's subsidiary under these programs, the Company's subsidiary agrees, for a fee payable to the Company's subsidiary by the consumer, to provide certain services to the consumer, one of which is to guarantee the consumer's obligation to repay the loan received by the consumer from the third-party lender if the consumer fails to do so. The guarantee represents an obligation to purchase specific loans that go into default. As of March 31, 2020, and December 31, 2019, the outstanding amount of active consumer loans guaranteed by certain of the Company's subsidiaries was $5.8 million and $12.1 million, respectively. The outstanding amount of active consumer loans for Ohio consist of $2.6 million and $7.1 million in medium-term loans at March 31, 2020 and December 31, 2019, respectively. The outstanding amount of active consumer loans for Texas consist of $3.2 million and $5.0 million in short-term loans at March 31, 2020 and December 31, 2019, respectively. The accrual for third party loan losses, which represents the estimated fair value of the liability for estimated losses on consumer loans guaranteed by the Company, was $1.7 million and $2.6 million as of March 31, 2020, and December 31, 2019, respectively.

In some instances, the Company has entered into a debt buying agreement whereby the Company will purchase certain delinquent loans. Total gross receivables for which the Company has recorded a debt buyer liability were $26.7 million and $28.4 million, and the debt buyer liability was $3.4 million and $3.5 million as of March 31, 2020 and December 31, 2019, respectively.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

As of March 31, 2020, we have no material market risk sensitive instruments entered into for trading or other purposes, as defined by GAAP.

Interest rate risk

The cash and cash equivalents reflected on our balance sheet represent largely uninvested cash in our branches and cash-in-transit. The amount of interest income we earn on these funds will decline with a decline in interest rates. However, due to the short-term nature of short-term investment grade securities and money market accounts, an immediate decline in interest rates would not have a material impact on our financial position, results of operations or cash flows.

As of March 31, 2020, we had $422.6 million of indebtedness, none of which is subject to variable interest rates. However, we may enter into variable rate indebtedness in the future.

ITEM 4. CONTROLS AND PROCEDURES.

Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures, as defined in Rule 15d-15(e) under the Securities Exchange Act of 1934, as amended ("Exchange Act"), that are designed to ensure that information required to be disclosed in our reports under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. The Company's management carried out an evaluation, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Based on the evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures were effective as of March 31, 2020.

Internal Control Over Financial Reporting

There were no changes in the Company's internal control over financial reporting, as defined in Rule 15d-15(f) under the Exchange Act, during the quarter ended March 31, 2020, that have materially affected, or are reasonably likely to affect, the Company's internal control over financial reporting.

PART II—OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

We and our subsidiaries are party to a variety of legal, administrative, regulatory and government proceedings, claims and inquiries arising in the normal course of business. While the results of these proceedings, claims and inquiries cannot be predicted with certainty, we believe that the final outcome of the foregoing will not have a material adverse effect on our financial condition, results of operations or cash flows. Further, legal proceedings have and may in the future be instituted against us that purport to be class actions or multiparty litigation. In most of these instances, we believe that these actions are subject to arbitration agreements and that the plaintiffs are compelled to arbitrate with us on an individual basis. In the event that a lawsuit purporting to be a class action is certified as such, the amount of damages for which we might be responsible is uncertain. In addition, any such amount would depend upon proof of the allegations and on the number of persons who constitute the class of affected persons.

ITEM 1A. RISK FACTORS.

With the exception of the following risk factors, there have been no material changes with respect to the risk factors disclosed under the heading "Risk Factors" beginning on page 19 of our audited financial statements for the year ended December 31, 2019, on Form 10-K filed with the Securities & Exchange Commission on March 12, 2020 pursuant to Rule 424(b) of the Securities Act of 1933, as amended, which information is incorporated herein by reference.

Our operations have been impacted by COVID-19, and it is probable that it will adversely impact our future revenue, financial condition and liquidity, which may result in substantial doubt about our ability to meet our obligations and continue as a going concern.

The outbreak of the COVID-19 pandemic, and various governmental orders arising therefrom, such as those regarding curfews or travel restrictions, have impacted hours of operation in certain areas and overall product demand. In particular, through the date of this filing, the COVID-19 Pandemic and related government efforts aimed at curtailing the impact of the pandemic, have resulted in a decreased demand for our loan products and reduced the size of our loan portfolio, and it is expected that these impacts may continue.

Because the Company's subsidiary operations have been deemed an essential function or service by those states that have issued orders otherwise restricting business operations, all retail operations continue. Some employees impacted by COVID-19 have been unable to come to work. As a result of government restrictions and employee availability, certain retail locations have reduced hours or days of operation. In addition, because those seeking loans may have lost their regular employment due to the macroeconomic impact of COVID-19 and the related government-imposed restrictions, they may be unable to demonstrate an ability to repay their loan and therefore fail to meet underwriting criteria. Moreover, due to the heightened risk of fraud arising from an inability to validate application information, new customer acquisition has been materially curtailed during this time. Moreover, the restrictions resulting from the pandemic may become more burdensome if the pandemic becomes more severe, with a corresponding impact on our business operations and on the ability of our customers to meet underwriting criteria or repay their loans. It is unclear when governmental restrictions will be lifted, the extent to which they will be lifted, when demand for our products will increase, and the extent to which COVID-19 will affect new loan originations or impact our results of operations and financial condition.

Further, the Company's liquidity and access to capital, including its ability to refinance or otherwise extend the maturity of the Ivy Credit Agreement, or comply with the covenant requirements of the Ivy Credit Agreement and Revolving Credit Agreement, could be materially adversely impacted by the pandemic. We currently do not expect that our cash position will be sufficient to repay the Ivy Credit Agreement when it becomes due in the second quarter of 2021 and it is likely that we will not be able to comply with certain financial covenants in the Ivy Credit Agreement and Revolving Credit Agreement as a result of the impact of the pandemic on our business. If we are unable to extend such maturity or negotiate appropriate amendments or waivers to our covenants, substantial doubt may exist about our ability to satisfy our obligations and continue as a going concern.

ITEM 6. EXHIBITS.

The following exhibits are filed or furnished as part of this report:

Exhibit No.	Description of Exhibit
10.2	First Amendment to Second Amended and Restated Loan and Security Agreement, dated April 24, 2020
31.1	Certification Pursuant to Rule 15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, signed by the Chief Executive Officer
31.2	Certification Pursuant to Rule 15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, signed by the Chief Financial Officer
32.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, signed by the Chief Executive Officer
32.2	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, signed by the Chief Financial Officer
101	Interactive Data File: (i) Consolidated Balance Sheets as of March 31, 2020 (unaudited) and December 31, 2019; (ii) Consolidated Statements of Operations and Comprehensive Income for the Three Months Ended March 31, 2020 (unaudited) and March 31, 2019 (unaudited); (iii) Consolidated Statement of Members' Equity for the Three Months Ended March 31. 2020 (unaudited) and March 31, 2019 (unaudited); (iv) Consolidated Statements of Cash Flows for the Three Months Ended March 31, 2020 (unaudited) and March 31, 2019 (unaudited); and (v) Notes to Consolidated Financial Statements (unaudited)—submitted herewith pursuant to Rule 406T

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.

Date: May 15, 2020

CCF Holdings LLC and Subsidiaries
(registrant)

/s/ MICHAEL DURBIN
Michael Durbin
Chief Financial Officer
Principal Financial and
Principal Accounting Officer

Exhibit 10.2

FIRST AMENDMENTAMENDMENT TO SECOND AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT

THIS FIRST AMENDMENT TO SECOND AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT (this "*Amendment*") dated as of **APRIL 24, 2020** (the "*First Amendment Effective Date*"), is by and between **IVY FUNDING NINE, LLC**, a Delaware limited liability company (together with its successors and assigns, "*Lender*"), and **CCFI FUNDING II, LLC**, an Ohio limited liability company ("*Debtor*").

RECITALS

WHEREAS, Lender and Debtor entered into that certain **SECOND AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT** dated as of **FEBRUARY 7, 2020** (as amended, modified or restated from time to time, the "*Loan Agreement*") pursuant to which Lender agreed to make the Credit Facility available to Debtor on the terms and conditions set forth therein; and

WHEREAS, in connection with the Loan Agreement, Debtor executed and delivered to Lender that certain **AMENDED AND RESTATED PROMISSORY NOTE** dated as of **FEBRUARY 7, 2020** payable to the order of Lender (as amended, modified or restated from time to time, the "*Note*") in the notational amount (the "*Notational Amount*") of **SEVENTY-THREE MILLION AND NO/100 DOLLARS ($73,000,000.00),** which Notational Amount is currently scheduled to be reduced on **APRIL 30, 2020** to **SIXTY-NINE MILLION AND 00/100 DOLLARS ($69,000,000.00)**; and

WHEREAS, the parties desire to amend the Loan Agreement pursuant to the terms and conditions set forth herein; and

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Definitions**. Capitalized terms used in this Amendment, to the extent not otherwise defined herein, shall have the same meanings as in the Loan Agreement, as amended hereby. The definition of "*Monthly Dividend Cap*" is as set forth in Section 1 of the Loan Agreement is amended in its entirety to read as follows:

"*Monthly Dividend Cap*" shall mean the maximum amount of dividends and/or distributions distributable by Debtor to holders of its equity in any calendar month, and, subject to the terms and conditions of this Agreement, shall be **SEVEN MILLION DOLLARS ($7,000,000.00);** provided that (a) the Debtor may pay no more than **TWO (2)** such dividends and/or distributions in any calendar month, and (b) the sum of such dividends and/or distributions in a calendar month cannot exceed **SEVEN MILLION DOLLARS ($7,000,000.00)**; provided further that the Monthly Dividend Cap for any calendar month shall be increased with Lender's prior written consent by an amount up to **TWO MILLION AND 00/100 DOLLARS ($2,000,000.00)** to the extent that such dividends and/or distributions were less than the applicable Monthly Dividend Cap for the immediately preceding calendar month and provided further that in with Lender's prior written consent, an applicable Monthly Dividend Cap may be increased (but by no more than **TWO MILLION AND 00/100 DOLLARS**) to account for unused dividends/distributions for the previous **THREE (3)** months.

2. **Amendments to the Loan Agreement**.

(a) **Section 2(a)**. Section 2(a) of the Loan Agreement is amended in its entirety to read as follows:

(a) **Term Loan with Multiple Advances**. Subject to the terms and conditions set forth in this Agreement and the other Loan Documents, Lender hereby agrees to lend to Debtor the sum of **SEVENTY-THREE MILLION AND 00/100 DOLLARS ($73,000,000.00)** (the "*Credit Facility*") in one or more advances from the date hereof until the earliest of the following (the

"*Maturity Date*"): (i) the acceleration of the Indebtedness pursuant to the terms of the Loan Documents; or (ii) **APRIL 30, 2021**. Advances with respect to the Loan shall be made available to Debtor by depositing the same, in immediately available funds, in the Collateral Deposit Account. Debtor shall not debit the Collateral Deposit Account with respect to disbursement of the Loan except for the use permitted by Section 2(e). From and after **APRIL 24, 2020**, unless otherwise agreed in writing by Lender the Credit Facility shall be equal to **SIXTY-NINE MILLION AND 00/100 DOLLARS ($69,000,000.00)**. Notwithstanding anything contained herein to the contrary, Lender and Debtor may agree to a modification of the Credit Facility by written agreement of the parties.

(b) **Section 2(b)**. Section 2(b) of the Loan Agreement is hereby amended in its entirety to read as follows:

(b) **Determination of Advance Rate**. From the Effective Date through the Maturity Date, subject to the terms and conditions set forth herein, the Advance Rate shall be, with respect to all Eligible Receivables, **EIGHTY PERCENT (80.00%)** Notwithstanding anything in this Agreement to the contrary: (i) Lender shall not be required to permit advances from and after **MARCH 1, 2021**; and (ii) in the event of the occurrence and continuation of a Level 1 Trigger, the Advance Rate then in effect shall be reduced by **TEN PERCENT (10.00%).**

(c) **Section 4(e)**. Section 4(e) of the Loan Agreement is hereby amended in its entirety to read as follows:

(e) **Minimum Total Asset Coverage**. Debtor shall maintain at all times the Minimum Assets. On or before the **SECOND (2nd)** Business Day of each calendar week (and at such other times as Lender may require), Debtor shall submit to Lender evidence of compliance with the required Minimum Assets satisfactory to Lender in its reasonable discretion for each Business Day of the prior week. "*Minimum Assets*" means that at all times as required, on a rolling **TEN (10)** Business Day average, the sum of all non-cash assets of Debtor as of such date, plus Debtor's cash in the Collateral Deposit Account as of such date (including verified funds in transit to the Collateral Deposit Account) shall equal or exceed Required Percentage of the then outstanding balance of the Credit Facility. If on any Business Day the Minimum Asset requirement hereunder is not met (a "*Minimum Asset Covenant Failure*"), Debtor shall be able to remedy such Minimum Asset Covenant Failure if, for the **FIVE (5)** Business Days following such Minimum Asset Covenant Failure, the sum of all non-cash assets of Debtor as of such date, plus Debtor's cash in the Collateral Deposit Account as of such date (including verified funds in transit to the Collateral Deposit Account) equals or exceeds the sum of (a) Required Percentage, and (b) **SEVEN (7)** percentage points.

Required Percentage	***Period***
123.00%	Effective Date through March 31, 2020
125.00%	April 1, 2020 through April 23, 2020,
105.00%	April 24, 2020 through July 31, 2020
112.00%	August 1, 2020 through September 30, 2020
120.00%	October 1, 2020 through November 30, 2020
125.00%	December 1, 2020 and thereafter

(d) **Section 8(a)(xv)**. Section 8(a)(xv) of the Loan Agreement is hereby amended in its entirety to read as follows:

(xv) From and after **SEPTEMBER 30, 2020**, not permit Adjusted EBITDA of the Parent and its Subsidiaries for the year-to-date period ending on the last day of each month based upon the Parent's interim monthly financial statements to be less than a percentage or amount to be determined by the parties. On or prior to **MAY 15, 2020,** Debtor shall provide Lender with a draft projected

Adjusted EBITDA (by month) for the Parent and its Subsidiaries for the period from the Effective Date though and including **APRIL 30, 2021,** in the form of Schedule III attached hereto. Debtor may provide Lender with updates to this draft projected EBITDA (by month) prior to

SETPEMBER 30, 2020. Debtor shall provide Lender with the monthly reports described in this Section prior to **APRIL 24, 2020**. Prior to **SEPTEMBER 30, 2020** Debtor shall provide Lender with the projected Adjusted EBITDA (by month) for the Parent and its Subsidiaries for the period from the Effective Date though and including **APRIL 30, 2021,** in the form of Schedule III attached hereto, which Schedule III will be mutually agreed to by the parties in writing prior to **SEPTEMBER 30, 2020**. In the event that the parties shall not be in agreement with respect to Schedule III, Schedule III shall be established by Lender in its commercially reasonable discretion based on projections provided by Debtor. For the purposes of this Section 8(a)(xv), the term "*Adjusted EBITDA*" shall mean, with respect to any Person, "the net income (loss) attributable to such person, determined in accordance with GAAP, plus interest, taxes, depreciation, amortization, non-cash compensation, on a consolidated basis inclusive of Unrestricted Subsidiaries (as such term is defined in the Parent Credit Agreement) and eliminating any intra-company entries; provided, any advisory or other fees of the Investors, as well as any other one-time or nonrecurring expenses, shall only be added if approved by the Lender in its sole discretion; and provided further that with respect to the retail insurance business joint venture, MD-JV LLC, the income/loss shall be on a cash basis;

(e) **Section 8(q)**. Section 8(q) of the Loan Agreement is hereby amended in its entirety to read as follows:

(q) **Dividends or Distributions**. From and after the occurrence of a Dividend Restriction Event, Debtor shall not: (i) declare or pay any dividend or other distribution, direct or indirect, on account of any equity interest of Debtor, now or hereafter outstanding; (ii) make any repurchase, redemption, retirement, defeasance, sinking fund or similar payment, purchase or other acquisition for value, direct or indirect, of any equity interest of Debtor or any direct or indirect parent of Debtor, now or hereafter outstanding; (iii) make any payment to retire, or to obtain the surrender of, any outstanding warrants, options or other rights for the purchase or acquisition of shares of any class of equity interest of Debtor, now or hereafter outstanding; (iv) return any equity interest to any equity holders of Debtor, or make any other distribution of property, assets, shares of equity interest, warrants, rights, options, obligations or securities thereto as such; or (v) pay any management fees or any other fees or expenses (including the reimbursement thereof by Debtor) pursuant to any management, consulting or other services agreement to any of the shareholders or other equity holders of Debtor. "*Dividend Restriction Event*" means the occurrence of any of the following: (1) an Event of Default shall have occurred and be continuing; (2) a Default shall have occurred and be continuing; (3) a Level 1 Trigger shall have occurred and be continuing either immediately before, or would occur immediately after, giving effect to any such payment, dividend or distribution under this Section; and/or (4) a Consumer Loan Value Deficiency exists or would exist after making such payment, dividend or distribution. Prior to or concurrently with the payment of any dividend or distribution, the Debtor shall deliver a certificate in the form attached hereto as Exhibit 8(q) showing that, after giving pro forma effect to any such dividend or distribution, no Consumer Loan Value Deficiency would result therefrom. Notwithstanding anything herein to the contrary, the total dividends and/or other distributions made by Debtor on account of any equity interests in Debtor shall not exceed the Monthly Dividend Cap in any calendar month. Notwithstanding the foregoing, Debtor may pay an additional dividend as of Debtor's fiscal year end not to exceed **TEN MILLION AND 00/100 DOLLARS** provided that Lender shall have consented to such dividend in its sole discretion."

(f) **Section 8(aa)(vii)**. Section 8(aa)(vii) of the Loan Agreement is hereby amended in its entirety to read as follows:

(vii) Debtor shall not pay and Seller shall not accept any Servicing Fee when (1) a Level 1 Trigger has occurred and is continuing, or (2) if the amount of the Loan shall exceed the Consumer Loan Value.

(vi) Amendment of Certain Exhibits and Schedules. Each of Schedule III, Exhibit A and Exhibit F to the Loan Agreement is amended and restated in its entirety as set forth in Exhibit A hereto, and a new exhibit, Exhibit 8(q), is hereby added to the Loan Agreement and is set forth on Exhibit A hereto.

3. **Conditions Precedent**. The obligations of Lender under this Amendment shall be subject to the condition precedent that Debtor shall have executed and delivered to Lender this Amendment and such other documents and instruments incidental and appropriate to the transaction provided for herein as Lender or its counsel may reasonably request and shall have paid the fees due and payable hereunder.

4. **Payment of Fees and Expenses**. Debtor agrees to pay the following amendment fees (the "*Amendment Fees*"): (i) **ONE HUNDRED FIFTY THOUSAND AND NO DOLLARS ($150,000.00)** on the First Amendment Effective Date and (ii) **ONE HUNDRED THOUSAND AND NO DOLLARS ($100,000.00)** on **JUNE 15, 2020**. The Amendment Fee shall be paid to Lender in consideration for the structuring of the Credit Facility and (to the maximum extent permitted by applicable law) shall not be deemed interest. Debtor further agrees to pay all reasonable attorneys' fees of Lender in connection with the drafting and execution of this Amendment.

5. **Ratifications**. Except as expressly modified and superseded by this Amendment, the Loan Documents are ratified and confirmed and continue in full force and effect. The Loan Documents, as modified by this Amendment, continue to be legal, valid, binding and enforceable in accordance with their respective terms. Without limiting the generality of the foregoing, Debtor hereby ratifies and confirms that all liens heretofore granted to Lender were intended to, do and continue to secure the full payment and performance of the Indebtedness. Debtor agrees to perform such acts and duly authorize, execute, acknowledge, deliver, file and record such additional assignments, security agreements, modifications or agreements to any of the foregoing, and such other agreements, documents and instruments as Lender may reasonably request in order to perfect and protect those liens and preserve and protect the rights of Lender in respect of all present and future Collateral. The terms, conditions and provisions of the Loan Documents (as the same may have been amended, modified or restated from time to time) are incorporated herein by reference, the same as if stated verbatim herein.

6. **Representations, Warranties and Confirmations**. Debtor hereby represents and warrants to Lender that (a) this Amendment and any other Loan Documents to be delivered under this Amendment (if any) have been duly executed and delivered by Debtor, are valid and binding upon Debtor and are enforceable against Debtor in accordance with their terms, except as limited by any applicable bankruptcy, insolvency or similar laws of general application relating to the enforcement of creditors' rights and except to the extent specific remedies may generally be limited by equitable principles, (b) no action of, or filing with, any governmental authority is required to authorize, or is otherwise required in connection with, the execution, delivery and performance by Debtor of this Amendment or any other Loan Document to be delivered under this Amendment, and (c) the execution, delivery and performance by Debtor of this Amendment and any other Loan Documents to be delivered under this Amendment do not require the consent of any other person and do not and will not constitute a violation of any laws, agreements or understandings to which Debtor is a party or by which Debtor is bound.

7. **Additional Documents**. **TO SECURE FULL AND COMPLETE PAYMENT AND PERFORMANCE OF THE INDEBTEDNESS, DEBTOR SHALL EXECUTE AND DELIVER OR CAUSE TO BE EXECUTED AND DELIVERED ALL OF THE LOAN DOCUMENTS REASONABLY REQUIRED TO CARRY OUT THE PROVISIONS AND PURPOSES OF THIS AMENDMENT AND THE OTHER LOAN DOCUMENTS AND TO CREATE, PRESERVE, AND PERFECT THE LIENS OF LENDER IN THE COLLATERAL. IN THE EVENT ANY OF THE LOAN DOCUMENTS EVIDENCING OR SECURING THE INDEBTEDNESS MISREPRESENTS OR INACCURATELY REFLECTS THE CORRECT TERMS AND/OR PROVISIONS OF THE INDEBTEDNESS, DEBTOR SHALL UPON REQUEST BY LENDER AND IN ORDER TO CORRECT SUCH MISTAKE, EXECUTE SUCH NEW DOCUMENTS OR INITIAL CORRECTED, ORIGINAL DOCUMENTS AS LENDER MAY DEEM REASONABLY NECESSARY TO REMEDY SAID ERRORS OR MISTAKES. DEBTOR**

SHALL EXECUTE SUCH OTHER DOCUMENTS AS LENDER SHALL DEEM REASONABLY NECESSARY TO CORRECT ANY DEFECTS OR DEFICIENCIES IN THE LOAN DOCUMENTS. DEBTOR'S FAILURE TO EXECUTE SUCH DOCUMENTS AS REQUESTED SHALL CONSTITUTE AN EVENT OF DEFAULT UNDER THE LOAN AGREEMENT.

8. **Release**. Debtor hereby acknowledges and agrees that there are no defenses, counterclaims, offsets, cross-complaints, claims or demands of any kind or nature whatsoever to or against Lender or the terms and provisions of or the obligations of Debtor under the Loan Documents and the other agreements, instruments and documents evidencing, securing, governing, guaranteeing or pertaining thereto, and that Debtor has no right to seek affirmative relief or damages of any kind or nature from Lender. To the extent any such defenses, counterclaims, offsets, cross-complaints, claims, demands or rights exist, Debtor hereby waives, and hereby knowingly and voluntarily releases and forever discharges Lender and its predecessors, officers, directors, agents, attorneys, employees, successors and assigns, from all possible claims, demands, actions, causes of action, defenses, counterclaims, offsets, cross-complaints, damages, costs, expenses and liabilities whatsoever, whether known or unknown, such waiver and release being with full knowledge and understanding of the circumstances and effects of such waiver and release and after having consulted legal counsel with respect thereto.

9. **Multiple Counterparts**. This Amendment may be executed in a number of identical separate counterparts, each of which for all purposes is to be deemed an original, but all of which shall constitute, collectively, one agreement. Signature pages to this Amendment may be detached from multiple separate counterparts and attached to the same document and a telecopy, pdf. or other facsimile of any such executed signature page shall be valid as an original. The exchange of copies of this Amendment and of signature pages by telecopy, pdf. or other facsimile trans shall constitute effective execution and delivery of this Amendment as to the parties hereto and may be used in lieu of the original agreement for all purposes. This Amendment may be in the form of an Electronic Record and may be executed using Electronic Signatures (including, without limitation, facsimile and .pdf) which shall be deemed to have the same force and effect as manual signatures and shall be considered an original, and shall have the same legal effect, validity, and enforceability as a paper record. For purposes hereof, "*Electronic Record*" and "*Electronic Signature*" shall have the meanings assigned to them, respectively, by 15 USC §7006, as it may be amended from time to time.

10. **Reference to Agreement**. Each of the Loan Documents, including the Loan Agreement and any and all other agreements, documents, or instruments now or hereafter executed and delivered pursuant to the terms hereof containing a reference to the Loan Agreement shall mean and refer to the Loan Agreement as amended hereby.

11. **Severability**. Any provision of this Amendment held by a court of competent jurisdiction to be invalid or unenforceable shall not impair or invalidate the remainder of this Amendment and the effect thereof shall be confined to the provision so held to be invalid or unenforceable.

12. **Headings**. The headings, captions, and arrangements used in this Amendment are for convenience only and shall not affect the interpretation of this Amendment.

13. **NO COURSE OF DEALING. THE AGREEMENTS CONTAINED HEREIN NOR ANY OTHER AGREEMENTS OR EXTENSIONS GRANTED TO ANY OBLIGOR SHALL BE INTERPRETED OR CONSTRUED UNDER ANY CIRCUMSTANCES AS HAVING ESTABLISHED A COURSE OF DEALING OR COURSE OF CONDUCT BINDING UPON LENDER IN THE FUTURE OR OTHERWISE CREATING ANY FUTURE OBLIGATIONS ON**

THE PART OF LENDER TO PROVIDE OR AGREE TO ANY SIMILAR AGREEMENT OR EXTENSION AT ANY TIME.

14. **Regulation B—Notice of Joint Intent**. If Debtor is more than one Person, Federal Regulation B (Equal Credit Opportunity Act) requires Lender to obtain evidence of Debtor's intention to apply for joint credit. Debtor's signature below shall evidence such intent. Debtor's intent shall apply to future related extensions of joint credit and joint guaranty.

NOTICE OF FINAL AGREEMENT

THE LOAN AGREEMENT AND THE OTHER LOAN DOCUMENTS, AS AMENDED BY THIS AMENDMENT REPRESENT THE FINAL AGREEMENT BETWEEN AND AMONG THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN AND AMONG THE PARTIES.

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IN WITNESS WHEREOF, the parties have caused this Amendment to be duly executed as of the First Amendment Effective Date.

LENDER:	***ADDRESS:***
IVY FUNDING NINE, LLC	22 W. Bryan Street, Suite 208 Savannah, GA 31401
By: ____________________ Name: ____________________ Title: ____________________	
With copies of notices to:	***Lender's Counsel:***
	HUSCH BLACKWELL LLP 1900 Pearl Street, Suite 1800 Dallas, TX 75201 Attention: Steven S. Camp
DEBTOR:	***ADDRESS:***
CCFI FUNDING II, LLC	5165 Emerald Parkway, Suite 100 Dublin, OH 43017
By: ____________________ Name: Michael Durbin Title: Executive Vice President, Chief Financial Officer and Treasurer	

EXHIBIT A TO FIRST AMENDMENT

EXHIBIT A
TO
SECOND AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT

CONSUMER LOAN VALUE CERTIFICATE

DATE: _______________

Pursuant to that certain **SECOND AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT** (as amended, modified or restated from time to time, the "*Loan Agreement*") dated as of **FEBRUARY 7, 2020**, between **CCFI FUNDING II, LLC**, a Ohio limited liability company ("*Debtor*"), and **IVY FUNDING NINE, LLC**, a Delaware limited liability company (together with it successors and assigns, "*Lender*"), Debtor has reviewed its activities for the month ending on _____________, and hereby represents and warrants to Lender that the information set forth below is true and correct in all material respects as of that date, calculated in accordance with GAAP, consistently applied (unless otherwise provided) (capitalized terms below have the meanings assigned in the Loan Agreement):

1. **Consumer Loan Value**. Debtor represents to Lender that the following information regarding the Consumer Loan Value is true and correct:

A	Applicable Advance Rate	____%
B	Eligible Receivables	$
C	Consumer Loan Value (Eligible Receivables times the applicable Advance Rate)	$
D	Minus the total Indebtedness	$
E	Plus the balance of the Collateral Deposit Account (and amounts in transit)	$
F	Consumer Loan Value Deficiency (if any)	$

1. **Certification**. The undersigned officer hereby certifies on behalf of Debtor that: (a) Debtor is in compliance with all covenants of the Loan Agreement; and (b) as of the date of this compliance certificate and the date received by Lender, no Event of Default or Default, has occurred. The Note and Loan Agreement are acknowledged, ratified, confirmed, and agreed by Debtor to be valid, subsisting, and binding obligations. Debtor agrees that there is no right to set off or defense to payment of the Indebtedness.

2. **Financial Covenants**.

Minimum Asset (on a rolling 10 day average, the sum of all non-cash assets of Debtor as of such date, plus Debtor's cash in the Collateral Deposit Account as of such date (including verified funds in transit to the Collateral Deposit Account) does not equal or exceed [105%][112%][120%][123%][125%]of the then outstanding balance of the Credit Facility)	Days in reporting period: Average [Date] [Date] [Date] [Date] [Date] [Date] [Date] [Date] [Date] [Date]	Actual Non-Cash Assets, plus Cash in Collateral Deposit Account for each day in reporting period: $__________ $__________ $__________ $__________ $__________ $__________ $__________	Expressed as percentage of outstanding balance of the Credit Facility for each day in reporting period: ________% ________% ________% ________% ________% ________% ________%	Section 4(e) Requirement Met: Yes No

Monthly Dividend Cap ($7,000,000.00) (plus up to an additional $2,00,000.00 pursuant to the terms of the Loan Agreement and excluding any year-end dividend) (No more than two (2) separate distributions/dividends per calendar month.)	Actual distributions and/or dividends for prior calendar month: __________	Section 8(q) Requirement Met? Yes No
Minimum Cash Assets (more than 10% of the Credit Facility, in the Collateral Deposit Account as of such date (including verified funds in transit to the Collateral Deposit Account) on a rolling 10 Business Day basis)	Actual Minimum Cash Assets for each day in reporting period: Amount of Credit Facility: $____________ Average: [Date] __________________ [Date] __________________ [Date] __________________ [Date] __________________ [Date] __________________ [Date] __________________ [Date] __________________ [Date] [Date] [Date]	Section 4(f) Requirement Met: Yes No
Cash Flow Coverage Ratio (less than 3.0:1.0)	Actual Cash Flow Coverage Ratio: _______	Section 8(cc) Requirement Met: Yes No

3. **Level 1 Triggers**.

PRA Concentration Limit (not to exceed 75%)	Actual PRA Concentration Limit: __________	Level 1 Trigger: Yes No
Change in Control (Parent shall cease to Control Debtor or neither Michael Durbin nor Ted Saunders shall participate in the active management of Debtor's day to day operations unless consented to by Lender)		Level 1 Trigger: Yes No

EXECUTED as of the date first written above.

CCFI FUNDING II, LLC

5165 Emerald Parkway, Suite 100
Dublin, OH 43017

By: ________________________
Name: ________________________
Title: ________________________

EXHIBIT F
TO
SECOND AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT

MINIMUM ASSETS AND MINIMUM CASH CERTIFICATE

Pursuant to that certain **SECOND AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT** (as amended, modified or restated from time to time, the "*Loan Agreement*") dated as of **FEBRUARY 7, 2020**, between **CCFI FUNDING II, LLC**, a Ohio limited liability company ("*Debtor*"), and **IVY FUNDING NINE, LLC**, a Delaware limited liability company (together with it successors and assigns, "*Lender*"), Debtor has reviewed its activities for the calendar week ending on _____________, and hereby represents and warrants to Lender that the information set forth below is true and correct in all material respects as of that date, calculated in accordance with GAAP, consistently applied (unless otherwise provided) (capitalized terms below have the meanings assigned in the Loan Agreement):

<table>
<tr>
<td>Minimum Asset (on a rolling 10 day average, the sum of all non-cash assets of Debtor as of such date, plus Debtor's cash in the Collateral Deposit Account as of such date (including verified funds in transit to the Collateral Deposit Account) does not equal or exceed [105%][112%][120%][123%][125%]of the then outstanding balance of the Credit Facility)</td>
<td>Days in reporting period:

Average
[Date]
[Date]
[Date]
[Date]
[Date]
[Date]
[Date]
[Date]
[Date]
[Date]</td>
<td>Actual Non-Cash Assets, plus Cash in Collateral Deposit Account for each day in reporting period:

$__________
$__________
$__________
$__________
$__________
$__________
$__________</td>
<td>Expressed as percentage of outstanding balance of the Credit Facility for each day in reporting period:

________%
________%
________%
________%
________%
________%
________%</td>
<td>Section 4(e) Requirement Met:

Yes No</td>
</tr>
<tr>
<td>Minimum Cash Assets (more than 10% of the Credit Facility, in the Collateral Deposit Account as of such date (including verified funds in transit to the Collateral Deposit Account) on a rolling 10 Business Day basis)</td>
<td colspan="3">Actual Minimum Cash Assets for each day in reporting period:

Amount of Credit Facility: $____________

Average:

[Date] ________________
[Date] ________________
[Date] ________________
[Date] ________________
[Date] ________________
[Date] ________________
[Date] ________________
[Date]
[Date]
[Date]</td>
<td>Section 4(f) Requirement Met:

Yes No</td>
</tr>
</table>

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EXECUTED as of the date first written above.

CCFI FUNDING II, LLC

5165 Emerald Parkway, Suite 100
Dublin, OH 43017

By: ________________________
Name: ________________________
Title: ________________________

EXHIBIT 8(q)
TO
SECOND AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT

PRO FORMA CONSUMER LOAN VALUE CERTIFICATE

Pursuant to that certain **SECOND AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT** (as amended, modified or restated from time to time, the "*Loan Agreement*") dated as of **FEBRUARY 7, 2020**, between **CCFI FUNDING II, LLC**, a Ohio limited liability company ("*Debtor*"), and **IVY FUNDING NINE, LLC**, a Delaware limited liability company (together with it successors and assigns, "*Lender*"), Debtor has reviewed its activities as of [INSERT DATE OF DIVIDEND], and hereby represents and warrants to Lender that the information set forth below is true and correct in all material respects as of that date, calculated in accordance with GAAP, consistently applied (unless otherwise provided) (capitalized terms below have the meanings assigned in the Loan Agreement):

1. **Consumer Loan Value**. Debtor represents to Lender that the following information regarding the Consumer Loan Value is true and correct:

A	Applicable Advance Rate	____%
B	Eligible Receivables	$
C	Consumer Loan Value (Eligible Receivables times the applicable Advance Rate)	$
D	Minus the total Indebtedness	$
E	Plus the balance of the Collateral Deposit Account (and amounts in transit)	$
F	Minus the Amount of Any Proposed Dividend or Distribution	$
G	Pro Forma Consumer Loan Value Deficiency	Y/N

EXECUTED as of the date first written above.

CCFI FUNDING II, LLC

5165 Emerald Parkway, Suite 100
Dublin, OH 43017

By: ______________________
Name: ______________________
Title: ______________________

SCHEDULE III
TO
SECOND AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT

TO BE MUTUALLY AGREED BY THE PARTIES PRIOR TO SEPTEMBER 30, 2020

EXHIBIT 31.1

CERTIFICATION BY THE CHIEF EXECUTIVE OFFICER PURSUANT TO SECURITIES EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a), AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, William E. Saunders, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of CCF Holdings LLC;

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)) 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) 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

    c) 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.

Dated: May 15, 2020

By: /s/ WILLIAM E. SAUNDERS, JR.
William E. Saunders, Jr.
Chief Executive Officer
Principal Executive Officer

EXHIBIT 31.2

CERTIFICATION BY THE CHIEF FINANCIAL OFFICER PURSUANT TO SECURITIES EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a), AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Michael Durbin, certify that:

1. I have reviewed this quarterly report on Form 10-Q of CCF Holdings LLC;

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)) 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) 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

   c) 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.

Dated: May 15, 2020

By: /s/ MICHAEL DURBIN
Michael Durbin
Chief Financial Officer
Principal Financial and
Principal Accounting Officer

EXHIBIT 32.1

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

In connection with the Quarterly Report of CCF Holdings LLC (the “Company”) on Form 10-Q for the period ended March 31, 2020 (the “Report”), I, William E. Saunders, Jr., Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (the “Sarbanes- Oxley Act”), that to my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”); and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 15, 2020

/s/ WILLIAM E. SAUNDERS, JR.
William E. Saunders, Jr.
Chief Executive Officer
Principal Executive Officer

This certification accompanies this Report on Form 10-Q pursuant to Section 906 of the Sarbanes-Oxley Act and shall not, except to the extent required by such Sarbanes-Oxley Act, be deemed filed by the Company for purposes of Section 18 of the Exchange Act. Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.

EXHIBIT 32.2

CERTIFICATION REQUIRED BY 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of CCF Holdings LLC (the "Company") on Form 10-Q for the period ended March 31, 2020 (the "Report"), I, Michael Durbin, Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act"), that to my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"); and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 15, 2020

/s/ MICHAEL DURBIN
Michael Durbin
Chief Financial Officer
Principal Financial and
Principal Accounting Officer

This certification accompanies this Report on Form 10-Q pursuant to Section 906 of the Sarbanes-Oxley Act and shall not, except to the extent required by such Sarbanes-Oxley Act, be deemed filed by the Company for purposes of Section 18 of the Exchange Act. Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.

Ownership, Nature of Business, and Significant Accounting Policies - Goodwill and other intangibles (Details) - USD ($) $ in Thousands	3 Months Ended	
	Mar. 31, 2020	Mar. 31, 2019
Goodwill and other intangibles		
Amortization period	7 years	
Segment impairment	$ 11,288	
Amortization of intangibles	110	$ 110
Retail segment impairment		
Goodwill and other intangibles		
Segment impairment	$ 11,288	

Finance Receivables, Credit Quality Information and Allowance for Loan Losses - Changes in the allowance for the loan losses by product type (Details) - USD ($) $ in Thousands	3 Months Ended		
	Mar. 31, 2020	Mar. 31, 2019	Dec. 31, 2019
Changes in the allowance for the loan losses by product type			
Total Finance receivables at the end of the period	$ 1,614		$ 1,560
Total gross finance receivables for which accrual for third-party lender losses has been recorded	3,408		3,474
Subsidiary purchased loans	4,116		
Recoveries of collection on purchased loans	1,241		
Third party lender			
Changes in the allowance for the loan losses by product type			
Balance at the beginning of the period	2,570	$ 4,513	
Provision	1,976	5,758	
Charge-offs	(2,877)	(4,417)	
Balance at the end of the period	1,669	5,854	
Total gross finance receivables for which accrual for third-party lender losses has been recorded	26,667		28,444
Consumer Borrower			
Changes in the allowance for the loan losses by product type			
Balance at the beginning of the period	13,828	3,474	
Provision	13,624	14,505	
Charge-offs	(25,449)	(22,035)	
Recoveries	9,417	10,095	
Balance at the end of the period	11,420	6,039	
Total Finance receivables at the end of the period	$ 73,152	$ 80,155	98,330
Allowance as a percentage of receivable	15.61%	7.53%	
Troubled debt restructuring			
Changes in the allowance for the loan losses by product type			
Allowance for TDR's	$ 2	$ 3	
Net carrying value of TDR's	4	6	
Credit service program (CSO Program) | Third party lender			
Changes in the allowance for the loan losses by product type			
Total gross finance receivables for which accrual for third-party lender losses has been recorded	5,839		12,096
Short-term consumer loans			
Changes in the allowance for the loan losses by product type			
Total Finance receivables at the end of the period	44,908		61,973
Short-term consumer loans | Third party lender			
Changes in the allowance for the loan losses by product type			
Balance at the beginning of the period	1,304	4,454	

Provision	2,124	2,857	
Charge-offs	(2,617)	(4,410)	
Balance at the end of the period	811	2,901	
Short-term consumer loans | Consumer Borrower			
Changes in the allowance for the loan losses by product type			
Balance at the beginning of the period	2,654	2,018	
Provision	8,068	7,572	
Charge-offs	(17,366)	(16,402)	
Recoveries	8,790	9,127	
Balance at the end of the period	2,146	2,315	
Total Finance receivables at the end of the period	$ 44,908	$ 51,283	
Allowance as a percentage of receivable	4.78%	4.51%	
Short-term consumer loans | Ohio credit service program (CSO Program)			
Changes in the allowance for the loan losses by product type			
Recoveries	$ 38	$ 6,936	
Required purchases	80	9,898	
Short-term consumer loans | Texas credit service program (CSO Program)			
Changes in the allowance for the loan losses by product type			
Recoveries	2,107	1,205	
Total gross finance receivables for which accrual for third-party lender losses has been recorded	3,254		4,953
Required purchases	4,473	2,547	
Medium-term consumer loans			
Changes in the allowance for the loan losses by product type			
Total Finance receivables at the end of the period	28,244		36,357
Medium-term consumer loans | Third party lender			
Changes in the allowance for the loan losses by product type			
Balance at the beginning of the period	1,266	59	
Provision	(148)	2,901	
Charge-offs	(260)	(7)	
Balance at the end of the period	858	2,953	
Medium-term consumer loans | Consumer Borrower			
Changes in the allowance for the loan losses by product type			
Balance at the beginning of the period	11,174	1,456	
Provision	5,556	6,933	
Charge-offs	(8,083)	(5,633)	
Recoveries	627	968	
Balance at the end of the period	9,274	3,724	
Total Finance receivables at the end of the period	$ 28,244	$ 28,872	
Allowance as a percentage of receivable	32.84%	12.90%	
Medium-term consumer loans | Troubled debt restructuring | Consumer Borrower			
Changes in the allowance for the loan losses by product type			
Provision and write off	$ 11	$ 10	

Payment defaults for loans evaluated for impairment	22	23	
Medium-term consumer loans | Credit service program (CSO Program)			
Changes in the allowance for the loan losses by product type			
Recoveries	368		
Medium-term consumer loans | Ohio credit service program (CSO Program)			
Changes in the allowance for the loan losses by product type			
Recoveries		58	
Total gross finance receivables for which accrual for third-party lender losses has been recorded	2,585		7,143
Required purchases	616	63	
Check cashing | Consumer Borrower			
Changes in the allowance for the loan losses by product type			
Provision	1,320	$ 1,023	
Debt buyer liability | Third party lender			
Changes in the allowance for the loan losses by product type			
Balance at the beginning of the period	3,474		
Provision	2,809		
Charge-offs	(2,875)		
Balance at the end of the period	3,408		
Total gross finance receivables for which accrual for third-party lender losses has been recorded	26,667		28,444
Total gross finance receivables for which accrual for third-party lender losses has been reserved	$ 3,408		$ 3,474

Income Taxes	3 Months Ended Mar. 31, 2020
Income Taxes	
Income Taxes	**Note 11. Income Taxes** The Company files a consolidated federal income tax return. The Company files consolidated or separate state income tax returns as permitted by the individual states in which it operates. The effective tax rate for the three months ended March 31, 2020, is below the statutory rate due to the continued valuation allowance against its deferred tax assets. The Company had no liability recorded for unrecognized tax benefits at March 31, 2020, and December 31, 2019. At March 31, 2020, the Company had gross deferred tax assets of $42,926 and a valuation allowance of $42,926. At December 31, 2019, the Company had gross deferred tax assets of $32,622, a net deferred tax liability of $16, and a valuation allowance of $32,606. The Company maintains a full valuation allowance against its deferred tax assets as it is more likely than not that the deferred tax assets will not be realized. In evaluating whether a valuation allowance is needed for the deferred tax assets, the Company considered the ability to carry net operating losses back to prior periods, reversing taxable temporary differences, and estimates of future taxable income. There have been no credits or net operating losses that have expired. The projections were evaluated in light of past operating results and considered the risks associated with generating future taxable income due to macroeconomic conditions in the markets in which the Company operates, regulatory developments and cost containment. The Company will continue to evaluate the need for a valuation allowance against deferred tax assets in future periods and will adjust the allowance as necessary if it determines that it is more likely than not that some or all of the deferred tax assets will be realized.

Operating and Capital Lease Commitments and Total Rental Expense

3 Months Ended

Mar. 31, 2020

Operating and Capital Lease Commitments and Total Rental Expense

Operating and Capital Lease Commitments and Total Rental Expense

Note 7. Operating and Capital Lease Commitments and Total Rental Expense

The Company leases its facilities under various non-cancelable agreements, which require various minimum annual rentals and may also require the payment of normal common area maintenance on the properties.

All of the Company's 493 leases are operating leases with renewal options and are included in right-of-use assets – operating leases, current portion of operating lease obligation and noncurrent operating lease obligation on our consolidated balance sheets. These assets and liabilities are recognized at the commencement date based on the present value of remaining lease payments over the lease term using the Company's incremental borrowing rates or implicit rates, when readily determinable. Short-term operating leases which have an initial term of 12 months or less are not recorded on the consolidated balance sheets.

	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019
Lease cost:		
Operating lease cost	$ 4,469	$ 4,881
Short-term lease cost	1,518	1,047
Variable lease cost	294	16
Total lease cost	$ 6,281	$ 5,944
Other Information:		
Payments included in the measurement of lease liabilities		
Operating cash flows from operating leases	$ 4,409	$ 4,819
Right-of-use assets obtained in exchange for new operating lease liabilities	$ 2,191	$ 1,701
Weighted-average remaining lease term - operating leases	3.8 years	2.7 years
Weighted-average discount rate - operating leases	9.0 %	9.0 %

Future minimum lease payments for our operating leases as of March 31, 2020 were as follows:

Fiscal Years	Operating Leases
Remaining 2020	$ 11,833
2021	12,142
2022	8,007
2023	4,760
2024	2,783
Thereafter	3,683
Total minimum lease payments	43,208
Less imputed interest	(6,576)
Present value of net minimum lease payments	36,632
Less current portion of operating lease obligation	(12,741)
Operating lease obligation	$ 23,891

Utilities, property & casualty insurance, and repairs & maintenance expenses have been reclassified to the occupancy line item on the consolidated statements of operations and comprehensive loss. Previously, occupancy consisted of rent, common area maintenance, and real estate tax expenses. Utilities, property & casualty insurance, and repairs & maintenance were part of other operating expenses.

Related Party Transactions and Balances	3 Months Ended Mar. 31, 2020
Related Party Transactions and Balances	
Related Party Transactions and Balances	**Note 3. Related Party Transactions and Balances** There were no new significant related party transactions, or material changes to existing related party transactions, during the three months ended March 31, 2020.

Subsequent Event (Details) - USD ($)	Apr. 30, 2020	Apr. 22, 2020	Apr. 24, 2020	Apr. 23, 2020
Note, secured, due April 2020				
Subsequent Events				
Maximum borrowing capacity			$ 69,000	$ 73,000
Mandatory repayment due	$ 8,000			
Allowable dividends	$ 7,000			
Maximum | Subsequent Event				
Subsequent Events				
Interest on open ended credit		36.00%		

Finance Receivables, Credit Quality Information and Allowance for Loan Losses	3 Months Ended
	Mar. 31, 2020

Finance Receivables, Credit Quality Information and Allowance for Loan Losses

Finance Receivables, Credit Quality Information and Allowance for Loan Losses

Note 2. Finance Receivables, Credit Quality Information and Allowance for Loan Losses

Finance receivables representing amounts due from customers for advances at March 31, 2020, and December 31, 2019, consisted of the following:

	March 31, 2020	December 31, 2019
Short-term consumer loans:		
Secured	**$ 7,560**	$ 8,774
Unsecured	**37,348**	53,199
Total short-term consumer loans	**44,908**	61,973
Medium-term consumer loans		
Secured	**3,103**	5,612
Unsecured	**25,141**	30,745
Total medium-term consumer loans	**28,244**	36,357
Total gross receivables	**73,152**	98,330
Unearned advance fees, net of deferred loan origination costs	**(1,365)**	(2,507)
Finance receivables before allowance for loan losses	**71,787**	95,823
Allowance for loan losses	**(11,420)**	(13,828)
Finance receivables, net	**$ 60,367**	$ 81,995
Finance receivables, net		
Current portion	**$ 59,309**	$ 79,692
Non-current portion	**1,058**	2,303
Total finance receivables, net	**$ 60,367**	$ 81,995

Changes in the allowance for loan losses by product type for the three months ended March 31, 2020, are as follows:

	Balance 1/1/2020	Provision	Charge-Offs	Recoveries	Balance 3/31/2020	Receivables 3/31/2020	Allowance as a percentage of receivables
Short-term consumer loans	$ 2,654	$ 8,068	$(17,366)	$ 8,790	$ 2,146	$ 44,908	4.78 %
Medium-term consumer loans	11,174	5,556	(8,083)	627	9,274	28,244	32.84 %
	$13,828	$13,624	$(25,449)	$ 9,417	$11,420	$ 73,152	15.61 %

The provision for loan losses for the three months ended March 31, 2020, also includes losses from returned items from check cashing of $1,320.

The Company evaluates all short-term and medium-term consumer loans collectively for impairment, except for individually evaluating certain unsecured medium-term loans that have been modified and classified as troubled debt restructurings. In certain markets, the Company reduced interest rates and favorably changed payment terms for certain unsecured medium-term consumer loans to assist borrowers in avoiding default and to mitigate risk of loss. The provision and subsequent charge off related to these loans totaled $11 and is included in the provision for medium-term consumer loans for the three months ended March 31, 2020. For these loans evaluated for impairment, there were $22 of payment defaults during the three months ended March 31, 2020. The troubled debt restructurings during the three months ended March 31, 2020, are subject to an allowance of $2 with a net carrying value of $4 at March 31, 2020.

Changes in the allowance for loan losses by product type for the three months ended March 31, 2019, are as follows:

	Balance 1/1/2019	**Provision**	**Charge-Offs**	**Recoveries**	**Balance 3/31/2019**	**Receivables 3/31/2019**	**Allowance as a percentage of receivables**
Short-term consumer loans	$2,018	$ 7,572	$(16,402)	$ 9,127	$2,315	$ 51,283	4.51 %
Medium-term consumer loans	1,456	6,933	(5,633)	968	3,724	28,872	12.90 %
	$3,474	$14,505	$(22,035)	$ 10,095	$6,039	$ 80,155	7.53 %

The provision for loan losses for the three months ended March 31, 2019, also includes losses from returned items from check cashing of $1,023.

The provision and subsequent charge off related to troubled debt restructurings totaled $10 and is included in the provision for medium-term consumer loans for the three months ended March 31, 2019. For these loans evaluated for impairment, there were $23 of payment defaults during the three months ended March 31, 2019. The troubled debt restructurings during the three months ended March 31, 2019, are subject to an allowance of $3 with a net carrying value of $6 at March 31, 2019.

The Company has subsidiaries that facilitate third-party lender loans under the CSO model. Changes in the accrual for third-party lender losses for the three months ended March 31, 2020, and 2019, were as follows:

	Three Months Ended March 31,	
	2020	2019
Short-term balance, beginning of period	**$ 1,304**	$ 4,454
Provision for loan losses	**2,124**	2,857
Charge-offs, net	**(2,617)**	(4,410)
Short-term balance, end of period	**$ 811**	$ 2,901
Medium-term balance, beginning of period	**$ 1,266**	$ 59
Provision for loan losses	**(148)**	2,901
Charge-offs, net	**(260)**	(7)
Medium-term balance, end of period	**$ 858**	$ 2,953
Total balance, beginning of period	**$ 2,570**	$ 4,513
Provision for loan losses	**1,976**	5,758
Charge-offs, net	**(2,877)**	(4,417)
Total balance, end of period	**$ 1,669**	$ 5,854

A subsidiary of the Company offers a CSO product in Texas, and another subsidiary offered a CSO product in Ohio until April 2019, to assist consumers in obtaining credit with unaffiliated third-party lenders. Ohio House Bill 123 ("HB123") prohibits CSO transactions in

Ohio on or after April 28, 2019, at which time, the Ohio CSO product was no longer offered. Total gross finance receivables for which the Company has recorded an accrual for third-party lender losses totaled $5,839 and $12,096 at March 31, 2020, and December 31, 2019, respectively, and the corresponding guaranteed consumer loans are disclosed as an off-balance sheet arrangement. The total gross finance receivables for the Ohio CSO product consist of $2,585 and $7,143 in medium-term loans at March 31, 2020, and December 31, 2019, respectively. The total gross finance receivables for the Texas CSO product consist of $3,254 and $4,953 in short-term loans at March 31, 2020 and December 31, 2019, respectively.

For the Ohio CSO Program, the Company was required to purchase $80 and $9,898 of short-term loans and $616 and $63 of medium-term loans during the three months ended March 31, 2020, and 2019, respectively. As these loans were in default when purchased, they met the Company's policy and were fully charged-off at acquisition. The Company recognized recoveries of $38 and $6,936 of short-term and $368 and $58 of medium-term collections on these loans during the three months ended March 31, 2020, and 2019, respectively.

For the Texas CSO Program, the Company was required to purchase $4,473 and $2,547 of short-term loans during the three months ended March 31, 2020 and 2019, respectively. As these loans were in default when purchased, they met the Company's policy and were fully charged-off at acquisition. The Company recognized recoveries of $2,107 and $1,205 of short-term collections on these loans during the three months ended March 31, 2020, and 2019, respectively.

Additionally, certain subsidiaries of ours entered into a debt buying agreement with other third parties whereby the subsidiaries will purchase certain delinquent loans. Total gross finance receivables for which the Company recorded a debt buyer liability were $26,667 and $28,444 and the amount reserved for the debt buyer liability was $3,408 and $3,474 as of March 31, 2020 and December 31, 2019, respectively. The purchase price for any delinquent loan is equal to an agreed upon percentage of the unpaid principal balance and accrued interest and fees. The Company records these at fair value and the difference between the purchase price and expected recoverability is charged through the provision for loan losses. The Company has determined the fair value at repurchase based on a historical review of collections on defaulted or delinquent loans. The Company will sell to a third-party or will charge-off the remaining balance after a certain time period of collections activity.

Under the debt buying agreement, the Company's subsidiary purchased $4,116 of loans and recognized recoveries of $1,241 of collections on these loans during the three months ended March 31, 2020.

Changes in the accrual for the debt buyer liability for the three months ended March 31, 2020, were as follows:

	Three Months Ended March 31, 2020
Balance, beginning of period	$ 3,474
Provision for loan losses	2,809
Charge-offs, net	(2,875)
Balance, end of period	$ 3,408

The Company considers the near-term repayment performance of finance receivables as its primary credit quality indicator. The Company performs credit checks through consumer reporting agencies on certain borrowers. If a third-party lender provides the advance, the applicable third-party lender decides whether to approve the loan and establishes all of the underwriting criteria and terms, conditions, and features of the customer's loan agreement.

The aging of receivables at March 31, 2020, and December 31, 2019, were as follows:

	March 31, 2020		December 31, 2019	
Current finance receivables	**$63,751**	**87.1 %**	$86,935	88.4 %
Past due finance receivables (1 - 30 days)				
Secured short-term consumer loans	**1,229**	**1.7 %**	1,513	1.5 %
Unsecured short-term consumer loans	**1,070**	**1.5 %**	1,132	1.2 %
Short-term consumer loans	**2,299**	**3.2 %**	2,645	2.7 %
Secured medium-term consumer loans	**812**	**1.1 %**	1,321	1.3 %
Unsecured medium-term consumer loans	**3,307**	**4.5 %**	4,241	4.3 %
Medium-term consumer loans	**4,119**	**5.6 %**	5,562	5.7 %
Total past due finance receivables (1 - 30 days)	**6,418**	**8.8 %**	8,207	8.4 %
Past due finance receivables (31 - 60 days)				
Secured medium-term consumer loans	**331**	**0.5 %**	461	0.5 %
Unsecured medium-term consumer loans	**2,120**	**2.9 %**	2,373	2.4 %
Medium-term consumer loans	**2,451**	**3.4 %**	2,834	2.9 %
Total past due finance receivables (31 - 60 days)	**2,451**	**3.4 %**	2,834	2.9 %
Past due finance receivables (61 - 90 days)				
Secured medium-term consumer loans	**12**	**0.0 %**	10	- %
Unsecured medium-term consumer loans	**520**	**0.7 %**	344	0.3 %
Medium-term consumer loans	**532**	**0.7 %**	354	0.3 %
Total past due finance receivables (61 - 90 days)	**532**	**0.7 %**	354	0.4 %
Total delinquent	**9,401**	**12.9 %**	11,395	11.6 %
	$73,152	**100.0 %**	$98,330	100.0 %
Finance receivables in non-accrual status	**$ 1,614**	**2.2 %**	$ 1,560	1.6 %

Document and Entity Information	3 Months Ended Mar. 31, 2020 shares
Document and Entity Information	
Entity Registrant Name	CCF HOLDINGS LLC
Entity Central Index Key	0001766682
Document Type	10-Q
Document Period End Date	Mar. 31, 2020
Amendment Flag	false
Current Fiscal Year End Date	--12-31
Entity Current Reporting Status	Yes
Entity Filer Category	Non-accelerated Filer
Entity Interactive Data Current	Yes
Entity Small Business	false
Entity Emerging Growth Company	true
Entity Ex Transition Period	false
Entity Shell Company	false
Entity Common Stock, Shares Outstanding	992,857
Document Fiscal Year Focus	2020
Document Fiscal Period Focus	Q1

Consolidated Statements of Members' Equity - USD ($) $ in Thousands	Retained Deficit	Accumulated Other Comprehensive Income	Common units A	Common units B	Total
Beginning Balance at Dec. 31, 2018	$ 1,636	$ 6,635	$ 740	$ 130	$ 9,141
Beginning Balance (in shares) at Dec. 31, 2018			850,000	150,000	
Members' Equity [Abstract]					
Redemption of common units				(7,143)	
Net loss	(6,128)				(6,128)
Change in fair value of senior PIK notes		(14,645)			(14,645)
Ending Balance at Mar. 31, 2019	(4,492)	(8,010)	$ 740	$ 130	(11,632)
Ending Balance (in shares) at Mar. 31, 2019			850,000	142,857	
Beginning Balance at Dec. 31, 2019	(51,208)	24,108	$ 740	$ 130	(26,230)
Beginning Balance (in shares) at Dec. 31, 2019			850,000	142,857	
Members' Equity [Abstract]					
Net loss	(26,974)				(26,974)
Change in fair value of senior PIK notes		37,573			37,573
Ending Balance at Mar. 31, 2020	$ (78,182)	$ 61,681	$ 740	$ 130	$ (15,631)
Ending Balance (in shares) at Mar. 31, 2020			850,000	142,857	

Pledged Assets and Debt - Secured Note Payable (Details) - USD ($) $ in Thousands	Mar. 31, 2020	Dec. 31, 2019	Dec. 12, 2018
Secured notes payable | 9.00% Secured Notes due June 2023			
Senior Note Payable			
Face amount of debt	$ 40,000		$ 42,000
Interest rate (as a percent)	9.00%		9.00%
Principal	$ 40,000	$ 40,000	
Principal, noncurrent	40,000	40,000	
Net principal	40,000	40,000	
Net principal, noncurrent	40,000	40,000	
Subsidiary notes payable			
Senior Note Payable			
Face amount of debt	69,000		
Deferred issuance costs	1,165	373	
Deferred issuance costs, current	1	1	
Deferred Issuance costs, noncurrent	$ 1,164	$ 372	

Operating and Capital Lease Commitments and Total Rental Expense - Future minimum lease payments for our operating leases (Details) $ in Thousands	Mar. 31, 2020 USD ($)
Future minimum lease payments for our operating lease	
Remaining 2020	$ 11,833
2021	12,142
2022	8,007
2023	4,760
2024	2,783
Thereafter	3,683
Total minimum lease payments	43,208
Less imputed interest	(6,576)
Present value of net minimum lease payments	36,632
Less current portion of operating lease obligation	12,741
Operating lease obligation	$ 23,891

Accounts Payable and Accrued Liabilities (Tables)	3 Months Ended Mar. 31, 2020

Accounts Payable and Accrued Liabilities

Schedule of accounts payable and accrued liabilities

	March 31, 2020	December 31, 2019
Accounts payable	**$ 5,789**	$ 5,818
Accrued payroll and compensated absences	**8,165**	7,982
Wire transfers payable	**1,547**	1,244
Accrual for third-party losses	**1,669**	2,570
Debt buyer liability	**3,408**	3,474
Unearned CSO Fees	**455**	2,846
Bill payment service liability	**1,064**	897
Lease termination	**328**	467
Other	**4,414**	4,897
	$ 26,839	$ 30,195

Ownership, Nature of Business, and Significant Accounting Policies (Tables)	3 Months Ended Mar. 31, 2020

Ownership, Nature of Business, and Significant Accounting Policies

Schedule of estimated fair values of financial instruments

	March 31, 2020		
	Carrying Amount	Fair Value	Level
Financial assets:			
Cash and cash equivalents	**$ 60,991**	$ 60,991	1
Restricted cash	**4,040**	4,040	1
Finance receivables	**60,367**	60,367	3
Financial liabilities:			
Senior PIK Notes	**36,670**	36,670	3
Secured Note Payable	**40,000**	40,000	2
Subsidiary Note payable	**74,699**	74,699	2

	December 31, 2019		
	Carrying Amount	Fair Value	Level
Financial assets:			
Cash and cash equivalents	**$ 49,016**	$ 49,016	1
Restricted cash	**6,090**	6,090	1
Finance receivables	**81,995**	81,995	3
Financial liabilities:			
Senior PIK Notes	**74,243**	74,243	3
Secured Note Payable	**40,000**	40,000	2
Subsidiary Note payable	**74,731**	74,731	2

Consolidated Statements of Operations and Comprehensive Income - USD ($) $ in Thousands	3 Months Ended	
	Mar. 31, 2020	Mar. 31, 2019
Revenues:		
Total revenues	$ 75,979	$ 86,496
Operating expenses:		
Salaries	16,863	16,846
Provision for loan losses	19,729	21,286
Occupancy	8,776	8,538
Advertising and marketing	810	777
Depreciation and amortization	4,580	8,205
Other	8,478	6,993
Total operating expenses	59,236	62,645
Operating gross profit	16,743	23,851
Corporate and other expenses:		
Corporate expenses	18,215	17,099
Depreciation and amortization	957	1,481
Interest expense, net	13,199	11,386
Goodwill impairment	11,288	
Total corporate and other expenses	43,659	29,966
Loss from continuing operations, before tax	(26,916)	(6,115)
Provision for income taxes	58	13
Net loss	(26,974)	(6,128)
Other comprehensive income (loss):		
Change in fair value of senior PIK notes	37,573	(14,645)
Other comprehensive income (loss):	37,573	(14,645)
Comprehensive income (loss)	10,599	(20,773)
Finance receivable fees		
Revenues:		
Total revenues	44,515	48,829
Credit service fees		
Revenues:		
Total revenues	5,636	18,106
Check cashing fees		
Revenues:		
Total revenues	15,189	12,520
Card fees		
Revenues:		
Total revenues	2,493	3,215
Other		
Revenues:		
Total revenues	$ 8,146	$ 3,826

Ownership, Nature of Business, and Significant Accounting Policies	3 Months Ended Mar. 31, 2020

Note 1. Ownership, Nature of Business, and Significant Accounting Policies

Nature of business: CCF Holdings, LLC (the “Company” or “CCF”) is a provider of alternative financial services to unbanked and under-banked consumers. The Company was formed in 2018 and succeeded to the business and operations of Community Choice Financial Inc.. The Company owned and operated 474 retail locations in 12 states and was licensed to deliver similar financial services over the internet in 28 states as of March 31, 2020. Through its network of retail locations and over the internet, the Company provides customers a variety of financial products and services, including secured and unsecured, short-term and medium-term consumer loans, check cashing, prepaid debit cards, and other services that address the specific needs of its individual customers.

As an “emerging growth company”, the Company is permitted to delay the adoption of new or revised accounting standards until such time as those standards apply to private companies. The Company has chosen to take advantage of the extended transition period for complying with new or revised accounting standards.

COVID-19 Pandemic: The 2019 novel coronavirus (“COVID-19”) has adversely affected, and will continue to adversely affect, economic activity globally, nationally, and locally. It is unknown the extent to which COVID-19 may spread, may have a destabilizing effect on financial and economic activity and may increasingly have the potential to negatively impact the Company’s and its customers’ costs, demand for the Company’s products and services, and the U.S. economy. These conditions could adversely affect the Company’s business, financial condition, and results of operations. Further, COVID-19 may result in health or other government authorities requiring the closure of the Company’s operations or other businesses of the Company’s customers and suppliers, which could significantly disrupt the Company’s operations and the operations of the Company’s customers.

In response to the coronavirus, the Company has the majority of its corporate employees working remotely and has restricted operating hours at certain retail locations in order to ensure the safety or our employees and customers.
As of March 31, 2020, the Company had not yet experienced a significant decline in the demand for its products and services. However, through the date of filing, demand for loan products has been negatively impacted by the Covid-19 Pandemic and portfolio levels have declined as a result. Declining portfolio levels will have a negative impact on operating profits and liquidity and may impact our ability to meet all debt financing and covenant obligations.

A summary of the Company’s significant accounting policies follows:

Basis of presentation: The accompanying interim unaudited consolidated financial statements of the Company have been prepared in accordance with the instructions to Form 10-Q and accounting principles generally accepted in the United States (“GAAP”) for interim financial information. They do not include all information and footnotes required by GAAP for complete financial statements. Although management believes that the disclosures are adequate to prevent the information from being misleading, the interim unaudited consolidated financial statements should be read in conjunction with the Company’s audited financial statements for the year ended December 31, 2019, on Form 10-K filed with the Securities & Exchange Commission on March 12, 2020. All adjustments, consisting of normal recurring adjustments, considered necessary for a fair statement of the Company’s financial condition, have been included. The results for any interim period are not necessarily indicative of results to be expected for the year ending December 31, 2020.

Reclassifications: Certain amounts reported in the 2019 consolidated financial statements have been reclassified to conform to classifications presented in the 2020 consolidated financial statements, without affecting the previously reported net income or members' equity. See Note 7 for further details.

Basis of consolidation: The accompanying consolidated financial statements include the accounts of CCF and subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

Business segments: FASB Accounting Standards Codification ("ASC") Topic 280 Segment Reporting requires that a public enterprise report a measure of segment profit or loss, certain specific revenue and expense items, segment assets, information about the way operating segments were determined and other items. The Company reports operating segments in accordance with FASB ASC Topic 280. Operating segments are components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker in determining how to allocate resources and assess performance. The Company operates in two segments: Retail financial services ("Retail segment") and Internet financial services ("Internet segment").

Equity method investments: Entities and investments over which the Company exercises significant influence over the activities of the entity but which do not meet the requirements for consolidation are accounted for using the equity method of accounting pursuant to ASC 323, whereby the Company records its share of the underlying income or loss of these entities. Intercompany profit arising from transactions with affiliates is eliminated to the extent of its beneficial interest. Equity in losses of equity method investments is not recognized after the carrying value of an investment, including advances and loans, has been reduced to zero, unless guarantees or other funding obligations exist.

Revenue recognition: Transactions include loans, credit service fees, check cashing, bill payment, money transfer, money order sales, and other miscellaneous products and services. The recognized revenue from these transactions is classified in the following categories:

Finance receivables fees—Advance fees and direct costs incurred for the origination of secured and unsecured short-term and medium-term consumer loans are deferred and amortized over the loan period using the interest method. Revenue on loans determined to be troubled debt restructurings are recognized at the impaired loans' original interest rates until the impaired loans are charged off or paid by the customer. Revenues from short-term and medium-term consumer loans are recognized and the performance obligation is satisfied over the term of the loan.

Credit service fees—Credit service organization and credit access bureau (collectively "CSO") fees are recognized over the arranged credit service period. ASC 606 requires product sales to be allocated based on performance obligation. CSO performance obligations include the guarantee and the arrangement of the loan. The guarantee portion of the fees are recognized over the period of the loan as the guarantee represents the primary performance obligation. The arrangement of the loan represents a small portion of the CSO fee, and the net impact resulting from the application of ASC 606 for this portion of the fee would not be material. Credit service fees are recognized and the performance obligation is satisfied over the term of the related loan.

Check cashing fees—The full amount of the check cashing fee is recognized as revenue at the time of the transaction. The revenue is recognized and the performance obligation is satisfied at the time the service is provided.

Card fees and Other—The Company acts in an agency capacity regarding bill payment services, money transfers, card products, and money orders offered and sold at its retail locations. The Company records the net amount retained as revenue because the supplier is the primary obligor in the arrangement, the amount earned by the Company is fixed, and the supplier is determined to have the ultimate credit risk. The revenue is recognized and the performance obligation is satisfied at the time the service is provided.

Disaggregation of revenues—Revenues for finance receivable and CSO fees are recognized over the term of the loan and were $50,151 and $66,935 for the three months ended March 31, 2020, and 2019, respectively. Revenues for check cashing, card fees, and other are recognized at the time of service and were $25,828 and $19,561 for the three months ended March 31, 2020, and 2019, respectively.

Finance receivables: Finance receivables consist of short term and medium-term consumer loans.

Short-term consumer loans can be unsecured or secured with a maturity up to ninety days. Unsecured short-term loan products typically range in principal from $100 to $1,000, with a maturity between fourteen and thirty days, and include a written agreement to defer the presentment of the customer's personal check or preauthorized debit for the aggregate amount of the advance plus fees. This form of lending is based on applicable laws and regulations, which vary by state. State statutes vary from charging fees of 5% to 27%, to charging interest up to 25% per month. The customers repay the cash advance by making cash payments or allowing a check or preauthorized debit to be presented. Secured consumer loans with a maturity of ninety days or less are included in this category and represented 16.8% and 14.2% of short-term consumer loans at March 31, 2020 and December 31, 2019, respectively.

Medium-term consumer loans can be unsecured or secured with a maturity greater than ninety days and up to thirty-six months. Unsecured medium-term products typically range from $100 to $5,000, and are evidenced by a promissory note with a maturity between three and thirty-six months. These consumer loans vary in structure depending upon the applicable laws and regulations where they are offered. The medium-term consumer loans are payable in installments or provide for a line of credit with periodic payments. Secured consumer loans with a maturity greater than ninety days are included in this category and represented 11.0% and 15.4% of medium-term consumer loans at March 31, 2020, and December 31, 2019, respectively.

Allowance for loan losses: Provisions for loan losses are charged to income in amounts sufficient to maintain an adequate allowance for loan losses, an adequate accrual for losses related to guaranteed loans processed for third-party lenders under the CSO program, and an accrual for the debt buyer liability. The factors used in assessing the overall adequacy of the allowance for loan losses, the accrual for losses related to guaranteed loans made by third-party lenders, and the debt buyer liability, and the resulting provision for loan losses include an evaluation by product, by market based on historical loan loss experience, and delinquency of certain medium-term consumer loans. The Company evaluates various qualitative factors that may or may not affect the computed initial estimate of the allowance for loan losses, by using internal valuation inputs including historical loan loss experience, delinquency, overall portfolio quality, and current economic conditions.

For short term unsecured consumer loans, the Company's policy is to charge off loans when they become past due. The Company's policy dictates that, where a customer has provided a check or an electronic payment authorization for presentment upon the maturity of a loan, if the customer has not paid off the loan by the due date, the Company will deposit the customer's check or draft the customer's bank account for the amount due. If the check or draft is returned as unpaid, all accrued fees and outstanding principal are charged-off as uncollectible. For short term secured loans, the Company's policy requires that balances be charged off when accounts are either thirty or sixty days past due depending on the product. The Company had $1,614 and $1,560 of loans in non-accrual status as of March 31, 2020 and December 31, 2019, respectively. The amount of the resulting charge-off includes unpaid principal, accrued interest and any uncollected fees, if applicable.

For medium term secured and unsecured consumer loans that have a term of one year or less, the Company's policy requires that balances be charged off when accounts are sixty days past due. For medium term secured and unsecured consumer loans that have an initial maturity of greater than one year, the Company's policy requires that balances be charged off when accounts are ninety-one days past due. The Company accrues interest on past-due loans until charge off. The amount of the resulting charge-off includes unpaid principal, accrued interest and any uncollected fees, if applicable.

In certain markets, the Company reduced interest rates and favorably changed payment terms for medium-term consumer loans to assist borrowers in avoiding default and to mitigate risk of loss. These reduced interest rates and changed payment terms were limited to loans that the Company believed the customer had the ability to pay in the foreseeable future. These loans were accounted for as troubled debt restructurings and represent the only loans considered impaired due to the nature of the Company's charge-off policy.

Recoveries of amounts previously charged off are recorded to the allowance for loan losses or the accrual for third-party losses in the period in which they are received.

Goodwill and other intangible assets: Goodwill, or cost in excess of fair value of net assets of the companies acquired, is recorded at its carrying value and is periodically evaluated for impairment. The Company tests the carrying value of goodwill and other intangible assets annually as of December 31 or when the events and circumstances warrant such a review. One of the methods for this review is performed using estimates of future cash flows. If the carrying value of goodwill or other intangible assets is considered impaired, an impairment charge is recorded for the amount by which the carrying value of the goodwill or intangible assets exceeds its fair value. Changes in estimates of cash flows and fair value, however, could affect the valuation.

Due to the macroeconomic effects of the COVID-19 pandemic, the Company conducted a test for impairment of goodwill for the Retail segment as of March 31, 2020, and recorded an impairment of $11,288. The methodology for determining the fair value was a combination of quoted market prices, prices of comparable businesses, discounted cash flows and other valuation techniques. The Company's goodwill was fully impaired as of March 31, 2020.

The Company's other intangible assets consist of a trade name. The amount recorded for other intangible assets is amortized using the straight-line method over seven years. Intangible amortization expense was $110 for the three months ended March 31, 2020, and 2019. Intangible assets were determined to be not impaired as of March 31, 2020.

Debt buyer liability: The Company records a liability for the secured and unsecured revolving loans offered by a third party expected to default, as the Company is required to purchase loans that default per a debt buying agreement. This liability is disclosed as part of accounts payable and accrued liabilities on the consolidated balance sheet.

Fair value of financial instruments: Financial assets and liabilities measured at fair value are grouped in three levels. The levels prioritize the inputs used to measure the fair value of the assets or liabilities. These levels are:

- Level 1—Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2—Inputs other than quoted prices that are observable for assets and liabilities, either directly or indirectly. These inputs include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are less attractive.
- Level 3—Unobservable inputs for assets and liabilities reflecting the reporting entity's own assumptions.

The Company follows the provisions of ASC 820-10, *Fair Value Measurements and Disclosures,* which applies to all assets and liabilities that are being measured and reported on a fair value basis. ASC 820-10 requires a disclosure that establishes a framework for measuring fair value within GAAP and expands the disclosure about fair value measurements. This standard enables a reader of consolidated financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. The standard requires that assets and liabilities carried at fair value be classified and disclosed in one of the three categories.

In determining the appropriate levels, the Company performed a detailed analysis of the assets and liabilities that are subject to ASC 820-10. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3. The Company's financial instruments consist primarily of cash and cash equivalents, finance receivables, restricted cash, and notes payable. For all such instruments, including notes payable at March 31, 2020, and December 31, 2019, the carrying amounts in the consolidated financial statements approximate their fair values. Finance receivables are short term in nature and are originated at prevailing market rates and lines of credit bear interest at current market rates. The fair value of finance receivables at March 31, 2020 and December 31, 2019, approximates carrying value and is measured using internal valuation inputs including historical loan loss experience, delinquency, overall portfolio quality, and current economic conditions.

The fair value of the PIK notes was determined at March 31, 2020 and December 31, 2019. As more fully described in Note 5, the fair value of the PIK notes was determined using an approach that considered both a Black Scholes option price methodology and the intrinsic value of the notes on an ''as-if-converted'' basis.

	March 31, 2020		
	Carrying Amount	**Fair Value**	**Level**
Financial assets:			
Cash and cash equivalents	**$60,991**	$60,991	1
Restricted cash	**4,040**	4,040	1
Finance receivables	**60,367**	60,367	3
Financial liabilities:			
Senior PIK Notes	**36,670**	36,670	3
Secured Note Payable	**40,000**	40,000	2
Subsidiary Note payable	**74,699**	74,699	2

	December 31, 2019		
	Carrying Amount	**Fair Value**	**Level**
Financial assets:			
Cash and cash equivalents	**$49,016**	$49,016	1
Restricted cash	**6,090**	6,090	1
Finance receivables	**81,995**	81,995	3
Financial liabilities:			
Senior PIK Notes	**74,243**	74,243	3
Secured Note Payable	**40,000**	40,000	2
Subsidiary Note payable	**74,731**	74,731	2

Recent Accounting Pronouncements: In January 2017, the FASB issued ASU No. 2017-04, Intangibles – Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment. This guidance eliminates Step 2 from the goodwill impairment test. The annual, or interim, goodwill impairment test is performed by comparing the fair value of a reporting unit with its carrying amount. Any impairment charge should be recognized for the amount by which the carrying amount exceeds the reporting unit's fair value, however, the loss recognized should not exceed the total amount of goodwill. This guidance also eliminates the requirements for any reporting unit with a zero or negative carrying amount to perform a qualitative assessment, and if it fails that qualitative test, to perform Step 2 of the goodwill impairment test. This guidance is effective for annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2021 for emerging growth companies. The Company elected to early adopt the provisions of ASU 2017-04 during the three months ended March 31, 2020.

Subsequent events: The Company has evaluated its subsequent events (events occurring after March 31, 2020) through the issuance date of May 15, 2020.

Pledged Assets and Debt - Senior PIK (Details) - USD ($) $ in Thousands	3 Months Ended		12 Months Ended
	Mar. 31, 2020	Mar. 31, 2019	Dec. 31, 2019
Debt			
Changes in the fair value of the PIK Notes	$ (37,573)	$ 14,645	
Risk-free interest rate			
Significant assumptions used in the Black Scholes option price methodology			
PIK Notes, measurement inputs	0.33		1.65
Dividend yield			
Significant assumptions used in the Black Scholes option price methodology			
PIK Notes, measurement inputs	0.00		0.00
Expected volatility			
Significant assumptions used in the Black Scholes option price methodology			
PIK Notes, measurement inputs	43.00		39.30
Expected term (years)			
Significant assumptions used in the Black Scholes option price methodology			
PIK Notes, measurement inputs, term	3 years 8 months 12 days		3 years 11 months 12 days
Senior PIK notes payable | 10.75% senior secured notes due 2019			
Debt			
Changes in the fair value of the PIK Notes	$ (37,573)	$ 14,645	
Senior PIK notes payable | 10.750% senior PIK notes due 2023			
Debt			
Interest rate (as a percent)	10.75%		10.75%
Principal	$ 307,860		$ 307,860
Principal, noncurrent	307,860		307,860
Discount	271,190		233,617
Discount, noncurrent	271,190		233,617
Fair value	36,670		
Fair value, noncurrent	36,670		
Net principal			74,243
Net principal, noncurrent			74,243
Senior PIK notes payable | 10.750% senior PIK notes due 2023 | Current Liabilities			
Debt			
Accrued interest	$ 9,653		$ 1,379

Operating and Capital Lease Commitments and Total Rental Expense - Lease Costs (Details) $ in Thousands	3 Months Ended	
	Mar. 31, 2020 USD ($) lease	Mar. 31, 2019 USD ($)
Lease cost:		
Number of operating leases | lease	493	
Operating lease cost	$ 4,469	$ 4,881
Short-term lease cost	1,518	1,047
Variable lease cost	294	16
Total lease cost	6,281	5,944
Operating cash flows from operating leases	4,409	4,819
Right-of-use assets obtained in exchange for new operating lease liabilities	$ 2,191	$ 1,701
Weighted-average remaining lease term - operating leases	3 years 9 months 18 days	2 years 8 months 12 days
Weighted-average discount rate - operating leases	9.00%	9.00%
Maximum		
Lease cost:		
Initial term	12 months	

Operating and Capital Lease Commitments and Total Rental Expense (Tables)	3 Months Ended
	Mar. 31, 2020
Operating and Capital Lease Commitments and Total Rental Expense	

Schedule of lease cost

	Three Months Ended March 31,	
	2020	2019
Lease cost:		
Operating lease cost	$4,469	$4,881
Short-term lease cost	1,518	1,047
Variable lease cost	294	16
Total lease cost	$6,281	$5,944
Other Information:		
Payments included in the measurement of lease liabilities		
Operating cash flows from operating leases	$4,409	$4,819
Right-of-use assets obtained in exchange for new operating lease liabilities	$2,191	$1,701
Weighted-average remaining lease term - operating leases	3.8 years	2.7 years
Weighted-average discount rate - operating leases	9.0 %	9.0 %

Schedule of future minimum lease payments

Fiscal Years	Operating Leases
Remaining 2020	$ 11,833
2021	12,142
2022	8,007
2023	4,760
2024	2,783
Thereafter	3,683
Total minimum lease payments	43,208
Less imputed interest	(6,576)
Present value of net minimum lease payments	36,632
Less current portion of operating lease obligation	(12,741)
Operating lease obligation	$ 23,891

Finance Receivables, Credit Quality Information and Allowance for Loan Losses (Tables)	3 Months Ended
	Mar. 31, 2020

Finance Receivables, Credit Quality Information and Allowance for Loan Losses

Schedule of finance receivables representing amounts due from customers for advances

	March 31, 2020	December 31, 2019
Short-term consumer loans:		
Secured	$ 7,560	$ 8,774
Unsecured	37,348	53,199
Total short-term consumer loans	44,908	61,973
Medium-term consumer loans		
Secured	3,103	5,612
Unsecured	25,141	30,745
Total medium-term consumer loans	28,244	36,357
Total gross receivables	73,152	98,330
Unearned advance fees, net of deferred loan origination costs	(1,365)	(2,507)
Finance receivables before allowance for loan losses	71,787	95,823
Allowance for loan losses	(11,420)	(13,828)
Finance receivables, net	$ 60,367	$ 81,995
Finance receivables, net		
Current portion	$ 59,309	$ 79,692
Non-current portion	1,058	2,303
Total finance receivables, net	$ 60,367	$ 81,995

Schedule of changes in the allowance for loan losses by product type

	Balance 1/1/2020	Provision	Charge-Offs	Recoveries	Balance 3/31/2020	Receivables 3/31/2020	Allowance as a percentage of receivables
Short-term consumer loans	$ 2,654	$ 8,068	$(17,366)	$ 8,790	$ 2,146	$ 44,908	4.78 %
Medium-term consumer loans	11,174	5,556	(8,083)	627	9,274	28,244	32.84 %
	$13,828	$13,624	$(25,449)	$ 9,417	$11,420	$ 73,152	15.61 %

	Balance 1/1/2019	Provision	Charge-Offs	Recoveries	Balance 3/31/2019	Receivables 3/31/2019	Allowance as a percentage of receivables
Short-term consumer loans	$2,018	$ 7,572	$(16,402)	$ 9,127	$2,315	$ 51,283	4.51 %
Medium-term consumer loans	1,456	6,933	(5,633)	968	3,724	28,872	12.90 %

	$3,474	$14,505	$(22,035)	$ 10,095	$6,039	$ 80,155	7.53 %

Schedule of changes in the accrual for third-party lender losses

	Three Months Ended March 31, 2020	2019
Short-term balance, beginning of period	**$ 1,304**	$ 4,454
Provision for loan losses	**2,124**	2,857
Charge-offs, net	**(2,617)**	(4,410)
Short-term balance, end of period	**$ 811**	$ 2,901
Medium-term balance, beginning of period	**$ 1,266**	$ 59
Provision for loan losses	**(148)**	2,901
Charge-offs, net	**(260)**	(7)
Medium-term balance, end of period	**$ 858**	$ 2,953
Total balance, beginning of period	**$ 2,570**	$ 4,513
Provision for loan losses	**1,976**	5,758
Charge-offs, net	**(2,877)**	(4,417)
Total balance, end of period	**$ 1,669**	$ 5,854

Schedule of changes in accrual for debt buyer liability

	Three Months Ended March 31, 2020
Balance, beginning of period	**$ 3,474**
Provision for loan losses	**2,809**
Charge-offs, net	**(2,875)**
Balance, end of period	**$ 3,408**

Schedule of aging of receivables

	March 31, 2020		December 31, 2019	
Current finance receivables	**$63,751**	**87.1 %**	$86,935	88.4 %
Past due finance receivables (1 - 30 days)				
Secured short-term consumer loans	**1,229**	**1.7 %**	1,513	1.5 %
Unsecured short-term consumer loans	**1,070**	**1.5 %**	1,132	1.2 %
Short-term consumer loans	**2,299**	**3.2 %**	2,645	2.7 %
Secured medium-term consumer loans	**812**	**1.1 %**	1,321	1.3 %
Unsecured medium-term consumer loans	**3,307**	**4.5 %**	4,241	4.3 %
Medium-term consumer loans	**4,119**	**5.6 %**	5,562	5.7 %
Total past due finance receivables (1 - 30 days)	**6,418**	**8.8 %**	8,207	8.4 %
Past due finance receivables (31 - 60 days)				
Secured medium-term consumer loans	**331**	**0.5 %**	461	0.5 %
Unsecured medium-term consumer loans	**2,120**	**2.9 %**	2,373	2.4 %
Medium-term consumer loans	**2,451**	**3.4 %**	2,834	2.9 %
Total past due finance receivables (31 - 60 days)	**2,451**	**3.4 %**	2,834	2.9 %
Past due finance receivables (61 - 90 days)				
Secured medium-term consumer loans	**12**	**0.0 %**	10	- %
Unsecured medium-term consumer loans	**520**	**0.7 %**	344	0.3 %
Medium-term consumer loans	**532**	**0.7 %**	354	0.3 %
Total past due finance receivables (61 - 90 days)	**532**	**0.7 %**	354	0.4 %
Total delinquent	**9,401**	**12.9 %**	11,395	11.6 %
	$73,152	**100.0 %**	$98,330	100.0 %
Finance receivables in non-accrual status	**$ 1,614**	**2.2 %**	$ 1,560	1.6 %

Ownership, Nature of Business, and Significant Accounting Policies - Financing Receivables (Details) - USD ($) $ in Thousands	3 Months Ended Mar. 31, 2020	12 Months Ended Dec. 31, 2019	Mar. 31, 2019
Finance receivables			
Loans in non-accrual status	$ 1,614	$ 1,560	
Short-term consumer loans			
Finance receivables			
Loans in non-accrual status	44,908	61,973	
Medium-term consumer loans			
Finance receivables			
Loans in non-accrual status	28,244	36,357	
Consumer Borrower			
Finance receivables			
Loans in non-accrual status	73,152	$ 98,330	$ 80,155
Consumer Borrower | Short-term consumer loans			
Finance receivables			
Loans in non-accrual status	$ 44,908		51,283
Consumer Borrower | Secured short term loan			
Finance receivables			
Fee per $.1 borrowed (as a percent)	16.80%	14.20%	
Consumer Borrower | Medium-term consumer loans			
Finance receivables			
Loans in non-accrual status	$ 28,244		$ 28,872
Consumer Borrower | Secured Medium Term Loan			
Finance receivables			
Fee per $.1 borrowed (as a percent)	11.00%	15.40%	
Consumer Borrower | Medium term loans up to one year			
Finance receivables			
Period of past due when accounts are required to be charged-off	60 days		
Consumer Borrower | Medium term loans greater than one year			
Finance receivables			
Maturity period of loan, for loan balances to be charged-off when accounts are past due by stipulated period	1 year		
Consumer Borrower | Minimum | Secured short term loan			
Finance receivables			
Period of past due when accounts are required to be charged-off	30 days		
Consumer Borrower | Minimum | Unsecured short term loan			
Finance receivables			
Consumer loan products	$ 100		
Maturity period of promissory note	14 days		
Fee per $.1 borrowed (as a percent)	5.00%		

Consumer Borrower | Minimum | Medium-term consumer loans	
Finance receivables	
Maturity period of promissory note	90 days
Consumer Borrower | Minimum | Unsecured Medium Term Loan	
Finance receivables	
Consumer loan products	$ 100
Maturity period of promissory note	3 months
Consumer Borrower | Minimum | Secured Medium Term Loan	
Finance receivables	
Maturity period of promissory note	90 days
Consumer Borrower | Maximum | Short-term consumer loans	
Finance receivables	
Maturity period of promissory note	90 days
Consumer Borrower | Maximum | Secured short term loan	
Finance receivables	
Maturity period of promissory note	90 days
Period of past due when accounts are required to be charged-off	60 days
Consumer Borrower | Maximum | Unsecured short term loan	
Finance receivables	
Consumer loan products	$ 1,000
Maturity period of promissory note	30 days
Fee per $.1 borrowed (as a percent)	27.00%
Interest rate on loan products (as a percent)	25.00%
Consumer Borrower | Maximum | Medium-term consumer loans	
Finance receivables	
Maturity period of promissory note	36 months
Consumer Borrower | Maximum | Unsecured Medium Term Loan	
Finance receivables	
Consumer loan products	$ 5,000
Maturity period of promissory note	36 months
Consumer Borrower | Maximum | Medium term loans up to one year	
Finance receivables	
Maturity period of loan, for loan balances to be charged-off when accounts are past due by stipulated period	1 year
Consumer Borrower | Maximum | Medium term loans greater than one year	
Finance receivables	
Period of past due when accounts are required to be charged-off	91 days

Finance Receivables, Credit Quality Information and Allowance for Loan Losses - Finance receivables (net), current and non-current portion (Details) - USD ($) $ in Thousands	Mar. 31, 2020	Dec. 31, 2019
Finance receivables, net		
Finance receivables, net Current portion	$ 59,309	$ 79,692
Finance receivables, net Non-current portion	1,058	2,303
Finance receivables, net	$ 60,367	$ 81,995

Concentrations of Credit Risks

3 Months Ended Mar. 31, 2020

Concentrations of Credit Risks

Concentrations of Credit Risks

Note 8. Concentrations of Credit Risks

The Company's portfolio of finance receivables is comprised of loan agreements with customers living in thirty-one states and consequently such customers' ability to honor their contracts may be affected by economic conditions in those states. Additionally, the Company is subject to regulation by federal and state governments that affect the products and services provided by the Company. To the extent that laws and regulations are passed that affect the Company's ability to offer loans or similar products in any of the states in which it operates, the Company's financial position could be adversely affected.

The following table summarizes the allocation of the portfolio balance by state at March 31, 2020, and December 31, 2019:

	March 31, 2020		December 31, 2019	
State	Balance Outstanding	Percentage of Total Outstanding	Balance Outstanding	Percentage of Total Outstanding
Alabama	$ 9,762	13.3 %	$ 12,079	12.3 %
Arizona	9,700	13.3	11,807	12.0
California	15,863	21.7	26,454	26.9
Mississippi	6,893	9.4	8,747	8.9
Virginia	10,607	14.5	12,138	12.3
Other Retail segment states	15,509	21.2	21,119	21.5
Other Internet segment states	4,818	6.6	5,986	6.1
Total	$ 73,152	100.0 %	$ 98,330	100.0 %

The other Retail segment states are: Florida, Indiana, Kentucky, Michigan, Ohio, Oregon, and Tennessee. The Retail financial services segment includes Ohio, however, for the concentration of credit risks table, other retail segment states excludes Ohio as it previously offered a CSO product through a third-party lender. The Company also has agreements with third-party lenders to allow secured and unsecured revolving loans to be offered through the Company's retail locations under our marketplace business model.

The other internet segment states are: Alabama, Alaska, California, Delaware, Florida, Hawaii, Idaho, Indiana, Kansas, Louisiana, Minnesota, Mississippi, Missouri, Nevada, New Mexico, North Dakota, Ohio, Oklahoma, Oregon, Rhode Island, South Carolina, Tennessee, Texas, Utah, Virginia, Washington, Wisconsin, and Wyoming.

A subsidiary of the Company previously offered a CSO product in Ohio until April 2019 and another subsidiary currently offers a CSO product in Texas to assist consumers in obtaining credit with unaffiliated third-party lenders. Total gross finance receivables for which the Company has recorded an accrual for third-party lender losses totaled $5,839 and $12,096 at March 31, 2020, and December 31, 2019, respectively, and the corresponding guaranteed consumer loans are disclosed as an off-balance sheet arrangement. The total gross finance receivables for the Ohio CSO product consist of $2,585 and $7,143 in medium-term loans at March 31, 2020 and December 31, 2019, respectively. The total gross finance receivables for the Texas CSO product consist of $3,254 and $4,953 in short-term loans at March 31, 2020, and December 31, 2019, respectively.

Additionally, certain subsidiaries of ours entered into a debt buying agreement with other third parties whereby the subsidiaries will purchase certain delinquent loans. Total gross finance receivables for which the Company recorded a debt buyer liability were $26,667 and

$28,444 as of March 31, 2020 and December 31, 2019, and the debt buyer liability was $3,408 and $3,474, respectively.

Goodwill and Other Intangible Assets	3 Months Ended Mar. 31, 2020
Goodwill and Other Intangible Assets	
Goodwill and Other Intangible Assets	**Note 4. Goodwill and Other Intangible Assets**

The following table summarizes goodwill and other intangible assets as of March 31, 2020 and December 31, 2019:

	March 31, 2020	December 31, 2019
Goodwill	**$ —**	$ 11,288
Other intangible assets, net:		
Trade names	**$ 2,513**	$ 2,624
Favorable lease	**23**	26
	$ 2,536	$ 2,650

The Company tests the carrying value of goodwill and other intangible assets annually as of December 31 or when the events and circumstances warrant such a review. One of the methods for this review is performed using estimates of future cash flows. If the carrying value of goodwill or other intangible assets is considered impaired, an impairment charge is recorded for the amount by which the carrying value of the goodwill or intangible assets exceeds its fair value. Changes in estimates of cash flows and fair value, however, could affect the valuation.

Due to the macroeconomic effects of the COVID-19 pandemic, the Company conducted a test for impairment of goodwill for the Retail segment as of March 31, 2020 and recorded an impairment of $11,288. The methodology for determining the fair value was a combination of quoted market prices, prices of comparable businesses, discounted cash flows and other valuation techniques. For the discounted cash flow model, the most significant inputs were revenue and EBITDA projections, expected changes in working capital, and capital expenditure needs. The discount rate used in the model was approximately 17.0%. The Company's goodwill was fully impaired as of March 31, 2020.

The carrying amounts of goodwill by reportable segment at March 31, 2020 were as follows:

	Retail Financial Services	Internet Financial Services	Total
Goodwill	$ 11,288	$ —	$ 11,288
Accumulated impairment losses	(11,288)	—	(11,288)
	$ —	$ —	$ —

Intangible amortization expense was $110 for the three months ended March 31, 2020 and 2019. There were no significant changes to other intangible assets during the three months ended March 31, 2020. Intangible assets were determined to be not impaired as of March 31, 2020.

Transactions with Variable Interest Entities	3 Months Ended Mar. 31, 2020
Transactions with Variable Interest Entities	
Transactions with Variable Interest Entities	**Note 12. Transactions with Variable Interest Entities** Certain subsidiaries of the Company have limited agency agreements with unaffiliated third-party lenders under the CSO program. The agreements govern the terms by which the Company refers customers to that lender, on a nonexclusive basis, for a possible extension of credit, processes loan applications, and commits to reimburse the lender for any loans or related fees that were not collected from such customers. As of March 31, 2020, and December 31, 2019, the outstanding amount of active consumer loans guaranteed by the Company, which represents the Company's maximum exposure, was $5,839 and $12,096, respectively. The outstanding amount of consumer loans with unaffiliated third-party lenders consists of $3,254 and $4,953 in short-term and $2,585 and $7,143 in medium-term loans at March 31, 2020, and December 31, 2019, respectively. The accrual for third party lender losses related to these obligations totaled $1,669 and $2,570 as of March 31, 2020, and December 31, 2019, respectively. This obligation is recorded as a current liability on the Company's consolidated balance sheet. Additionally, certain subsidiaries of ours entered into a debt buying agreement with other third parties whereby the subsidiaries will purchase certain delinquent loans. Total gross finance receivables for which the Company recorded a debt buyer liability were $26,667 and $28,444 as of March 31, 2020 and December 31, 2019, respectively. The debt buyer liability was $3,408 and $3,474 as of March 31, 2020 and December 31, 2019, respectively, and is recorded as a current liability on the consolidated balance sheet. The Company has determined that the lenders are Variable Interest Entities ("VIEs") but that the Company is not the primary beneficiary of the VIEs. Therefore, the Company has not consolidated the lenders.

Goodwill and Other Intangible Assets (Details) - USD ($) $ in Thousands	3 Months Ended		
	Mar. 31, 2020	Mar. 31, 2019	Dec. 31, 2019
Future estimated amortization expense on specifically identifiable intangibles			
Goodwill		$ 11,288	$ 11,288
Other intangible assets	$ 2,536		2,650
Amortization of intangibles	$ 110	$ 110	
Discount rate	17.00%		
Intangible assets, fair value	$ 0		
Trade names			
Future estimated amortization expense on specifically identifiable intangibles			
Other intangible assets	2,513		2,624
Favorable lease			
Future estimated amortization expense on specifically identifiable intangibles			
Other intangible assets	$ 23		$ 26

Pledged Assets and Debt - Subsidiary Notes Payable (Details) - USD ($)		3 Months Ended						
	Jan. 15, 2019	Mar. 31, 2019	Apr. 24, 2020	Apr. 23, 2020	Mar. 31, 2020	Dec. 31, 2019	Sep. 09, 2019	Dec. 12, 2018
Debt								
Net principal, current					$ 128,000	$ 127,000		
Net principal, noncurrent					73,406,000	74,231,000		
Repurchase of secured notes		$ (2,000,000)						
Note, secured, due April 2020								
Debt								
Maximum borrowing capacity			$ 69,000	$ 73,000				
Credit Facility								
Debt								
Amount repaid of the outstanding borrowings.	$ 2,000,000							
Repurchase of secured notes	2,000,000							
Outstanding amount					40,000,000			
Credit Facility | Common units B								
Debt								
Outstanding amount	$ 7,143,000							
Subsidiary notes payable								
Debt								
Principal					74,699,000	74,731,000		
Principal, current					129,000	128,000		
Principal, noncurrent					74,570,000	74,603,000		
Deferred issuance costs					1,165,000	373,000		
Deferred issuance costs, current					1,000	1,000		
Deferred Issuance costs, noncurrent					1,164,000	372,000		
Net principal					73,534,000	74,358,000		
Net principal, current					128,000	127,000		
Net principal, noncurrent					73,406,000	74,231,000		
Face amount of debt					69,000,000			
Subsidiary notes payable | Note, secured, due April 2021								
Debt								
Principal					73,000,000	73,000,000		
Deferred issuance costs					1,159,000	367,000		
Net principal					71,841,000	72,633,000		

Face amount of debt	73,000,000			
Long term debt	16.75			
Subsidiary notes payable | Term Note, secured, due November 2024				
Debt				
Principal	761,000	777,000		
Net principal	761,000	777,000		
Face amount of debt	1,425,000			
Long term debt	$ 1,425,000	$ 1,425,000		
Interest rate (as a percent)	4.75%			
Subsidiary notes payable | Note, secured, due April 2020				
Debt				
Principal				$ 63,500,000
Interest rate (as a percent)	16.75%	16.75%		
Subsidiary notes payable | Note, secured, due April 2020 | Minimum				
Debt				
Principal			$ 70,000,000	
Subsidiary notes payable | Note, secured, due April 2020 | Maximum				
Debt				
Principal			$ 73,000,000	$ 70,000,000
Subsidiary notes payable | Term Note, secured, due May 2021				
Debt				
Principal	$ 938,000	$ 954,000		
Deferred issuance costs	6,000	6,000		
Net principal	932,000	$ 948,000		
Face amount of debt	$ 1,165,000			
Interest rate (as a percent)	4.50%			

Concentrations of Credit Risks (Details) $ in Thousands	3 Months Ended Mar. 31, 2020 USD ($) state	12 Months Ended Dec. 31, 2019 USD ($)
Concentration of credit risks		
Total gross finance receivables for which accrual for third-party lender losses has been recorded	$ 3,408	$ 3,474
Third party lender		
Concentration of credit risks		
Total gross finance receivables for which accrual for third-party lender losses has been recorded	26,667	28,444
Third party lender | Credit service program (CSO Program)		
Concentration of credit risks		
Total gross finance receivables for which accrual for third-party lender losses has been recorded	$ 5,839	12,096
Finance receivables		
Concentration of credit risks		
Number of states in which customers are living | state	31	
Finance receivables | Geographic concentration risk		
Concentration of credit risks		
Balance Outstanding	$ 73,152	$ 98,330
Percentage of Total Outstanding	100.00%	100.00%
Finance receivables | Geographic concentration risk | Alabama		
Concentration of credit risks		
Balance Outstanding	$ 9,762	$ 12,079
Percentage of Total Outstanding	13.30%	12.30%
Finance receivables | Geographic concentration risk | Arizona		
Concentration of credit risks		
Balance Outstanding	$ 9,700	$ 11,807
Percentage of Total Outstanding	13.30%	12.00%
Finance receivables | Geographic concentration risk | California		
Concentration of credit risks		
Balance Outstanding	$ 15,863	$ 26,454
Percentage of Total Outstanding	21.70%	26.90%
Finance receivables | Geographic concentration risk | Mississippi		
Concentration of credit risks		
Balance Outstanding	$ 6,893	$ 8,747
Percentage of Total Outstanding	9.40%	8.90%
Finance receivables | Geographic concentration risk | Virginia		
Concentration of credit risks		
Balance Outstanding	$ 10,607	$ 12,138
Percentage of Total Outstanding	14.50%	12.30%
Finance receivables | Geographic concentration risk | Other retail segment states		

Concentration of credit risks		
Balance Outstanding	$ 15,509	$ 21,119
Percentage of Total Outstanding	21.20%	21.50%
Finance receivables | Geographic concentration risk | Other Internet Segment States		
Concentration of credit risks		
Balance Outstanding	$ 4,818	$ 5,986
Percentage of Total Outstanding	6.60%	6.10%
Short-term consumer loans | Texas credit service program (CSO Program)		
Concentration of credit risks		
Total gross finance receivables for which accrual for third-party lender losses has been recorded	$ 3,254	$ 4,953
Medium-term consumer loans | Ohio credit service program (CSO Program)		
Concentration of credit risks		
Total gross finance receivables for which accrual for third-party lender losses has been recorded	$ 2,585	$ 7,143

Consolidated Balance Sheets - USD ($) $ in Thousands	Mar. 31, 2020	Dec. 31, 2019
Current Assets		
Cash and cash equivalents	$ 60,991	$ 49,016
Restricted cash	4,040	6,090
Finance receivables, net of allowance for loan losses of $10,891 and $12,869	59,309	79,692
Card related pre-funding and receivables	969	970
Other current assets	8,776	10,273
Total current assets	134,085	146,041
Noncurrent Assets		
Finance receivables, net of allowance for loan losses of $529 and $959	1,058	2,303
Property, leasehold improvements and equipment, net	36,686	40,577
Right of use assets - operating leases	35,839	36,728
Goodwill		11,288
Other intangible assets	2,536	2,650
Security deposits	5,156	7,238
Total assets	215,360	246,825
Current Liabilities		
Accounts payable and accrued liabilities	26,839	30,195
Money orders payable	3,300	9,448
Accrued interest	9,664	2,544
Current portion of operating lease obligation	12,741	12,878
Current portion of subsidiary notes payable, net of deferred issuance cost of $1 and $1	128	127
Deferred revenue	2,535	2,535
Total current liabilities	55,207	57,727
Noncurrent Liabilities		
Operating lease obligation	23,891	24,403
Subsidiary notes payable, net of deferred issuance costs of $1,164 and $372	73,406	74,231
Secured notes payable	40,000	40,000
Senior PIK notes, at fair value	36,670	74,243
Deferred revenue	1,817	2,451
Total liabilities	230,991	273,055
Commitments and Contingencies		
Members' Equity		
Common units, par value $-0- per unit, 850,000 Class A and 142,857 Class B authorized and outstanding units at March 31, 2020 and December 31, 2019	870	870
Retained deficit	(78,182)	(51,208)
Accumulated other comprehensive income	61,681	24,108
Total members' deficit	(15,631)	(26,230)
Total liabilities and members' equity	$ 215,360	$ 246,825

Consolidated Statements of Cash Flows - USD ($) $ in Thousands	3 Months Ended	
	Mar. 31, 2020	Mar. 31, 2019
Cash flows from operating activities		
Net loss	$ (26,974)	$ (6,128)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Provision for loan losses	19,729	21,286
Goodwill impairment	11,288	
Gain on sale of receivables	(207)	
Loss on disposal of assets	593	
Depreciation	5,426	9,576
Amortization of deferred debt issuance costs	527	43
Amortization of intangibles	110	110
Non-cash interest on PIK notes	8,274	7,408
Right of use assets - operating leases	240	1,209
Changes in assets and liabilities:		
Card related pre-funding and receivables	1	(1,268)
Other assets	3,738	(2,060)
Deferred revenue	(634)	(633)
Accrued interest	(1,154)	17
Money orders payable	(6,148)	(1,149)
Lease termination payable		(387)
Accounts payable and accrued expenses	(3,356)	3,109
Net cash provided by operating activities	11,453	31,133
Cash flows from investing activities		
Proceeds from sale of receivables	1,368	
Net receivables collected (originated)	583	(9,045)
Purchase of leasehold improvements and equipment	(2,129)	(1,298)
Net cash used in investing activities	(178)	(10,343)
Cash flows from financing activities		
Repurchase of secured notes		(2,000)
Payments on subsidiary note	(32)	(31)
Debt issuance costs	(1,318)	(1,070)
Net cash used in financing activities	(1,350)	(3,101)
Net increase in cash and cash equivalents and restricted cash	9,925	17,689
Cash and cash equivalents and restricted cash:		
Beginning	55,106	57,383
Ending	$ 65,031	$ 75,072

Business Segments (Tables)

Business Segments

Summary of financial information of segments

3 Months Ended
Mar. 31, 2020

The following tables present summarized financial information for the Company's segments:

	As of and for the three months ended March 31, 2020						
	Retail Financial Services	% of Revenue	Internet Financial Services	% of Revenue	Unallocated (Income) Expenses	Consolidated	% of Revenue
Total Assets	$178,753		$ 36,607			$ 215,360	
Other Intangible Assets	2,497		39			2,536	
Total Revenues	$ 66,007	100.0 %	$ 9,972	100.0 %		$ 75,979	100.0 %
Provision for Loan Losses	14,968	22.7 %	4,761	47.7 %		19,729	26.0 %
Depreciation and Amortization	4,580	6.9 %	—	— %		4,580	6.0 %
Other Operating Expenses	33,731	51.1 %	1,196	12.0 %		34,927	45.9 %
Operating Gross Profit	12,728	19.3 %	4,015	40.3 %		16,743	22.1 %
Interest Expense, net	8,655	13.1 %	4,544	45.6 %		13,199	17.4 %
Depreciation and Amortization	925	1.4 %	32	0.3 %		957	1.3 %
Goodwill Impairment	11,288	17.1 %	—	—		11,288	14.9 %
Other Corporate Expenses (a)	—	—	—	—	18,215	18,215	24.0 %
Loss from Continuing Operations, before tax	(8,140)	(12.3)%	(561)	(5.6)%	(18,215)	(26,916)	(35.4)%

(a) Represents expenses that are not allocated between reportable segments.

	As of and for the three months ended March 31, 2019						
	Retail Financial Services	% of Revenue	Internet Financial Services	% of Revenue	Unallocated (Income) Expenses	Consolidated	% of Revenue
Total Assets	$ 230,491		$ 37,075			$ 267,566	
Goodwill	11,288		—			11,288	
Other Intangible Assets	2,882		132			3,014	
Total Revenues	$ 75,984	100.0 %	$ 10,512	100.0 %		$ 86,496	100.0 %
Provision for Loan Losses	17,250	22.7 %	4,036	38.4 %		21,286	24.6 %
Depreciation and Amortization	8,205	10.8 %	—	— %		8,205	9.5 %
Other Operating Expenses	32,021	42.1 %	1,133	10.8 %		33,154	38.3 %
Operating Gross Profit	18,508	24.4 %	5,343	50.8 %		23,851	27.6 %
Interest Expense, net	7,897	10.4 %	3,489	33.2 %		11,386	13.2 %
Depreciation and Amortization	1,389	1.8 %	92	0.9 %		1,481	1.7 %

Other Corporate Expenses (a)	—	—	—	—	17,099	17,099	19.8 %
Income (loss) from Continuing Operations, before tax	9,222	12.1 %	1,762	16.8 %	(17,099)	(6,115)	(7.1)%

(a) Represents expenses that are not allocated between reportable segments.

Pledged Assets and Debt (Tables)	3 Months Ended Mar. 31, 2020

Pledged Assets and Debt

Schedule of senior PIK note payable

PIK notes payable at March 31, 2020 and December 31, 2019 consisted of the following:

	March 31, 2020			December 31, 2019		
	Principal	Discount	Fair Value	Principal	Discount	Principal
Senior PIK notes, 10.750% interest payable in-kind, due December 2023	**$307,860**	**$271,190**	**$36,670**	$307,860	$233,617	$74,243
	307,860	**271,190**	**36,670**	307,860	233,617	74,243
Less current maturities	**—**	**—**	**—**	—	—	—
Long-term portion	**$307,860**	**$271,190**	**$36,670**	$307,860	$233,617	$74,243

Schedule of significant assumptions used in Black Scholes option methodology

Significant assumptions used in the Black Scholes option price methodology include the following:

	March 31, 2020	December 31, 2019
Risk-free interest rate	0.33%	1.65%
Dividend yield	0.00%	0.00%
Expected volatility	43.00%	39.30%
Expected term (years)	3.70	3.95

Schedule of secured notes payable

Secured notes payable at March 31, 2020, and December 31, 2019, consisted of the following:

	March 31, 2020			December 31, 2019		
	Principal	Deferred Issuance Costs	Net Principal	Principal	Deferred Issuance Costs	Net Principal
$40,000 Secured note payable, 9.00%, collateralized by all Guarantor Company assets, due June 2023	**$40,000**	**$ —**	**$40,000**	$40,000	$ —	$40,000
	40,000	**—**	**40,000**	40,000	—	40,000
Less current maturities	**—**	**—**	**—**	—	—	—
Long-term portion	**$40,000**	**$ —**	**$40,000**	$40,000	$ —	$40,000

Schedule of subsidiary note payable

Subsidiary notes payable at March 31, 2020, and December 31, 2019, consisted of the following:

March 31, 2020	December 31, 2019
Deferred	Deferred

	Principal	Issuance Costs	Net Principal	Principal	Issuance Costs	Net Principal
$73,000 Note, secured, 16.75%, collateralized by acquired loans, due April 2021	**$73,000**	**$1,159**	**$71,841**	$73,000	$ 367	$72,633
$1,425 Term note, secured, 4.75%, collateralized by financed asset, due November 2024	**761**	**—**	**761**	777	—	777
$1,165 Term note, secured, 4.50%, collateralized by financed asset, due May 2021	**938**	**6**	**932**	954	6	948
	74,699	**1,165**	**73,534**	74,731	373	74,358
Less current maturities	**129**	**1**	**128**	128	1	127
Long-term portion	**$74,570**	**$1,164**	**$73,406**	$74,603	$ 372	$74,231

Ownership, Nature of Business, and Significant Accounting Policies (Policies)	3 Months Ended Mar. 31, 2020
Ownership, Nature of Business, and Significant Accounting Policies	
Basis of presentation	**Basis of presentation:** The accompanying interim unaudited consolidated financial statements of the Company have been prepared in accordance with the instructions to Form 10-Q and accounting principles generally accepted in the United States ("GAAP") for interim financial information. They do not include all information and footnotes required by GAAP for complete financial statements. Although management believes that the disclosures are adequate to prevent the information from being misleading, the interim unaudited consolidated financial statements should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2019, on Form 10-K filed with the Securities & Exchange Commission on March 12, 2020. All adjustments, consisting of normal recurring adjustments, considered necessary for a fair statement of the Company's financial condition, have been included. The results for any interim period are not necessarily indicative of results to be expected for the year ending December 31, 2020.
Reclassifications	**Reclassifications:** Certain amounts reported in the 2019 consolidated financial statements have been reclassified to conform to classifications presented in the 2020 consolidated financial statements, without affecting the previously reported net income or members' equity. See Note 7 for further details.
Basis of consolidation	**Basis of consolidation:** The accompanying consolidated financial statements include the accounts of CCF and subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.
Business segments	**Business segments:** FASB Accounting Standards Codification ("ASC") Topic 280 Segment Reporting requires that a public enterprise report a measure of segment profit or loss, certain specific revenue and expense items, segment assets, information about the way operating segments were determined and other items. The Company reports operating segments in accordance with FASB ASC Topic 280. Operating segments are components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker in determining how to allocate resources and assess performance. The Company operates in two segments: Retail financial services ("Retail segment") and Internet financial services ("Internet segment").
Equity method investments	**Equity method investments:** Entities and investments over which the Company exercises significant influence over the activities of the entity but which do not meet the requirements for consolidation are accounted for using the equity method of accounting pursuant to ASC 323, whereby the Company records its share of the underlying income or loss of these entities. Intercompany profit arising from transactions with affiliates is eliminated to the extent of its beneficial interest. Equity in losses of equity method investments is not recognized after the carrying value of an investment, including advances and loans, has been reduced to zero, unless guarantees or other funding obligations exist.
Revenue recognition	**Revenue recognition:** Transactions include loans, credit service fees, check cashing, bill payment, money transfer, money order sales, and other miscellaneous products and services. The recognized revenue from these transactions is classified in the following categories: Finance receivables fees—Advance fees and direct costs incurred for the origination of secured and unsecured short-term and medium-term consumer loans are deferred and amortized over the loan period using the interest method. Revenue on loans determined to be troubled debt restructurings are recognized at the impaired loans' original interest rates until the impaired loans are charged off or paid by the customer. Revenues from short-term and medium-term consumer loans are recognized and the performance obligation is satisfied over the term of the loan.

Credit service fees—Credit service organization and credit access bureau (collectively "CSO") fees are recognized over the arranged credit service period. ASC 606 requires product sales to be allocated based on performance obligation. CSO performance obligations include the guarantee and the arrangement of the loan. The guarantee portion of the fees are recognized over the period of the loan as the guarantee represents the primary performance obligation. The arrangement of the loan represents a small portion of the CSO fee, and the net impact resulting from the application of ASC 606 for this portion of the fee would not be material. Credit service fees are recognized and the performance obligation is satisfied over the term of the related loan.

Check cashing fees—The full amount of the check cashing fee is recognized as revenue at the time of the transaction. The revenue is recognized and the performance obligation is satisfied at the time the service is provided.

Card fees and Other—The Company acts in an agency capacity regarding bill payment services, money transfers, card products, and money orders offered and sold at its retail locations. The Company records the net amount retained as revenue because the supplier is the primary obligor in the arrangement, the amount earned by the Company is fixed, and the supplier is determined to have the ultimate credit risk. The revenue is recognized and the performance obligation is satisfied at the time the service is provided.

Disaggregation of revenues—Revenues for finance receivable and CSO fees are recognized over the term of the loan and were $50,151 and $66,935 for the three months ended March 31, 2020, and 2019, respectively. Revenues for check cashing, card fees, and other are recognized at the time of service and were $25,828 and $19,561 for the three months ended March 31, 2020, and 2019, respectively.

Finance receivables

Finance receivables: Finance receivables consist of short term and medium-term consumer loans.

Short-term consumer loans can be unsecured or secured with a maturity up to ninety days. Unsecured short-term loan products typically range in principal from $100 to $1,000, with a maturity between fourteen and thirty days, and include a written agreement to defer the presentment of the customer's personal check or preauthorized debit for the aggregate amount of the advance plus fees. This form of lending is based on applicable laws and regulations, which vary by state. State statutes vary from charging fees of 5% to 27%, to charging interest up to 25% per month. The customers repay the cash advance by making cash payments or allowing a check or preauthorized debit to be presented. Secured consumer loans with a maturity of ninety days or less are included in this category and represented 16.8% and 14.2% of short-term consumer loans at March 31, 2020 and December 31, 2019, respectively.

Medium-term consumer loans can be unsecured or secured with a maturity greater than ninety days and up to thirty-six months. Unsecured medium-term products typically range from $100 to $5,000, and are evidenced by a promissory note with a maturity between three and thirty-six months. These consumer loans vary in structure depending upon the applicable laws and regulations where they are offered. The medium-term consumer loans are payable in installments or provide for a line of credit with periodic payments. Secured consumer loans with a maturity greater than ninety days are included in this category and represented 11.0% and 15.4% of medium-term consumer loans at March 31, 2020, and December 31, 2019, respectively.

Allowance for loan losses

Allowance for loan losses: Provisions for loan losses are charged to income in amounts sufficient to maintain an adequate allowance for loan losses, an adequate accrual for losses related to guaranteed loans processed for third-party lenders under the CSO program, and an accrual for the debt buyer liability. The factors used in assessing the overall adequacy of the allowance for loan losses, the accrual for losses related to guaranteed loans made by third-party lenders, and the debt buyer liability, and the resulting provision for loan losses include an evaluation by product, by market based on historical loan loss experience, and delinquency of certain medium-term consumer loans. The Company evaluates various qualitative factors that may or may not affect the computed initial estimate of the allowance for loan losses, by using internal valuation inputs including historical loan loss experience, delinquency, overall portfolio quality, and current economic conditions.

For short term unsecured consumer loans, the Company's policy is to charge off loans when they become past due. The Company's policy dictates that, where a customer has provided a check or an electronic payment authorization for presentment upon the maturity of a loan, if the customer has not paid off the loan by the due date, the Company will deposit the customer's check or draft the customer's bank account for the amount due. If the check or draft is returned as unpaid, all accrued fees and outstanding principal are charged-off as uncollectible. For short term secured loans, the Company's policy requires that balances be charged off when accounts are either thirty or sixty days past due depending on the product. The Company had $1,614 and $1,560 of loans in non-accrual status as of March 31, 2020 and December 31, 2019, respectively. The amount of the resulting charge-off includes unpaid principal, accrued interest and any uncollected fees, if applicable.

For medium term secured and unsecured consumer loans that have a term of one year or less, the Company's policy requires that balances be charged off when accounts are sixty days past due. For medium term secured and unsecured consumer loans that have an initial maturity of greater than one year, the Company's policy requires that balances be charged off when accounts are ninety-one days past due. The Company accrues interest on past-due loans until charge off. The amount of the resulting charge-off includes unpaid principal, accrued interest and any uncollected fees, if applicable.

In certain markets, the Company reduced interest rates and favorably changed payment terms for medium-term consumer loans to assist borrowers in avoiding default and to mitigate risk of loss. These reduced interest rates and changed payment terms were limited to loans that the Company believed the customer had the ability to pay in the foreseeable future. These loans were accounted for as troubled debt restructurings and represent the only loans considered impaired due to the nature of the Company's charge-off policy.

Recoveries of amounts previously charged off are recorded to the allowance for loan losses or the accrual for third-party losses in the period in which they are received.

Goodwill and other intangible assets

Goodwill and other intangible assets: Goodwill, or cost in excess of fair value of net assets of the companies acquired, is recorded at its carrying value and is periodically evaluated for impairment. The Company tests the carrying value of goodwill and other intangible assets annually as of December 31 or when the events and circumstances warrant such a review. One of the methods for this review is performed using estimates of future cash flows. If the carrying value of goodwill or other intangible assets is considered impaired, an impairment charge is recorded for the amount by which the carrying value of the goodwill or intangible assets exceeds its fair value. Changes in estimates of cash flows and fair value, however, could affect the valuation.

Due to the macroeconomic effects of the COVID-19 pandemic, the Company conducted a test for impairment of goodwill for the Retail segment as of March 31, 2020, and recorded an impairment of $11,288. The methodology for determining the fair value was a combination of quoted market prices, prices of comparable businesses, discounted cash flows and other valuation techniques. The Company's goodwill was fully impaired as of March 31, 2020.

The Company's other intangible assets consist of a trade name. The amount recorded for other intangible assets is amortized using the straight-line method over seven years. Intangible amortization expense was $110 for the three months ended March 31, 2020, and 2019. Intangible assets were determined to be not impaired as of March 31, 2020.

Debt buyer liability

Debt buyer liability: The Company records a liability for the secured and unsecured revolving loans offered by a third party expected to default, as the Company is required to purchase loans that default per a debt buying agreement. This liability is disclosed as part of accounts payable and accrued liabilities on the consolidated balance sheet.

Fair value of financial instruments

Fair value of financial instruments: Financial assets and liabilities measured at fair value are grouped in three levels. The levels prioritize the inputs used to measure the fair value of the assets or liabilities. These levels are:

- Level 1—Quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2—Inputs other than quoted prices that are observable for assets and liabilities, either directly or indirectly. These inputs include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are less attractive.

- Level 3—Unobservable inputs for assets and liabilities reflecting the reporting entity's own assumptions.

The Company follows the provisions of ASC 820-10, *Fair Value Measurements and Disclosures,* which applies to all assets and liabilities that are being measured and reported on a fair value basis. ASC 820-10 requires a disclosure that establishes a framework for measuring fair value within GAAP and expands the disclosure about fair value measurements. This standard enables a reader of consolidated financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. The standard requires that assets and liabilities carried at fair value be classified and disclosed in one of the three categories.

In determining the appropriate levels, the Company performed a detailed analysis of the assets and liabilities that are subject to ASC 820-10. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3. The Company's financial instruments consist primarily of cash and cash equivalents, finance receivables, restricted cash, and notes payable. For all such instruments, including notes payable at March 31, 2020, and December 31, 2019, the carrying amounts in the consolidated financial statements approximate their fair values. Finance receivables are short term in nature and are originated at prevailing market rates and lines of credit bear interest at current market rates. The fair value of finance receivables at March 31, 2020 and December 31, 2019, approximates carrying value and is measured using internal valuation inputs including historical loan loss experience, delinquency, overall portfolio quality, and current economic conditions.

The fair value of the PIK notes was determined at March 31, 2020 and December 31, 2019. As more fully described in Note 5, the fair value of the PIK notes was determined using an approach that considered both a Black Scholes option price methodology and the intrinsic value of the notes on an ‘‘as-if-converted’’ basis.

	March 31, 2020		
	Carrying Amount	**Fair Value**	**Level**
Financial assets:			
Cash and cash equivalents	**$60,991**	$60,991	1
Restricted cash	**4,040**	4,040	1
Finance receivables	**60,367**	60,367	3
Financial liabilities:			
Senior PIK Notes	**36,670**	36,670	3
Secured Note Payable	**40,000**	40,000	2
Subsidiary Note payable	**74,699**	74,699	2

	December 31, 2019		
	Carrying Amount	**Fair Value**	**Level**
Financial assets:			

Cash and cash equivalents	**$49,016**	$49,016	1
Restricted cash	**6,090**	6,090	1
Finance receivables	**81,995**	81,995	3
Financial liabilities:			
Senior PIK Notes	**74,243**	74,243	3
Secured Note Payable	**40,000**	40,000	2
Subsidiary Note payable	**74,731**	74,731	2

Recent Accounting Pronouncements

Recent Accounting Pronouncements: In January 2017, the FASB issued ASU No. 2017-04, Intangibles – Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment. This guidance eliminates Step 2 from the goodwill impairment test. The annual, or interim, goodwill impairment test is performed by comparing the fair value of a reporting unit with its carrying amount. Any impairment charge should be recognized for the amount by which the carrying amount exceeds the reporting unit's fair value, however, the loss recognized should not exceed the total amount of goodwill. This guidance also eliminates the requirements for any reporting unit with a zero or negative carrying amount to perform a qualitative assessment, and if it fails that qualitative test, to perform Step 2 of the goodwill impairment test. This guidance is effective for annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2021 for emerging growth companies. The Company elected to early adopt the provisions of ASU 2017-04 during the three months ended March 31, 2020.

Subsequent events

Subsequent events: The Company has evaluated its subsequent events (events occurring after March 31, 2020) through the issuance date of May 15, 2020.

Business Segments

Business Segments

Business Segments

3 Months Ended
Mar. 31, 2020

Note 10. Business Segments

The Company has elected to organize and report on its operations as two operating segments: Retail financial services and Internet financial services.

The following tables present summarized financial information for the Company's segments:

	As of and for the three months ended March 31, 2020						
	Retail Financial Services	% of Revenue	Internet Financial Services	% of Revenue	Unallocated (Income) Expenses	Consolidated	% of Revenue
Total Assets	$178,753		$ 36,607			$ 215,360	
Other Intangible Assets	2,497		39			2,536	
Total Revenues	$ 66,007	100.0 %	$ 9,972	100.0 %		$ 75,979	100.0 %
Provision for Loan Losses	14,968	22.7 %	4,761	47.7 %		19,729	26.0 %
Depreciation and Amortization	4,580	6.9 %	—	— %		4,580	6.0 %
Other Operating Expenses	33,731	51.1 %	1,196	12.0 %		34,927	45.9 %
Operating Gross Profit	12,728	19.3 %	4,015	40.3 %		16,743	22.1 %
Interest Expense, net	8,655	13.1 %	4,544	45.6 %		13,199	17.4 %
Depreciation and Amortization	925	1.4 %	32	0.3 %		957	1.3 %
Goodwill Impairment	11,288	17.1 %	—	—		11,288	14.9 %
Other Corporate Expenses (a)	—	—	—	—	18,215	18,215	24.0 %
Loss from Continuing Operations, before tax	(8,140)	(12.3)%	(561)	(5.6)%	(18,215)	(26,916)	(35.4)%

(a) Represents expenses that are not allocated between reportable segments.

	As of and for the three months ended March 31, 2019						
	Retail Financial Services	% of Revenue	Internet Financial Services	% of Revenue	Unallocated (Income) Expenses	Consolidated	% of Revenue
Total Assets	$ 230,491		$ 37,075			$ 267,566	
Goodwill	11,288		—			11,288	
Other Intangible Assets	2,882		132			3,014	
Total Revenues	$ 75,984	100.0 %	$ 10,512	100.0 %		$ 86,496	100.0 %
Provision for Loan Losses	17,250	22.7 %	4,036	38.4 %		21,286	24.6 %
Depreciation and Amortization	8,205	10.8 %	—	— %		8,205	9.5 %
Other Operating Expenses	32,021	42.1 %	1,133	10.8 %		33,154	38.3 %
Operating Gross Profit	18,508	24.4 %	5,343	50.8 %		23,851	27.6 %

Interest Expense, net	7,897	10.4 %	3,489	33.2 %		11,386	13.2 %
Depreciation and Amortization	1,389	1.8 %	92	0.9 %		1,481	1.7 %
Other Corporate Expenses (a)	—	—	—	—	17,099	17,099	19.8 %
Income (loss) from Continuing Operations, before tax	9,222	12.1 %	1,762	16.8 %	(17,099)	(6,115)	(7.1)%

(a) Represents expenses that are not allocated between reportable segments.

Accounts Payable and Accrued Liabilities	3 Months Ended Mar. 31, 2020

Accounts Payable and Accrued Liabilities

Accounts Payable and Accrued Liabilities

Note 6. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities at March 31, 2020, and December 31, 2019, consisted of the following:

	March 31, 2020	December 31, 2019
Accounts payable	**$ 5,789**	$ 5,818
Accrued payroll and compensated absences	**8,165**	7,982
Wire transfers payable	**1,547**	1,244
Accrual for third-party losses	**1,669**	2,570
Debt buyer liability	**3,408**	3,474
Unearned CSO Fees	**455**	2,846
Bill payment service liability	**1,064**	897
Lease termination	**328**	467
Other	**4,414**	4,897
	$ **26,839**	$ 30,195

Ownership, Nature of Business (Details)	Mar. 31, 2020 store state
Nature of business	
Number of retail locations owned and operated | store	474
Number of states in which stores are operated	12
Number of states in which the Company had an internet presence	28

Ownership, Nature of Business, and Significant Accounting Policies - Estimated fair values of financial instruments (Details) - USD ($) $ in Thousands	Mar. 31, 2020	Dec. 31, 2019	Mar. 31, 2019	Dec. 31, 2018
Financial assets:				
Restricted cash	$ 4,040	$ 6,090	$ 4,145	$ 4,175
Level 1 | Carrying Amount				
Financial assets:				
Cash and cash equivalents	60,991	49,016		
Restricted cash	4,040	6,090		
Level 1 | Fair Value				
Financial assets:				
Cash and cash equivalents	60,991	49,016		
Restricted cash	4,040	6,090		
Level 3 | Carrying Amount				
Financial assets:				
Finance receivables	60,367	81,995		
Level 3 | Fair Value				
Financial assets:				
Finance receivables	60,367	81,995		
Senior PIK notes payable | Level 3 | Carrying Amount				
Financial liabilities:				
Financial liabilities debt instrument	36,670	74,243		
Senior PIK notes payable | Level 3 | Fair Value				
Financial liabilities:				
Financial liabilities debt instrument	36,670	74,243		
Secured notes payable | Level 2 | Carrying Amount				
Financial liabilities:				
Financial liabilities debt instrument	40,000	40,000		
Secured notes payable | Level 2 | Fair Value				
Financial liabilities:				
Financial liabilities debt instrument	40,000	40,000		
Subsidiary notes payable | Level 2 | Carrying Amount				
Financial liabilities:				
Financial liabilities debt instrument	74,699	74,731		
Subsidiary notes payable | Level 2 | Fair Value				
Financial liabilities:				
Financial liabilities debt instrument	$ 74,699	$ 74,731		

Finance Receivables, Credit Quality Information and Allowance for Loan Losses - Aging of receivables (Details) - USD ($) $ in Thousands	Mar. 31, 2020	Dec. 31, 2019	Mar. 31, 2019
Past due finance receivables			
Total delinquent	$ 9,401	$ 11,395	
Total delinquent (as a percent)	12.90%	11.60%	
Loans in non-accrual status	$ 1,614	$ 1,560	
Gross receivables (as a percent)	2.20%	1.60%	
Short-term consumer loans			
Past due finance receivables			
Loans in non-accrual status	$ 44,908	$ 61,973	
Medium-term consumer loans			
Past due finance receivables			
Loans in non-accrual status	28,244	36,357	
Consumer Borrower			
Aging of receivables			
Current finance receivables	$ 63,751	$ 86,935	
Current finance receivables (as a percent)	87.10%	88.40%	
Past due finance receivables			
Loans in non-accrual status	$ 73,152	$ 98,330	$ 80,155
Gross receivables (as a percent)	100.00%	100.00%	
Consumer Borrower | Past due finance receivables (1 - 30 days)			
Past due finance receivables			
Total delinquent	$ 6,418	$ 8,207	
Total delinquent (as a percent)	8.80%	8.40%	
Consumer Borrower | Past due finance receivables (31 - 60 days)			
Past due finance receivables			
Total delinquent	$ 2,451	$ 2,834	
Total delinquent (as a percent)	3.40%	2.90%	
Consumer Borrower | Past due finance receivables (61 - 90 days)			
Past due finance receivables			
Total delinquent	$ 532	$ 354	
Total delinquent (as a percent)	0.70%	0.40%	
Consumer Borrower | Short-term consumer loans			
Past due finance receivables			
Loans in non-accrual status	$ 44,908		51,283
Consumer Borrower | Short-term consumer loans | Past due finance receivables (1 - 30 days)			
Past due finance receivables			
Total delinquent	$ 2,299	$ 2,645	
Total delinquent (as a percent)	3.20%	2.70%	

Consumer Borrower | Secure Short Term Consumer Loans | Past due finance receivables (1 - 30 days)			
Past due finance receivables			
Total delinquent	$ 1,229	$ 1,513	
Total delinquent (as a percent)	1.70%	1.50%	
Consumer Borrower | Unsecure Short Term Consumer Loans | Past due finance receivables (1 - 30 days)			
Past due finance receivables			
Total delinquent	$ 1,070	$ 1,132	
Total delinquent (as a percent)	1.50%	1.20%	
Consumer Borrower | Medium-term consumer loans			
Past due finance receivables			
Loans in non-accrual status	$ 28,244		$ 28,872
Consumer Borrower | Medium-term consumer loans | Past due finance receivables (1 - 30 days)			
Past due finance receivables			
Total delinquent	$ 4,119	$ 5,562	
Total delinquent (as a percent)	5.60%	5.70%	
Consumer Borrower | Medium-term consumer loans | Past due finance receivables (31 - 60 days)			
Past due finance receivables			
Total delinquent	$ 2,451	$ 2,834	
Total delinquent (as a percent)	3.40%	2.90%	
Consumer Borrower | Medium-term consumer loans | Past due finance receivables (61 - 90 days)			
Past due finance receivables			
Total delinquent	$ 532	$ 354	
Total delinquent (as a percent)	0.70%	0.30%	
Consumer Borrower | Secure Medium Term Consumer Loans | Past due finance receivables (1 - 30 days)			
Past due finance receivables			
Total delinquent	$ 812	$ 1,321	
Total delinquent (as a percent)	1.10%	1.30%	
Consumer Borrower | Secure Medium Term Consumer Loans | Past due finance receivables (31 - 60 days)			
Past due finance receivables			
Total delinquent	$ 331	$ 461	
Total delinquent (as a percent)	0.50%	0.50%	
Consumer Borrower | Secure Medium Term Consumer Loans | Past due finance receivables (61 - 90 days)			
Past due finance receivables			
Total delinquent	$ 12	$ 10	
Total delinquent (as a percent)	0.00%		
Consumer Borrower | Unsecured Medium Term Consumer Loans | Past due finance receivables (1 - 30 days)			

Past due finance receivables		
Total delinquent	$ 3,307	$ 4,241
Total delinquent (as a percent)	4.50%	4.30%
Consumer Borrower | Unsecured Medium Term Consumer Loans | Past due finance receivables (31 - 60 days)		
Past due finance receivables		
Total delinquent	$ 2,120	$ 2,373
Total delinquent (as a percent)	2.90%	2.40%
Consumer Borrower | Unsecured Medium Term Consumer Loans | Past due finance receivables (61 - 90 days)		
Past due finance receivables		
Total delinquent	$ 520	$ 344
Total delinquent (as a percent)	0.70%	0.30%

Transactions with Variable Interest Entities (Details) - USD ($) $ in Thousands	Mar. 31, 2020	Dec. 31, 2019
Variable Interest Entities		
Accrual for third-party losses	$ 1,669	$ 2,570
Total gross finance receivables for which accrual for third-party lender losses has been recorded	3,408	3,474
Insight Holdings		
Variable Interest Entities		
Outstanding amount of active third party consumer loans	5,839	12,096
Accrual for third-party losses	1,669	2,570
Short-term consumer loans | Insight Holdings		
Variable Interest Entities		
Outstanding amount of active third party consumer loans	3,254	4,953
Medium-term consumer loans		
Variable Interest Entities		
Outstanding amount of active third party consumer loans	2,585	7,143
Third party lender		
Variable Interest Entities		
Total gross finance receivables for which accrual for third-party lender losses has been recorded	$ 26,667	$ 28,444

Contingencies	3 Months Ended Mar. 31, 2020
Contingencies	
Contingencies	**Note 9. Contingencies** From time-to-time the Company is a defendant in various lawsuits and administrative proceedings wherein certain amounts are claimed or violations of law or regulations are asserted. In the opinion of the Company's management, these claims are without substantial merit and should not result in judgments which in the aggregate would have a material adverse effect on the Company's financial statements.

Pledged Assets and Debt

Pledged Assets and Debt	3 Months Ended Mar. 31, 2020
Pledged Assets and Debt	
Pledged Assets and Debt	**Note 5. Pledged Assets and Debt**

PIK notes payable at March 31, 2020 and December 31, 2019 consisted of the following:

	March 31, 2020			December 31, 2019		
	Principal	Discount	Fair Value	Principal	Discount	Principal
Senior PIK notes, 10.750% interest payable in-kind, due December 2023	**$307,860**	**$271,190**	**$36,670**	$307,860	$233,617	$74,243
	307,860	**271,190**	**36,670**	307,860	233,617	74,243
Less current maturities	**—**	**—**	**—**	—	—	—
Long-term portion	**$307,860**	**$271,190**	**$36,670**	$307,860	$233,617	$74,243

The Company elected to apply the fair value option to the PIK Notes because the notes were initially recognized at a significant discount, all subsequent interest will be paid-in kind rather than in cash, and management expects it to be likely that the notes will be converted to equity upon maturity. For these reasons, management believes reporting the PIK Notes at fair value provides better information to the users of the Company's financial statements. The fair value option was not elected for the Company's other debt obligations because they do not have the same characteristics as the PIK Notes.

The fair value of the PIK Notes was determined using an approach that considered both a Black Scholes option price methodology and the intrinsic value of the notes on an ''as-if-converted'' basis. This approach was selected because the PIK Notes are expected to be converted to equity upon redemption and the face value of the PIK Notes is greater than the enterprise value of the Company. Significant assumptions used in the Black Scholes option price methodology include the following:

	March 31, 2020	December 31, 2019
Risk-free interest rate	0.33%	1.65%
Dividend yield	0.00%	0.00%
Expected volatility	43.00%	39.30%
Expected term (years)	3.70	3.95

The risk-free interest rate is based on the yield on 5-year Treasury bonds, and the expected volatility was determined using the guideline public company method. The expected term is based on when management expects the PIK Notes to be redeemed for equity. The intrinsic value at each measurement date is based on the estimated enterprise value adjusted for net debt, and assumes a redemption of all outstanding PIK Notes at that time. An average of the allocated value from the Black Scholes option price methodology and the intrinsic value is used to estimate fair value at each measurement date.

The change in the fair value of the PIK Notes during the three months ended March 31, 2020 and 2019, of ($37,573) and $14,645, respectively, has been recognized in other comprehensive income as the entire change in fair value is attributable to the instrument-specific credit risk of the PIK Notes. We measure the fair value of the PIK Notes on a quarterly basis using a similar methodology, unless there is a quoted market price that can be used instead.

Interest on the PIK Notes accrues at the rate of 10.750% per annum and is payable by increasing the principal amount of the PIK Notes. Interest is payable semiannually in arrears for the prior six-month period on June 15 and December 15 to the Holders of PIK Notes of record on the immediately preceding June 1 and December 1. Interest on the PIK Notes is accrued and recorded as accrued interest until June 15 and December 15, at which time the accrual is released and the additional principal amount is recorded. Accrued interest for the PIK Notes at March 31, 2020, and December 31, 2019, was $9,653 and $1,379, respectively, and is included as a current liability on the Consolidated Balance Sheet.

On December 12, 2018, the Revolving Credit Agreement (which is an intercompany obligation and eliminated upon consolidation) was simultaneously amended and restated. The Revolving Credit Agreement initially provided for borrowings of up to $42,000 and had a maturity date of June 15, 2023. All borrowings under the Revolving Credit Agreement are secured by substantially all of the assets of CCF OpCo, CCF Intermediate Holdings LLC, a Delaware limited liability company, the sole member of CCF OpCo and our wholly owned subsidiary and certain of CCF OpCo's subsidiaries. The Revolving Credit Agreement is guaranteed by certain subsidiaries of CCF OpCo. We discuss this intercompany obligation because the intercompany obligation (and the collateral securing this intercompany obligation) has been given as security for the obligations under the Secured Notes. Borrowings under the Revolving Credit Agreement bear interest at a rate of 9.00% per annum. Those interest payments are used to fund the interest payments on the Secured Notes.

Secured notes payable at March 31, 2020, and December 31, 2019, consisted of the following:

	March 31, 2020			December 31, 2019		
	Principal	Deferred Issuance Costs	Net Principal	Principal	Deferred Issuance Costs	Net Principal
$40,000 Secured note payable, 9.00%, collateralized by all Guarantor Company assets, due June 2023	**$40,000**	**$ —**	**$40,000**	$40,000	$ —	$40,000
	40,000	**—**	**40,000**	40,000	—	40,000
Less current maturities	**—**	**—**	**—**	—	—	—
Long-term portion	**$40,000**	**$ —**	**$40,000**	$40,000	$ —	$40,000

On December 12, 2018, CCF Issuer issued an aggregate principal amount of $42,000 in Secured Notes to previous holders of secured obligations. The Secured Notes bear interest at 9.00% per annum and mature on June 15, 2023. Pursuant to the indenture dated as of September 6. 2018, CCF Issuer and Community Choice Holdings each granted a pledge over all of their respective assets. CCF Issuer was also required to pledge its interests in the Revolving Credit Agreement and the security granted as collateral for the obligations under the Revolving Credit Agreement. The SPV Indenture also contains restrictive covenants that limit our subsidiaries' ability to incur additional indebtedness, pay dividends on or make other distributions or repurchase our capital stock or the capital stock of our subsidiaries, make certain investments, enter into certain types of transactions with affiliates, create liens or merge with or into other companies.

On January 15, 2019, the Company repaid $2,000 of the outstanding borrowings under the Credit Agreement, and repurchased $2,000 of the Secured Notes and 7,143 Class B Common Units corresponding to the repurchased Secured Notes, with the payment allocated to the Secured Notes. The outstanding balances of the Credit Agreement and Secured Notes are $40,000 at March 31, 2020.

Subsidiary notes payable at March 31, 2020, and December 31, 2019, consisted of the following:

	March 31, 2020			December 31, 2019		
	Principal	Deferred Issuance Costs	Net Principal	Principal	Deferred Issuance Costs	Net Principal
$73,000 Note, secured, 16.75%, collateralized by acquired loans, due April 2021	**$ 73,000**	**$ 1,159**	**$ 71,841**	$ 73,000	$ 367	$ 72,633
$1,425 Term note, secured, 4.75%, collateralized by financed asset, due November 2024	**761**	**—**	**761**	777	—	777
$1,165 Term note, secured, 4.50%, collateralized by financed asset, due May 2021	**938**	**6**	**932**	954	6	948
	74,699	**1,165**	**73,534**	74,731	373	74,358
Less current maturities	**129**	**1**	**128**	128	1	127
Long-term portion	**$74,570**	**$1,164**	**$73,406**	$74,603	**$** 372	$74,231

On December 12, 2018, CCFI Funding II LLC, a non-guarantor subsidiary of CCF OpCo, entered into an amendment to the Amended and Restated Loan and Security Agreement, dated as of April 25, 2017 (as amended, modified or supplemented from time to time, the “Ivy Credit Agreement”) pursuant to which, among other things, our borrowings under the Ivy Credit Agreement were increased from $63,500 to $70,000.

The Ivy Credit Agreement was amended on March 18, 2019, to extend the maturity date to April 30, 2020, and establish an interest rate of 16.75% on the entire credit facility. The Agreement was further amended on September 9, 2019, to increase the Company’s borrowings from $70,000 to $73,000. The Ivy Credit Agreement was amended on February 7, 2020, to extend the maturity date to April 30, 2021.

The $1,425 term note was amended on November 22, 2019, to extend the maturity date to November 22, 2024, and increased the interest rate to 4.75%.

Liquidity and Need for Additional Capital

As of April 24, 2020 (see Note 13 to the Company’s financial statements, included elsewhere in this report), the Company’s indebtedness includes $69,000 subject to the Ivy Credit Agreement that is due in the second quarter of 2021, and its expected cash position will not be sufficient to repay this indebtedness as it becomes due. Declining portfolio levels will have a negative impact on operating profits and liquidity and may impact our ability to meet the Ivy Credit Agreement and Revolving Credit Agreement covenants.

Management has hired advisors to assist with negotiations with the lenders to either amend or obtain waivers from those lenders. Ivy and its affiliates have been a long-term partner to the Company, directly providing the Ivy Credit Agreement, and indirectly through involvement in the third-party lender programs. Management believes that they will be able to extend the Ivy Credit Agreement based upon the Company’s relationship with the lender and historical experience of past extensions.

While the Company believes that it will be successful in extending the maturity of the Ivy Credit Agreement and amending the Revolving Credit Agreement’ covenants, there is no assurance that the Company will be able to extend the maturity or otherwise refinance the Ivy Credit Agreement and amend the Ivy Credit Agreement and Revolving Credit Agreements’ covenants.

Any amendment to or refinancing of this indebtedness could result in an even higher interest rate and may require us to comply with more burdensome restrictive covenants, which may have a material adverse effect on our business, ability to meet our payment obligations, financial condition, and results of operations. If the Company is not able to achieve the plan as outlined herein, substantial doubt may exist regarding the Company's ability to meet its obligations and continue as a going concern.

Related Party Transactions and Balances (Details)	3 Months Ended Mar. 31, 2020 USD ($)
Related Party Transactions and Balances	
Related party transaction	$ 0

Ownership, Nature of Business, and Significant Accounting Policies - Revenue Recognition (Details) $ in Thousands	3 Months Ended	
	Mar. 31, 2020 USD ($) segment	Mar. 31, 2019 USD ($)
Business Segments		
Number of operating segments | segment	2	
Revenues:		
Revenues	$ 75,979	$ 86,496
Finance Receivable And Credit Service Fees		
Revenues:		
Revenues	50,151	66,935
Check Cashing And Card Fees		
Revenues:		
Revenues	$ 25,828	$ 19,561

Finance Receivables, Credit Quality Information and Allowance for Loan Losses (Details) - USD ($) $ in Thousands	Mar. 31, 2020	Dec. 31, 2019	Mar. 31, 2019	Dec. 31, 2018
Finance Receivables, Credit Quality Information and Allowance for Loan Losses				
Loans in non-accrual status	$ 1,614	$ 1,560		
Finance receivables, net	60,367	81,995		
Consumer Borrower				
Finance Receivables, Credit Quality Information and Allowance for Loan Losses				
Loans in non-accrual status	73,152	98,330	$ 80,155	
Unearned advance fees, net of deferred loan origination costs	(1,365)	(2,507)		
Finance receivables before allowance for loan losses	71,787	95,823		
Allowance for loan losses	(11,420)	(13,828)	(6,039)	$ (3,474)
Finance receivables, net	60,367	81,995		
Short-term consumer loans				
Finance Receivables, Credit Quality Information and Allowance for Loan Losses				
Loans in non-accrual status	44,908	61,973		
Short-term consumer loans | Secured				
Finance Receivables, Credit Quality Information and Allowance for Loan Losses				
Loans in non-accrual status	7,560	8,774		
Short-term consumer loans | Unsecured				
Finance Receivables, Credit Quality Information and Allowance for Loan Losses				
Loans in non-accrual status	37,348	53,199		
Short-term consumer loans | Consumer Borrower				
Finance Receivables, Credit Quality Information and Allowance for Loan Losses				
Loans in non-accrual status	44,908		51,283	
Allowance for loan losses	(2,146)	(2,654)	(2,315)	(2,018)
Medium-term consumer loans				
Finance Receivables, Credit Quality Information and Allowance for Loan Losses				
Loans in non-accrual status	28,244	36,357		
Medium-term consumer loans | Secured				
Finance Receivables, Credit Quality Information and Allowance for Loan Losses				
Loans in non-accrual status	3,103	5,612		
Medium-term consumer loans | Unsecured				
Finance Receivables, Credit Quality Information and Allowance for Loan Losses				

Loans in non-accrual status	25,141	30,745		
Medium-term consumer loans | Consumer Borrower				
Finance Receivables, Credit Quality Information and Allowance for Loan Losses				
Loans in non-accrual status	28,244		28,872	
Allowance for loan losses	$ (9,274)	$ (11,174)	$ (3,724)	$ (1,456)

Income Taxes (Details) - USD ($) $ in Thousands	Mar. 31, 2020	Dec. 31, 2019
Income Taxes		
Liability recorded for unrecognized tax benefits	$ 0	$ 0
Gross deferred tax assets	42,926	32,622
Valuation allowance	42,926	32,606
Net deferred tax liability		$ 16
Credits or net operating losses	$ 0	

Business Segments (Details) $ in Thousands	3 Months Ended Mar. 31, 2020 USD ($) segment	Mar. 31, 2019 USD ($)	Dec. 31, 2019 USD ($)
Business segment			
Number of operating segments | segment	2		
Total Assets	$ 215,360	$ 267,566	$ 246,825
Goodwill		11,288	11,288
Other Intangible Assets	2,536	3,014	$ 2,650
Total revenues	$ 75,979	$ 86,496	
Total Revenues, % of Revenue	100.00%	100.00%	
Provision for loan losses	$ 19,729	$ 21,286	
Provision for Loan Losses, % of Revenue	26.00%	24.60%	
Depreciation and Amortization	$ 4,580	$ 8,205	
Depreciation and Amortization, % of Revenue	6.00%	9.50%	
Other Operating Expenses	$ 34,927	$ 33,154	
Other Operating Expenses, % of Revenue	45.90%	38.30%	
Operating gross profit	$ 16,743	$ 23,851	
Operating Gross Profit, % of Revenue	22.10%	27.60%	
Interest Expense, net	$ 13,199	$ 11,386	
Interest Expense, net, % of Revenue	17.40%	13.20%	
Depreciation and amortization	$ 957	$ 1,481	
Depreciation and Amortization, % of Revenue	1.3	1.7	
Goodwill, Impairment	$ 11,288		
Goodwill impairment, % of Revenue	14.9		
Other Corporate Expenses	$ 18,215	$ 17,099	
Other Corporate Expenses, % of Revenue	24.00%	19.80%	
Loss from continuing operations, before tax	$ (26,916)	$ (6,115)	
Income (loss) from Continuing Operations, before tax, % of Revenue	(35.40%)	(7.10%)	
Unallocated (Income) Expenses			
Business segment			
Other Corporate Expenses	$ 18,215	$ 17,099	
Loss from continuing operations, before tax	(18,215)	(17,099)	
Retail Financial Services			
Business segment			
Total Assets	178,753	230,491	
Goodwill		11,288	
Other Intangible Assets	2,497	2,882	
Total revenues	$ 66,007	$ 75,984	
Total Revenues, % of Revenue	100.00%	100.00%	
Provision for loan losses	$ 14,968	$ 17,250	
Provision for Loan Losses, % of Revenue	22.70%	22.70%	
Depreciation and Amortization	$ 4,580	$ 8,205	

Depreciation and Amortization, % of Revenue	6.90%	10.80%
Other Operating Expenses	$ 33,731	$ 32,021
Other Operating Expenses, % of Revenue	51.10%	42.10%
Operating gross profit	$ 12,728	$ 18,508
Operating Gross Profit, % of Revenue	19.30%	24.40%
Interest Expense, net	$ 8,655	$ 7,897
Interest Expense, net, % of Revenue	13.10%	10.40%
Depreciation and amortization	$ 925	$ 1,389
Depreciation and Amortization, % of Revenue	1.4	1.8
Goodwill, Impairment	$ 11,288	
Goodwill impairment, % of Revenue	17.1	
Loss from continuing operations, before tax	$ (8,140)	$ 9,222
Income (loss) from Continuing Operations, before tax, % of Revenue	(12.30%)	12.10%
Internet Financial Services		
Business segment		
Total Assets	$ 36,607	$ 37,075
Other Intangible Assets	39	132
Total revenues	$ 9,972	$ 10,512
Total Revenues, % of Revenue	100.00%	100.00%
Provision for loan losses	$ 4,761	$ 4,036
Provision for Loan Losses, % of Revenue	47.70%	38.40%
Other Operating Expenses	$ 1,196	$ 1,133
Other Operating Expenses, % of Revenue	12.00%	10.80%
Operating gross profit	$ 4,015	$ 5,343
Operating Gross Profit, % of Revenue	40.30%	50.80%
Interest Expense, net	$ 4,544	$ 3,489
Interest Expense, net, % of Revenue	45.60%	33.20%
Depreciation and amortization	$ 32	$ 92
Depreciation and Amortization, % of Revenue	0.3	0.9
Loss from continuing operations, before tax	$ (561)	$ 1,762
Income (loss) from Continuing Operations, before tax, % of Revenue	(5.60%)	16.80%

Goodwill and Other Intangible Assets - Carrying amounts of goodwill by reportable segment (Details) - USD ($) $ in Thousands	Mar. 31, 2020	Dec. 31, 2019	Mar. 31, 2019
Carrying amounts of goodwill by reportable segment			
Goodwill, gross	$ 11,288		
Accumulated impairment losses	(11,288)		
Goodwill		$ 11,288	$ 11,288
Retail Financial Services			
Carrying amounts of goodwill by reportable segment			
Goodwill, gross	11,288		
Accumulated impairment losses	$ (11,288)		

Accounts Payable and Accrued Liabilities (Details) - USD ($) $ in Thousands	Mar. 31, 2020	Dec. 31, 2019
Accounts Payable and Accrued Liabilities		
Accounts payable	$ 5,789	$ 5,818
Accrued payroll and compensated absences	8,165	7,982
Wire transfers payable	1,547	1,244
Accrual for third-party losses	1,669	2,570
Debt buyer liability	3,408	3,474
Unearned CSO fees	455	2,846
Bill payment service liability	1,064	897
Lease termination	328	467
Other	4,414	4,897
Accounts payable and accrued liabilities	$ 26,839	$ 30,195

Consolidated Balance Sheets (Parenthetical) - USD ($) $ in Thousands	Mar. 31, 2020	Dec. 31, 2019
Finance receivables, net		
Finance receivables current, allowance for loan losses (in dollars)	$ 10,891	$ 12,869
Finance receivables noncurrent, allowance for loan losses (in dollars)	$ 529	$ 959
Stockholders' equity		
Common stock, par value (in dollars per share)	$ 0	$ 0
Subsidiary notes payable		
Finance receivables, net		
Net of deferred issuance costs, current liabilities (in dollars)	$ 1	$ 1
Net of deferred issuance costs, noncurrent liabilities (in dollars)	$ 1,164	$ 372
Common units A		
Stockholders' equity		
Common stock, shares authorized	850,000	850,000
Common stock, shares outstanding	850,000	850,000
Common units B		
Stockholders' equity		
Common stock, shares authorized	142,857	142,857
Common stock, shares outstanding	142,857	142,857

Consolidated Statements of Cash Flows (Parenthetical) - $ in Thousands	3 Months Ended Mar. 31, 2020 USD ($)
The following table reconciles cash and cash equivalents and restricted cash from the Consolidated Balance Sheets to the above statements:	
Cash and cash equivalents	$ 60,991
Restricted Cash	4,040
Total cash and cash equivalents and restricted cash	65,031
(1) Other assets includes $155 remaining from the sale of receivables.	
Sale of receivables	$ 155

Goodwill and Other Intangible Assets (Tables)

Goodwill and Other Intangible Assets (Tables)	3 Months Ended Mar. 31, 2020

Goodwill and Other Intangible Assets

Summary of goodwill and other intangible assets

	March 31, 2020	December 31, 2019
Goodwill	**$ —**	$ 11,288
Other intangible assets, net:		
Trade names	**$2,513**	$ 2,624
Favorable lease	**23**	26
	$2,536	$ 2,650

Schedule of carrying amounts of goodwill by reportable segment

The carrying amounts of goodwill by reportable segment at March 31, 2020 were as follows:

	Retail Financial Services	Internet Financial Services	Total
Goodwill	$ 11,288	$ —	$ 11,288
Accumulated impairment losses	(11,288)	—	(11,288)
	$ —	$ —	$ —

Subsequent Event	3 Months Ended Mar. 31, 2020
Subsequent Event.	
Subsequent Event	**Note 13. Subsequent Event** The Ivy Credit Agreement was amended on April 24, 2020, resulting in the credit facility being paid down from $73,000 to $69,000. The amendment also cancelled an $8,000 mandatory repayment due on April 30, 2020, raised the cap on allowable dividends to be paid by CCFI Funding II, LLC to its parent to $7,000 per month, temporarily reduced collateral coverage requirements, increased the advance rate on eligible receivables, and temporarily suspended an adjusted EBITDA test until September 30, 2020, which test will be based on new covenant levels to be determined. In Virginia, SB 421 was signed into law by the Governor on April 22, 2020, with an effective date of January 1, 2021. This legislation will have a substantial impact on our open-end lending in Virginia, as lenders and borrowers will no longer be free to set interest rates. Rather the interest on open-end credit would be capped at 36%. This may have a substantial impact on our Virginia operations.

Concentrations of Credit Risks (Tables)	3 Months Ended Mar. 31, 2020

Concentrations of Credit Risks

Summary of allocation of portfolio balance by state

State	March 31, 2020 Balance Outstanding	March 31, 2020 Percentage of Total Outstanding	December 31, 2019 Balance Outstanding	December 31, 2019 Percentage of Total Outstanding
Alabama	**$ 9,762**	**13.3 %**	$ 12,079	12.3 %
Arizona	**9,700**	**13.3**	11,807	12.0
California	**15,863**	**21.7**	26,454	26.9
Mississippi	**6,893**	**9.4**	8,747	8.9
Virginia	**10,607**	**14.5**	12,138	12.3
Other Retail segment states	**15,509**	**21.2**	21,119	21.5
Other Internet segment states	**4,818**	**6.6**	5,986	6.1
Total	**$ 73,152**	**100.0 %**	$ 98,330	100.0 %