Report of Independent Auditors and
Consolidated Financial Statements

Rudolf Steiner Foundation, Inc.
dba: RSF Social Finance and Affiliates

December 31, 2021 and 2020

MOSSADAMS

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Report of Independent Auditors

The Board of Directors
Rudolf Steiner Foundation, Inc. dba: RSF Social Finance and Affiliates

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Rudolf Steiner Foundation, Inc. dba: RSF Social Finance and Affiliates ("RSF"), which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Rudolf Steiner Foundation, Inc. dba: RSF Social Finance and Affiliates as of December 31, 2021 and 2020, and the results of their operations and their 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 Rudolf Steiner Foundation, Inc. dba: RSF Social Finance and Affiliates and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Rudolf Steiner Foundation, Inc. dba: RSF Social Finance and Affiliates' 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 consolidated 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 consolidated 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 Rudolf Steiner Foundation, Inc. dba: RSF Social Finance and Affiliates' 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 consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Rudolf Steiner Foundation, Inc. dba: RSF Social Finance and Affiliates' 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.

Moss Adams LLP

San Francisco, California
May 31, 2022

Consolidated Financial Statements

Rudolf Steiner Foundation, Inc.
dba: RSF Social Finance and Affiliates
Consolidated Statements of Financial Position
December 31, 2021 and 2020

	2021	2020
ASSETS		
Cash and cash equivalents	$ 54,153,844	$ 44,024,905
Mission-related loans and investments:		
Loans receivable, net of allowance for loan losses of $6,181,426 and $5,643,940 as of December 31, 2021 and 2020, respectively	88,709,426	102,237,654
Investments, fair value	85,408,949	91,179,248
Investments, held at cost	10,913,211	8,960,315
Prepaid expenses and other assets	1,025,600	1,066,491
Total assets	$ 240,211,030	$ 247,468,613
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	$ 4,007,104	$ 1,981,204
Investor notes payable	125,260,696	138,293,671
Other notes payable	8,000,000	3,981,807
Total liabilities	137,267,800	144,256,682
NET ASSETS		
Net assets without donor restrictions:		
Board designated operating reserve account	2,852,743	4,946,750
Other net assets without donor restrictions	99,781,834	97,683,076
Total net assets without donor restrictions	102,634,577	102,629,826
Net assets with donor restrictions	308,653	582,105
Total net assets	102,943,230	103,211,931
Total liabilities and net assets	$ 240,211,030	$ 247,468,613

 See accompanying notes.

Consolidated Statement of Activities
For the Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Management and other fee income	$ 2,068,281	$ -	$ 2,068,281
Net interest and investment income:			
Interest income - loans receivable	5,973,276	-	5,973,276
Investment income, net	183,097	-	183,097
Net interest and investment income	6,156,373	-	6,156,373
Gifts and contributions	45,808,246	-	45,808,246
Program revenue	165,511	-	165,511
Net assets released from restrictions	273,452	(273,452)	-
Total revenues and other support	54,471,863	(273,452)	54,198,411
EXPENSES			
Program services	47,864,983	-	47,864,983
Management and general	6,602,129	-	6,602,129
Total expenses	54,467,112	-	54,467,112
CHANGE IN NET ASSETS	4,751	(273,452)	(268,701)
NET ASSETS, beginning of year	102,629,826	582,105	103,211,931
NET ASSETS, end of year	$ 102,634,577	$ 308,653	$ 102,943,230

See accompanying notes.

Rudolf Steiner Foundation, Inc.
dba: RSF Social Finance and Affiliates
Consolidated Statement of Activities
For the Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Management and other fee income	$ 1,358,805	$ -	$ 1,358,805
Net interest and investment income:			
Interest income - loans receivable	6,759,406	-	6,759,406
Investment income, net	760,052	-	760,052
Net interest and investment income	7,519,458	-	7,519,458
Gifts and contributions	57,742,127	432,105	58,174,232
Program revenue	306,833	-	306,833
Total revenues and other support	66,927,223	432,105	67,359,328
EXPENSES			
Program services	45,139,065	-	45,139,065
Management and general	9,065,489	-	9,065,489
Total expenses	54,204,554	-	54,204,554
CHANGE IN NET ASSETS	12,722,669	432,105	13,154,774
NET ASSETS, beginning of year	89,907,157	150,000	90,057,157
NET ASSETS, end of year	$ 102,629,826	$ 582,105	$ 103,211,931

See accompanying notes.

Rudolf Steiner Foundation, Inc.
dba: RSF Social Finance and Affiliates
Consolidated Statements of Functional Expenses
For the Years Ended December 31, 2021 and 2020

	2021 Program Expenses					
	Lending Program	Investor Notes Program	Integrated Capital Initiative Program	Total Program Expenses	Management and General Expenses	Total
Interest expense on investor notes	$ -	$ 975,689	$ -	$ 975,689	$ -	$ 975,689
Loan loss provision	385,598	-	-	385,598	-	385,598
Personnel costs	2,573,943	754,432	-	3,328,375	1,109,458	4,437,833
Consultants	80,835	88,919	131,723	301,477	102,700	404,177
Legal, accounting, and audit expenses	328,813	71,664	-	400,477	21,078	421,555
Travel expenses	2,289	868	-	3,157	789	3,946
Marketing expenses	84,652	32,109	-	116,761	29,190	145,951
Grants made to programs	32,268,093	9,267,091	-	41,535,184	5,134,348	46,669,532
Other expenses	593,242	225,023	-	818,265	204,566	1,022,831
Total functional expenses	$ 36,317,465	$ 11,415,795	$ 131,723	$ 47,864,983	$ 6,602,129	$ 54,467,112

	2020 Program Expenses					
	Lending Program	Investor Notes Program	Integrated Capital Initiative Program	Total Program Expenses	Management and General Expenses	Total
Interest expense on investor notes	$ -	$ 1,129,621	$ -	$ 1,129,621	$ -	$ 1,129,621
Loan loss provision	1,837,703	-	-	1,837,703	-	1,837,703
Personnel costs	3,843,636	1,126,583	66,270	5,036,489	1,590,470	6,626,959
Consultants	109,297	54,649	218,594	382,540	163,946	546,486
Legal, accounting, and audit expenses	14,028	4,112	242	18,382	5,805	24,187
Travel expenses	9,700	2,843	167	12,710	4,014	16,724
Marketing expenses	87,691	25,703	1,512	114,906	36,286	151,192
Grants made to programs	27,403,774	8,185,543	-	35,589,317	6,943,687	42,533,004
Other expenses	776,434	227,576	13,387	1,017,397	321,281	1,338,678
Total functional expenses	$ 34,082,263	$ 10,756,630	$ 300,172	$ 45,139,065	$ 9,065,489	$ 54,204,554

Rudolf Steiner Foundation, Inc.
dba: RSF Social Finance and Affiliates
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	$ (268,701)	$ 13,154,774
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Provision for loan loss reserve	385,598	1,837,703
Depreciation expense	21,331	27,782
Realized and unrealized gain on investments	(183,097)	(180,378)
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	19,560	502,004
Accounts payable and accrued expenses	2,025,900	507,089
Net cash provided by operating activities	2,000,591	15,848,974
CASH FLOWS FROM INVESTING ACTIVITIES		
Issuance of loans receivable	(14,278,702)	(18,454,223)
Collections of loans receivable	27,421,332	29,570,965
Purchase of investments	(4,126,462)	(19,312,777)
Proceeds from sale or maturity of investments and distributions	8,126,962	5,843,907
Net cash provided by (used in) investing activities	17,143,130	(2,352,128)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on notes payable	(27,933,615)	(17,562,580)
Borrowings on notes payable	14,900,640	24,425,674
Borrowings on other notes payable	8,077,627	500,000
Principal payments on other notes payable	(4,059,434)	(10,012,688)
Net cash used in financing activities	(9,014,782)	(2,649,594)
NET CHANGES IN CASH AND CASH EQUIVALENTS	10,128,939	10,847,252
CASH AND CASH EQUIVALENTS, beginning of year	44,024,905	33,177,653
CASH AND CASH EQUIVALENTS, end of year	$ 54,153,844	$ 44,024,905
SUPPLEMENTARY DISCLOSURE OF CASH FLOWS INFORMATION		
Cash paid during the year for:		
Interest	$ 1,260,705	$ 1,296,959
Income taxes	$ 72,238	$ 1,600

See accompanying notes.

NOTE 1 – ORGANIZATION

Rudolf Steiner Foundation, Inc. dba RSF Social Finance was incorporated in 1936. As a not-for-profit financial intermediary, RSF Social Finance and its affiliates ("RSF") create impact by funding social enterprises that contribute to a more just, regenerative and compassionate world. RSF carries out its services on a worldwide basis through philanthropic services, social investment, lending, grant making, advising, and educational programs. RSF's focus areas include food and agriculture, education and the arts, and climate and environment. RSF has over 2,000 clients who are creating a deeply positive impact by helping to redirect the flow of money to catalytic initiatives and organizations, and to support communities often damaged by exploitation and resource depletion. RSF has two primary programs to support its charitable mission: lending to social enterprises funded by its Social Investment Fund ("SIF") and philanthropic giving and impact investing through donor advised fund accounts and various field of interest funds that flow capital to social enterprises.

Effective March 3, 2022, RSF changed its name from Rudolf Steiner Foundation, Inc. to RSF Social Finance, Inc.

SIF Investor Notes Program – RSF offers individuals and organizations the ability to invest in unsecured notes as part of the SIF Investor Notes Program. The notes mature and pay interest at the end of each calendar quarter, and principal and interest are automatically reinvested or, if an investor requests, repaid at maturity. RSF sets the interest rate for the notes effective as of the first day of each calendar quarter (see Note 6).

Lending program – Proceeds from the SIF Investor Notes Program are used by RSF to make loans to a broad range of mission-related social enterprises in the fields of sustainable agriculture, education and the arts, and climate and environment. Borrowers are evaluated on factors such as creditworthiness, social mission, supplier and customer practices, community engagement, and environmental regeneration (see Note 3).

Integrated capital initiative program – Proceeds from the SIF Investor Notes Program are used by RSF to make loans to enterprises that are working to solve complex social and environmental problems through the coordinated use of different forms of financial capital and nonfinancial resources (e.g., grants, guaranties, equity investments, and connecting borrowers to mission-aligned partners in their respective fields of operations).

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation – In accordance with the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958, *Not-for-Profit Entities*, these consolidated financial statements include the accounts of SIF and RSF Capital Management, PBC ("CMP"). RSF appoints the majority of the directors of SIF and CMP and has an economic interest in these entities. All intercompany transactions and accounts have been eliminated in the consolidation.

Basis of presentation – The consolidated financial statements have been prepared on an accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Description of net assets – RSF reports information regarding its consolidated financial position and activities according to two classes of net assets. Without donor restrictions is defined as that portion of net assets that has no use or time restrictions. RSF maintained reserves designated by its Board of Directors of $2,852,743 as of December 31, 2021 and $4,946,750 as of December 31, 2020. These reserves are considered net assets without donor restrictions. With donor restrictions is defined as that portion of net assets that consist of a restriction on the specific use or the occurrence of a certain future event. Net assets with donor restrictions were $308,653 and $582,105 as of December 31, 2021 and 2020, respectively.

Use of estimates – In preparing consolidated financial statements in conformity with U.S. GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the allowance for loan losses, allocation of functional expenses and fair value measurement. Actual results could differ from those estimates.

Cash and cash equivalents – RSF considers all highly-liquid investments with an initial maturity of three months or less when purchased to be cash equivalents. Money market accounts and certificates of deposit that are intended for long-term investment purposes are classified separately under investments.

Mission-related investments – Mission-related investments are investments in which RSF intends to generate a social return as well as a financial return. Such investments are related to, and further RSF's programmatic mission. Mission-related investments are included in investments, at fair value and investments, held at cost on the consolidated statements of financial position (see Note 4).

Mission-related loans receivable – These consist of mission-related loans made by RSF to nonprofit and for-profit organizations. The loans are generally collateralized by mortgages, business assets, guaranties, and pledges from individuals and organizations. These loans are reported at their outstanding principal balances together with accrued interest and fees, net of any unamortized costs on originated loans. RSF has the ability and intent to hold the loans for the foreseeable future. While loans receivable is categorized by type for disclosure purposes, management believes that each category has a similar risk of repayment (see Note 3).

Allowance for loan losses – The allowance reflects management's best estimate of losses inherent in the loan portfolio. The allowance is increased by provisions for loan losses charged against earnings and reduced by charge-off, net of recoveries.

Management has established a process to determine the adequacy of the allowance for loan losses that assesses the risks and losses inherent in the portfolio, including adverse situations that may affect the borrower's ability to repay, the estimated value of any underlying collateral, and historical loss experience. Management also considers economic uncertainties and other subjective factors, including industry trends.

The overall allowance consists of:

1. Specific allowances for individually identified impaired loans ASC 310-10, *Receivables—Overall*, and

2. General allowances for pools of loans ASC 450-20, *Contingencies—Loss Contingencies*, which incorporates quantitative (e.g., historical loan loss rates) and qualitative risk factors (e.g., portfolio growth and trends, credit concentrations, economic and regulatory factors, etc.).

Management has an experienced team that works with borrowers to help them through financial challenges that could affect their ability to make loan payments. If the financial position of certain borrowers improves over time, it may be possible to recover part of the allowance for loan losses and take the recovered amount back into income.

Non-accrual loans – Generally, loans are placed on non-accrual status when one or more of the following occurs:

1. The scheduled loan payment becomes ninety days past due;

2. It becomes probable that the client cannot or will not make scheduled payments;

3. Full repayment of interest and principal is not expected; and

4. The loan displays potential loss characteristics.

It is RSF's policy to classify all loans past due ninety days as substandard and place the loans on non-accrual status.

When placed on non-accrual, RSF reverses the recorded unpaid interest, and any subsequent payments shall be applied first to principal. Loans placed on non-accrual are generally deemed impaired.

Loans may be returned to accrual status when one and/or more of the following conditions have been met:

1. All payments (according to the original terms of the loan) are brought current;

2. A 6-month period of satisfactory payment history has been established; and

3. A current evaluation of the client indicates the ability to repay the loan according to the original terms.

Impaired loans – Impairment is considered to exist when it is probable that not all amounts will be collected due under the terms of the loan receivable. Factors considered by management in determining whether a loan is impaired include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due.

Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed.

Loans are considered impaired when the individual evaluation of current information regarding the borrower's financial condition, loan collateral, are impaired and/or cash flows indicate RSF will be unable to collect all amounts due according to the contractual terms of the loan agreement, including interest payments. Impairment is measured based on the present value of the expected future cash flows discounts at the loan's effective interest rate, or the fair value of the collateral, less costs to sell, if the loan is collateral dependent.

If management determines the value of the impaired loan is less than the recorded investment in the loan, RSF includes the impairment in the calculation of the overall allowance for loan losses.

Generally, a loan is written off when it is deemed to be uncollectible. Collateral dependent loans are written down to the fair value of the collateral and noncollateral dependent loans are written down to the net realizable value.

Troubled Debt Restructuring ("TDR") – Management strives to identify borrowers in financial difficulty early and work with them to modify their loan to more affordable terms before it reaches non-accrual status. A restructuring of a debt constitutes a TDR if the creditor for economic or legal reasons related to the debtor's financial difficulties grants a concession to the debtor that it would not otherwise consider. Concessions could include a reduction in the interest rate to a rate that is below market on the loan, payment extensions, forgiveness of principal, forbearance, and other actions designed to maximize collections.

TDRs are separately identified in impairment disclosures and are measured at the present value of estimated future cash flows using the loan's effective rate at inception. If a TDR is considered to be a collateral dependent loan, the loan is reported net, at the fair value of the collateral. For TDRs that subsequently default, management determines the amount of reserve in accordance with the accounting policy for the allowance for loan losses.

Investments – RSF records investments with readily determinable fair values at their fair values. Stock gifts received from donors are recorded as gift income at the fair value of the stock gifts on the date of donation. Gains and losses and investment income derived from investments are accounted for as with or without donor-imposed restrictions based on restrictions, if any, in the accompanying consolidated statements of activities.

The fair values were evaluated by RSF to determine if the values should be adjusted. Factors considered included, but are not limited to, estimates of liquidation value, prices of recent transactions in the same or similar entities, current performance, future expectations of the particular investment, and changes in market outlook and the financing environment. Valuations are reviewed at least annually using a variety of qualitative factors to subjectively determine the most appropriate valuation methodologies.

Investments are reported at fair value based on quoted market price, net asset value ("NAV") reported by fund managers, or a market approach method which derives fair value by reference to observable valuation measures for comparable companies or assets such as performance metrics. Net appreciation or depreciation in investments, including realized gains or losses and unrealized appreciation or depreciation on those investments, as well as all dividends, interest, and other investment income, net of investment expense, is reported in the consolidated statements of activities. Investment income is reported as an increase in net assets with or without donor restrictions, unless there are donor-imposed restrictions on the use of the income.

Fair value measurements – Fair values of financial instruments are estimated using relevant market information and other assumptions, as more fully disclosed below. Fair value estimates involve uncertainties and matters of significant judgment regarding interest rates, credit risk, prepayments, and other factors, especially in the absence of broad markets for particular items. Changes in assumptions or in market conditions could significantly affect these estimates.

Fair value is the exchange price that would be received for an asset or paid to transfer a liability ("exit price") in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

There are three levels of inputs that may be used to measure fair values:

Level 1 – Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2 – Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 – Significant unobservable inputs that reflect a company's own assumptions and may include significant management judgment and estimation.

RSF used the following methods and significant assumptions to estimate fair value:

Impaired loans – are recorded at the lower of cost or fair value and thus are subject to fair value adjustments on a nonrecurring basis. The fair value of impaired loans with specific allocations of the allowance for loan losses is generally based on recent real estate appraisals, less estimated selling costs, if the loan is collateral dependent. Generally, a 10% discount is used to estimate selling costs. Appraisals may utilize a single valuation approach or a combination of approaches including comparable sales and the income approach. Adjustments are routinely made in the appraisal process by the independent appraisers to adjust for differences between the comparable sales and income data available. Such adjustments are usually significant and typically result in a Level 3 classification of the inputs for determining fair value. Nonreal estate collateral may be valued using an appraisal, net book value per the borrower's financial statements, or aging reports, adjusted or discounted based on management's historical knowledge, changes in market conditions from the time of the valuation, and management's expertise and knowledge of the client and client's business, resulting in a Level 3 fair value classification.

Investments, held at cost – Investments, held at cost represent notes and closely-held stock. Investments in notes represent direct investments in loans by donors and are measured at cost less impairment and are adjusted for observable price changes in orderly transactions for the identical or similar investments of the same issuer. There were no adjustments for observable inputs. These investments are evaluated for impairment annually and written down when appropriate. As of December 31, 2021 and 2020, no such write-downs have occurred.

Prepaid expenses – Any expenses paid prior to the related services rendered will be recorded as prepaid expenses. These prepaid expenses will be expensed once the service has been rendered or over the course of the contract period, such as for insurance policies.

Notes payable – Notes payable are liabilities consisting of both investor notes and another loan facility made to RSF by individuals and organizations for specified periods, depending on the terms of the agreements with the other parties.

Revenue recognition – RSF records certain revenue from contracts with customers in accordance with ASC 606, *Revenue from Contracts with Customers* ("ASC 606"). Under ASC 606, RSF must identify the contract with a customer, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price to the performance obligations in the contract, and recognize revenue when (or as) RSF satisfies a performance obligation.

Certain sources of revenue are derived from interest and dividends earned on loans, investment securities, and other financial instruments that are not within the scope of ASC 606. All revenue from contracts with customers in the scope of ASC 606 is recognized as non-interest income. RSF used the following methods to recognize revenue:

Management and other fee income – RSF earns management fees from customers for services rendered on assets under management related to donor advised fund and other charitable funds accounts. Fees charged to these accounts on a monthly basis are recognized as the performance obligation is satisfied at the end of the service period. The performance obligation is completed as the transaction occurs and the fees are recognized at the time each specific service is provided to the account holders.

RSF has evaluated the nature of its contracts with customers and determined that further disaggregation of revenue from contracts with customers into more granular categories beyond what is presented in the consolidated statements of activities is not necessary. RSF generally fully satisfies its performance obligations on its contracts with customers as services are rendered and the transaction prices are typically fixed; charged either on a periodic basis or based on activity. Because performance obligations are satisfied as services are rendered and the transaction prices are fixed, there is limited judgment involved in applying ASC 606 that significantly affects the determination of the amount and timing of revenue from contracts with customers.

Program revenue – Program revenue primarily consists of grant revenue. Grant revenues are recognized as net assets without donor restrictions as services are recognized in accordance with Accounting Standards Update ("ASU") 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Grants are considered to be a conditional contribution and the contribution is met when the services are performed and/or expenses are incurred.

Gifts and contributions – Gifts and contributions consist principally of donations from individuals and organizations.

Gifts and contributions are recorded as with or without donor restrictions depending on the existence and/or nature of any donor restrictions. Net assets with donor restrictions are reclassified to net assets without donor restrictions upon satisfaction of the time or purpose restrictions. Support with donor restrictions is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying consolidated statements of activities as net assets released from restrictions.

Interest and fee income – Most of RSF's income is derived from lending activities. Loans are generally offered at a base rate plus or minus a spread. The base rate charged on loans receivable is adjusted periodically in response to changing market and economic conditions among other factors. At December 31, 2021 and 2020, the base rates in place were 4.75% and 5.00%, respectively.

RSF also generates one-time origination fees ranging from 0.50% to 2.00% of the loan balance on new loans and upon the extension of the maturity date of existing loans. Net loan origination fees and costs are amortized to interest income over the contractual life of the loan using the effective interest method.

Donated services – RSF generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist RSF. The services of volunteers, while often significant in value, do not meet the criteria for financial statement recognition and, accordingly, are not presented in these accompanying consolidated financial statements.

Grants made – Grants are recognized when all significant conditions are met by grantees, all due diligence has been completed, and they are approved by management. Conditional grants are expensed and considered payable only in the period the conditions are substantially satisfied. There were no conditional grants for the years ended December 31, 2021 and 2020.

Functional expense allocation – The costs of RSF's various programs and other activities have been summarized on a functional basis in the accompanying consolidated statements of activities. Expenses directly identifiable with programs are charged to program services. Supporting services include overhead expenses not directly identifiable with programs but which provide for overall support and direction of RSF. Supporting service expenses were allocated among programs based on the estimated time spent on these functions by specific employees. RSF is not involved in the solicitation of contributions and, as such, no fundraising expenses are incurred.

Income taxes – RSF (excluding CMP) are qualified organizations exempt from federal and California income taxes under, respectively, (i) Section 501(c)(3) of the Internal Revenue Code ("IRC") as an organization described under Sections 509(a)(1) and 170(b)(1)(A)(vi) of the IRC with respect to RSF and Section 509(a)(3) of the IRC with respect to SIF and GCF and (ii) Section 23701d of the California Revenue and Taxation Code.

CMP pays both federal and state income tax on its taxable income. Income taxes are provided for the tax effect of transactions reported in the accompanying consolidated financial statements and consist of taxes currently due plus deferred taxes. Deferred taxes are recognized for differences between the basis of assets and liabilities for financial and income tax reporting purposes. The deferred tax assets and liabilities represent future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. A valuation allowance is established against deferred tax assets if, in management's opinion, it is more-likely-than-not that all or a portion of such deferred tax assets will not be fully realized.

U.S. GAAP prescribes recognition thresholds and measurement attributes for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Tax benefits will be recognized only if a tax position is more-likely-than-not sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized will be the largest amount of tax benefit that is greater than 50% likely being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax benefit will be recorded. Management has concluded that there are no tax benefits or liabilities to be recognized at December 31, 2021 and 2020.

RSF would recognize interest and penalties related to unrecognized tax benefits in interest and income tax expense, respectively. RSF has no amounts accrued for interest or penalties for the years ended December 31, 2021 and 2020. RSF does not expect the total amount of unrecognized tax benefits to significantly change in the next 12 months.

Recent accounting pronouncements – In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)* ("ASU 2016-02"), which requires, among other things, lessees to recognize a right-of-use asset and a lease liability for virtually all of their leases (other than leases that meet the definition of a short-term lease). The liability will be equal to the present value of lease payments. The asset will be based on the liability, subject to adjustment, such as for initial direct costs. For income statement purposes, the FASB retained the current dual model whereby leases are classified as either operating or finance. Operating leases will result in straight-line expense while finance leases will result in a front-loaded expense pattern. This is similar to the current income statement treatment for leases. ASU 2016-02 is effective for nonpublic entities for annual reporting periods beginning after December 15, 2021, with early adoption permitted. The new standard must be adopted using a modified retrospective transition and provides for certain practical expedients. Transition will require application of the new guidance at the beginning of the earliest comparative period presented. Management is currently evaluating the impact of adopting this guidance on RSF's financial statements.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13"). The standard will replace today's "incurred loss" model with a "current expected credit loss" ("CECL") model. The CECL model will apply to estimated credit losses on loans receivable, held-to-maturity debt securities, unfunded loan commitments, and certain other financial assets measured at amortized cost. The CECL model is based on lifetime expected losses, rather than incurred losses, and requires the recognition of credit loss expense in the consolidated statements of activities and a related allowance for credit losses on the consolidated statements of financial position at the time of origination or purchase of a loan receivable or held-to-maturity debt security. Likewise, subsequent changes in this estimate are recorded through credit loss expense and related allowance. The CECL model requires the use of not only relevant historical experience and current conditions, but reasonable and supportable forecasts of future events and circumstances, incorporating a broad range of information in developing credit loss estimates, which could result in significant changes to both the timing and amount of credit loss expense and allowance. Under ASU 2016-13, available-for-sale debt securities are evaluated for impairment if fair value is less than amortized cost. Estimated credit losses are recorded through a credit loss expense and an allowance, rather than a write-down of the investment. Changes in fair value that are not credit-related will continue to be recorded in other comprehensive income. The ASU also expands the disclosure requirements regarding assumptions, models, and methods for estimating the allowance for loan losses. In addition, entities will need to disclose the amortized cost balance for each class of financial asset by credit quality indicator, disaggregated by the year of origination. ASU 2019-10, *Financial Instruments—Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842): Effective Dates*, extended the effective date of ASU 2016-13. The effective date for nonprofit entities is for fiscal years beginning after December 15, 2022. Early adoption is permitted for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Entities will apply a modified retrospective approach through a cumulative-effect adjustment to net assets as of the beginning of the first reporting period in which the guidance is effective. While RSF believes that the change from an incurred loss model to a CECL model has the potential to increase the allowance for loan losses at the adoption date. The impact of the adoption of the amendments to RSF's consolidated financial position or consolidated statement of activities cannot be reasonably quantified at this time due to the complexity and extensive changes from these amendments. RSF is evaluating tools to forecast future economic conditions that affect the cash flows of loans over their respective terms. Management is currently evaluating the impact of adopting the guidance on RSF's consolidated financial statements.

NOTE 3 – LOANS RECEIVABLE, NET

As of December 31, 2021 and 2020, RSF's total loans receivable is summarized by loan category in the following table:

	2021	2020
Education and the arts	$ 52,416,871	$ 51,311,111
Food and agriculture	30,618,117	43,957,023
Climate and environment	11,855,864	12,613,460
	94,890,852	107,881,594
Less: allowance for loan losses	(6,181,426)	(5,643,940)
Total loans receivable	$ 88,709,426	$ 102,237,654

RSF extends credit to organizations that are mission related. Interest rates on newly originated loans ranged from 4.75% to 7.25% during 2021, and from 3.00% to 10.00% during 2020. RSF performs ongoing credit evaluations of borrowers, maintaining allowances for potential credit losses, when appropriate.

For certain extensions of credit, RSF may require collateral, based on its assessment of a borrower's credit risk. RSF holds various types of collateral, including real estate, accounts receivable, inventory, equipment, guaranties, and financial instruments. Collateral requirements for each borrower may vary according to the specific credit underwriting, terms and structure of loans funded immediately or under a commitment to fund at a later date.

Certain commitments are subject to loan agreements with covenants regarding the financial performance of the borrower or borrowing base formulas that must be met before RSF is required to fund the commitment. RSF uses the same credit policies in extending credit for unfunded commitments in funding loans. In addition, RSF manages the potential risk in credit commitments by limiting the total amount of arrangements, both by organizations and/or affiliates, by monitoring the size and maturity structure of these loans and by applying the same credit standards for all loan activities. Although RSF believes the related collateral to be adequate, there is no assurance that the underlying assets have sufficient value to fully collateralize the outstanding balances. As of December 31, 2021 and 2020, the contractual amount of the unfunded credit commitments was approximately $12,988,000 and $16,177,000, respectively.

Investors have the option to enter into a limited guaranty agreement with RSF whereby the investor noteholder pledges their investor note to cover potential loan losses in a specific focus area within the portfolio. In 2021 and 2020, RSF had in place approximately $5,293,000 and $6,286,000, respectively, in limited guaranties from investors to provide for additional coverage for possible loan losses.

Below is an analysis of the allowance for loan losses for the years ended December 31, 2021 and 2020:

	2021	2020
Balance, beginning of year	$ 5,643,940	$ 3,134,317
Provision for loan losses	385,598	1,837,703
Recoveries, net	151,888	671,920
Balance, end of year	$ 6,181,426	$ 5,643,940
Allowance for loan losses individually evaluated for impairment:		
Education and the arts	$ 1,870,848	$ 928,463
Food and agriculture	365,531	151,837
Climate and environment	115,320	-
Total	$ 2,351,699	$ 1,080,300
Allowance for loan losses collectively evaluated for impairment:		
Education and the arts	$ 3,829,727	$ 4,282,842
Food and agriculture	-	280,798
Total	$ 3,829,727	$ 4,563,640

As of December 31, 2021 and 2020, the allowance for loan losses associated with the following loans is estimated on an individually evaluated basis. The tables below summarize key information for all impaired loans. The recorded investment in impaired loans includes accrued interest, deferred fees, and deferred costs. Interest income recognized on a cash basis was not considered significant for separate disclosure.

	2021				
	Recorded Investment	Unpaid Principal Balance	Allowance for Loan Losses Allocated	Average Recorded Investment	Interest Income Recognized
With no related allowance recorded:					
Education and the arts	$ 7,885,947	$ 9,607,453	$ -	$ 9,805,268	$ 501,558
Food and agriculture	-	-	-	-	-
Climate and environment	166,231	166,231	-	173,377	-
Total	$ 8,052,178	$ 9,773,684	$ -	$ 9,978,645	$ 501,558
With an allowance recorded:					
Education and the arts	$ 4,853,848	$ 4,755,025	$ 1,870,848	$ 4,821,472	$ 230,327
Food and agriculture	505,793	507,960	365,531	507,793	23,629
Climate and environment	436,505	434,038	115,320	533,982	47,334
Total	$ 5,796,146	$ 5,697,023	$ 2,351,699	$ 5,863,247	$ 301,290

	2020				
	Recorded Investment	Unpaid Principal Balance	Allowance for Loan Losses Allocated	Average Recorded Investment	Interest Income Recognized
With no related allowance recorded:					
Education and the arts	$ 11,613,158	$ 13,161,620	$ -	$ 11,953,355	$ 673,346
Food and agriculture	148,687	147,705	-	193,393	12,348
Total	$ 11,761,845	$ 13,309,325	$ -	$ 12,146,748	$ 685,694
With an allowance recorded:					
Education and the arts	$ 4,996,393	$ 4,896,090	$ 928,463	$ 4,998,190	$ 165,881
Food and agriculture	238,240	236,988	151,837	297,217	18,325
Total	$ 5,234,633	$ 5,133,078	$ 1,080,300	$ 5,295,407	$ 184,206

Impaired loans are recorded at the lower of cost or fair value. The tables below present the balances of impaired loans measured at fair value at December 31, 2021 and 2020 on a nonrecurring basis.

	2021			
	Total	Level 1	Level 2	Level 3
Education and the arts	$ 2,983,000	$ -	$ -	$ 2,983,000
Food and agriculture	140,262	-	-	140,262
Climate and environment	321,185	-	-	321,185
Total	$ 3,444,447	$ -	$ -	$ 3,444,447

	2020			
	Total	Level 1	Level 2	Level 3
Education and the arts	$ 4,068,000	$ -	$ -	$ 4,068,000
Food and agriculture	86,402	-	-	86,402
Total	$ 4,154,402	$ -	$ -	$ 4,154,402

The following table presents loans by class, modified as troubled debt restructurings that occurred during the years ended December 31, 2021 and 2020:

	Number of Loans	Pre-modification Outstanding Recorded Investment	Post-modification Outstanding Recorded Investment
December 31, 2021			
Food and agriculture	6	$ 4,456,020	$ 4,456,020
Climate and environment	2	$ 436,505	$ 436,505
December 31, 2020			
Food and agriculture	2	$ 465,439	$ 465,439

The modifications of loan terms during the years ended December 31, 2021 and 2020, included lowering principal and interest payments and payment deferrals.

There were no troubled debt restructurings for which there was a payment default within 12 months following the modification during the years ended December 31, 2021 and 2020.

Loan concentrations may exist when there are amounts loaned to borrowers engaged in similar activities or similar types of loans extended to a diverse group of borrowers that would cause them to be similarly impacted by economic or other conditions. The concentration of loans to schools was approximately 35% and 27% at December 31, 2021 and 2020, respectively. Based on current economic conditions, schools may be subject to a drop in tuition revenue and/or state funding. RSF monitors the underlying economic or market conditions for these areas within their credit risk management process, including schools' financial health by reviewing reports submitted by the schools as required by their loan covenants, conducting site visits and staying in regular contact with the school administrators.

Management assesses the credit quality of its loans with a risk rating system, where loans are classified in the following categories: pass, watch, special mention, substandard, doubtful, and loss. The risk ratings reflect the relative strength of the sources of repayment.

Pass – These loans are generally considered to have sufficient sources of repayment in order to repay the loan in full in accordance with all terms and conditions. These borrowers may have some credit risk that requires monitoring, but full repayment is expected.

Watch or special mention – These loans are considered to have potential weaknesses that warrant close attention by management. Special mention may be a transitory grade and could include modified loans which are performing but retain this rating beyond six months. If any potential weaknesses are resolved, the loan is upgraded to a pass or watch grade. If negative trends in the borrower's financial status or other information is presented indicating that the repayment sources may become inadequate, the loan is downgraded to substandard.

Substandard – The loans are considered to have well-defined weaknesses that jeopardize the full and timely repayment of the loan. Substandard loans have a distinct possibility of loss if the deficiencies are not corrected. Additionally, when management has assessed a potential for loss but a distinct possibility of loss is not recognizable, the loan is still classified as substandard.

Doubtful – These loans have insufficient sources of repayment and a high probability of loss.

Loss – These loans are considered to be uncollectible and are, therefore, charged off.

These internal risk ratings are reviewed continuously and adjusted for changes in borrower status and the likelihood of loan repayment.

The following tables show the gross loan portfolio allocated by management's internal risk ratings at December 31, 2021 and 2020:

	2021			
	Credit Risk Profile by Internally Assigned Grade			
	Education and the Arts	Food and Agriculture	Climate and Environment	Total
Grade:				
Pass	$ 27,354,594	$ 22,383,992	$ 11,253,128	$ 60,991,714
Watch list/special mention	15,865,148	7,728,332	166,231	23,759,711
Substandard	2,168,277	-	-	2,168,277
Doubtful	7,028,852	505,793	436,505	7,971,150
Loss	-	-	-	-
Total	$ 52,416,871	$ 30,618,117	$ 11,855,864	$ 94,890,852

	2020			
	Credit Risk Profile by Internally Assigned Grade			
	Education and the Arts	Food and Agriculture	Climate and Environment	Total
Grade:				
Pass	$ 12,130,391	$ 15,767,300	$ 6,132,186	$ 34,029,877
Watch list/special mention	26,340,968	27,252,521	6,481,274	60,074,763
Substandard	5,436,276	698,962	-	6,135,238
Doubtful	7,403,476	238,240	-	7,641,716
Loss	-	-	-	-
Total	$ 51,311,111	$ 43,957,023	$ 12,613,460	$ 107,881,594

The following tables show an aging analysis of the loan portfolio by the time past due at December 31, 2021 and 2020:

	2021					
	30–89 Days Past Due	90 days and Still Accruing	Non-accrual	Total Past Due and Non-accrual	Current	Total
Education and the arts	$ -	$ -	$ 1,587,547	$ 1,587,547	$ 50,829,324	$ 52,416,871
Food and agriculture	-	-	-	-	30,618,117	30,618,117
Climate and environment	-	-	-	-	11,855,864	11,855,864
Total	$ -	$ -	$ 1,587,547	$ 1,587,547	$ 93,303,305	$ 94,890,852

	2020					
	30–89 Days Past Due	90 days and Still Accruing	Non-accrual	Total Past Due and Non-accrual	Current	Total
Education and the arts	$ -	$ -	$ 3,129,285	$ 3,129,285	$ 48,181,826	$ 51,311,111
Food and agriculture	-	-	-	-	43,957,023	43,957,023
Climate and environment	-	-	-	-	12,613,460	12,613,460
Total	$ -	$ -	$ 3,129,285	$ 3,129,285	$ 104,752,309	$ 107,881,594

NOTE 4 – INVESTMENTS AND FAIR VALUE MEASUREMENT

The tables below present the balances of assets measured at fair value at December 31, 2021 and 2020 on a recurring basis:

2021	Total	Level 1	Level 2	Level 3	Net Asset Value
Cash and cash equivalents	$ 69,408,584	$ 69,408,584	$ -	$ -	$ -
Corporate securities	5,535,590	5,535,590	-	-	-
Investments, held at NAV:					
Private debt funds	5,440,771	-	-	-	5,440,771
Private equity funds	5,024,004	-	-	-	5,024,004
Total	$ 85,408,949	$ 74,944,174	$ -	$ -	$ 10,464,775

2020	Total	Level 1	Level 2	Level 3	Net Asset Value
Cash and cash equivalents	$ 74,929,183	$ 74,929,183	$ -	$ -	$ -
Corporate securities	7,563,566	4,344,055	-	3,219,511	-
Investments, held at NAV:					
Private debt funds	5,045,788	-	-	-	5,045,788
Private equity funds	3,640,711	-	-	-	3,640,711
Total	$ 91,179,248	$ 79,273,238	$ -	$ 3,219,511	$ 8,686,499

RSF manages mission-related investments, excluding loans receivable, according to the RSF Investment Policy Statement. This policy establishes the overall investment objectives, social impact goals, and asset allocation and diversification parameters, due diligence requirements, performance management, and policy compliance management.

During the year ended December 31, 2021, $3,219,511 of corporate securities transferred out of Level 3 to Level 1. The underlying securities, Freshlocal Solutions (previously known as Sustainable Produce Urban Delivery, Inc. or "SPUD"), had an initial public offering ("IPO") on April 21, 2021, and the valuation method is now based on quoted prices in active markets for identical assets.

RSF's valuation of Freshlocal Solutions common stock uses the publicly available market price for their ticker (LOCL.TO) to calculate the value of shares held. RSF had a six-month lockout period restricting the sale of up to 50% of the shares, and was still under a lockout as of December 31, 2021, for the remaining 50% of the shares. This lockout period ends one year after the IPO date. No shares were sold during the year ended December 31, 2021. The method used to value the common stock prior to their IPO was a market approach method that derived the fair value by reference to observable valuation measures for comparable companies or assets such as performance metrics and last round of financing subject to a 40 - 50% liquidity discount. The fair value of SPUD common stock was $1,500,724 and $3,219,511 at December 31, 2021 and 2020, respectively. Subsequent to December 31, 2021, RSF wrote off the value of its investment in Freshlocal Solutions (see Note 13).

The investment objective of the Level 3 investments is to seek returns from socially responsible companies and allow for the investor to exit at the opportune time. These funds include direct equity and are intended to diversify the investment portfolio. There are no unfunded commitments in Level 3 investments as of December 31, 2021 or 2020.

Investments held at NAV are primarily comprised of investments in funds and limited partnerships. Fair value associated with these investments has been based on information provided by the individual fund managers. RSF used the NAV per share (or its equivalent) to estimate the fair value of these alternative investments.

The investment nature of the alternative investments as of December 31, 2021, for which fair value is based on NAV is as follows:

	Fair Value	Unfunded Commitments
Private Debt Funds	$ 5,440,771	$ -
Private Equity Funds	5,024,004	465,250
Total	$ 10,464,775	$ 465,250

Funds – RSF invests in two categories of funds. The first category consists of private debt funds that represent a diverse portfolio of industries and geographies. These funds invest in U.S. and non-U.S. debt instruments of privately held companies. Over 50% of these positions have monthly liquidity with a 30-day redemption notice period required, or shorter. The second category consists of private equity funds that represent a diversified group of select, primarily domestic, private equity, and venture capital limited partnerships. These investments are not generally eligible for redemption.

For investments for which there is no active market, generally referred to as “alternative investments”, fair values are initially based on valuations determined by using audited NAVs as of their most recent audited financial statements, adjusted for cash receipts, cash disbursements, and other anticipated income or loss through year end.

RSF endeavors to ensure that the fair values of the financial instruments reported in the consolidated financial statements are appropriate and determined on a reasonable basis.

While RSF believes its valuation methods are appropriate and consistent with those used by other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date. Those estimated values may differ significantly from the values that would have been used had a readily available market for such assets existed, or had such assets been liquidated, and these differences could be material to the consolidated financial statements.

NOTE 5 – LIQUIDITY AND FUNDS AVAILABLE

The following table reflects RSF's financial assets as of December 31, 2021 and 2020, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year or when held for others. Financial assets available to meet cash needs for general expenditures within one year as of December 31, 2021 and 2020:

	2021	2020
Financial assets:		
Cash and cash equivalents	$ 54,153,844	$ 44,024,905
Mission-related loans and investments:		
Loans receivable, net of allowance for loan losses	88,709,426	102,237,654
Investments, fair value	85,408,949	91,179,248
Investments, held at cost	10,913,211	8,960,315
Total financial assets	239,185,430	246,402,122
Less those unavailable for general expenditure within one year, due to:		
Principal receivable from loans after December 31,	67,049,099	78,615,930
Illiquid investments, fair value	85,408,949	91,179,248
Illiquid investments, held at cost	10,913,211	8,960,315
Board designated operating reserve account	2,852,743	4,946,750
Net assets with donor restrictions	308,653	582,105
Financial assets available to meet cash needs for general expenditures within one year	$ 72,652,775	$ 62,117,774

Illiquid investments in the table above are donor advised funds and are not available for general expenditures.

In addition to the financial assets available in the table above, RSF had approximately $5,293,000 in limited loan guaranties as of December 31, 2021. Management structures RSF's financial assets to be available for general expenditures, including RSF investor notes payable redemptions and borrower draws on lines of credit, liabilities, and other obligations as they come due.

NOTE 6 – NOTES PAYABLE

Investor notes payable – Investor notes payable consist of funds received by RSF from individuals, organizations, and/or corporations that would like to support mission-related projects.

Investor notes payable are carried at historical cost, which includes the total value of the principal investments plus accrued interest. Under ASC 825, *Financial Instrument* ("ASC 825"), the fair value of these notes is equal to the amount payable on demand at the measurement date.

At December 31, 2021 and 2020, RSF had unsecured investor notes payable totaling $125,260,696 and $138,293,671, respectively, with effective interest rates of 0.25% and 0.50%, respectively. Upon renewal, the principal amount of the note will include any elected reinvested quarterly interest.

Investor notes payable have a three-month renewable term and upon maturity these notes automatically renew unless RSF receives a request from the investors for repayment before the maturity date. RSF's management observes that the average term of an active investor is 9.8 years and that over the past three years only an average of 10% of total investor notes payable have been withdrawn annually by investors.

In the event that requests for note repayments are in excess of management's expectations, management is able to fund these requests by utilizing available cash and cash equivalents, proceeds from selling investments, and through additional borrowings available from RSF.

Other notes payable – Other notes payable consists of notes with maturities greater than one year. Other notes payable comprised the following notes for the years ended December 31 2021 and 2020. All unpaid principal balance and accrued interest are due upon maturity.

Issued	Original Principal Amount	Maturity Date	Interest Rate	Outstanding Balance, December 31, 2021	Outstanding Balance, December 31, 2020
December 2016	$ 8,000,000	December 2026	1.00%	$ 8,000,000	$ -
June 2019	$ 2,671,807	June 2022	2.50%	-	2,671,807
May 2019	$ 310,000	May 2022	2.00%	-	310,000
January 2019	$ 500,000	December 2021	2.25%	-	500,000
October 2019	$ 2,000,000	October 2022	2.50%	-	500,000
				$ 8,000,000	$ 3,981,807

Other notes payable is carried at historical cost, which includes the total value of the principal investments plus accrued interest. Under the ASC 825, the fair value of these notes is equal to the amount payable on demand at the measurement date.

In April 2020, RSF was granted a loan under the Paycheck Protection Program offered through the Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), for $858,100 with a maturity date of April 21, 2022. The loan bears interest at 1% with no payments for the first 6 months. The loan was subject to partial or full forgiveness if RSF used all proceeds for eligible purposes; maintained certain employment levels; and maintained certain compensation levels in accordance with and subject to the CARES Act and rules, regulations, and guidance. The loan was forgiven in full in November 2020.

NOTE 7 – INCOME TAXES

Income taxes pertaining to CMP for December 31, 2021 and 2020 are provided for the tax effects of transactions reported in the accompanying consolidated financial statements, and consist of taxes currently due plus or minus deferred taxes. Deferred taxes relate primarily to temporary differences in loan losses, unrealized gains and losses, depreciation and amortization, certain accrued expenses, and net operating loss carryforwards. The deferred taxes represent the future tax consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled.

The provision for (benefit from) income taxes consisted of the following for the years ended December 31, 2021 and 2020:

	2021	2020
Current:		
Federal	$ -	$ -
State	800	1,600
Total current tax provision	800	1,600
Deferred:		
Federal	-	(2,819)
State	-	(2,747)
Total deferred tax benefit	-	(5,566)
Change in valuation allowance	(800)	3,966
Provision for income taxes	$ 800	$ 1,600

Deferred tax assets (liabilities) are comprised of the following at December 31, 2021 and 2020:

	2021	2020
Deferred tax assets:		
Net operating losses	$ 693,000	$ 697,000
Gross deferred tax assets	693,000	697,000
Valuation allowance	-	(4,000)
Total deferred tax assets	693,000	693,000
Deferred tax liabilities	(693,000)	(693,000)
Total deferred tax assets	$ -	$ -

At December 31, 2021 and 2020, CMP had $2,490,755 and $2,505,327 of federal net operating loss carryforwards, respectively. At December 31, 2021 and 2020, CMP had $2,428,332 and $2,441,304 of state net operating loss carryforwards, respectively. These federal and state net operating loss carryforwards expire beginning in 2028 for net operating losses generated 2017, and before, and carried-forward indefinitely for those generated from 2018 to 2021.

Certain activities not directly related to RSF and SIF’s tax-exempt purposes are treated as unrelated business income, subject to federal and California corporate income taxes. For the years ended December 31, 2021 and 2020, federal and state income taxes on unrelated business income were not material.

NOTE 8 – NET ASSETS

Net assets without donor restrictions are the portion of net assets that have no use or time restrictions. This classification also includes reserves designated by the Board of Directors to be used to support day-to-day operations in the event of unforeseen shortfalls, to cover losses in the RSF Social Investment Fund and RSF Social Finance loan portfolios, and to pay for expenditures to build long-term capacity or infrastructure.

As of December 31, 2021 and 2020, net assets without donor restrictions consist of the following board-designated reserves:

	2021	2020
Board-designated operating reserve account	$ 2,852,743	$ 4,946,750

Contributions received by RSF with restrictions are related to donor-imposed time or purpose restrictions. As of December 31, 2021 and 2020, net assets with donor restrictions consist of the following:

	2021	2020
Donor-restricted funds for RSF Shared Risk Program	$ 50,000	$ 50,000
Donor-restricted funds for RSF Revolving Capital Permanent Fund	100,000	100,000
Donor-restricted funds for Crisis Response Fund	24,478	297,930
Other donor restricted funds	134,175	134,175
Total	$ 308,653	$ 582,105

Net assets with donor restrictions are released from their restrictions once the time or purpose restriction is satisfied as specified by the donor.

Net assets released from donor restrictions were $273,452 and $0 for the years ended December 31, 2021 and 2020, respectively.

NOTE 9 – COMMITMENTS

As of December 31, 2021, RSF has the following commitments:

Lease – RSF leased an office facility in San Francisco, California under a noncancelable operating lease through May 2021. Effective September 1, 2020, the operating lease required minimum monthly rental payments of $25,518 subject to annual increases based on defined increases in the Department of Labor's Bureau of Labor Statistics Consumer Price Index. In addition to minimum rental payments, the lease agreement provided for percentage rents based on tenant operating expenses exceeding stated amounts.

Rent expense under the operating lease totaled approximately $0 and $127,000 for the years ended December 31, 2021 and 2020, respectively.

NOTE 10 – RELATED-PARTY TRANSACTIONS

Investments – RSF's investments consist of investments of which certain members of the Board of Directors are either board members of these companies and/or serve in an advisory capacity for certain members of the limited liability companies/nonprofit organizations.

Cash and cash equivalents – RSF has deposit accounts with Amalgamated Bank. Mark Finser, RSF Board Member and former RSF Board Chair, is a director of Amalgamated Bank. The balances of the accounts were approximately $5,018,000 and $7,330,000 at December 31, 2021 and 2020, respectively.

Note receivable – On June 3, 2015, CMP entered into a Split-Dollar Loan Agreement (the "Loan Agreement") with one of its key employees ("Employee") pursuant to which CMP agreed to make seven interest bearing, nonrecourse $200,000 loans ("Split Dollar Loans") to Employee over seven years. $200,000 was funded in each year beginning in 2015. The interest rate on the first Split Dollar Loan was 2.50% and the interest rate on the remaining Split Dollar Loans were set at the Applicable Federal Rate per Treas. Reg. Section 1.7872-15(e)(4)(ii) on the date such Split Dollar Loans were funded. On September 30, 2018, upon the no-cause termination of Employee's contract, CMP was released from further obligation to make additional Split Dollar Loans. Accordingly, the first Split Dollar Loan was made to Employee on June 3, 2015, and subsequent Split Dollar Loans were made on or about May 12th of 2016 to 2018, for a total of $800,000 in Split Dollar Loans. Each Split Dollar Loan was (1) made in the form of a premium payment to John Hancock Life Insurance Company to fund a life insurance policy (the "Policy") with a face amount of $2,981,078 on the life of Employee, and (2) evidenced by a Promissory Note for Split Dollar Loan executed by Employee in favor of CMP.

The Split Dollar Loans fund all of the planned premiums for the Policy and are secured by a Collateral Assignment of Life Insurance Policy pursuant to which Employee assigned CMP an interest on the Policy, which provides that in the event of the death of Employee, the termination or surrender of the Policy, or the termination of the Loan Agreement, CMP is entitled to receive from the proceeds of the Policy the cumulative balance of principal and interest then owing on the Split Dollar Loans. The Loan Agreement is structured as nonrecourse in that should the Split Dollar Loans' aggregate principal and interest balance exceed the proceeds from death benefit, surrender or other settlement of the Policy, Employee would not be obligated to repay CMP for the excess. Therefore, the asset carried by CMP is limited to the cash surrender value of the Policy, which was $818,760 and $688,976 as of December 31, 2021 and 2020, respectively, and is included in prepaid expense and other assets on the consolidated statements of financial position.

NOTE 11 – RETIREMENT PLAN

RSF has established a defined contribution plan and a retirement annuity money purchase plan covering all RSF full-time employees. RSF's contribution to (the "Plan") was a flat rate of $2,500 per employee for the years ended December 31, 2021 and 2020. For the years ended December 31, 2021 and 2020, RSF contributed approximately $46,000 and $72,000, respectively, to the retirement plan.

NOTE 12 – RISKS AND UNCERTAINTIES

Concentration of credit risk – Financial instruments, which potentially subject RSF to concentration of credit risk, consist principally of cash and cash equivalents with high credit quality financial institutions, investments, and loans receivable. These instruments are also subject to other market risk conditions such as interest rate risk, equity market risks and their implied volatilities, mortgage risks, and market liquidity and funding risks.

Cash and cash equivalents on deposit with financial institutions are guaranteed by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000 for all interest and non-interest bearing cash accounts at all FDIC-insured financial institutions and/or by the Securities Investor Protection Corporation ("SIPC") as of December 31, 2021 and 2020. At various times during 2021 and 2020, RSF had cash balances in excess of the insured limits. RSF has not experienced any losses in such accounts and believes they are not exposed to any significant credit risk to cash.

Investments are exposed to various risks, such as interest rate, market, and credit risk. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and such changes could materially affect total net assets and the amounts reported in the consolidated statements of financial position.

Impact from novel coronavirus ("COVID-19") outbreak – In March 2020, the World Health Organization declared the COVID-19 outbreak a public health emergency. Subsequent to the declaration of the pandemic, a variety of federal, state, and local governments have taken actions in response to the pandemic, which have ranged by jurisdiction, but are generally expected to result in a variety of negative economic consequences, the scope of which are not currently known or quantifiable. In addition, the Federal Open Market Committee of the United States Federal Reserve System lowered the federal funds target rate by 1.50%, reduced the rate for discount window loans, and took other actions to promote the stability of the financial system.

The duration and intensity of the impact of the COVID-19 and resulting impact on the RSF is unknown. A broad-based reduction in interest rates may reduce RSF's interest income and/or net interest margin, may result in increased prepayments of mortgage loans, and may cause investors to redeem notes, thereby impacting RSF's liquidity. A reduction in economic output or a recession in the U.S. economy, both of which appear probable as a result of the pandemic, may also result in a decreased valuation of investments held by RSF.

NOTE 13 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the consolidated statement of financial position date, but before the consolidated financial statements are available to be issued. RSF recognizes in the consolidated financial statements the effects of all significant subsequent events that provide additional evidence about conditions that existed at the date of the consolidated statement of financial position, including the estimates inherent in the process of preparing the consolidated financial statements.

Effective March 3, 2022, RSF changed its name from Rudolf Steiner Foundation, Inc. to RSF Social Finance, Inc.

RSF owns shares in Freshlocal Solutions valued at $633,540, which are included in investments, fair value on the statement of financial position. As of May 19, 2022, RSF became aware that Freshlocal Solutions entered into bankruptcy protection. RSF believes that the likelihood of recovering the value of the investment is low and has written off the full value of the investment in 2022.

RSF evaluated subsequent events through May 31, 2022, the date the consolidated financial statements were available to be issued and have determined that there are no subsequent events that require additional disclosure.