Capital Impact Partners and Subsidiaries

Consolidated Financial Statements with Independent Auditor's Report

December 31, 2024 and 2023

Contents

Independent Auditor's Report

Board of Directors
Capital Impact Partners and Subsidiaries

Opinion

We have audited the consolidated financial statements of Capital Impact Partners and Subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2024 and 2023, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Capital Impact Partners and Subsidiaries as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Capital Impact Partners and Subsidiaries and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Capital Impact Partners and Subsidiaries' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Capital Impact Partners and Subsidiaries' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Capital Impact Partners and Subsidiaries' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary consolidating information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

CohnReznick LLP

Bethesda, Maryland
March 27, 2025

Capital Impact Partners and Subsidiaries

Consolidated Statements of Financial Position
December 31, 2024 and 2023

	2024	2023
Assets		
Cash and cash equivalents – unrestricted	**$ 100,043,027**	$ 44,233,703
Cash and cash equivalents – restricted	**26,847,156**	26,424,133
Accounts and interest receivable	**10,808,212**	7,455,892
Investments	**47,358,811**	41,473,089
Mortgage backed securities	**34,029,460**	33,822,580
Loans receivable	**557,337,088**	499,585,126
Less: allowance for credit losses	**(16,914,877)**	(12,573,430)
Loans receivable, net	**540,422,211**	487,011,696
Loans receivable – subsidiaries	**15,938,096**	19,868,695
Loans receivable - intercompany	**16,800,000**	2,500,000
Other real estate owned	**658,498**	658,498
Other assets	**3,053,759**	3,643,329
Right of use assets	**8,425,267**	9,428,191
Total assets	**$ 804,384,497**	$ 676,519,806
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	**$ 10,201,921**	$ 10,847,230
Refundable advance liability	**8,336,547**	9,735,754
Revolving lines of credit	**83,000,000**	69,500,000
Notes payable	**64,289,530**	68,786,736
Investor notes, net	**377,129,499**	262,805,148
Subordinated debt	**14,500,000**	14,500,000
Federal Home Loan Bank borrowing	**24,000,000**	24,000,000
Bond loan payable	**10,000,000**	5,000,000
Notes payable – subsidiaries	**19,120,355**	24,193,922
Liability for CECL - loan commitments	**2,596,742**	2,917,764
Lease liabilities	**10,821,624**	11,991,765
Total liabilities	**623,996,218**	504,278,319
Net assets:		
Without donor restrictions	**133,312,603**	106,347,815
Noncontrolling interest in a consolidated subsidiary	**1,281,113**	20,572,345
Total without donor restrictions	**134,593,716**	126,920,160
With donor restrictions	**45,794,563**	45,321,327
Total net assets	**180,388,279**	172,241,487
Total liabilities and net assets	**$ 804,384,497**	$ 676,519,806

See notes to consolidated financial statements.

Capital Impact Partners and Subsidiaries

Consolidated Statements of Activities and Changes in Net Assets
Years Ended December 31, 2024 and 2023

	2024	2023
Changes in net assets without donor restrictions:		
Financial activity:		
Financial income:		
Interest income on loans	$ 38,758,453	$ 26,888,711
Loan fees	569,969	389,267
Investment income, net	3,065,482	3,554,364
Gain on equity method investments	942,906	770,537
Gain on NMTC unwinds	6,977	-
Gain on sale of securities	1,041,401	-
Total financial income	44,385,188	31,602,879
Financial expense:		
Interest expense	27,083,575	16,489,064
Provision for credit losses	9,805,409	(308,991)
Total financial expense	36,888,984	16,180,073
Net financial income	7,496,204	15,422,806
Revenue and support:		
Loan servicing fees	1,737,007	1,580,738
Fees	1,861,940	1,730,161
Asset management fees from investments	3,014,780	1,568,719
Contract revenue	635,780	1,244,007
Contributions	45,155,925	94,000
Gain on debt extinguishment	-	352,238
Inter-company fee income	3,742,764	3,395,383
Other income	91,919	256,694
Net assets released from donor restrictions	17,876,926	32,177,179
Total revenue and support	74,117,041	42,399,119
Non-financial expenses:		
Innovative community lending program	17,919,218	18,072,528
Technical assistance	11,086,702	22,144,126
Total non-financial program expenses	29,005,920	40,216,654
Support expenses:		
Management and general	22,131,243	21,290,552
Fundraising	2,963,966	2,320,344
Total non-financial expenses	54,101,129	63,827,550
Change in net assets without donor restrictions before noncontrolling interest activities	27,512,116	(6,005,625)
Noncontrolling interest – distributions	(19,838,560)	(1,012,132)
Change in net assets without donor restrictions	7,673,556	(7,017,757)
Changes in net assets with donor restrictions:		
Investment income, net	683,517	304,422
Grant revenue	17,666,645	27,851,484
Net assets released from donor restrictions	(17,876,926)	(32,177,179)
Change in net assets with donor restrictions	473,236	(4,021,273)
Change in net assets	8,146,792	(11,039,030)
Net assets, beginning	172,241,487	185,569,093
Cumulative change in accounting policy	-	(2,288,576)
Net assets, ending	$ 180,388,279	$ 172,241,487

See notes to consolidated financial statements.

Capital Impact Partners and Subsidiaries

Consolidated Statements of Functional Expenses
Years Ended December 31, 2024 and 2023

	Program Expenses		Support Expenses		
2024	**Innovative Community Lending Program**	**Technical Assistance**	**Management and General**	**Fundraising**	**Total**
Interest expense	**$ 27,083,575**	**$ -**	**$ -**	**$ -**	**27,083,575**
Provision for credit losses	**9,805,409**	**-**	**-**	**-**	**9,805,409**
Salaries and benefits	**15,838,438**	**3,059,404**	**13,462,705**	**2,124,874**	**34,485,421**
Inter-company management fee	**-**	**-**	**287,026**	**31,892**	**318,918**
Professional fees	**292,421**	**-**	**1,390,006**	**99,105**	**1,781,532**
Contractual services	**433,585**	**868,649**	**1,643,398**	**245,175**	**3,190,807**
Corporate development	**110,555**	**-**	**914,819**	**100,193**	**1,125,567**
Lease expense	**587,047**	**-**	**888,751**	**79,289**	**1,555,087**
Insurance	**-**	**-**	**400,159**	**31,836**	**431,995**
Travel and entertainment	**360,810**	**-**	**433,930**	**37,594**	**832,334**
Training and tuition	**63,936**	**-**	**312,979**	**32,695**	**409,610**
Grant expense	**-**	**7,158,649**	**-**	**-**	**7,158,649**
Depreciation	**92,050**	**-**	**210,656**	**-**	**302,706**
Technology	**30,912**	**-**	**1,293,242**	**120,046**	**1,444,200**
Other	**109,464**	**-**	**893,572**	**61,267**	**1,064,303**
	$ 54,808,202	**$ 11,086,702**	**$ 22,131,243**	**$ 2,963,966**	**$ 90,990,113**

	Program Expenses		Support Expenses		
2023	Innovative Community Lending Program	Technical Assistance	Management and General	Fundraising	Total
Interest expense	$ 16,489,064	$ -	$ -	$ -	$ 16,489,064
Provision for credit losses	(308,991)	-	-	-	(308,991)
Salaries and benefits	15,632,551	2,363,701	12,643,421	1,447,823	32,087,496
Inter-company management fee	-	-	275,821	30,647	306,468
Professional fees	142,578	-	1,461,118	99,333	1,703,029
Contractual services	834,200	1,243,593	2,061,621	301,862	4,441,276
Corporate development	103,414	-	819,512	90,627	1,013,553
Lease expense	487,943	-	802,426	77,765	1,368,134
Insurance	-	-	392,445	34,474	426,919
Travel and entertainment	409,167	-	515,397	43,097	967,661
Training and tuition	73,835	-	214,609	22,174	310,618
Grant expense	-	18,536,832	-	-	18,536,832
Depreciation	60,287	-	136,147	-	196,434
Technology	50,189	-	1,116,420	107,838	1,274,447
Other	278,364	-	851,615	64,704	1,194,683
	$ 34,252,601	$ 22,144,126	$ 21,290,552	$ 2,320,344	$ 80,007,623

See notes to consolidated financial statements.

Capital Impact Partners and Subsidiaries

Consolidated Statements of Cash Flows
Years Ended December 31, 2024 and 2023

	2024	2023
Cash flows from operating activities:		
Change in net assets	**$ 8,146,792**	$ (11,039,030)
Noncontrolling interest activities	**(19,838,560)**	(1,012,132)
Change in net assets before noncontrolling interest activities	**27,985,352**	(10,026,898)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Provision (recovery) for credit losses	**9,805,409**	(308,991)
Depreciation	**302,706**	196,434
Amortization of notes issuance costs	**268,798**	265,832
Straight-line rent expense	**1,375,422**	1,151,280
(Gain) loss on investments	**1,142,884**	(605,095)
Gain on equity method investments	**(1,304,536)**	(770,537)
Gain on NMTC unwind	**(6,977)**	-
Distribution on earnings from equity method investments	**4,269**	211
Accretion of interest on loans	**-**	19,396
Decrease (increase) in:		
Accounts and interest receivable	**(3,352,320)**	(3,193,298)
Contributions receivable	**-**	2,600,000
Other real estate owned	**-**	(658,498)
Other assets	**60,499**	(611,746)
(Decrease) increase in:		
Accounts payable and accrued expenses	**(406,599)**	3,866,416
Refundable advance liability	**(1,399,207)**	3,563,504
Lease liabilities	**(1,542,639)**	(1,277,539)
Net cash provided by (used in) operating activities	**32,933,061**	(5,789,529)
Cash flows from investing activities:		
Loan originations and advances	**(189,444,754)**	(160,458,810)
Loan purchases	**(7,152,004)**	(3,453,165)
Loan repayments	**106,694,745**	38,746,233
Loan sales	**26,365,068**	7,889,133
Loan originations and advances – subsidiaries	**(673,008)**	-
Loan repayments – subsidiaries	**4,603,607**	358,974
Loan originations and advances - intercompany	**(19,800,000)**	(2,500,000)
Loan repayments - intercompany	**5,500,000**	-
Proceeds from returns of investment from equity investment	**2,199,118**	2,302,239
Proceeds from sale and distributions of investments	**55,353,440**	25,609,738
Purchase of investments, net	**(62,117,820)**	(26,172,640)
Proceeds from sale of mortgage backed securities	**5,068,947**	6,894,225
Purchase of mortgage backed securities	**(6,431,929)**	(10,963,359)
Purchase of furnishings and equipment	**226,365**	(396,351)
Net cash (used in) investing activities	**(79,608,225)**	(122,143,783)
Cash flows from financing activities:		
Proceeds from notes payable	**-**	22,024,894
Repayment of notes payable	**(4,497,206)**	(7,500,000)
Proceeds from bond loan payable	**10,000,000**	-
Repayment of bond loan payable	**(5,000,000)**	-
Proceeds from subordinated debt payable	**-**	14,500,000
Repayment of subordinate notes payable	**-**	(2,500,000)
Proceeds from issuance of Investor Notes, net	**172,384,764**	102,788,192
Repayment of Investor Notes	**(57,895,000)**	(41,370,000)
Payment of issuance cost of Investor Notes	**(434,210)**	(185,094)
Capital distributions paid – noncontrolling interest	**(20,077,270)**	(1,033,809)
Repayment of notes payable – subsidiaries	**(5,073,567)**	-
Proceeds from lines of credit	**52,000,000**	68,000,000
Repayment of lines of credit	**(38,500,000)**	(44,500,000)
Net cash provided by financing activities	**102,907,511**	110,224,183
Net increase (decrease) in cash and cash equivalents	**56,232,347**	(17,709,129)
Cash and cash equivalents – beginning	**70,657,836**	88,366,965
Cash and cash equivalents – ending	**$ 126,890,183**	$ 70,657,836

(Continued)

Capital Impact Partners and Subsidiaries

Consolidated Statements of Cash Flows (Continued)
Years Ended December 31, 2024 and 2023

		2024		2023
Cash and cash equivalents consist of:				
Cash and cash equivalents – unrestricted	**$**	**100,043,027**	$	44,233,703
Cash and cash equivalents – restricted		**26,847,156**		26,424,133
	$	**126,890,183**	$	70,657,836
Supplemental disclosure of cash flow information:				
Cash paid during the year for interest	**$**	**26,427,732**	$	15,819,378
Additions to right of use assets and liabilities obtained from operating leases	**$**	**-**	$	2,341,792
Supplemental schedule of noncash operating activities:				
Loan forgiveness	**$**	**1,956,201**	$	137,480
Supplemental schedules of noncash investing and financing activities:				
Distributions payable to noncontrolling interest included in accounts payable	**$**	**6,802**	$	245,512
Non-cash transfer from loans receivable to other real estate owned	**$**	**-**	$	658,498
Supplemental disclosure of cumulative effect of adoption of new accounting standard				
Cumulative effect of current expected credit losses (CECL)	**$**	**-**	$	2,288,576

See notes to consolidated financial statements.

Note 1. Description of Activities and Significant Accounting Policies

Description of activities: Capital Impact Partners is a nonprofit organization without capital stock organized under the laws of the District of Columbia at the direction of the U.S. Congress in 12 U.S. Code 3051(b). The purpose of Capital Impact Partners is to provide industry altering financial services and technical assistance programs designed to spark systemic change for lasting economic progress. Capital Impact Partners empowers communities to create more affordable cooperative homeownership, access to healthy foods, housing and services for the elderly, and facilities for health care centers and charter schools. The Community Development Financial Institutions Fund of the U.S. Treasury Department has designated Capital Impact Partners as a certified Community Development Financial Institution (“CDFI”).

Effective February 8, 2021, Capital Impact Partners amended its organizational documents. The amendments were primarily to convert from a membership to a non-membership organization and to revise the board makeup and size requirements in relation to the membership conversion.

CDC Small Business Finance Corp. ("CDC”) is a California not-profit organization committed to serving the capital needs of small businesses in California, Nevada, and Arizona. CDC is a Certified Development Company certified by the U.S. Small Business Administration. Its mission is to champion the growth of small companies in its communities through various lending services. CDC arranges industrial and commercial real estate, and business development loans for small business companies located throughout the states of California, Nevada, and Arizona.

Effective April 1, 2021, Capital Impact Partners’ and CDC aligned their operations under one chief executive officer and a joint board of directors. The strategic alliance between Capital Impact Partners and CDC, which closed on July 15, 2021, innovates how capital and investments flow into communities to advance economic empowerment and wealth creation. Capital Impact Partners and CDC remain as separate legal and tax entities with no control over the other.

Capital Impact Partners and CDC cross guarantee most of the other party’s debt, and are co-borrowers on other obligations to enable each organization to benefit from the combined financial strength of both organizations.

Capital Impact Partners and CDC have substantially overlapping executive management teams with Ellis Carr, Capital Impact Partners’ President and Chief Executive Officer, serving as President and Chief Executive Officer of both organizations.

In July 2022, the strategic alliance of Capital Impact Partners and CDC was rebranded as Momentus Capital, although each of Capital Impact Partners and CDC continues operating as separate entities committed to serving its key market and clients, complementing Capital Impact Partners and CDC’s shared missions of community development and support for small businesses.

On December 10, 2021, Alliance Securities Manager LLC (“ASM”), a Delaware limited liability company and taxable wholly-owned subsidiary of Capital Impact Partners, entered into a Membership Interest Purchase Agreement (“Purchase Agreement”) to purchase all the rights, title and interest in RPS Securities LLC (“RPS”), a member broker-dealer of the Financial Industry Regulatory Authority (“FINRA”). On February 11, 2022, RPS’ continuing membership application was approved by FINRA and shortly after, on February 17, 2022, ASM acquired all of the interests in RPS pursuant to the Purchase Agreement and renamed RPS as Alliance Securities LLC effective February 17, 2022. Soon after Alliance Securities, LLC was renamed Momentus Securities LLC (“Momentus Securities”). In January 2024, the SBA approved Momentus Securities as an SBA Pool Assembler in the 7(a) Loan Guarantee Program.

On June 10, 2022, Capital Impact Partners formed two entities:

1) Equitable Prosperity Manager LLC (“EPM”) is a wholly-owned investment adviser and a subsidiary of ASM.
2) Equitable Prosperity Fund I GP LLC (“EPF GP”) is a Delaware limited liability company and wholly-owned subsidiary of Capital Impact Partners and a single purpose entity that holds the general partner interest in Equitable Prosperity Fund I LP (“EPF”)

Note 1. Description of Activities and Significant Accounting Policies (Continued)

EPF, formed on June 10, 2022, is a growth stage impact investment fund designed to fill the capital gap needed to propel community-centric enterprises to scale and create measurable impact. Capital Impact Partners' capital contributions currently account for 35.89% of the aggregate capital contributions to EPF.

The broker-dealer and investment advisory activities related to these entities are intended to generate revenue streams in the form of fee income and commissions (whether related to placement of securities, financing, investment management or investment banking). One or more affiliates of Capital Impact Partners, including EPM may also receive a profit allocation or carried interest in connection with its investment advisory activities.

The following table provides information on Capital Impact Partners' various subsidiaries:

Subsidiary Name	Ownership %	Purpose of Subsidiary	Included in Consolidated Financials
Community Solutions Group, LLC	100%	Subsidiary of Capital Impact Partners formed to foster development and provide technical assistance to cooperative organizations and similar non-profit organizations and provide capital in support of development projects by making strategic grants and business planning advances. This entity had no activity in 2024 and 2023.	Yes
NCBCI Education Conduit, LLC	100%	Subsidiary of Capital Impact Partners formed to facilitate, encourage and assist in financing charter schools. This entity holds Capital Impact Partner's interest in the Charter School Financing Partnership (CSFP), LLC. This entity had no activity in 2024 and 2023.	Yes
Impact NMTC Holdings II, LLC	100%	Subsidiary of Capital Impact Partners formed to act as a non-managing member for NMTC Community Development Entities (CDEs) with Capital Impact Partners acting as managing member. This entity had no activity in 2024 and 2023.	Yes
Detroit Neighborhoods Fund, LLC (DNF, LLC)	100%	Subsidiary of Capital Impact Partners formed to provide financing for mixed-use and multi-family rental housing and healthy foods retail in areas in Detroit, Michigan.	Yes
FPIF, LLC	100%	Subsidiary of Capital Impact Partners formed to channel funds to a predominately low income population aged 50+.	Yes
Community Investment Impact Fund, LLC	87%	The purpose of this fund is to engage solely in the business of, directly or indirectly, owning, holding for investment, exchanging, selling and disposing of investments in loans and other related activities. Capital Impact Partners is the managing member of this entity. Community Investment Impact Fund II, LLC merged with and into this entity, on January 1, 2020. Effective January 1, 2020, Capital Impact Partners increased its managing member ownership from 20% to 30%. As of December 31, 2024, Capital Impact Partners increased its managing membership ownership from 30% to 87%.	Yes
Alliance Securities Manager LLC	100%	This LLC is a holding company created to house the interests in investment business lines. This company is the parent company of Momentus Securities LLC and Equitable Prosperity Manager LLC which provides investment advisory services to multiple funds and is currently an Exempt Reporting Adviser.	Yes
Equitable Prosperity Fund I GP LLC	100%	This LLC is a single purpose entity that holds the General Partner interest in Equitable Prosperity Fund I LP.	Yes

Capital Impact Partners' principal sources of revenue and support are interest income and fees earned from its lending activities, grants, contracts/technical assistance and contributions.

Note 1. Description of Activities and Significant Accounting Policies (Continued)

Significant accounting policies:

Basis of presentation: The consolidated financial statements (collectively, the financial statements) are in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which have been applied on a consistent basis and follow general practices within the not-for-profit industry.

Principles of consolidation: The financial statements include the accounts of Capital Impact Partners and its consolidated subsidiaries, which include Community Solutions Group, LLC, NCBCI Education Conduit, LLC, Detroit Neighborhoods Fund, LLC, FPIF, LLC, Community Investment Impact Fund, LLC, Impact NMTC Holdings II, LLC, Alliance Securities Manager LLC, and Equitable Prosperity Fund I GP LLC. All intercompany balances and transactions are eliminated in consolidation.

Use of estimates: The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications: Certain amounts for the prior year have been reclassified to conform to the current year presentation; specifically, fee revenue, technical assistance and net asset purpose reclassifications to align with current business activity and investment summary financial information.

Unrestricted cash and cash equivalents: Unrestricted cash and cash equivalents consist of cash and investment securities with original maturities at the date of purchase of less than 90 days.

Restricted cash and cash equivalents: Capital Impact Partners have certain restricted cash and cash equivalents that are held per terms of grant and loan agreements.

Investments: Investments in equity securities, money market funds, Mortgage Backed Securities with readily determinable fair values are stated at fair value measured, as more fully described in Note 21. Capital Impact Partners' investment in Real Estate Investment Trust ("REIT"), and other investments are stated at estimated fair value, as more fully described in Note 21. Interest and dividend income are recognized when earned. Any unrealized or realized gains or losses are reported in the Consolidated Statements of Activities and Changes in Net Assets as a change in assets without donor restrictions, unless explicit donor intent or law restricts their use, in which case unrealized or realized gains or losses are reported in the Consolidated Statements of Activities and Changes in Net Assets as a change in assets with donor restrictions. Investment return is reported net of investment expenses. Capital Impact Partners recognizes an average prepayment term of 10 years for the accretion of premium/discount on Mortgage Backed Securities. This accelerated term relates to the increase in mortgage payoffs due to refinancing of homes. The accretion is reported with investment income, net assets without donor restrictions.

Investments in other entities are accounted for under the equity or the cost method depending on Capital Impact Partners' voting interest and the degree of control or influence Capital Impact Partners may have over the operations of these entities, as noted below:

Investments in New Markets Tax Credit entities: Investments in New Markets Tax Credit ("NMTC") entities are accounted for under the equity method of accounting under which Capital Impact Partners' share of net income or loss is recognized in the Consolidated Statements of Activities and Changes in Net Assets and added or subtracted from the investment account, and distributions received are treated as a reduction of the investment account.

Investment in ROC USA, LLC: Capital Impact Partners has a 23.81% voting interest in ROC USA, LLC and 33% equity investment in ROC USA, LLC and is accounting for its investments in ROC USA, LLC under the equity method of accounting. Accordingly, Capital Impact Partners' share of the change in net assets without donor restrictions of the affiliate is recognized as income or loss in Capital Impact Partners' Consolidated Statements of

Note 1. Description of Activities and Significant Accounting Policies (Continued)

Activities and Changes in Net Assets and added to or subtracted from the investment account. Dividends received from the affiliate are treated as a reduction of the investment account. Capital Impact Partners appoints two of the eleven directors of the Board of Directors. The purpose of ROC USA, LLC is to aid people living in manufactured home communities, through technical assistance, loans, training and assistance in the purchase of their communities and the operation of those communities as resident-owned and/or controlled entities.

Investment in Charter School Financing Partnership, LLC: Capital Impact Partners has a 20% voting interest in Charter School Financing Partnership, LLC ("CSFP") and is accounting for its investment in CSFP under the equity method of accounting. Accordingly, Capital Impact Partners' share of net income of the affiliate is recognized as income or loss in Capital Impact Partners' Consolidated Statements of Activities and Changes in Net Assets and added to or subtracted from the investment account. Dividends received from the affiliate are treated as a reduction of the investment account. Capital Impact Partners appoints one of the five managers of the Board of Managers. CSFP was established to encourage, facilitate and assist charter schools with financing and educational related activities.

Investment in FHLB Stock: In January 2015, Capital Impact Partners became a member of the Federal Home Loan Bank of Atlanta ("FHLBank Atlanta") and is required to maintain an investment in capital stock in FHLBank Atlanta. The FHLBank Atlanta stock does not have a readily determinable value as ownership is restricted and there is no ready market for this stock. As a result, the stock is carried at cost and management evaluates periodically for impairment based on the ultimate recovery of the cost basis of the stock. No impairment was noted as of December 31, 2024 or 2023.

Investment in Workforce Affordable Housing Fund I, LLC: In July 2019, Capital Impact Partners became a 96% non-controlling member in the Investment in Workforce Affordable Housing Fund I, LLC ("WAHF") and is accounting for its Investment under the equity method of accounting. Capital Impact Partners does not consolidate WAHF since it is not the managing member and the managing member controls the entity. The purpose is to invest in multifamily affordable housing properties located in specified areas in the U.S. Housing properties are to be acquired, held for investment then sold. Members record their proportionate share of income or loss from the properties and gain/loss upon sale of the property.

Investment in Equitable Prosperity Fund and Equitable Prosperity General Partner LLC: Capital Impact Partners' capital contributions currently account for 35.89% of the aggregate capital contributions to EPF. EPF is a growth stage impact investment fund designed to fill the capital gap needed to propel community-centric enterprises to scale and create measurable impact. Capital Impact Partners is accounting for its investment in EPF GP under the equity method of accounting. Accordingly, Capital Impact Partners' share of net income/loss of EPF, through EPF GP, is recognized as income/loss in Capital Impact Partners' Consolidated Statements of Activities and Changes in Net Assets and added to or subtracted from the investment account.

Noncontrolling interest in consolidated subsidiaries: The noncontrolling interest represents the equity interest in Community Investment Impact Fund, LLC ("CIIF") exclusive of Capital Impact Partners' interest. CIIF is a for-profit entity, which is jointly owned by Capital Impact Partners (managing member with 30% ownership) and Annaly Social Impact LLC ("Annaly") (non-managing member with 70% ownership). The non-managing member does not have substantive kick-out rights or substantive participating rights and therefore cannot consolidate. CIIF shall engage solely in the business of owning, holding for investment, exchanging, selling and disposing of investments in loans and other activities related or incidental to the foregoing business.

The operating agreements outline the "waterfall" of funds for CIIF to distribute to its investors. Distributions include: 1) operating cash to Annaly until such time it achieves a preferred return, and 2) remaining operating cash allocated to Annaly and Capital Impact Partners. Commencing in 2024, distributions have included principal payments to Annaly until its capital contributions have returned, and then principal payments to Capital Impact Partners until its

Note 1. Description of Activities and Significant Accounting Policies (Continued)

capital contributions have been returned. Any remaining distributable principal shall be allocated to Annaly and Capital Impact Partners. As of December 31, 2024, Annaly's non-managing member ownership is 13% and Capital Impact Partner's managing ownership is 87%.

Other Real Estate Owned (OREO): Real estate acquired through foreclosure or other proceedings is carried at estimated fair value, indicated by current appraisal, less estimated costs of disposal. The appraised value may be discounted based on Management's review and changes in market conditions. Costs of improving OREO are capitalized to the extent that the carrying value does not exceed its fair value less estimated selling costs. Subsequent valuation adjustments, if any, are recognized as a charge to lending expenses on the Consolidated Statements of Activities and Changes in Net Assets. Holding costs are charged to current period expense. Gains and losses on sales are recognized in financial income (loss) as they occur.

Loans receivable:

Loans: Loans are stated at their principal amounts outstanding, net of deferred loan fees. Interest income is accrued daily at the loans' respective interest rates. Related direct loan origination fees and costs are deferred and amortized over the life of the loans. Fees relating to expired commitments are recognized as non-interest income. If a commitment is exercised during the commitment period, the fee at the time of exercise is recognized over the life of the loan as an adjustment of yield.

Non-accrual loans: The accrual of interest on outstanding loans is discontinued at the time the loan is 90 days delinquent unless the credit is well secured and in process of collection. When the accrual of interest ceases, any unpaid interest previously recorded as income is deducted from income. Any future payments received are applied to reduce principal. At such time as, full collection of the remaining recorded balance is expected in the ordinary course of business, interest payments are recorded as interest income on a cash basis. Loans may be reinstated to accrual status when all payments are brought current and, in the opinion of management, collection of the remaining principal and interest can reasonably be expected. If at any time collection of principal or interest is considered doubtful, all or some portion of the loan is charged off for financial reporting purposes, although collection efforts may still continue.

Allowance for loan losses: Capital Impact Partners' routinely evaluates the credit worthiness of the Borrower, at least quarterly, and establishes an allowance for credit losses. The allowance is a valuation that management believes will be adequate to absorb possible losses on existing loans that may become uncollectible. It is established through a provision for loan losses charged to expense. Loans deemed to be uncollectible, such as debt discharged in bankruptcy or collateral deterioration, are charged against the allowance. Subsequent recoveries, if any, are credited to the allowance. The allowance is maintained at a level believed adequate by management to absorb estimated potential losses after considering changes, past loss experience, the nature of the portfolio and current economic conditions. However, the allowance is an estimate that could change if there are significant changes in the portfolio and/or economic conditions.

Capital Impact Partners' estimates its CECL Reserve using datapoints that may include the likelihood of default and expected loss given default and other inputs which may include the risk rating of the loan, financial performance of the borrower compared to financial projections, and how recently the loan was originated compared to the measurement date. Estimating the CECL Reserve requires significant judgment with respect to various factors, including (i) the appropriate historical loan loss reference data, (ii) the expected timing of loan repayments, (iii) calibration of the likelihood of default to reflect the risk characteristics of Capital Impact Partners' loans and (iv) Capital Impact Partners current and future view of the macroeconomic environment. Capital Impact Partners may consider qualitative factors to estimate its CECL Reserve. Additionally, Capital Impact Partners' considers whether Borrowers are experiencing financial difficulty and whether the delays in payment are insignificant.

Transfers of financial assets: Transfers of financial assets are accounted for as sales when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when: (1) the assets have been isolated from Capital Impact Partners, (2) the transferee obtains the right to pledge or exchange the

Note 1. Description of Activities and Significant Accounting Policies (Continued)

transferred assets and no condition both constrains the transferee from taking advantage of that right and provides more than a trivial benefit for the transferor, and (3) the transferor does not maintain effective control over the transferred assets through either (a) an agreement that both entitles and obligates the transferor to repurchase or redeem the assets before maturity or (b) the ability to unilaterally cause the holder to return specific assets, other than through a cleanup call.

Contributions receivable: Capital Impact Partners accounts for contributions received as without donor restriction or with donor restrictions depending on the existence or nature of any donor restrictions. All donor restricted support is reported as an increase in net assets with donor restrictions as to time or purpose depending on the nature of the restriction. When the donor restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished), donor restricted net assets are reclassified to net assets without donor restrictions and reported in the Consolidated Statements of Activities and Changes in Net Assets as net assets released from restrictions. Contributions receivable, which represents unconditional promises to give, are recognized as revenue in the period received and as assets, decreases of liabilities or expenses depending on the form of the benefits received. Conditional promises to give, which depend on the existence of both performance barriers and right of return language are recorded as deferred revenue.

Other assets: Other assets include deposits, a recoverable grant, prepaid expenses, and furniture, equipment and leasehold improvements (see Note 10).

Right of use assets / lease liabilities: Capital Impact Partners recognizes right of use assets and lease liabilities on the Consolidated Statements of Financial Position for all leases with terms longer than 12 months. Right of use assets and lease liabilities are recognized at the lease commencement date based on the present value of the remaining lease payments over the lease term, using the incremental borrowing rate. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the Consolidated Statements of Activities and Changes in Net Assets. Lease expense is recognized on a straight-line basis over the term of the lease. The options to extend the lease term are not included in the right of use assets and liabilities recorded, when applicable. Capital Impact Partners has elected the practical expedient of not separating lease components from non-lease components.

Investor Notes: Capital Impact Partners launched an Investor Notes (“Investor Notes”) program in 2017. The proceeds of the offerings are used primarily to fund initiatives that meet critical needs in low income communities across the United States, including through Capital Impact Partners’ subsidiaries and third-party intermediaries. The proceeds of the offerings may also be used to purchase securities or other assets that will be leveraged to support Capital Impact Partners’ lending activities and general operations. The Investor Notes are offered through registered broker-dealers and are available for purchase in book-entry form, which means they may be purchased electronically through the investor’s brokerage account and settled through the Depository Trust Company (“DTC”). Capital Impact Partners incurs agent and other fees to issue the Investor Notes program. The fees include legal and accounting fees which are capitalized in accordance with U.S. GAAP and amortized using the effective-yield method over the term of the Investor Notes and are presented net of the Investor Notes on the Consolidated Statements of Financial Position. US Bank has been designated as the trustee to the indenture governing the terms of the Investor Notes and in this capacity US Bank serves as paying agent for the Investor Notes. The Investor Notes constitute unsecured debt obligations of Capital Impact Partners.

Net assets: Capital Impact Partners classifies net asset into two categories: Without Donor Restrictions and With Donor Restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Donor restricted net assets are contributions with donor-imposed time or purpose restrictions. Donor restricted net assets can be released from restriction when the time restrictions expire or the contributions are used for their intended purpose at which time they are reported in the Consolidated Statements of Activities and Changes in Net Assets as net assets released from restrictions. Donor restricted funds also include donor contributions to be utilized in perpetuity as a revolving loan fund totaling $11,970,304 and $12,532,653, respectively, at December 31, 2024 and 2023.

Note 1. Description of Activities and Significant Accounting Policies (Continued)

Revenue recognition*:* Capital Impact Partners generally measures revenue based on the amount of consideration Capital Impact Partners expects to receive for the transfer of services to a customer, then recognizes this revenue when or as Capital Impact Partners satisfies its performance obligations under the contract, except in transactions where U.S. GAAP provides other applicable guidance. Material revenue streams are reported separately on the Consolidated Statements of Activities and Changes in Net Assets.

Revenue recognized at a point in time includes NMTC suballocation fees, unused fee, portfolio amendment/modification fees, covenant waiver fees, fund management fees, organization fee, and advisory fees.

NMTC suballocation fees are paid to Capital Impact Partners from the community development entity (“CDE”) for Capital Impact Partners’ allocation of its NMTC award to the CDE. The fees are a percentage of the qualified equity investment (“QEI”) made from the investor member to the CDE. The performance obligation by Capital Impact Partners is to assist in the transfer of its NMTC allocation to a CDE; therefore, the performance obligation is satisfied and revenue recognized when the deal closes.

Unused fees are paid to Capital Impact Partners from borrowers with revolving line of credit loans; equal to 15 basis points of the difference between the maximum available loan amount and average aggregate amount outstanding during the immediately preceding year. The unused fees are recognized upon receipt.

Portfolio amendment/modification fees are paid to Capital Impact Partners from borrowers. Borrowers request amendments to their existing loan agreement. The Portfolio team members determine the amount of work necessary to incorporate the requested amendments. Fees can range from $500 - $2,500 based on the complexity of the update.

Covenant waiver fees are paid to Capital Impact Partners from borrowers. Borrowers pay a flat fee of $250 to waive immaterial covenant requirements.

As an investor member of WAHF, Capital Impact Partners earned an annual fund management fee. The equity investment fund management fee is the annual Fund equal to five tenths of one percent (0.5%) per annum multiplied by the Company’s gross revenue for each Fiscal Year flat annual amount that ranges from $30,000 to $50,000.

Organization fees are reimbursed organization and legal expenses paid by Capital Impact Partners on behalf of Macy’s M Supplier Fund.

Advisory service fees are earned by Momentus Securities as part of its investment banking activities. Services provided include strategic advisory and capital raising services.

Revenue recognized over a period of time includes Asset Management Fees and Guarantee Fees:

Asset management fees are earned by Capital Impact Partners for management services for NMTC programs and includes assisting with NMTC program requirements. These performance obligations are estimated to be satisfied evenly over the life of each loan. The fee is either based on basis points of the outstanding balance of a loan or a flat fee. The fee is accrued monthly and paid quarterly. Asset management fees earned from subsidiaries are eliminated upon consolidation.

In December 2020, the California Primary Care Association (“CPCA”) established the CPCA COVID Response Loan Fund to finance loans to California community healthcare centers. Capital Impact Partners serves as both the Program Administrator and Servicer of loans originated by this fund. As Program Administrator of these off-balance sheet loans, Capital Impact Partners reviews and manages the loan application process. This role entitles Capital Impact Partners to earn a fund underwriting fee of 1% per loan, which is recognized upon receipt in the Consolidated Statements of Activities and Changes in Net Assets. In addition, Capital Impact Partners has committed to guarantee payments on defaulted loans for up to 5% of the total amount disbursed, not to exceed $1.5 million. As loans are originated, the guarantee fees are recorded as a contingent liability and offset to underwriting fee income.

Note 1. Description of Activities and Significant Accounting Policies (Continued)

Asset management fees from investments: Capital Impact Partners recognizes investment management fees earned by EPM as part of its third-party investment management advising to one or more private funds.

Loan servicing fees: Capital Impact Partners recognizes loan servicing fees on the loans that it services for third parties. These fees are earned over the life of the loan.

Gain on extinguishment of debt: Capital Impact Partners realized a gain on the extinguishment of FHLB Atlanta debt and is included in the Consolidated Statements of Activities and Changes in Net Assets. The gain from extinguishment of debt include the write-off of unamortized debt issuance costs, debt discount, and/or premium. See Note 13 for details.

Innovative community lending program: Capital Impact Partners provides loans and other kinds of financial services and support (i.e., financial analysis, real estate development tools and training) to cooperative and cooperative-like organizations serving low income people and communities.

Technical assistance: Working with federal, state and local agencies, long-term care providers, small businesses, housing developers and community development corporations, Capital Impact Partners' team of experts enable affordable homeownership, small business development, and safe, humane community-based long-term care.

Functional expense allocation: The costs of providing various programs, technical assistance and other activities have been summarized on a functional basis in the Consolidated Statements of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Management and general expenses include the departments of President's Office, National Programs, Information Technology, Human Resources, Finance, Legal and Communications. These departments also benefit various programs. Any direct program related invoices such as Professional Fees and Contractual Services, specific to the teams noted above, are reported as program or technical assistance expenses. Salaries and benefits, travel and entertainment, depreciation and certain other expenses are allocated as a percentage of time worked on program specific duties.

Income taxes: Capital Impact Partners is generally exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. In addition, Capital Impact Partners qualifies for charitable contribution deductions and has been classified as an organization that is not a private foundation. Income which is not related to exempt purposes, less applicable deductions, is subject to federal corporate income taxes. Management evaluated Capital Impact Partners' tax positions and concluded that Capital Impact Partners had taken no uncertain tax positions that require adjustment to the financial statements. Consequently, no accrual for federal or state tax liability for interest and penalties was deemed necessary for the years ended December 31, 2024 and 2023. Capital Impact Partners files tax returns in the U.S. federal jurisdiction and California. Generally, Capital Impact Partners is no longer subject to income tax examination by the U.S. federal or state tax authorities for years before 2020.

CIIF is a consolidated subsidiary of Capital Impact Partners and is a Delaware limited liability company. The entity files an annual tax return to report the income, deductions, gains, losses, etc., from its operations. The entity does not pay federal income tax but pays non-resident withholding tax, to the State of California. All profits or losses pass through to its members, Capital Impact Partners and Annaly. Each member includes its share of the entity's income/loss on its tax return, whereas Annaly pays applicable non-resident withholding tax.

ASM is a consolidated subsidiary of Capital Impact Partners and is a Delaware limited liability company and is taxable as a C corp. This company is the parent company of Momentus Securities LLC and Equitable Prosperity Manager LLC. ASM income is subject to income taxes and ASM files a separate tax return from Capital Impact Partners and accounts for income taxes in accordance with FASB's guidance on Accounting for Income Taxes. ASM has no material deferred tax asset or liability and has concluded that it has no material uncertain tax positions to be recognized at this time. ASM's wholly-owned subsidiaries are disregarded entities for income tax purposes

Note 1. Description of Activities and Significant Accounting Policies (Continued)

and, as such, are not subject to income taxes. Rather, all items of taxable income, deductions and tax credits are passed through to and are reported by ASM on its income tax return. Accordingly, the wholly-owned subsidiaries are not required to file income tax returns with the Internal Revenue Service or other taxing authorities.

Recent accounting pronouncements

In June 2016, the FASB issued ASU No. 2016-13, "Financial Instruments –Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments," which introduced an expected credit loss model for the impairment of financial assets measured at amortized cost. The model replaces the probable, incurred loss model for those assets and broadens the information a CDFI must consider in developing its expected credit loss estimate for assets measured at amortized cost. On January 1, 2023, Capital Impact Partners adopted ASU No. 2016-13 and recorded a cumulative effect adjustment in relation to the change in accounting policy of $2,288,576.

Note 2. Cash and Cash Equivalents

Cash and cash equivalents, including restricted balances, consist of the following at December 31:

Cash and Cash Equivalents

	2024	2023
Cash in bank	$ 108,957,036	$ 49,559,537
Overnight investments	1,119,253	1,367,497
Other short-term investments	16,813,894	15,713,101
U.S. Treasury Bills	-	4,017,701
	$ 126,890,183	$ 70,657,836
Unrestricted	$ 100,043,027	$ 44,233,703
Restricted	26,847,156	26,424,133
	$ 126,890,183	$ 70,657,836

Restricted cash and cash equivalents are held, per respective agreements, for the following purposes: a) lending for the affordable housing in low income community, b) to cover loan losses under a charter school loan program from the United States Department of Education ("USED") and c) other programs.

Note 3. Liquidity

Capital Impact Partners regularly monitors liquidity required to meet its annual operating needs and other contractual commitments, while also striving to maximize the return on investment of its funds not required for annual operations.

Note 3. Liquidity (Continued)

As of December 31, 2024, and 2023, the following financial assets are available to meet annual operating needs of the 2024 and 2023 fiscal year, respectively:

Liquidity

	2024	2023
Total assets at year-end:		
Cash and cash equivalents – unrestricted	$ 100,043,027	$ 44,233,703
Cash and cash equivalents – restricted	26,847,156	26,424,133
Accounts and interest receivable	10,808,212	7,455,892
Loans receivable, net	540,422,211	487,011,696
Loans receivable – subsidiaries	15,938,096	19,868,695
Loans receivable – intercompany	16,800,000	2,500,000
Other real estate owned	658,498	658,498
Other assets	3,053,759	3,643,329
Investments	47,358,811	41,473,089
Mortgage backed securities	34,029,460	33,822,580
Right of use assets	8,425,267	9,428,191
Total assets	804,384,497	676,519,806
Less amounts not available to be used within one year:		
Cash and cash equivalents – unrestricted – subsidiaries	(14,649,770)	(21,821,117)
Cash and cash equivalents – restricted	(26,847,156)	(26,424,133)
Loans receivable, due after one year, net	(382,257,345)	(364,711,919)
Loans receivable – subsidiaries	(15,938,096)	(19,868,695)
Loans receivable – intercompany	(16,800,000)	-
Other assets	(2,037,004)	(3,643,329)
Investments	(47,358,811)	(41,473,089)
Investments in pledged mortgage backed securities	(27,612,892)	(29,581,714)
Unfunded loan commitments	(89,196,384)	(97,258,796)
Right of use assets	(8,425,267)	(9,428,191)
Assets not available to be used within one year	(631,122,725)	(614,210,983)
Financial assets available to meet general expenditures within one year	$ 173,261,772	$ 62,308,823

Note 4. Concentration of Credit Risk and Concentration of Contributions

Capital Impact Partners maintains cash in various financial institutions. Cash balances at each financial institution are insured by the Federal Deposit Insurance Corporation up to $250,000.

At December 31, 2024 and 2023, Capital Impact Partners had uninsured balances of $105,713,538 and $50,324,613, respectively, that are included in cash and cash equivalents. Capital Impact Partners has not experienced any losses in such accounts. Capital Impact Partners' management believes it limits any significant credit risk by placing its deposits with high quality financial institutions. Uninsured amounts of $9,279,164 and $6,953,826 are held in short-term investments, in sweep accounts and non-bank money market accounts at December 31, 2024 and 2023, respectively.

As indicated in Note 8, a substantial portion of the loan portfolio is represented by loans to affordable housing projects. Most affordable housing loans have reserves established to mitigate risk of borrower payment issues. In addition, a substantial portion of the loan portfolio is represented by loans to charter schools. The viability of the borrowers and their ability to honor their contracts is dependent upon their ability to retain their charters. Approximately 19% and 19% of the portfolio represents loans made to entities associated with the NMTC program

Note 4. Concentration of Credit Risk and Concentration of Contributions (Continued)

at December 31, 2024 and 2023, respectively. Approximately 20% and 22% of the portfolio represents loans made in the state of California and approximately 18% and 19% in the state of Michigan at December 31, 2024 and 2023.

During the years ended December 31, 2024 and December 31 2023, approximately $45,000,000, or 72% of total with or without donor restricted grants and contributions, was from one donor and $16,190,000, or approximately 59% of total with or without donor restricted grants and contributions, were from two donors, respectively.

Note 5. Investments

Investments consist of the following as of December 31:

	2024	2023
Marketable equity securities	$ 577,897	$ 495,215
Real estate investment trust	2,079,981	2,113,113
Other investments	286,672	286,671
Total investments at fair value (Note 21)	2,944,550	2,894,999
Equity method investments:		
ROC USA, LLC	5,535,599	4,069,129
Charter School Financing Partnership, LLC	343,752	343,752
Workforce Affordable Housing Fund I, LLC	19,227,386	20,926,261
Equitable Prosperity Fund and Equitable Prosperity Fund I GP LLC	13,475,466	10,709,439
Alliance Securities Manager LLC	3,334,151	107,710
Other equity method investment	359,476	363,094
Equity method investments in New Markets Tax Credit entities (Note 18)	27,731	22,005
Total equity method investments	42,303,561	36,541,390
Investments at cost	1,610,700	1,536,700
Debt investment	500,000	500,000
	$ 47,358,811	$ 41,473,089

Investment gain/(loss) consists of the following during the year ended December 31:

Investment gain (loss), net:	2024	2023
Interest income, net	$ 3,884,225	$ 2,861,047
Dividend income	324,141	88,222
Unrealized gain (loss) on marketable securities and investments	(946,455)	856,202
Net realized loss on sale of mortgage backed securities	(196,429)	(251,107)
	$ 3,065,482	$ 3,554,364

Investment in Alliance Securities Manager LLC: On December 10, 2021, ASM, a wholly-owned subsidiary of Capital Impact Partners, entered into the Purchase Agreement to purchase all the rights, title and interest in RPS Securities, a member broker-dealer of FINRA. On February 11, 2022, RPS' continuing membership application was approved by FINRA. Soon after, on February 17, 2022, ASM acquired all of the interests in RPS pursuant to the Purchase Agreement and renamed RPS as Alliance Securities LLC. Soon after, Alliance Securities LLC was renamed Momentus Securities. In January 2024, the SBA approved Momentus Securities as an SBA Pool Assembler in the 7(a) Loan Guarantee Program. The balance of $3,334,151 represents the consolidation of Momentus Securities SBA loan purchases and the associated originator fees through ASM and reported on the Statement of Financial Position.

Note 5. Investments (Continued)

During the year ended December 31, 2024 and 2023, ASM recorded contributions of $0 and $3,334,333 and distributions of $3,333,333 and $0, respectively, which are eliminated upon consolidation, and investment loss of $2,145,821 and $4,693,309, respectively.

The following is a summary of financial information for the years ended December 31, 2024 and 2023 for ASM:

	2024	2023
Total assets	$ 12,047,731	$ 16,833,523
Total liabilities	3,858,738	3,165,377
Total members' capital	8,188,993	13,668,146
Total revenue	4,444,943	1,979,896
Total expenses	6,590,764	6,673,205
Net loss	(2,145,821)	(4,693,309)

Investment in Equitable Prosperity Fund I and Equitable Prosperity Fund I GP LLC: Capital Impact Partners' capital contributions currently accounts for 35.89% of the aggregate capital contributions to Equitable Prosperity Fund I, a growth stage impact investment fund designed to fill the capital gap needed to propel community-centric enterprises to scale and create measurable impact. During the year ended December 31, 2024, Capital Impact Partners, as an investor in EPF, contributed capital of $6,251,113, received distributions of $2,807,050 and recorded an investment loss of $720,585. During the year ended December 31, 2023, Capital Impact Partners sold $24,200,000 of investments to EPF, of which $16,107,050 was acquired by Capital Impact Partners in 2023. Capital Impact Partners, as an investor in EPF, contributed capital of $8,830,572 and recorded an investment loss of $141,238.

The following is a summary of unaudited financial information for the years ended December 31, 2024 and 2023 for Equitable Prosperity Fund I:

	2024	2023
Total assets	$ 39,555,417	$ 34,250,874
Total liabilities	8,634,834	6,654,922
Total members' capital	30,920,583	27,595,952
Total revenue	4,114,387	2,199,283
Total expenses	6,351,609	2,659,797
Net loss	(2,237,222)	(460,514)

ROC USA, LLC: In February 2019, Capital Impact Partners contributed an additional $750,000 into ROC USA, LLC and amended the existing operating agreement (reflecting Capital Impact Partners' prior $500,000 investment) to incorporate this new equity investment. The revised operating agreement allows for the investor members to receive distributions equal to 5% of their capital contribution. Capital Impact Partners received a distribution during each of the years ended December 31, 2024 and 2023 totaling $62,500 and $46,875, respectively. The allocation of the change in net assets without donor restriction and voting rights remained consistent with the original agreement at 33.33% and 33.33%, respectively. As provided for in the operating agreement of ROC USA, LLC, there are certain limitations affecting member capital withdrawals. For the years ending December 31, 2024 and 2023, Capital Impact Partners recognized a gain of $1,528,971 and gain of $507,702, respectively.

Note 5. Investments (Continued)

The following is a summary of financial information for the years ended December 31, 2024 and 2023, for ROC USA, LLC:

	2024	2023
Total assets	$ 168,135,125	$ 193,742,158
Total liabilities	134,357,726	166,837,983
Net assets	33,777,399	26,904,175
Total revenue	3,966,532	13,773,343
Total expenses	2,076,573	7,144,434
Change in net assets without donor restrictions	1,889,959	6,628,909

Workforce Affordable Housing Fund I, LLC: In December 2019, Capital Impact Partners invested in WAHF. The purpose of this transaction is to invest in multifamily affordable housing properties located in specific areas throughout the United States. During the years ended December 31, 2024 and 2023, Capital Impact Partners recorded distributions of $2,199,118 and $2,302,239, respectively. Capital Impact Partners' allocated gain was $500,243 and gain was $415,643 for the years ended December 31, 2024 and 2023, respectively.

The following is a summary of financial information for WAHF for the years ended December 31, 2024 and 2023:

	2024	2023
Total assets	$ 102,234,168	$ 103,838,156
Total liabilities	82,807,707	82,573,939
Total members' capital	19,426,461	21,264,217
Total revenue	10,640,285	10,360,172
Total expenses	10,106,139	9,934,452
Net income	534,146	425,720

Charter School Financing Partnership, LLC: As of December 31, 2024, and 2023, Capital Impact Partners had an investment in CSFP of $343,752 and $343,752, respectively. The net income of CSFP is allocated 18% to Capital Impact Partners and amounted to $0, for the years ended December 31, 2024 and 2023.

Other equity method investments: In 2018, Capital Impact Partners entered into an agreement to invest $500,000 in Develop Detroit, a nonprofit developer in Detroit, Michigan. The balance recorded as of December 31, 2024 and 2023, was $359,476 and $363,094, respectively. Net (loss) recorded as of December 31, 2024 and 2023 was ($3,618) and ($12,341), respectively.

Debt investment: In 2018, Capital Impact Partners entered into a debt investment with a CDFI in the cooperative sector. The balance recorded as of December 31, 2024 and 2023 was $500,000.

Investments at cost: Capital Impact Partners is a member of FHLBank Atlanta, whose mission is to support member's residential-mortgage and economic-development lending activities. FHLBank Atlanta is a cooperative bank that offers, among other services, competitively priced financing. As a requirement of membership, Capital Impact Partners was required to purchase Class A Membership Stock of $250,000, which carries voting rights and is also an earning asset with dividends. Capital Impact Partners is required to purchase additional stock of 4.5% of each advance and pledge cash or securities as collateral for advances. At December 31, 2024 and 2023, the amount of stock held was $1,610,700 and $1,536,700, respectively. As of December 31, 2024, and 2023, Capital Impact Partners has outstanding advances from FHLBank Atlanta totaling $24,000,000.

Note 6. Mortgage Backed Securities

Capital Impact Partners purchases Mortgage Backed Securities in order to serve as collateral/pledge base for FHLBank Atlanta borrowings and also earns a return on these investments. Of the total purchased Mortgage Backed Securities, $27,613,025 and $29,581,714 was pledged as of December 31, 2024 and 2023, respectively. The remaining unpledged balance, net of discount, which is available to secure future advances are $6,416,435 and $4,240,866 as of December 31, 2024 and 2023, respectively. Capital Impact Partners recognized a net loss of ($196,429) and ($251,107) on the sale of mortgage backed securities during 2024 and 2023, respectively.

The Mortgage Backed Securities by category as of December 31, 2024 and 2023 are as follows:

	2024	2023
Mortgage Backed Securities:		
Federal Home Loan Mortgage Company (FHLMC)	$ 901,844	$ 1,069,272
Government National Mortgage Association (GNMA)	3,011,471	2,963,024
Uniform Mortgage Backed Securities (UMBS)	30,116,145	29,790,284
Total Mortgage Backed Securities	$ 34,029,460	$ 33,822,580

Note 7. Contributions Receivable

As of December 31, 2024, and 2023, contributions receivable is $0, respectively.

As of December 31, 2024, and 2023, total conditional contributions receivable not recorded is $2,725,000 and $9,231,833, respectively. The conditional unrecorded receivables include a right of release dependent on available funding or satisfactory progress.

Note 8. Loans Receivable

Capital Impact Partners is a development finance organization and, in that capacity, originates higher risk development loans in the following primary market sectors: affordable housing, education, health care and community development. The loans originated by Capital Impact Partners are secured and unsecured and many times go to borrowers who may otherwise be unable to obtain conventional credit.

Capital Impact Partners' loan portfolio is diversified in terms of sector. The following is the distribution of loans outstanding at December 31:

	2024	%	2023	%
By Sector:				
Education	$ 91,293,599	24	$ 95,262,663	24
Health care	104,556,355	23	110,570,136	23
Affordable housing	286,155,049	43	224,498,051	43
Community development	75,332,085	10	69,254,276	10
Total – Capital Impact Partners	557,337,088	100	499,585,126	100
Detroit Neighborhoods Fund, LLC	15,938,096		15,368,695	
FPIF, LLC	-		4,500,000	
	$ 573,275,184		$ 519,453,821	

Real estate loans are used to finance the development of affordable housing projects and to provide term financing to the operation of affordable housing projects once they have been completed. Loans that are made to finance development are usually short-term and are repaid from either a construction or permanent loan. Term loans take the form of mortgages and are repaid from the operations of the real estate cooperative. Interest rates range from

Note 8. Loans Receivable (Continued)

3.00% to 9.14% and maturities from September 30, 2024 to July 1, 2053. Loans with 2024 maturity dates are under internal review to extend their maturity.

The commercial lending portfolio is diverse. Loans range from lines of credit to term loans. Loans are typically secured by general business assets (e.g., real estate, inventory, receivables, fixed assets and leasehold interests). Loan underwriting decisions are made on the basis of the analysis of markets, management, and cash flow potential; and not primarily on the basis of collateral coverage. These loans are expected to be repaid from cash flows generated by the borrower's operating activities. Interest rates range from 1.00% to 9.80% and maturities from September 1, 2024 to December 1, 2045. Loans with 2024 maturity dates are under internal review to extend their maturity.

Subsidiaries:

Detroit Neighborhoods Fund, LLC ("DNF, LLC"): DNF, LLC was formed during 2014 under the laws of the state of Delaware. Capital Impact Partners is the sole member and manager of DNF, LLC. DNF, LLC was formed specifically for the purpose of providing financing for mixed-use and multi-family rental housing and healthy foods retail in underserved areas in Detroit, Michigan. As manager, Capital Impact Partners identifies, originates, closes and services the loans. For this role, Capital Impact Partners receives an annual loan servicing fee of 200 basis points of the average daily outstanding principal balance of each end borrower loan. The lenders have committed to lend an aggregate of $30 million to the fund. The lenders in the fund are Capital Impact Partners, with a $10 million commitment and J.P. Morgan Chase Community Development Corporation, with a $20 million commitment. All loans from each investor are evidenced by individual promissory notes from each lender to DNF, LLC. The loans are with sole recourse to the DNF, LLC and include no obligation for repayment on the part of Capital Impact Partners. Interest rates range from 5.0% to 5.25% and maturities from March 1, 2025 to June 27, 2029.

FPIF, LLC: FPIF, LLC was formed during 2014 under the laws of the state of Delaware. Capital Impact Partners is the sole member and manager of FPIF, LLC. FPIF, LLC is organized as a special purpose entity to channel funds to a predominately low-income population aged 50+. The lenders had committed to lend an aggregate of $72,666,667 to FPIF, LLC. FPIF, LLC is capitalized with $7,266,667 or 10% subordinated debt from Capital Impact Partners, funded partly by a program related investment from AARP Foundation. The commitment expired on December 31, 2018. AARP Foundation's program related investment is included in the notes payable section of the accompanying Consolidated Statements of Financial Position. The senior debt constitutes $65,400,000 or 90% of the borrowings from a special purpose entity between Calvert Foundation and AARP Foundation. The remaining loan matured on December 20, 2024.

Refer to Note 14. Notes Payable - Subsidiaries, for further details on subsidiary loans receivables.

Note 9. Credit Quality

Loan origination and risk management: Capital Impact Partners has certain lending policies and procedures in place that are designed to maximize loan income within an acceptable level of risk. Management reviews and approves these policies and procedures on a regular basis. A reporting system supplements the review process by providing management with frequent reports related to loan production, loan quality, concentration of credit, loan delinquencies and non-performing and potential problem loans. Diversification in the loan portfolio is a means of managing risk associated with fluctuations in economic conditions.

Capital Impact Partners' lending is focused on owner-occupied commercial real estate in its primary sectors, which include:

- Education
- Health care

Note 9. Credit Quality (Continued)

- Affordable housing
- Community development

Commercial real estate loans are viewed primarily as cash flow loans and secondarily as loans secured by real estate. Commercial real estate lending typically involves higher loan principal amounts and the repayment of these loans is generally largely dependent on the successful operation of the property securing the loan or the business conducted on the property securing the loan. Commercial real estate loans may be more adversely affected by conditions in the real estate markets or in the general economy. Capital Impact Partners mitigates this risk by focusing on owner-occupied commercial real estate transactions in its sectors of education and health care. Management monitors and evaluates commercial real estate loans based on collateral, geography and risk grade criteria.

Once it is determined that the borrower's management possesses sound ethics and solid business acumen, Capital Impact Partners' management examines current and projected cash flows to determine the ability of the borrower to repay their obligations as agreed. Loans are primarily made based on the identified cash flows of the borrower and secondarily on the underlying collateral provided by the borrower. The cash flows of borrowers, however, may not be as expected and the collateral securing these loans may fluctuate in value. Most loans are secured by the assets being financed or other business assets such as accounts receivable or inventory and may incorporate a personal guarantee to attempt to reduce the risk of loss. Some short-term loans may be made on an unsecured basis.

Age analysis of past due loans: The following tables represent an aging of loans by sector as of December 31, 2024 and 2023. The tables present the principal amount outstanding on the loans that may be past due for principal and/or interest payments contractually due:

December 31, 2024	30 - 59 Days Past Due	60 - 89 Days Past Due	90 days and Still Accruing	Non-accrual	Total Past Due	Current	Total Loans
Education	$ -	$ -	$ -	$ -	$ -	$ 91,293,599	$ 91,293,599
Health care	-	-	-	1,758,923	1,758,923	102,797,432	104,556,355
Affordable housing	10,576,953	-	5,973,462	1,036,187	17,586,602	268,568,447	286,155,049
Community development and other	3,485,437	-	3,645,600	4,599,115	11,730,152	63,601,933	75,332,085
	$ 14,062,390	$ -	$ 9,619,062	$ 7,394,225	$ 31,075,677	$ 526,261,411	$ 557,337,088

December 31, 2023	30 - 59 Days Past Due	60 - 89 Days Past Due	90 days and Still Accruing	Non-accrual	Total Past Due	Current	Total Loans
Education	$ -	$ -	$ -	$ 13,434	$ 13,434	$ 95,249,229	$ 95,262,663
Health care	-	-	-	-	-	110,570,136	110,570,136
Affordable housing	13,250,857	1,813,546	950,000	534,686	16,549,089	207,948,962	224,498,051
Community development and other	3,645,600	-	-	3,677,100	7,322,700	61,931,576	69,254,276
	$ 16,896,457	$ 1,813,546	$ 950,000	$ 4,225,220	$ 23,885,223	$ 475,699,903	$ 499,585,126

Credit quality indicators: Capital Impact Partners assigns internal credit classifications at the inception of each loan. These ratings are reviewed by an independent third party on a semi-annual basis as well as periodic internal reviews based on Capital Impact Partners' credit guidelines and when loans are renewed. Quarterly reviews are required if the borrower fails to meet contractual expectations or other performance degradation that would warrant increased monitoring. If a loan is in default for a period of 90 days or more or when the contractual collection of principal or interest is in doubt, the loan is placed on nonaccrual status and the credit quality would be downgraded to substandard or doubtful. The following definitions summarize the basis for each classification.

Above Average: These borrowers have a clear ability to service debt from the primary repayment source, strong working capital position, acceptable leverage ratios, and stable operating trends. These borrowers must have current and regularly received financial information in the file, be in compliance with all financial covenants with no material delays in meeting reporting covenants, and be properly documented. Additionally, they have stable and

Note 9. Credit Quality (Continued)

experienced management, profitable operations for the past three years, sufficient cash flow to service debt, and if there is reliance on fund raising, it is minimal and history has proven it is a reliable source of income.

Pass: These borrowers have a clear ability to service debt from the primary repayment source and a history of strong financial performance. These loans may have a short-term or situational weakness that is expected to resolve within 24 months; examples include major construction or rehabilitation, business expansion to additional sites or services, large loan for borrower or lender and change in a key member of management. These borrowers must have current and regularly received financial information in the file, be in compliance with loan covenants, and be properly documented.

Watch: These borrowers are generally acceptable risks but show some signs of weakness in cash flow or financial strength or have short or unstable earnings history. The borrower may be unable to achieve projected operations and/or may have covenant violations. These loans are performing as agreed and may be characterized by uncertain industry outlook, cyclical or highly competitive, greater sensitivity to market forces and business cycles, full collateral coverage, insufficient current financial information or outdated loan officer review to determine repayment ability, or weak management.

Special Mention: These loans are currently protected but are potentially weak. These loans constitute an undue and unwarranted credit risk but not to the point of justifying a classification of substandard. The credit risk may be relatively minor yet constitute an unwarranted risk in light of the circumstances surrounding a specific loan. These loans may be characterized by a downward trend in sales profit levels and margins, cash flow strained in order to meet debt repayment schedule, non-compliance with covenants, high leverage and weak liquidity, weak industry conditions or collateral impairment.

Substandard: These loans are inadequately protected by the current net worth and repayment capacity of the obligor or of the collateral pledged, if any. Loans so classified must have a well-defined weakness or weaknesses that will jeopardize the liquidation of the debt. They are characterized by the distinct possibility that Capital Impact Partners will sustain some loss if the deficiencies are not corrected.

Doubtful: These loans have all the weaknesses of substandard loans with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions, and values, highly questionable and improbable. The possibility of loss is extremely high, but because of certain important, and reasonably specific, pending factors which may work to the advantage and strengthening of the loan, a charge-off is deferred until its more exact status may be determined. Pending factors include proposed merger, acquisition, or liquidation procedures, capital injection, perfecting liens on additional collateral and refinancing plans.

The following tables summarize the loan portfolio by sector and the internally assigned credit quality ratings for those categories at December 31, 2024 and 2023:

December 31, 2024	Above Average	Pass	Watch	Special Mention	Substandard	Doubtful	Total
Education	$ 1,525,532	$ 33,034,076	$ 50,381,010	$ 6,352,981	$ -	$ -	$ 91,293,599
Health Care	-	19,452,725	72,331,881	12,771,749	-	-	104,556,355
Affordable Housing	599,191	21,004,013	193,547,334	35,282,410	34,154,268	1,567,833	286,155,049
Community Development & Other	-	14,447,772	44,128,808	9,076,462	4,630,392	3,048,651	75,332,085
	$ 2,124,723	$ 87,938,586	$ 360,389,033	$ 63,483,602	$ 38,784,660	$ 4,616,484	$ 557,337,088

December 31, 2023	Above Average	Pass	Watch	Special Mention	Substandard	Doubtful	Total
Education	$ 3,579,601	$ 38,308,445	$ 48,970,329	$ 4,029,921	$ 278,798	$ 95,569	$ 95,262,663
Health Care	-	39,869,596	64,936,549	2,598,162	3,165,829	-	110,570,136
Affordable Housing	624,066	12,476,856	146,606,755	27,460,700	37,329,674	-	224,498,051
Community Development & Other	-	20,946,542	31,495,685	13,731,898	-	3,080,151	69,254,276
	$ 4,203,667	$ 111,601,439	$ 292,009,318	$ 47,820,681	$ 40,774,301	$ 3,175,720	$ 499,585,126

Note 9. Credit Quality (Continued)

Allowance for credit losses: The allowance for credit losses as a percentage of loans outstanding as of December 31, 2024 and 2023, was 3.0% and 2.5%, respectively.

Capital Impact Partners performs a migration analysis of Capital Impact Partners' loan risk ratings and loan loss ratios in determining the allowance for credit loss calculation.

The following tables summarize the allowance for credit losses as of and for the years ended December 31, 2024 and 2023, by sector and the amount of loans evaluated individually or collectively for impairment by sector:

December 31, 2024	Education	Health Care	Affordable Housing	Community Development	Total
Allowance for credit losses:					
Beginning balance	$ 1,148,157	$ 1,408,749	$ 7,920,485	$ 2,096,039	$ 12,573,430
Charge-offs	-	-	-	(5,880,553)	(5,880,553)
Recoveries	-	-	-	95,569	95,569
Provisions	209,266	363,125	2,871,863	6,682,177	10,126,431
	$ 1,357,423	$ 1,771,874	$ 10,792,348	$ 2,993,232	$ 16,914,877
Ending balance of allowance for credit losses:					
Individually evaluated for impairment	$ -	$ -	$ -	$ -	$ -
Collectively evaluated for impairment	1,357,423	1,771,874	10,792,348	2,993,232	16,914,877
	$ 1,357,423	$ 1,771,874	$ 10,792,348	$ 2,993,232	$ 16,914,877
Loan ending balances:					
Individually evaluated for impairment	$ -	$ 1,857,936	$ 532,679	$ 3,645,600	$ 6,036,215
Collectively evaluated for impairment	91,293,599	102,698,419	285,622,370	71,686,485	551,300,873
	$ 91,293,599	$ 104,556,355	$ 286,155,049	$ 75,332,085	$ 557,337,088

December 31, 2023	Education	Health Care	Affordable Housing	Community Development	Total
Allowance for credit losses:					
Beginning balance	$ 2,031,179	$ 2,218,335	$ 7,648,492	$ 1,724,165	$ 13,622,171
Charge-offs	-	-	-	(137,480)	(137,480)
Recoveries	-	-	-	26,918	26,918
Provisions	(883,022)	(809,586)	271,993	482,436	(938,179)
	$ 1,148,157	$ 1,408,749	$ 7,920,485	$ 2,096,039	$ 12,573,430
Ending balance of allowance for credit losses:					
Individually evaluated for impairment	$ -	$ -	$ -	$ -	$ -
Collectively evaluated for impairment	1,148,157	1,408,749	7,920,485	2,096,039	12,573,430
	$ 1,148,157	$ 1,408,749	$ 7,920,485	$ 2,096,039	$ 12,573,430
Loan ending balances:					
Individually evaluated for impairment	$ 13,434	$ -	$ 534,686	$ 3,677,100	$ 4,225,220
Collectively evaluated for impairment	95,249,229	110,570,136	223,963,365	65,577,176	495,359,906
	$ 95,262,663	$ 110,570,136	$ 224,498,051	$ 69,254,276	$ 499,585,126

Note 9. Credit Quality (Continued)

Subsidiaries with loans, DNF, LLC and FPIF, LLC: These funds are structured so that if there are losses at the fund, they pass through to each of the lenders that funded the loans in the fund, first on a junior/subordinated debt level and then at the senior debt level. Therefore, in the event of a loss that exceeds Capital Impact Partners' junior portion of the loan, the applicable senior lender will absorb the remainder of the loss. Capital Impact Partners is not required to make up any payment shortages from borrowers due to other participating lenders. Additionally, certain funds (i.e., DNF, LLC) are required to maintain certain amounts of cash in the fund (until maturity) that will serve as an additional reserve to the senior lenders' position.

The structured fund documents do not account for the establishment of an allowance in the pricing of the ultimate loans to the borrowers and fees charged. The legal documents address how losses will be absorbed through the "waterfall" language in each fund. Typically, it is the junior lenders that take the first loss if there is no cash reserve or other enhancement that can absorb some portion of non-payment or charge off. The remainder of the loss is absorbed by the senior lender(s). Capital Impact Partners underwrites, services and manages all loans funded from these structured funds and therefore performs initial and ongoing routine evaluations of the performance of each loan's borrower and its ability to repay. Capital Impact Partners will evaluate each of the loans within these funds, individually, to determine allowance for loan loss levels. There was no allowance recorded as of December 31, 2024 and 2023.

Note 10. Other Assets

Included in other assets as of December 31, 2024 and 2023, are the following:

A cash pledge deposit balance of $0 and $568,302 as of December 31, 2024 and 2023, respectively, per a pledge and security agreement dated February 1, 2012 between Capital Impact Partners and CSFP. CSFP used funds borrowed from the Walton Family Foundation to fund a loan to Alliance for College-Ready Public Schools, a charter school operator. The Walton Family Foundation requires CSFP to pledge a percentage of the unpaid principal of the loan to secure repayment of their loan. Capital Impact Partners used proceeds of a grant from the Department of Education received in a prior year to satisfy the pledge requirement. In consideration of its obligation, Capital Impact Partners earns a monthly fee.

On September 1, 2015, Capital Impact Partners entered into an agreement with CoMetrics to provide a program related investment loan in the aggregate principal amount of $300,000 to finance its business and operations, consistent with its cooperative purposes. The loan was funded in two separate tranches and pays interest at an initial rate of 1% and increases to 5% if CoMetric's earnings reach a certain level. Capital Impact Partners advanced $300,000 as of December 31, 2021. In September 2023, the program related investment loan was restructured to a four-year loan, maturing on September 26, 2026 and classified as a loan. The program investment loan before restructure earned interest of $0 and $2,773 for the years ended December 31, 2024 and 2023, respectively.

Capital Impact Partners issues recoverable grants to assist grant recipients with initial costs needed to close property acquisitions. Capital Impact Partners awarded 2 recoverable grants, totaling $625,000 in 2024 and 2 recoverable grants totaling $300,000 in 2023. Grants are to be repaid to Capital Impact Partners as part of the property loan closing.

$1,383,381 and $1,503,284 within Other Assets for the years ended December 31, 2024 and 2023, respectively, represents Prepaid Assets and Security Deposits on leased property for Capital Impact Partners offices.

Goodwill was recorded as part of ASM's acquisition of all of the interests in RPS pursuant to the Purchase Agreement, net of FMV of assets/equity acquired. The goodwill fair value is evaluated for impairment annually. As of December 31, 2024, and 2023, goodwill recorded was $10,570.

Note 10. Other Assets (Continued)

Furniture, equipment and leasehold improvements at December 31, 2024 and 2023, were comprised as follows:

	2024	2023
Furniture, equipment and software	$ 1,503,785	$ 1,427,445
Leasehold improvements	1,932,763	1,932,763
	3,436,548	3,360,208
Less accumulated depreciation and amortization	(2,401,740)	(2,099,035)
	$ 1,034,808	$ 1,261,173

Note 11. Leases

Capital Impact Partners has operating leases for five corporate offices. Leases have remaining lease terms of 1 year to 9 years, some of which include options to extend the leases for up to 5 years. The components of lease expense were as follows:

	2024	2023
Operating lease cost - fixed	$ 1,404,669	$ 1,197,485
Operating lease cost - variable	150,418	170,649
	$ 1,555,087	$ 1,368,134
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 1,542,639	$ 1,277,539
Non-cash investing and financing activities:		
Additions to right of use assets obtained from operating lease	$ -	$ 2,341,792
Weighted average remaining lease term		
Operating leases	8 years	8 years
Weighted average discount rate		
Operating leases	3.49%	3.30%
Right of use assets	$ 8,425,267	$ 9,428,191

Because Capital Impact Partners generally does not have access to the rate implicit in the lease, the incremental borrowing rate is utilized as the discount rate.

Maturities of lease liabilities were as follows:

Years ending December 31:	
2025	$ 1,617,895
2026	1,568,619
2027	1,513,679
2028	1,554,383
2029	1,517,451
Thereafter	4,689,511
Total lease payments	12,461,538
Less imputed interest	(1,639,914)
	$ 10,821,624

Undiscounted maturities of lease liabilities as of December 31, 2023 was $14,045,892.

Note 11. Leases (Continued)

Capital Impact Partners signed a 15-year lease agreement for its Arlington, Virginia offices on October 19, 2016. The lease commitment period is from December 1, 2017 through November 30, 2032. The lease agreement provides for annual escalations on base rent and there is a 5-year renewal option after the initial 15-year lease term.

In September 2019, Capital Impact Partners entered into a new $2 million operating lease to secure additional space for the Arlington, Virginia office. The lease is for 13 years and ends November 30, 2032.

In February 2024, Capital Impact Partners secured additional space in the New York office through a lease amendment. The lease extension is 5 years and ends May 31, 2033.

Capital Impact Partners also leases office space in Detroit, Michigan and Oakland, California. There is office space in Austin, Texas, secured with a one-year lease agreement.

Lease incentives are amortized using the straight-line method over the respective lease term and are presented in Consolidated Statements of Activities and Changes in Net Assets as part of lease expense.

Note 12. Refundable Advance Liability

Capital Impact Partners reports a refundable advance liability for funds received from conditional contributions from various grantors. These contributions remain classified as a refundable advance until the agreed upon conditions or barriers are met. The refundable advance liability balance was $8,336,547 and $9,735,754 as of December 31, 2024 and 2023, respectively.

Note 13. Notes and Bond Payable, Revolving Lines of Credit, Subordinated Debt and Investor Notes

Notes and bond payable, revolving lines of credit, Investor Notes and subordinated debt as of December 31, 2024 and 2023, consist of the following:

	Commitment	Available Undrawn	December 31, 2024	December 31, 2023	Interest Rate Range / Average Rate	Maturity Date Range
Revolving lines of credit	$ 165,000,000	$ 60,949,848	$ 83,000,000	$ 69,500,000	6.15%-6.36%	August 2026 - September 2027
Unsecured - fixed rate	72,500,000	-	64,289,530	68,786,736	0% - 4.75%	May 2025 - August 2032
Investor Notes	380,296,000	-	380,296,000	265,412,000	1.00% - 6.00%	February 2025 - July 2037
Subordinated debt	14,500,000	-	14,500,000	14,500,000	2.00% - 3.00%	August 2026 - October 2035
Federal Home Loan Bank borrowing	166,369,527	142,369,527	24,000,000	24,000,000	4.24%	June 2027 - December 2029
Bond payable	10,000,000	-	10,000,000	5,000,000	4.66%	October 2034
	808,665,527	203,319,375	576,085,530	447,198,736		
Investor Notes issuance cost	-	-	(3,166,501)	(2,606,852)	1.00% - 6.00%	
	$ 808,665,527	$ 203,319,375	$ 572,919,029	$ 444,591,884		

Capital Impact Partners has certain debt agreements that contain both operational and financial covenants requiring Capital Impact Partners to maintain minimum cash and cash equivalents balances and certain financial ratios.

Investor Notes: In 2024, Capital Impact Partners offered Investor Notes, continuous from its 2020 offering, for up to $250,000,000. The Investor Notes are offered through registered broker-dealers and are available for purchase in book-entry form, which means they may be purchased electronically through the investor's brokerage account and settled through the DTC. The Investor Notes were issued in increments of $1,000 or more and pay interest at a various fixed interest rates. The terms for the Investor Notes were one-year, three-year, five-year, seven-year, ten-year, fifteen-year and twenty-year maturities.

US Bank has been designated as the trustee to the indenture governing the Investor Notes and serves as a paying agent for the Investor Notes. The Investor Notes are senior to the subordinated loans. At December 31, 2024 and 2023, the Investor Note holders held $380,296,000 and $265,412,000, respectively, of the total Investor Notes

Note 13. Notes and Bond Payable, Revolving Lines of Credit, Subordinated Debt and Investor Notes (Continued)

payable balance. Interest rates range between 1.00% and 6.00%. Aggregate annual maturities of Investor Notes over each of the next five years and thereafter, as of December 31, 2024, are as follows:

Years ending December 31:	
2025	$ 108,333,000
2026	48,659,000
2027	75,564,000
2028	63,039,000
2029	53,625,000
Thereafter	31,076,000
	$ 380,296,000

FHLB borrowing: As a member bank, Capital Impact Partners may request advances from FHLBank Atlanta. As of December 31, 2024, the outstanding balance was $24,000,000 secured by Mortgage Backed Securities in the amount of $27,613,025. As of December 31, 2023, the outstanding balance was $24,000,000 secured by Mortgage Backed Securities in the amount of $29,581,714. As of December 31, 2024, and 2023, Capital Impact Partners recognized a gain on FHLB debt extinguishment of $0 and $352,238, respectively, and included in the Consolidated Statements of Activities and Changes in Net Assets.

US Bank Bond Payable: During 2023**,** US Bank purchased a $5,000,000 bond from Capital Impact Partners. The bond offering is up to $10,000,000. Proceeds are used as capital to make loans in the state of California and seeks to provide financing to support impact in three key areas: wealth creation for borrowers, growth in developers and their projects financed by Capital Impact Partners, and community development where Capital Impact Partners operates. As of December 31, 2024, and 2023, the bonds payable balance was $10,000,000 and $5,000,000, respectively.

Aggregate annual maturities of Capital Impact Partners' borrowings over each of the next five years and thereafter, as of December 31, 2024, are as follows:

Years ending December 31:	
2025	$ 116,122,530
2026	57,159,000
2027	181,314,000
2028	74,289,000
2029	82,375,000
Thereafter	64,826,000
	$ 576,085,530

U.S. GAAP requires interest expense and contribution revenue to be reported in connection with loans of cash to not-for-profit organizations that are interest free or that have below-market interest rates. The contribution is recognized at the time the loan is made and amortized using the effective interest method. The accretion increases interest expense and notes payable.

For the Ford Foundation note received in 2014, Capital Impact Partners recognized interest expense of $2,794 and $19,396 for the years ended December 31, 2024 and 2023, respectively.

Note 14. Notes Payable – Subsidiaries

The notes payable under DNF, LLC and FPIF, LLC are with sole recourse to DNF, LLC and FPIF, LLC and include no obligation for repayment on the part of Capital Impact Partners.

Note 14. Notes Payable – Subsidiaries (Continued)

Subsidiary	Lender	Commitment	December 31, 2024	December 31, 2023	Interest Rate	Final Maturity Date	Payment Details
DNF, LLC	JPMorgan Chase	$ -	$19,120,355	$19,693,922	2.00%	June 2029	Monthly interest, with consecutive quarterly principal payments beginning in June 2024
FPIF, LLC	FPIF Feeder Facility LP	-	-	4,500,000	N/A	N/A	Monthly interest and principal
		$ -	$19,120,355	$24,193,922			

Aggregate annual maturities of subsidiary borrowings over each of the next five years and thereafter, as of December 31, 2024, are as follows:

Years ending December 31:	
2025	$ 2,114,657
2026	210,860
2027	670,355
2028	232,169
2029	15,892,314
	$19,120,355

Note 15. Net Assets with Donor Restrictions

Donor restricted net assets are those net assets whose use by Capital Impact Partners is limited by the donors for a special purpose or restricted to be used in a later period. At December 31, 2024 and 2023, donor restricted net assets consisted of the following:

Purpose	2024	2023
Educational Program	$ 17,440,260	$ 16,916,626
Entrepreneur and Developer Program	2,472,048	2,282,508
Housing Program	15,916,685	17,212,653
National Program	9,802,106	7,754,525
Various	163,464	1,155,015
	$ 45,794,563	$ 45,321,327

Note 16. Fees

Material revenue streams are reported separately on the Consolidated Statements of Activities and Changes in Net Assets. Revenue is either recognized at a point in time or over a period of time.

Revenue recognized at a point in time includes NMTC suballocation Fees, fund management fees, unused fee income and portfolio amendment / modification fees, organization fees and advisory fees. Revenue recognized over a period of time includes asset management fees and guarantee fees.

Note 16. Fees (Continued)

Fees – recognized at point in time	2024	2023
NMTC suballocation fees	$ 1,077,126	$ 1,322,874
Unused fee income	6,110	-
Fund management fees	87,007	47,992
Covenant waiver fees	-	500
Portfolio amendment / modification fees	91,500	85,182
Administrative fees	54,249	-
Organization fee income	267,058	-
Advisory fee income	275,915	270,638
	1,858,965	1,727,186
Fees – recognized over time		
Guarantee fees	2,975	2,975
	2,975	2,975
	$ 1,861,940	$ 1,730,161

Note 17. Related Party Transactions

NCB and NCB Financial Savings Bank (NCB, FSB): Capital Impact Partners and its subsidiaries maintain cash accounts with NCB, FSB. Balances totaled $30,907,254 and $20,817,150 as of December 31, 2024 and 2023, respectively.

In the normal course of business, Capital Impact Partners, NCB and NCB, FSB will sell and purchase loan participations from each other. Capital Impact Partners' balance was $13,600,332 and $14,098,250 as of December 31, 2024 and 2023, respectively.

ROC USA, LLC: ROC USA Capital is a wholly-owned subsidiary of ROC USA, LLC (see Note 1). Capital Impact Partners appoints two of the eleven directors of the Board of Directors. Capital Impact Partners has purchased loan participations from ROC USA Capital in the ordinary course of business. The balance for the purchased loan participation from ROC USA Capital as of December 31, 2024 and 2023, was $6,563,171 and $6,693,856, respectively. Capital Impact Partners services these loans; however, per an agreement between Capital Impact Partners and ROC USA, LLC, Capital Impact Partners does not earn a servicing fee.

CSFP: In December 2011, Capital Impact Partners purchased a $500,000 participation in a $3,500,000 investment made by the CSFP, in which Capital Impact Partners is a 20% partner. Capital Impact Partners appoints one of the five managers of CSFP's Board of Managers.

Develop Detroit: In 2018, Capital Impact Partners entered into an agreement to invest $500,000 in Develop Detroit, a nonprofit developer in Detroit, Michigan. The balance recorded as of December 31, 2024 and 2023, was $359,476 and $363,094, respectively. A member of Capital Impact Partners executive management is a board member of the Housing Partnership Network, in which Develop Detroit is a lending affiliate within the Housing Partner Network.

Workforce Affordable Housing Fund I, LLC: In July 2019, Capital Impact Partners became a 96% non-controlling member in the Investment in WAHF. The NHP Foundation is the 4% controlling member. A member of Capital Impact Partners executive management team is a trustee of The NHP Foundation. The balance recorded as of December 31, 2024 and 2023, was $19,227,386 and $20,926,261, respectively.

CDC: In the normal course of business, Capital Impact Partners and CDC share labor, as outlined in a shared services agreement established in 2023. Capital Impact Partners utilized a portion of CDC labor and is recorded

Note 17. Related Party Transactions (Continued)

as Inter-company management fee in the Consolidated Statements of Activities and Changes in Net Assets. For the year ended December 31, 2024 and 2023, activity totaled $318,918 and $306,468, respectively. CDC utilized a portion of Capital Impact Partners labor and is recorded as Inter-company fee income in the Consolidated Statements of Activities and Changes in Net Assets. For the year ended December 31, 2024 and 2023, activity totaled $3,742,764 and $3,395,383, respectively.

During 2024, Capital Impact Partners issued two bridge loans to CDC to cover disbursements. As of December 31, 2024, and 2023, Capital Impact Partners intercompany loans receivable totaled $16,800,000 and $2,500,000, respectively.

Capital Impact Partners and CDC cross guarantee most of the other party's debt, and co-borrowers on the remaining obligations enabling each organization to benefit from the combined financial strength of both organizations.

ASM: In the normal course of business, Capital Impact Partners and ASM share labor and rent, as outlined in a shared services agreement established in 2023. ASM utilized a portion of Capital Impact Partners labor which is recorded as Inter-company management fee in the Consolidated Statements of Activities and Changes in Net Assets. For the year ended December 31, 2024 and 2023, activity totaled $1,830,258 and $270,510 respectively, which is eliminated upon consolidation.

In May 2023, through Momentus Securities, ASM entered a ten-year, $1.6 million lease with Capital Impact Partners for its New York office space. The lease ends on May 31, 2033. The corresponding right of use asset and lease liability is eliminated upon consolidation.

Other: In the normal course of business, members of the Capital Impact Partners Board of Directors may be related to cooperatives receiving or eligible to receive loans. Capital Impact Partners has conflict of interest policies, which require, among other things, that a board member be disassociated from decisions that pose a conflict of interest, or the appearance of a conflict of interest.

Loans to applicants who are affiliated with a member of Capital Impact Partners are subject to the same eligibility and credit criteria, as well as the same loan terms and conditions, as all other loan requests. Any new loan made to an organization related to a member of the Board is reported to the Finance and Risk Committee at the next regular meeting. An analysis of the activity during the years ended December 31, 2024 and 2023, for the aggregate amount of these loans is as follows:

Balance, December 31, 2022	$ 14,229,056
Net changes	(1,107,067)
Balance, December 31, 2023	13,121,989
Net changes	859,015
Balance, December 31, 2024	$ 13,981,004

Note 18. New Markets Tax Credit Program

During 2005, Capital Impact Partners implemented its NMTC program and has 28 and 29 limited liability companies ("LLCs") that are CDEs, through December 31, 2024 and 2023, respectively.

The LLCs were formed to obtain qualified equity investments from investors and make qualified investments in Qualified Active Low-Income Community Businesses ("QALICB") in accordance with the terms of the NMTC program pursuant to Section 45D of the Internal Revenue Code. Investors made capital contributions of approximately $28,723,350 and $35,276,650 to these LLCs during 2024 and 2023, respectively, in anticipation of receiving new markets tax credits of approximately $11,202,107 and $13,757,894 in 2024 and 2023, respectively.

Note 18. New Markets Tax Credit Program (Continued)

Capital Impact Partners serves as the managing member of these LLCs, contributed nominal capital and has financial interests in the NMTC entities noted below.

During 2024, six of the NMTC entities reached their seven-year transaction period and were completely dissolved. In connection with the dissolution of these entities, Capital Impact Partners incurred a loss of $6,977, which is reflected in the Consolidated Statements of Activities and Changes in Net Assets for the year ended December 31, 2024.

During 2023, no NMTC entities reached their seven-year transaction period and completely dissolved.

Capital Impact Partners serves as the managing member of the following LLCs which includes LLCs with Chase NMTC entities below:

Impact CDE 55 LLC	Impact CDE 73 LLC
Impact CDE 56 LLC	Impact CDE 74 LLC
Impact CDE 57 LLC	Impact CDE 75 LLC
Impact CDE 61 LLC	Impact CDE 76 LLC
Impact CDE 63 LLC	Impact CDE 77 LLC
Impact CDE 64 LLC	Impact CDE 78 LLC
Impact CDE 65 LLC	Impact CDE 79 LLC
Impact CDE 66 LLC	Impact CDE 80 LLC
Impact CDE 67 LLC	Impact CDE 81 LLC
Impact CDE 68 LLC	Impact CDE 82 LLC
Impact CDE 69 LLC	Impact CDE 83 LLC
Impact CDE 70 LLC	Impact CDE 84 LLC
Impact CDE 71 LLC	Impact CDE 85 LLC
Impact CDE 72 LLC	Impact CDE 86 LLC

At December 31, 2024 and 2023, Capital Impact Partners had a .01% interest in each of the above entities.

The total amount of the investment is as follows:

	Amount of Investment 2024	Amount of Investment 2023
Capital Impact Partners New Markets Tax Credit Entities	$ 27,731	$ 22,005

The following is a summary of the audited financial information of these companies as of and for the years ended December 31, 2024 and 2023:

	2024	2023
Total assets	$ 209,113,589	$ 219,695,182
Total liabilities	499,828	327,183
Members' capital	208,613,761	219,367,999
Total revenue	4,117,460	3,524,368
Total expenses	2,364,864	2,015,495
Net income	1,752,596	1,508,873

Note 18. New Markets Tax Credit Program (Continued)

Under the agreements with the LLCs, Capital Impact Partners earns fees for its initial services including investor syndication, LLC organization, loan origination, and NMTC sub-allocation. Capital Impact Partners also earns continuing fees for loan servicing. As explained in Note 16 material revenue streams recognized at a point in time or recognized over time are reported separately on the Consolidated Statements of Activities and Changes in Net Assets. During the years ended December 31, 2024 and 2023, Capital Impact Partners earned $1,120,036 and $980,099, respectively, of servicing fees from these LLCs. In addition, Capital Impact Partners reflected accounts receivable of $ 440,980 and $234,757, as of December 31, 2024 and 2023, respectively.

In most of the agreements with the LLCs, Capital Impact Partners could be responsible for reimbursing the LLCs in the event of recapture and/or loss of the tax credits for failure to comply with Section 45D of the Internal Revenue Code as a result of errors made by Capital Impact Partners in its role as Managing Member. In most cases, the amount of reimbursement is limited to fees received or a multiple thereof. Capital Impact Partners has retained qualified consultants and implemented control systems to minimize the potential of any such recapture. Management believes the likelihood of recapture is remote and no liabilities have been recorded as of December 31, 2024 and 2023.

To date, Capital Impact Partners has been awarded twelve NMTC allocations, totaling $792,000,000.

Note 19. Commitments and Contingencies

Capital Impact Partners is a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers or business partners. These financial instruments include commitments to extend credit and standby letters of credit. These instruments involve, to varying degrees, elements of credit risk in excess of the amount recognized in the balance sheet. The contract or notional amounts of these instruments reflect the extent of Capital Impact Partners' involvement in these particular classes of financial instruments. Capital Impact Partners' exposure to credit loss, in the event of nonperformance by the other party, is represented by the contractual or notional amount of those instruments. Capital Impact Partners uses the same credit policies in making commitments and conditional obligations as they do for on-balance sheet instruments.

In the normal course of business, Capital Impact Partners makes commitments to extend term loans and lines of credit, which are not reflected in the accompanying financial statements. The commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being completely drawn upon, the total commitment amounts do not necessarily represent future cash requirements. Capital Impact Partners evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by Capital Impact Partners upon extension of credit, is based on management's credit evaluation of the borrower. At December 31, 2024 and 2023, these outstanding commitments totaled $89,196,384 and $97,258,796, respectively.

Credit exposure related to these commitments is evaluated utilizing the same criteria as the allowance for loan loss for its loans receivable. Financial exposure related to these commitments is reported as liability for unfunded commitments on the Consolidated Statements of Financial Position and unfunded commitment expense on the Consolidated Statements of Activities and Changes in Net Assets, respectively. The liability for unfunded commitments is reclassified as a component of loans receivable, net of allowance for loan loss as the commitments convert to performing loans receivable on the Consolidated Statements of Financial Position.

Note 20. Employee Benefits

Capital Impact Partners' employees participate in the non-contributory defined contribution retirement plan and the 401(k) plan. Under the non-contributory defined contribution retirement plan, Capital Impact Partners contributes 6% of a participant's annual salary into the plan. Total expenses for the retirement plan for the years ended December 31, 2024 and 2023, were $1,113,147 and $869,757, respectively. The employee thrift plan is organized

Note 20. Employee Benefits (Continued)

under IRS Code Section 401(k) and Capital Impact Partners contributes up to 6% of each participant's annual salary. Contributions and expenses were $1,099,684 and $979,945 for 2024 and 2023, respectively. Employee benefits are included in salaries and benefits on the Statements of Functional Expenses.

Note 21. Fair Value

Fair value measurements: Capital Impact Partners uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. In accordance with accounting guidance, the fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in many instances, there are no quoted market prices for Capital Impact Partners' various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument.

If there has been a significant decrease in the volume and the level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires the use of significant judgment. The fair value is a reasonable point within the range that is most representative of fair value under current market conditions. A three-level hierarchy exists for fair value measurements based upon the inputs to the valuation of an asset or liability. The classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

Level 1: Valuation is based on quoted prices in active markets for identical assets or liabilities.

Level 2: Valuation is determined from observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument.

Level 3: Valuation is derived from model-based and other techniques in which one significant input is unobservable in the market and which may be based on Capital Impact Partners' own estimates about assumptions that a market participant would use to value the asset or liability.

Note 21. Fair Value (Continued)

Fair value on a recurring basis: The table below presents the financial assets and liabilities measured at fair value on a recurring basis:

	December 31, 2024	Level 1	Level 2	Level 3
Assets:				
Money market fund	$ 3,042,609	$ 3,042,609	$ -	$ -
Marketable equity securities	577,897	577,897	-	-
Real estate investment trust	2,079,981	-	-	2,079,981
Other investments	286,672	-	-	286,672
Mortgage backed securities	34,029,460	-	34,029,460	-
U.S. Small Business Administration loans	3,112,569	-	3,112,569	-
Confirmation of Originator Fees	113,872	-	113,872	-
	$ 43,243,060	$ 3,620,506	$ 37,255,901	$ 2,366,653

	December 31, 2023	Level 1	Level 2	Level 3
Assets:				
Marketable equity securities	$ 495,215	$ 495,215	$ -	$ -
Real estate investment trust	2,113,113	-	-	2,113,113
Other investments	286,671	-	-	286,671
Mortgage backed securities	33,822,580	-	33,822,580	-
U.S. Treasury Securities	4,017,701	-	4,017,701	-
	$ 40,735,280	$ 495,215	$ 37,840,281	$ 2,399,784

The following is a description of the valuation methodologies used for instruments measured at fair value. These valuation methodologies were applied to all of Capital Impact Partners' financial assets and liabilities that are carried at fair value on a recurring basis.

Marketable equity securities: The fair value of these securities is the market value based on quoted market prices, or market prices provided by recognized broker dealers. Therefore, these assets are classified as Level 1.

Real estate investment trust ("REIT"): The fair value of the REIT is based upon a dividend yield capitalization method of establishing fair value developed by the REIT and communicated to its investors. It reflects the nature of the REIT's business, and measures the REIT's ability to produce cash flow to pay dividends. Under the dividend yield capitalization methodology, the expected dividends for the upcoming 12 months are projected, imputing a dividend payout ratio of 90%. This imputed forward-looking dividend is then capitalized at the Dow Jones Corporate Financials Index yield – a composite of 32, long-term bond issuances from established, creditworthy financial institutions. Fair value is derived by capitalizing the projected dividend per share at this market yield and is also supported by the REIT's net asset valuation ("NAV") under the rational that, the REIT is, at a minimum, worth the liquidation value of its assets. Therefore, these assets are classified as Level 3 and use Level 3 inputs to fair value.

Mortgage Backed and U.S. Treasury Securities: These securities receive interest income based on their stated interest rates and are classified as Level 2 instruments, as there are no quoted market prices in active markets for identical assets. The fair value is determined using models and other valuation methodologies, which are corroborated by market data.

Other investments: The fair value of other investments is generally based upon the ending capital value evidenced by the issuers' K-1 or audited financial statements. In some instances, equity method is used as most closely approximating fair value. Therefore, these assets are classified as Level 3.

Note 21. Fair Value (Continued)

U.S. Small Business Administration loans: U.S. Small Business Administration loans ("SBA Loans") and Confirmation of Originator Fees ("COOFs") are classified within Level 2 of the fair value hieararchy because they are valued using inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities.

Guarantee liability: The fair value of a guarantee liability is based the present value of the difference between the net contractual cash flows required under a debt instrument, and the net contractual cash flows that would have been required without the guarantee.

There was no change in the valuation techniques used to measure fair value of investments in the years ended December 31, 2024 and 2023. There were no transfers into or out of Level 3 during the years ended December 31, 2024 and 2023.

Changes in Level 3 assets and liabilities measured at fair value on a recurring basis are summarized as follows:

	2024	2023
Beginning balance at January 1	$ 2,399,784	$ 2,355,424
Total net gains included in change in net assets	(33,131)	44,360
Ending balance at December 31	$ 2,366,653	$ 2,399,784

Fair value on a nonrecurring basis: Certain financial instruments and liabilities are not measured at fair value on an ongoing basis but are subject to fair value adjustments in certain circumstances (for example, when there is evidence of impairment). The table below presents the assets measured at fair value on a nonrecurring basis:

	December 31, 2024	Level 1	Level 2	Level 3
Assets:				
Impaired loans, net of specific reserves	$ 6,036,215	$ -	$ -	$ 6,036,215

	December 31, 2023	Level 1	Level 2	Level 3
Assets:				
Impaired loans, net of specific reserves	$ 4,225,220	$ -	$ -	$ 4,225,220

Impaired Loans Net of Specific Reserves, which are measured for impairment using the loan's observable market price or the fair value of the collateral for collateral-dependent loans. Appraised and reported values may be discounted based on management's historical knowledge, changes in market conditions from the time of valuation, and/or management's expertise and knowledge of the client and client's business. Based on this information, impaired loans, net of specific reserves, are valued using Level 3 inputs. The valuation allowance for impaired loans is included in the allowance for loan losses in the Consolidated Statements of Financial Position.

Note 22. Noncontrolling Interest in Consolidated Subsidiaries

Capital Impact Partners presents the noncontrolling interest in CIIF, its consolidated subsidiary, as a separate line item within net assets in the Consolidated Statements of Financial Position as of December 31, 2024 and 2023.

Note 22. Noncontrolling Interest in Consolidated Subsidiaries (Continued)

CIIF began operations on December 13, 2017. CIIF II began operations on December 28, 2018 and merged into CIIF on January 1, 2020. A 10% equity contribution of $3,763,007 by Capital Impact Partners increased its managing member ownership to 30% from 20% and reduced Annaly's non-managing member ownership to 70% from 80%. As of December 31, 2024, Capital Impact Partners increased its manager membership ownership from 30% to 87%

A summary of the 2024 and 2023 activity follows:

	CIIF		
	CIP	Annaly	Total
Balance, December 31, 2022	$ 8,947,508	$ 20,572,345	$ 29,519,853
Net income	406,431	1,012,132	1,418,563
Distributions	(390,665)	(1,012,132)	(1,402,797)
Balance, December 31, 2023	8,963,274	20,572,345	29,535,619
Net income	392,936	547,328	940,264
Distributions	(535,913)	(19,838,560)	(20,374,473)
Balance, December 31, 2024	$ 8,820,297	$ 1,281,113	$ 10,101,410

Distributions of $6,802 and $245,512 were payable from CIIF to Annaly as of December 31, 2024 and 2023, respectively.

Note 23. Subsequent Events

Capital Impact Partners has evaluated its subsequent events (events occurring after December 31, 2024) through March 27, 2025, which represents the date the financial statements were issued.

Capital Impact Partners and Subsidiaries

Supplementary Information

Capital Impact Partners and Subsidiaries

Consolidating Statement of Financial Position
December 31, 2024

	Capital Impact Partners	Detroit Neighborhoods Fund, LLC	FPIF, LLC	Community Investment Impact Fund , LLC	Alliance Securities Manager LLC	Equitable Prosperity Fund 1 GP LLC	Eliminations	Total
Assets								
Cash and cash equivalents – unrestricted	$ 85,393,257	$ 3,396,054	$ 367,815	$ 4,932,805	$ 5,953,096	$ -	$ -	$ 100,043,027
Cash and cash equivalents – restricted	26,369,118	478,038	-	-	-	-	-	26,847,156
Accounts and interest receivable	10,824,980	240,464	-	56,266	1,119,534	-	(1,433,032)	10,808,212
Investments	61,033,951	-	-	-	3,334,151	(1,044,720)	(15,964,571)	47,358,811
Mortgage backed securities	34,029,460	-	-	-	-	-	-	34,029,460
Loans receivable	557,337,088	-	-	-	-	-	-	557,337,088
Less: allowance for credit losses	(16,914,877)	-	-	-	-	-	-	(16,914,877)
Loans receivable, net	540,422,211	-	-	-	-	-	-	540,422,211
Loans receivable – subsidiaries	-	25,498,274	-	5,568,600	-	-	(15,128,778)	15,938,096
Loans receivable - intercompany	16,800,000	-	-	-	-	-	-	16,800,000
Other real estate owned	658,498	-	-	-	-	-	-	658,498
Other assets	2,781,649	-	-	-	272,110	-	-	3,053,759
Right of use assets	8,425,267	-	-	-	1,368,841	-	(1,368,841)	8,425,267
Total assets	$ 786,738,391	$ 29,612,830	$ 367,815	$ 10,557,671	$ 12,047,732	$ (1,044,720)	$ (33,895,222)	$ 804,384,497
Liabilities and Net Assets								
Liabilities:								
Accounts payable and accrued expenses	$ 8,483,175	$ 181,921	$ 23,698	$ 456,261	$ 2,489,898	$ -	$ (1,433,032)	$ 10,201,921
Refundable advance liability	8,336,547	-	-	-	-	-	-	8,336,547
Due to subsidiaries	5,568,600	-	-	-	-	-	(5,568,600)	-
Revolving lines of credit	83,000,000	-	-	-	-	-	-	83,000,000
Notes payable	64,289,530	-	-	-	-	-	-	64,289,530
Investor Notes, net	377,129,499	-	-	-	-	-	-	377,129,499
Subordinated debt	14,500,000	-	-	-	-	-	-	14,500,000
Federal Home Loan Bank borrowing	24,000,000	-	-	-	-	-	-	24,000,000
Bond loan payable	10,000,000	-	-	-	-	-	-	10,000,000
Notes payable – subsidiaries	-	28,680,533	-	-	-	-	(9,560,178)	19,120,355
Liability for CECL - loan commitments	2,596,742	-	-	-	-	-	-	2,596,742
Lease liabilities	10,821,624	-	-	-	1,368,841	-	(1,368,841)	10,821,624
Total liabilities	608,725,717	28,862,454	23,698	456,261	3,858,739	-	(17,930,651)	623,996,218
Net assets:								
Without donor restrictions	132,218,111	750,376	344,117	-	8,188,993	(1,044,720)	(7,144,274)	133,312,603
Noncontrolling interest in a consolidated subsidiary	-	-	-	10,101,410	-	-	(8,820,297)	1,281,113
Total without donor restrictions	132,218,111	750,376	344,117	10,101,410	8,188,993	(1,044,720)	(15,964,571)	134,593,716
With donor restrictions	45,794,563	-	-	-	-	-	-	45,794,563
Total net assets	178,012,674	750,376	344,117	10,101,410	8,188,993	(1,044,720)	(15,964,571)	180,388,279
Total liabilities and net assets	$ 786,738,391	$ 29,612,830	$ 367,815	$ 10,557,671	$ 12,047,732	$ (1,044,720)	$ (33,895,222)	$ 804,384,497

See Independent Auditor's Report

Capital Impact Partners and Subsidiaries

Supplementary Information

Capital Impact Partners and Subsidiaries

Consolidating Statement of Activities
Year Ended December 31, 2024

	Capital Impact Partners	Detroit Neighborhoods Fund, LLC	FPIF, LLC	Community Investment Impact Fund , LLC	Alliance Securities Manager LLC	Equitable Prosperity Fund 1 GP LLC	Eliminations	Total
Changes in net assets without donor restrictions:								
Financial activity:								
Financial income:								
Interest income on loans	$ 36,154,935	$ 1,307,732	$ 280,250	$ 1,112,393	$ 329,521	$ -	$ (426,378)	$ 38,758,453
Loan fees	569,969	-	-	-	-	-	-	569,969
Investments income, net	2,885,729	122,597	7,664	54,310	388,119	-	(392,937)	3,065,482
Loss on equity method investments	(1,202,295)	-	-	-	-	(721,205)	2,866,406	942,906
Loss on NMTC unwind	6,977	-	-	-	-	-	-	6,977
Gain on sale of securities	-	-	-	-	1,041,401	-	-	1,041,401
Total financial income	38,415,315	1,430,329	287,914	1,166,703	1,759,041	(721,205)	2,047,091	44,385,188
Financial expense:								
Interest expense	25,865,404	797,445	188,062	-	659,042	-	(426,378)	27,083,575
Provision for credit losses	9,805,409	-	-	-	-	-	-	9,805,409
Total financial expense	35,670,813	797,445	188,062	-	659,042	-	(426,378)	36,888,984
Net financial income	2,744,502	632,884	99,852	1,166,703	1,099,999	(721,205)	2,473,469	7,496,204
Revenue and support:								
Loan servicing fees	2,277,061	-	-	-	-	-	(540,054)	1,737,007
Fees	1,774,599	-	-	-	330,165	-	(242,824)	1,861,940
Asset management fees from investments	-	-	-	-	3,014,780	-	-	3,014,780
Contract revenue	635,780	-	-	-	-	-	-	635,780
Contributions	45,155,925	-	-	-	-	-	-	45,155,925
Inter-company fee income	5,568,003	-	-	-	-	-	(1,825,239)	3,742,764
Other income	55,778	-	-	36,141	-	-	-	91,919
Net assets released from donor restrictions	17,876,926	-	-	-	-	-	-	17,876,926
Total revenue and support	73,344,072	-	-	36,141	3,344,945	-	(2,608,117)	74,117,041
Expenses:								
Innovative community lending program	17,873,475	523,091	91,093	214,437	-	-	(782,878)	17,919,218
Technical assistance	11,086,702	-	-	-	-	-	-	11,086,702
Total program expenses	28,960,177	523,091	91,093	214,437	-	-	(782,878)	29,005,920
Support expenses:								
Management and general	17,307,766	10,429	-	48,142	6,590,764	(620)	(1,825,238)	22,131,243
Fundraising	2,963,966	-	-	-	-	-	-	2,963,966
Total expenses	49,231,909	533,520	91,093	262,579	6,590,764	(620)	(2,608,116)	54,101,129
Change in net assets without donor restrictions before noncontrolling and controlling interest activities	26,856,665	99,364	8,759	940,265	(2,145,820)	(720,585)	2,473,468	27,512,116
Noncontrolling interest – distributions	-	-	-	(20,374,474)	-	-	535,914	(19,838,560)
Controlling interest - capital contributions	-	-	-	-	(3,333,333)	-	3,333,333	-
Change in net assets without donor restrictions	26,856,665	99,364	8,759	(19,434,209)	(5,479,153)	(720,585)	6,342,715	7,673,556
Change in net assets with donor restrictions:								
Investment income, net	683,517	-	-	-	-	-	-	683,517
Grant revenue	17,666,645	-	-	-	-	-	-	17,666,645
Net assets released from donor restrictions	(17,876,926)	-	-	-	-	-	-	(17,876,926)
Change in net assets with donor restrictions	473,236	-	-	-	-	-	-	473,236
Change in net assets	27,329,901	99,364	8,759	(19,434,209)	(5,479,153)	(720,585)	6,342,715	8,146,792
Net assets, beginning	150,682,773	651,012	335,358	29,535,619	13,668,146	(324,135)	(22,307,286)	172,241,487
Net assets, ending	$ 178,012,674	$ 750,376	$ 344,117	$ 10,101,410	$ 8,188,993	$ (1,044,720)	$ (15,964,571)	$ 180,388,279

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Capital Impact Partners and Subsidiaries

Supplementary Information

Consolidating Statement of Financial Position
December 31, 2023

	Capital Impact Partners	Detroit Neighborhoods Fund, LLC	FPIF, LLC	Community Investment Impact Fund , LLC	Alliance Securities Manager LLC	Equitable Prosperity Fund 1 GP LLC	Eliminations	Total
Assets								
Cash and cash equivalents – unrestricted	$ 22,412,586	$ 4,501,577	$ 335,253	$ 3,284,786	$ 13,699,501	$ -	$ -	$ 44,233,703
Cash and cash equivalents – restricted	25,957,624	466,509	-	-	-	-	-	26,424,133
Accounts and interest receivable	6,982,806	136,803	24,541	238,127	1,207,193	-	(1,133,578)	7,455,892
Investments	63,996,180	-	-	-	107,710	(323,515)	(22,307,286)	41,473,089
Mortgage backed securities	33,822,580	-	-	-	-	-	-	33,822,580
Loans receivable	499,585,126	-	-	-	-	-	-	499,585,126
Less: allowance for credit losses	(12,573,430)	-	-	-	-	-	-	(12,573,430)
Loans receivable, net	487,011,696	-	-	-	-	-	-	487,011,696
Loans receivable – subsidiaries	-	25,215,656	5,000,000	26,765,888	-	-	(37,112,849)	19,868,695
Loans receivable - intercompany	2,500,000	-	-	-	-	-	-	2,500,000
Other real estate owned	658,498	-	-	-	-	-	-	658,498
Other assets	3,329,833	-	-	-	313,496	-	-	3,643,329
Right of use assets	9,428,191	-	-	-	1,505,623	-	(1,505,623)	9,428,191
Total assets	$ 656,099,994	$ 30,320,545	$ 5,359,794	$ 30,288,801	$ 16,833,523	$ (323,515)	$ (62,059,336)	$ 676,519,806
Liabilities and Net Assets								
Liabilities:								
Accounts payable and accrued expenses	$ 9,414,166	$ 128,650	$ 24,436	$ 753,182	$ 1,659,754	$ 620	$ (1,133,578)	$ 10,847,230
Refundable advance liability	9,735,754	-	-	-	-	-	-	9,735,754
Due to subsidiaries	26,765,888	-	-	-	-	-	(26,765,888)	-
Revolving lines of credit	69,500,000	-	-	-	-	-	-	69,500,000
Notes payable	68,786,736	-	-	-	-	-	-	68,786,736
Investor Notes, net	262,805,148	-	-	-	-	-	-	262,805,148
Subordinated debt	14,500,000	-	-	-	-	-	-	14,500,000
Federal Home Loan Bank borrowing	24,000,000	-	-	-	-	-	-	24,000,000
Bond loan payable	5,000,000	-	-	-	-	-	-	5,000,000
Notes payable – subsidiaries	-	29,540,883	5,000,000	-	-	-	(10,346,961)	24,193,922
Liability for CECL - loan commitments	2,917,764	-	-	-	-	-	-	2,917,764
Lease liabilities	11,991,765	-	-	-	1,505,623	-	(1,505,623)	11,991,765
Total liabilities	505,417,221	29,669,533	5,024,436	753,182	3,165,377	620	(39,752,050)	504,278,319
Net assets:								
Without donor restrictions	105,361,446	651,012	335,358	-	13,668,146	(324,135)	(13,344,012)	106,347,815
Noncontrolling interest in a consolidated subsidiary	-	-	-	29,535,619	-	-	(8,963,274)	20,572,345
Total without donor restrictions	105,361,446	651,012	335,358	29,535,619	13,668,146	(324,135)	(22,307,286)	126,920,160
With donor restrictions	45,321,327	-	-	-	-	-	-	45,321,327
Total net assets	150,682,773	651,012	335,358	29,535,619	13,668,146	(324,135)	(22,307,286)	172,241,487
Total liabilities and net assets	$ 656,099,994	$ 30,320,545	$ 5,359,794	$ 30,288,801	$ 16,833,523	$ (323,515)	$ (62,059,336)	$ 676,519,806

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Capital Impact Partners and Subsidiaries

Consolidating Statement of Activities
Year Ended December 31, 2023

	Capital Impact Partners	Detroit Neighborhoods Fund, LLC	FPIF, LLC	Community Investment Impact Fund , LLC	Alliance Securities Manager LLC	Equitable Prosperity Fund 1 GP LLC	Eliminations	Total
Changes in net assets without donor restrictions:								
Financial activity:								
Financial income:								
Interest income on loans	$ 24,038,821	$ 1,318,054	$ 288,958	$ 1,670,743	$ -	$ -	$ (427,865)	$ 26,888,711
Loan fees	389,267	-	-	-	-	-	-	389,267
Investments income, net	3,650,257	113,198	5,910	50,895	140,535	-	(406,431)	3,554,364
Loss on equity method investments	(3,923,391)	-	-	-	-	(140,618)	4,834,546	770,537
Total financial income	24,154,954	1,431,252	294,868	1,721,638	140,535	(140,618)	4,000,250	31,602,879
Financial expense:								
Interest expense	15,924,325	798,698	193,906	-	-	-	(427,865)	16,489,064
Provision for credit losses	(308,991)	-	-	-	-	-	-	(308,991)
Total financial expense	15,615,334	798,698	193,906	-	-	-	(427,865)	16,180,073
Net financial income	8,539,620	632,554	100,962	1,721,638	140,535	(140,618)	4,428,115	15,422,806
Revenue and support:								
Loan servicing fees	2,125,833	-	-	-	-	-	(545,095)	1,580,738
Fees	1,801,472	-	-	-	270,638	-	(341,949)	1,730,161
Asset management fees from investments	-	-	-	-	1,568,719	-	-	1,568,719
Contract revenue	1,244,007	-	-	-	-	-	-	1,244,007
Contributions	94,000	-	-	-	-	-	-	94,000
Gain on debt extinguishment	352,238	-	-	-	-	-	-	352,238
Inter-company fee income	3,661,528	-	-	-	-	-	(266,145)	3,395,383
Other income	224,060	-	-	32,630	4	-	-	256,694
Net assets released from donor restrictions	32,177,179	-	-	-	-	-	-	32,177,179
Total revenue and support	41,680,317	-	-	32,630	1,839,361	-	(1,153,189)	42,399,119
Expenses:								
Innovative community lending program	18,026,832	526,724	94,232	311,784	-	-	(887,044)	18,072,528
Technical assistance	22,144,126	-	-	-	-	-	-	22,144,126
Total program expenses	40,170,958	526,724	94,232	311,784	-	-	(887,044)	40,216,654
Support expenses:								
Management and general	14,846,376	12,575	-	23,921	6,673,205	620	(266,145)	21,290,552
Fundraising	2,320,344	-	-	-	-	-	-	2,320,344
Total expenses	57,337,678	539,299	94,232	335,705	6,673,205	620	(1,153,189)	63,827,550
Change in net assets without donor restrictions before noncontrolling and controlling interest activities	(7,117,741)	93,255	6,730	1,418,563	(4,693,309)	(141,238)	4,428,115	(6,005,625)
Noncontrolling interest – distributions	-	-	-	(1,402,797)	-	-	390,665	(1,012,132)
Controlling interest - capital contributions	-	-	-	-	3,334,333	-	(3,334,333)	-
Change in net assets without donor restrictions	(7,117,741)	93,255	6,730	15,766	(1,358,976)	(141,238)	1,484,447	(7,017,757)
Change in net assets with donor restrictions:								
Investment income, net	304,422	-	-	-	-	-	-	304,422
Grant revenue	27,851,484	-	-	-	-	-	-	27,851,484
Net assets released from donor restrictions	(32,177,179)	-	-	-	-	-	-	(32,177,179)
Change in net assets with donor restrictions	(4,021,273)	-	-	-	-	-	-	(4,021,273)
Change in net assets	(11,139,014)	93,255	6,730	15,766	(1,358,976)	(141,238)	1,484,447	(11,039,030)
Net assets, beginning	164,110,363	557,757	328,628	29,519,853	15,027,122	(182,897)	(23,791,733)	185,569,093
Cumulative change in accounting policy	(2,288,576)	-	-	-	-	-	-	(2,288,576)
Net assets, ending	$ 150,682,773	$ 651,012	$ 335,358	$ 29,535,619	$ 13,668,146	$ (324,135)	$ (22,307,286)	$ 172,241,487

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