Report of Independent Auditors and
Financial Statements

RSF Social Investment Fund, Inc.
(an affiliate of RSF Social Finance)

December 31, 2023, 2022, and 2021

Table of Contents

Report of Independent Auditors

The Board of Directors
RSF Social Investment Fund, Inc.
(an affiliate of RSF Social Finance)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of RSF Social Investment Fund, Inc., which comprise the statements of financial position as of December 31, 2023, 2022, and 2021, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of RSF Social Investment Fund, Inc., as of December 31, 2023, 2022, and 2021, 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 (U.S. GAAP).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (U.S. 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 RSF Social Investment Fund, Inc., 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.

Emphasis of Matter

As discussed in Note 2 to the financial statements, in the year ended December 31, 2023, RSF Social Investment Fund, Inc. adopted new accounting guidance Accounting Standards Update 2016-13 *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about RSF Social Investment Fund, Inc.'s ability to continue as a going concern within one year after the date that the 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 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 U.S. 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 financial statements.

In performing an audit in accordance with U.S. 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 RSF Social Investment Fund, Inc.'s 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 RSF Social Investment Fund, Inc.'s 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
April 22, 2024

Financial Statements

RSF Social Investment Fund, Inc.
(an affiliate of RSF Social Finance)
Statements of Financial Position
December 31, 2023, 2022, and 2021

	2023	2022	2021
ASSETS			
Cash and cash equivalents	$ 13,680,937	$ 44,588,154	$ 47,108,495
Loans receivable, net of allowance for credit losses of $6,002,967, $5,981,965, and $6,103,614 as of December 31, 2023, 2022, and 2021, respectively	100,748,091	89,234,746	87,520,671
Investments	15,488,252	-	713,895
Advances to related parties, net	8,073,980	9,071,540	12,086,761
Prepaid and other assets	9,244	2,149	25,341
Total assets	$ 138,000,504	$ 142,896,589	$ 147,455,163
LIABILITIES AND NET ASSETS			
LIABILITES			
Accounts payable and accrued expenses	$ 5,158,765	$ 2,066,968	$ 3,825,577
Investor notes payable	110,612,992	120,994,762	123,994,810
Other notes payable	9,002,513	8,000,000	8,000,000
Total liabilities	124,774,270	131,061,730	135,820,387
NET ASSETS			
Net assets without donor restrictions:			
Crisis Response Fund	-	-	24,478
Undesignated net assets	13,226,234	11,834,859	11,610,298
Total net assets	13,226,234	11,834,859	11,634,776
Total liabilities and net assets	$ 138,000,504	$ 142,896,589	$ 147,455,163

See accompanying notes.

RSF Social Investment Fund, Inc.
(an affiliate of RSF Social Finance)
Statements of Activities
Years Ended December 31, 2023, 2022, and 2021

	2023	2022	2021
WITHOUT DONOR RESTRICTIONS			
REVENUES, GAINS, AND OTHER SUPPORT			
Interest on loans and investment income:			
Interest and fees - loans receivable	$ 5,758,076	$ 4,927,815	$ 5,883,365
Interest - related-party notes receivable	276,150	220,154	237,839
Investment income (loss), net	543,791	(578,983)	(717,964)
Net interest on loans and investment income	6,578,017	4,568,986	5,403,240
Gifts and contributions:			
Contributed financial assets	-	-	13,524
Total revenues, gains, and other support	6,578,017	4,568,986	5,416,764
EXPENSES			
Program services:			
Interest expense - investor notes payable	999,414	494,674	939,428
Provision for credit loss	-	-	683,672
Personnel costs	2,300,416	1,976,789	1,837,277
Consultants	67,022	37,450	31,236
Legal, accounting, and audit expenses	225,183	371,643	266,704
Travel expenses	41,919	12,881	1,699
Marketing expenses	57,676	48,283	34,279
Other expenses	284,132	402,451	405,577
Total program services	3,975,762	3,344,171	4,199,872
Supporting services:			
Management and general expenses	1,126,161	1,024,732	921,395
Total expenses	5,101,923	4,368,903	5,121,267
CHANGES IN NET ASSETS	1,476,094	200,083	295,497
NET ASSETS, beginning of year			
Adjustments to beginning net assets for adoption of ASU 2016-13	(84,719)		
Adjusted net assets, beginning of year	11,750,140	11,634,776	11,339,279
NET ASSETS, end of year	$ 13,226,234	$ 11,834,859	$ 11,634,776

See accompanying notes.

RSF Social Investment Fund, Inc.
(an affiliate of RSF Social Finance)
Statements of Cash Flows
Years Ended December 31, 2023, 2022, and 2021

	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Changes in net assets	$ 1,476,094	$ 200,083	$ 295,497
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:			
Provision for credit loss	(21,002)	-	683,672
Unrealized (gain) loss on investments	(330,754)	713,895	763,921
Changes in operating assets and liabilities:			
Prepaid expenses and other assets	(7,095)	23,192	92,404
Accounts payable and accrued expenses	3,091,797	(1,758,609)	2,534,596
Net cash provided by (used in) operating activities	4,209,040	(821,439)	4,370,090
CASH FLOWS FROM INVESTING ACTIVITIES			
Net loan (originations) principal collections	(11,577,062)	(1,714,075)	11,911,577
Net collections (originations) on advances to related parties	997,560	3,015,221	(437,349)
Purchase of investments	(15,157,498)	-	-
Net cash (used in) provided by investing activities	(25,737,000)	1,301,146	11,474,228
CASH FLOWS FROM FINANCING ACTIVITIES			
Net payments on investor notes payable	(10,381,770)	(3,000,048)	(11,824,048)
Net proceeds from other notes payable	1,002,513	-	4,018,193
Net cash used in financing activities	(9,379,257)	(3,000,048)	(7,805,855)
NET CHANGES IN CASH AND CASH EQUIVALENTS	(30,907,217)	(2,520,341)	8,038,463
CASH AND CASH EQUIVALENTS, beginning of year	44,588,154	47,108,495	39,070,032
CASH AND CASH EQUIVALENTS, end of year	$ 13,680,937	$ 44,588,154	$ 47,108,495
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION			
Cash paid during the year for interest	$ 767,587	$ 581,092	$ 743,436

See accompanying notes.

Note 1 – Organization

RSF Social Investment Fund, Inc. (SIF) was incorporated in July 2000 and started doing business on April 27, 2004, as a nonprofit public benefit organization. SIF was created as an affiliate RSF Social Finance (RSF) with two primary objectives: to fund loans to mission-driven and mission-related organizations. RSF supports SIF's charitable mission by providing a way for investors to fund mission-related social enterprises. SIF intends to use investor funds to make loans to a broad range of projects in the fields of sustainable agriculture, education and the arts, and climate and environment.

Effective March 3, 2022, SIF's parent company, RSF, changed its name from Rudolf Steiner Foundation, Inc. to RSF Social Finance, Inc.

Note 2 – Summary of Significant Accounting Policies

Basis of presentation – The 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).

U.S. GAAP requires that SIF reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions, which represent the expendable resources that are available to support the operations of SIF at management's discretion; and net assets with donor restrictions, which represent resources whose use is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled or otherwise removed by actions of SIF. There were no net assets with donor restrictions as of December 31, 2023, 2022, and 2021.

Use of estimates – In preparing 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the allowance for credit losses and fair value measurement. Actual results could differ from those estimates.

Cash and cash equivalents – SIF considers all highly-liquid investments with an initial maturity of three months or less when purchased to be cash equivalents.

Loans receivable – These consist of mission-related loans made by SIF 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. SIF has the ability and intent to hold the loans for the foreseeable future. While loans receivable are categorized by type for disclosure purposes, management believes that each category has a similar risk of repayment (see Note 3).

Allowance for Credit Losses on Loans – The allowance for credit losses on loans is a valuation account that is deducted from the loans' amortized cost basis to present the net amount expected to be collected on the loans. Loans are charged off against the allowance when management believes the uncollectibility of a loan balance is confirmed and recoveries are credited to the allowance when received. In the case of recoveries, amounts may not exceed the aggregate of amounts previously charged off.

Management utilizes relevant available information, from internal and external sources, relating to past events, current conditions, historical loss experience, and reasonable and supportable forecasts. Historical credit loss experience provides the basis for the estimation of expected credit losses. Adjustments to historical loss information are made for differences in the current loan-specific risk characteristics such as differences in underwriting standards, portfolio mix, delinquency level, or term as well as for changes in environmental conditions, such as changes in unemployment rates, property values, or other relevant factors.

Accrued interest receivable is included in loans receivable on the statements of financial position and is included in the estimate of credit losses for loans.

On January 1, 2023, SIF adopted Accounting Standards Update (ASU) 2016-13 *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. Since adoption, the allowance for credit losses is measured on a collective (pool) basis when similar risk characteristics exist. SIF has identified the following portfolio segments and measures the allowance for credit losses using the following methods: Commercial and Industrial (C&I), and Commercial Real Estate Non-Farming Non-Residential Mortgage (CRE) using the discounted cash flow method.

Loans that do not share risk characteristics are evaluated on an individual basis. Loans evaluated individually are not also included in the collective evaluation. When management determines foreclose is probable or when the borrower is experiencing financial difficulty at the reporting date and repayment is expected to be provided substantially through the operation or sale of the collateral expected credit losses are based on the fair value of the collateral at the reporting date, adjusted for selling costs.

SIF evaluates and assigns a risk grade to each loan based on certain criteria to assess the credit quality of each loan. The assignment of a risk rating is done for each individual loan. Loans are graded from inception and on a continuing basis until the debt is repaid. Any adverse or beneficial trends will trigger a review of the loan risk rating. Each loan is assigned a risk grade based on its characteristics. Loans with low to average credit risk are assigned a lower risk grade than those with higher credit risk as determined by the individual loan characteristics. See Note 3 of the Notes to the Financial Statements for loan risk rating definition.

Loans that experience insignificant payment delays and payment shortfalls generally are not classified as individually evaluated. 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.

When the discounted cash flow method is used to determine the allowance for credit losses, management does not adjust the effective interest rate used to discount expected cash flows to incorporate expected prepayments.

Expected credit losses are estimated over the contractual term of loans, adjusted for expected prepayments when appropriate. The contractual term excludes expected extensions, renewals, and modifications unless either of the following applies: management has a reasonable expectation at the reporting date than an extension or renewal option are included in the original or modified contract at the reporting date and are not unconditionally cancellable by SIF.

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 credit losses and take the recovered amount back into income.

Nonaccrual loans – Generally, loans are placed on nonaccrual status when one or more of the following occurs:

1. The scheduled loan payment becomes 90 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.

When placed on nonaccrual, SIF reverses the recorded unpaid interest, and any subsequent payments shall be applied first to principal. Loans placed on nonaccrual are generally deemed individually evaluated.

Loans may be returned to accrual status when one 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 six-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.

All loans with a delinquent status of 90 days are classified as substandard and placed on nonaccrual status.

Loan modifications – On January 1, 2023, SIF adopted ASU 2022-02, *Financial Instruments – Credit Losses (Topic 326): Troubled Debt restructurings and Vintage Disclosures*. These amendments eliminate the TDR recognition and measurement guidance and, instead, require that an entity evaluate (consistent with the accounting for the other loan modifications) whether the modification represents a new loan or continuation of an existing loan.

Allowance for credit losses on unfunded commitments – SIF maintains a separate allowance for losses related to off-balance-sheet exposures. Management estimates the amount of probable losses by applying a loss factor and utilization assumptions to the available portion of undisbursed lines of credit. This allowance of $84,719, is included in accounts payable and accrued expenses on the statement of financial position at December 31, 2023. There was no allowance related to undisbursed lines of credit for the years ended December 31, 2022 and 2021.

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 are 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 an organization’s own assumptions and may include significant management judgment and estimation.

SIF uses the following methods and significant assumptions to estimate fair value:

Individually evaluated loans – SIF does not record loans at fair value on a recurring basis. Loans for which it is probable that payment of interest and principal will not be made in accordance with the contractual terms of the loan agreement are placed on nonaccrual and individually evaluated. The fair value of individually evaluated loans is estimated using one of several methods, including collateral value, market value of similar debt, enterprise and liquidation value and discounted cash flows. Those loans not requiring an allowance for credit losses represent loans for which the fair value of the expected repayments or collateral exceed the recorded investments in such loans. When the fair value of the collateral is based on an observable market price or a current appraised value which uses substantially observable data, SIF records the individually evaluated loan as nonrecurring Level 2. When an appraised value is not available or management determines the fair value of the collateral is below the appraised value or the appraised value contains a significant assumption and there is no observable market price, SIF records the individually evaluated loan as nonrecurring Level 3.

Prior to the adoption of ASU 2016-13, loans were considered impaired when, based on current information and events, it was probable SIF would be unable to collect all amounts due in accordance with the original contractual terms of the loan agreements. Impaired loans were recorded at the lower of cost or fair value and thus were subject to fair value adjustments on a nonrecurring basis. The fair value of impaired loans with specific allocations of the allowance for loan losses was generally based on recent real estate appraisals, less estimated selling costs, if the loan is collateral-dependent. Generally, a 10% discount was 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 were usually significant and typically result in a Level 3 classification of the inputs for determining fair value. Non-real-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.

Corporate securities – In May 2022, SIF's holdings of Freshlocal Solutions were fully written off after having a discussion with their management and their subsequent filing for the Canadian equivalent of Bankruptcy. This resulted in a realized loss of $713,895. In 2021, SIF's valuation of Freshlocal Solutions (previously known as Sustainable Produce Urban Delivery, Inc., or SPUD) common stock used the publicly available market price for their ticker (LOCL.TO) to calculate the value of shares held. Freshlocal Solutions had an initial public offering (IPO) on April 21, 2021. SIF 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 ended 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.

Investments are reported at fair value based on quoted price. Net appreciation (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 expenses, is reported in the statements of activities. Investment income (loss) is reported as an increase (decrease) in net assets without donor restrictions, unless there are donor-imposed restrictions on the use of the income.

Notes payable – Notes payable are liabilities consisting of both investor notes and another loan facility made to SIF by individuals and organizations for specified periods, depending on the terms of the agreements with the other parties. SIF is able to achieve its mission in part due to the low-cost, long-term borrowing programs provided by government agencies, credit unions, banks, and other private parties. The borrowing arrangements often include below-market interest rates, a waiver on loan fees, limited collateral requirements, and extended terms for eventual repayment. Access to favorable financing programs is a significant benefit for SIF and allows SIF, as a small business lending intermediary, to pass along the cost savings from these favorable borrowing structures to the ultimate recipients: SIF's customers. No attempt has been made to account for or report on the economic benefits associated with these favorable borrowing arrangements since the intent is to pass the reduced interest costs through to the end recipient. Management believes the associated economic benefit, when offset by the benefit passed along to end recipient borrowers, is not significant to SIF's net assets at December 31, 2023, 2022, and 2021, or to changes in net assets for the years then ended.

Revenue recognition – SIF's revenue is derived from interest and dividends earned on loans, investment securities, and other financial instruments that are not within the scope of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 606, *Revenue from Contracts with Customers* (ASC 606).

Gifts and contributions are recognized as revenue when received or unconditionally promised and are recorded as with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified as net assets without donor restrictions upon satisfaction of the time or purpose restrictions. Support that is restricted by the donor 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 support with donor restrictions are 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), restricted net assets are reclassified to net assets without donor restrictions and reported in the accompanying statements of activities as net assets released from restrictions.

Contract and grant revenues are recognized in accordance with ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Contract and grant revenues are considered to be a conditional contribution and the contribution is recognized as the performance obligation is satisfied or at the end of the service period. The performance obligation is met when services are performed and/or when expenses are incurred.

Interest and fee income – Most of SIF'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, 2023, 2022, and 2021, the base rate in place was 6.00%, 4.50%, and 4.75%, respectively. Interest on loans is calculated and accrued daily using the simple interest method based on the daily amount of principal outstanding. Generally, loans with temporarily impaired values and loans to borrowers experiencing financial difficulties are placed on nonaccrual even though the borrowers continue to repay the loans as scheduled.

Functional expense allocation – The costs of SIF's various programs and other activities have been summarized on a functional basis in the accompanying 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 SIF, such as personnel costs. Expenses are allocated to SIF based on a determination of time and resources spent specifically on social enterprise lending activities. The percentage of expenses allocated has ranged from 10% to 90% of individual departmental expenses. There were no fundraising expenses incurred during the years ended December 31, 2023, 2022, and 2021.

Income taxes – SIF is a qualified organization exempt from federal and California income taxes as an organization described under the provisions of Internal Revenue Code (IRC) Sections 501(c)(3) and 509(a)(3), and Section 23701d of the California Revenue and Taxation Code.

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, 2023, 2022, and 2021.

SIF would recognize interest and penalties related to unrecognized tax benefits in interest and income tax expense, respectively. SIF has no amounts accrued for interest or penalties for the years ended December 31, 2023, 2022, and 2021. SIF does not expect the total amount of unrecognized tax benefits to significantly change in the next 12 months.

Reclassifications – Certain prior year amounts were reclassified to conform to the current year presentation.

Recent accounting pronouncements – On January 1, 2023, SIF adopted ASU 2016-13*: Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current loss (CECL) methodology. The measurement of expected credit losses under the CECL methodology is applicable to financial assets measured at amortized cost, including loan receivables and held-to-maturity debt securities. It also applies to off-balance sheet credit exposures not accounted for as insurance (loan commitments, standby letters of credit, financial guarantees, and other similar instruments) and net investments in leases recognized by a lessor in accordance with Topic 842 on leases. Additionally, ASC Topic 326 made changes to the accounting for available-for-sale debt securities. One such change is to require credit losses to be presented as an allowance rather than as a write-down on available-for-sale debt securities management does not intend to sell or believes that it is more likely than not they will not be required to sell.

SIF adopted ASC 326 using the modified retrospective method for all financial assets measured at amortized cost, and off-balance-sheet credit exposures. Results for reporting periods beginning after January 1, 2023, are presented under ASC 326, while prior amounts continue to be reported in accordance with previously applicable U.S. GAAP. The adoption resulted in no change to our allowance for credit losses on loans, an increase of $84,719 to our allowance for unfunded commitments.

The following table illustrates the impact on the allowance for credit losses from the adoption of ASC 326:

	January 1, 2023		
	As Reported Under ASC 326	Pre-ASC 326 Adoption	Impact of ASC 326 Adoption
Assets:			
Loans			
C&I	954,707	875,332	79,375
CRE	2,242,101	2,834,111	(592,010)
Unallocated	2,785,157	2,272,522	512,635
Allowance for credit losses on loans	5,981,965	5,981,965	-
Liabilities:			
Allowance for credit losses on off-balance-sheet credit exposures	84,719	-	84,719
Actual allowance balance at January 1, 2023	6,066,684	5,981,965	84,719

Note 3 – Loans Receivable and Allowance for Credit Losses

SIF's disclosures below reflect the changes made in 2023 to conform with the adoption of ASC 326, *Financial Instruments – Credit Losses*, using the modified retrospective approach. Accordingly, prior period was not modified to conform to the current period presentation.

As of December 31, 2023, 2022, and 2021, SIF's total loans receivable are summarized by loan category in the following table:

	2023	2022	2021
C&I	$ 47,031,275	$ 38,056,234	$ 28,720,580
CRE	59,719,783	57,160,477	64,903,705
Gross loans outstanding	106,751,058	95,216,711	93,624,285
Allowance for credit losses	(6,002,967)	(5,981,965)	(6,103,614)
Total loans outstanding and allowance for credit loses	$ 100,748,091	$ 89,234,746	$ 87,520,671

As of December 31, 2023, there was accrued interest receivable of $527,739 included in loans receivable, net of allowance for credit losses of approximately $19,000 on the statement of financial position.

SIF extends credit to organizations that are mission-related and/or mission-driven. Interest rates offered on newly originated loans ranged from 5.00% to 7.25% during 2023, from 3.05% to 8.10% during 2022, and from 4.75% to 7.25% during 2021. Loans generally have one-to five-years terms and are fully secured by business inventory and/or other assets and personal guaranties. SIF performs ongoing credit evaluations of its borrowers, maintaining allowances for potential credit losses, when appropriate.

For certain extensions of credit, SIF may require credit enhancements, based on its assessment of a borrower's credit risk. SIF holds various types of collateral including real estate, accounts receivable, inventory, equipment, guarantees, 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 SIF is required to fund the commitment. SIF uses the same credit policies in extending credit for unfunded commitments in funding loans. In addition, SIF 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 SIF 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, 2023, 2022, and 2021, the contractual amount of the unfunded credit commitments is approximately $11,061,000, $9,770,000, and $12,988,000, respectively.

Investors have the option to enter into a limited guaranty agreement with SIF whereby the investor noteholder pledges their investor note to cover potential loan losses in the SIF portfolio. In 2023, 2022, and 2021, SIF had in place approximately $2,102,000, $2,656,000, and $5,293,000, respectively, in limited guarantees from investors to provide for additional coverage for possible loan losses. Management has estimated losses inherent in the outstanding guaranteed portion of these agreements and deemed it not necessary to apply additional reserves as the loan balances were fully guaranteed.

Below is an analysis of the allowance for credit losses for the years ended December 31, 2023:

	C&I	CRE	Unallocated	Total
Allowance for credit losses:				
Beginning balance, prior to adoption of ASC 326	$ 875,332	$ 2,834,111	$ 2,272,522	$ 5,981,965
Impact of adopting ASC 326	79,375	(592,010)	512,635	-
Charge-offs	-	-	-	-
Recoveries	-	21,002	-	21,002
Provision (recovery)	532,044	(79,949)	(452,095)	-
Ending balance	$ 1,486,751	$ 2,183,154	$ 2,333,062	$ 6,002,967

The unallocated reserve represents excess allowance for future growth of the loan portfolio. This excess reserve has been in the allowance balance over the last few years due to the strength of the loan portfolio and management decided not to reserve the excess due to anticipated growth of loans in the next couple of years.

Prior to the adoption of ASC 326 on January 1, 2023, SIF calculated the allowance for loan losses under the incurred loss methodology. The following table is disclosures related to the allowance for loan losses in prior periods in accordance previously applicable U.S. GAAP.

	2022	2021
Allowance for loan losses, beginning of year	$ 6,103,614	$ 5,363,142
Provision for loan losses	-	683,672
(Charge-off) recoveries, net	(121,649)	56,800
Allowance for loan losses, end of year	$ 5,981,965	$ 6,103,614
Individually evaluated for impairment	$ 1,710,186	$ 2,351,699
Collectively evaluated for impairment	$ 4,271,779	$ 3,751,915

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 24%, 25%, and 35%, at December 31, 2023, 2022, and 2021, respectively. All school loans are secured by collateral that ranges based on loan type, but including deed of trust, UCC-1, Guaranty, and Collaborative funds. Based on current economic conditions, schools may be subject to a drop in tuition revenue and/or state funding. SIF 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 that 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, 2023, 2022, and 2021:

	2023		
	C&I	CRE	Total
Grade:			
Pass	$ 46,384,917	$ 44,983,466	$ 91,368,383
Watch list/special mention	249,044	8,297,014	8,546,058
Substandard	-	1,875,277	1,875,277
Doubtful	397,314	4,564,026	4,961,340
Total	$ 47,031,275	$ 59,719,783	$ 106,751,058

	2022		
	C&I	CRE	Total
Grade:			
Pass	$ 35,773,761	$ 43,564,527	$ 79,338,288
Watch list/special mention	2,282,473	5,832,626	8,115,099
Substandard	-	3,070,138	3,070,138
Doubtful	-	4,693,186	4,693,186
Total	$ 38,056,234	$ 57,160,477	$ 95,216,711

	2021		
	C&I	CRE	Total
Grade:			
Pass	$ 25,357,879	$ 42,341,023	$ 67,698,902
Watch list/special mention	2,420,403	13,365,553	15,785,956
Substandard	-	2,168,277	2,168,277
Doubtful	942,298	7,028,852	7,971,150
Total	$ 28,720,580	$ 64,903,705	$ 93,624,285

SIF monitors past due status for the purpose of managing credit risk for all loans. The following tables show an aging analysis of the loan portfolio by the time past due at December 31, 2023, 2022, and 2021:

	2023				
	30 to 89 Days Past Due	Nonaccrual	Total Past Due and Nonaccrual	Current	Total
C&I	$ 293,527	$ -	$ 293,527	$ 46,737,748	$ 47,031,275
CRE	-	695,668	695,668	59,024,115	59,719,783
Total	$ 293,527	$ 695,668	$ 989,195	$ 105,761,863	$ 106,751,058

	2022				
	30 to 89 Days Past Due	Nonaccrual	Total Past Due and Nonaccrual	Current	Total
C&I	$ 930	$ -	$ 930	$ 38,055,304	$ 38,056,234
CRE	6,000	1,387,318	1,393,318	55,767,159	57,160,477
Total	$ 6,930	$ 1,387,318	$ 1,394,248	$ 93,822,463	$ 95,216,711

	2021				
	30 to 89 Days Past Due	Nonaccrual	Total Past Due and Nonaccrual	Current	Total
C&I	$ -	$ -	$ -	$ 28,720,580	$ 28,720,580
CRE	-	1,587,547	1,587,547	63,316,158	64,903,705
Total	$ -	$ 1,587,547	$ 1,587,547	$ 92,036,738	$ 93,624,285

The following tables present the amortized cost basis of loans on nonaccrual status at December 31:

	2023		
	Nonaccrual with no Allowance for Credit Losses	Nonaccrual with Allowance for Credit Losses	Total Nonaccrual
C&I	$ -	$ -	$ -
CRE	695,668	-	695,668
Total	$ 695,668	$ -	$ 695,668

	2022
	Total Nonaccrual
C&I	$ -
CRE	1,387,318
Total	$ 1,387,318

	2021
	Total Nonaccrual
C&I	$ -
CRE	1,587,547
Total	$ 1,587,547

If interest on nonaccrual loans had been accrued at their original rates, such interest would have amounted to $116,611 during 2023.

The following table details the amortized cost of collateral dependent loans:

	2023
C&I	$ 646,358
CRE	13,375,822
Total	$ 14,022,180

SIF may agree to modify the contractual terms of a loan to a borrower experiencing financial difficulties as part of ongoing loss mitigation strategies. These modifications may result in principal forgiveness, other-than-significant payment delay, term extension, interest rate modification, or combination therein.

There were no loan modifications during the year ended December 31, 2023.

The following table presents loans that were modified with borrower's experiencing financial difficulty during the years ended December 31, 2022 and 2021:

	Number of Loans	Pre-modification Outstanding Recorded Investment	Post-modification Outstanding Recorded Investment
December 31, 2022:			
CRE	5	$ 3,845,109	$ 3,845,109
December 31, 2021:			
C&I	2	$ 436,505	$ 436,505
CRE	6	$ 4,456,020	$ 4,456,020

The modifications of loan terms during the years ended December 2022 and 2021 included lowering principal and interest payments and payment deferrals.

SIF closely monitors the performance of loans that are modified to borrowers experiencing financial difficulty to understand the effectiveness of its modification efforts. As of December 31, 2023, there were no modified loans that subsequently defaulted.

The following tables present loans individually evaluated for impairment by class of loans as of December 31, 2022 and 2021:

	2022				
	Recorded Investment	Unpaid Principal Balance	Allowance for Loan Losses Allocated	Average Recorded Investment	Recognized Interest Income
With no related allowance recorded:					
C&I	$ -	$ -	$ -	$ -	$ -
CRE	7,254,551	9,097,743	-	7,575,043	427,315
Total	7,254,551	9,097,743	-	7,575,043	427,315
With an allowance recorded:					
C&I	-	-	-	-	-
CRE	4,693,186	4,693,186	1,710,186	4,773,516	210,730
Total	4,693,186	4,693,186	1,710,186	4,773,516	210,730
Total	$ 11,947,737	$ 13,790,929	$ 1,710,186	$ 12,348,559	$ 638,045

	2021				
	Recorded Investment	Unpaid Principal Balance	Allowance for Loan Losses Allocated	Average Recorded Investment	Recognized Interest Income
With no related allowance recorded:					
C&I	$ -	$ -	$ -	$ -	$ -
CRE	7,885,947	9,607,453	-	9,805,268	501,558
Total	7,885,947	9,607,453	-	9,805,268	501,558
With an allowance recorded:					
C&I	942,298	941,998	480,851	1,041,775	70,963
CRE	4,853,848	4,755,025	1,870,848	4,821,472	230,327
Total	5,796,146	5,697,023	2,351,699	5,863,247	301,290
Total	$ 13,682,093	$ 15,304,476	$ 2,351,699	$ 15,668,515	$ 802,848

The tables below present the balances of loans individually evaluated for impairment measured at fair value at December 31, 2023, 2022, and 2021, on a nonrecurring basis.

	2023			
	Total	Level 1	Level 2	Level 3
C&I	$ -	$ -	$ -	$ -
CRE	2,957,500	-	-	2,957,500
Total	$ 2,957,500	$ -	$ -	$ 2,957,500

	2022			
	Total	Level 1	Level 2	Level 3
C&I	$ -	$ -	$ -	$ -
CRE	2,983,000	-	-	2,983,000
Total	$ 2,983,000	$ -	$ -	$ 2,983,000

	2021			
	Total	Level 1	Level 2	Level 3
C&I	$ 461,447	$ -	$ -	$ 461,447
CRE	2,983,000	-	-	2,983,000
Total	$ 3,444,447	$ -	$ -	$ 3,444,447

The loan amounts above represent loans that have been adjusted to fair value. When collateral dependent loans are identified as impaired, the impairment is measured using the current fair value of the collateral securing these loans, less selling costs. The fair value of real estate collateral is determined using collateral valuations or a discounted cash-flow analysis using inputs such as discount rates, sale prices of similar assets, and term of expected disposition. The adjustments to appraised values range from 0% to 35%.

Note 4 – Investments and Fair Value Measurements

Fair value, cost, and unrealized gains and losses at December 31, 2023, 2022, and 2021, were as follows:

	2023		
	Fair Value	Cost	Accumulated Realized & Unrealized (Loss)
Certificate of Deposit Account Registry Service	$ 15,488,252	$ 15,157,498	$ 330,754
Total	$ 15,488,252	$ 15,157,498	$ 330,754

	2022		
	Fair Value	Cost	Accumulated Unrealized (Loss)
Corporate securities	$ -	$ 1,162,045	$ (1,162,045)
Total	$ -	$ 1,162,045	$ (1,162,045)

	2021		
	Fair Value	Cost	Accumulated Unrealized Gain
Corporate securities	$ 713,895	$ 1,162,045	$ (448,150)
Total	$ 713,895	$ 1,162,045	$ (448,150)

The balances of assets measured at fair value at December 31, 2023, 2022, and 2021, on a recurring basis were as follows:

	2023			
	Total	Level 1	Level 2	Level 3
Certificate of Deposit Account Registry Service	$ 15,488,252	$ -	$ 15,488,252	$ -

	2022			
	Total	Level 1	Level 2	Level 3
Corporate securities	$ -	$ -	$ -	$ -

	2021			
	Total	Level 1	Level 2	Level 3
Corporate securities	$ 713,895	$ 713,895	$ -	$ -

On July 6, 2023, SIF invested $15,157,498 in a Certificate of Deposit Account Registry Service (CDARS). The CDARS program allows depositors to allocate large funds across multiple banks within the IntraFi Network to maximize Federal Deposit Insurance Corporation (FDIC) insurance coverage while dealing with a single point of contact. This allows depositors to stay within the $250,000 insurance limit at each bank while still benefiting from FDIC insurance coverage of their entire deposit amount. This investment matures on July 5, 2024. These funds were previously invested in a Certificate of Deposit with a maturity period of 90 days or less, which was previously shown in SIF's cash and cash equivalents on the statements of financial position. Level 2 investments are CDARS, which are valued using maturity and interest rates as observable inputs.

During the years ended December 31, 2023 and 2022, there were no corporate securities transferred out of Level 3 to Level 1. During the year ended December 31, 2021, there were corporate securities transferred out of Level 3 to Level 1. Prior to the write-off of Freshlocal Solutions in May of 2022, SIF held the security, which had an IPO on April 21, 2021, and the valuation method was based on quoted prices in active markets for identical assets (see Note 2).

In prior years, the finance staff determined fair value measurement policies and procedures for assets under the supervision of the Chief Financial Officer at the time. Valuation inputs for Level 3 investments may include, but are not limited to, initial investment amount (cost), observed transaction price used in subsequent valuations, liquidation value, qualified opinion or appraisal, company financial statements, press releases and company commentary, and SIF's own assessment of value and applicable discounts. These policies and procedures are reassessed annually to determine if the current valuation techniques are still appropriate.

While SIF 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 investments existed, or had such investments been liquidated, and these differences could be material to the financial statements.

There are no unfunded commitments in Level 3 investments as of December 31, 2023, 2022, and 2021.

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 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 statements of financial position.

Note 5 – Liquidity and Funds Available

The following table reflects SIF's financial assets as of December 31, 2023, 2022, and 2021, 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, 2023, 2022, and 2021:

	2023	2022	2021
Financial assets:			
Cash and cash equivalents	$ 13,680,937	$ 44,588,154	$ 47,108,495
Mission related loans and investments:			
Loans receivable, net of allowance for loan losses	100,748,091	89,234,746	87,520,671
Investments	15,488,252	-	713,895
Advances to related parties and other receivables	8,073,980	9,071,540	12,086,761
Total financial assets	137,991,260	142,894,440	147,429,822
Less those unavailable for general expenditure within one year, due to:			
Principal receivable from loans after December 31,	74,505,040	68,174,770	65,870,205
Illiquid investments, at fair value	15,488,252	-	713,895
Advances to related parties and other receivables	7,273,980	9,071,540	12,086,761
Financial assets available to meet cash needs for general expenditures within one year	$ 40,723,988	$ 65,648,130	$ 68,758,961

In addition to the financial assets available in the table above, SIF had approximately $2,102,000 in limited loan guaranties as of December 31, 2023. Management structures SIF's financial assets to be available for general expenditures, including SIF investor notes payable redemptions and borrower draws on lines of credit, liabilities, and other obligations as they come due.

Note 6 – Investor Notes Payable

Investor notes payable consist of funds received by SIF from individuals, organizations, and/or corporations that would like to support SIF's mission. They are unsecured and carried at amortized cost, which includes the total value of the principal investments plus accrued interest.

Investor notes payable have various terms, with maturities ranging from the end of the calendar quarter in which it is issued up to three years. Upon maturity, except in states where automatic renewal is unavailable, each investor note payable automatically renews for an additional term ending on the last day of the next calendar quarter, or an additional term ending on the first, second, or third anniversary of the maturity date (for long-term investor notes), unless SIF receives a noteholder's written request for redemption prior to the maturity date or 30 days after SIF sends notice of maturity date and the applicable interest rate upon renewal, whichever is later. Investors in states where automatic renewal is unavailable must elect in writing to reinvest the proceeds of a maturing investor note payable into a new investor note payable.

SIF's parent company, RSF, invests a portion of philanthropic assets in SIF investor notes. At December 31, 2023, 2022, and 2021, RSF investment balances in SIF Investor Notes Program totaled \$3,000,000; \$3,000,000; and \$2,000,000, respectively.

At December 31, 2023, 2022, and 2021, SIF had investor notes payable with quarterly maturities totaling \$106,525,743; \$120,994,762; and \$123,994,810, respectively, with effective interest rates of 1.00%; 0.25%; and 0.25%, respectively. On renewal, the principal amount of the note will include any elected reinvested quarterly interest.

The average duration for which current SIF noteholders have held one or more investor notes payable with quarterly maturities was 11.9 years. In addition, the amount of investor notes with quarterly maturities redeemed in 2023 was approximately 12% of the aggregate outstanding balance as of December 31, 2022.

In the event that requests for note redemptions are in excess of management's expectations, management is able to fund these requests by utilizing available cash and cash equivalents.

Long-term investor notes – Long term investor notes consists of unsecured notes with set maturities of one year, two year, and three years with set interest rates. SIF began offering these notes in July 2023.

Note Category	Outstanding Balance December 31, 2023	Interest Rate
1 Year Notes	$ 396,697	2.00%
2 Year Notes	369,432	3.00%
3 Year Notes	3,321,120	4.00%
Total long-term investor notes	$ 4,087,249	

Long-term investor notes are scheduled to mature as follows:

Years Ending December 31,	
2024	$ 396,697
2025	369,432
2025	3,321,120
Total long-term maturities	$ 4,087,249

Note 7 – Other Notes Payable

Other notes payable consist of funds received by SIF from individuals, organizations, and/or corporations that would like to support SIF's mission and have custom terms and interest rates negotiated with the noteholder. They are unsecured and carried at amortized cost, which includes the total value of the principal investments plus accrued interest. All unpaid principal balances and accrued interest are due upon maturity.

Other notes payable are comprised of the following for the years ended December 31, 2023, 2022, and 2021:

Issued	Original Principal Amount	Maturity Date		Interest Rate	Outstanding Balance, December 31, 2023	2022	2021
December 2016	$ 8,000,000	December 2026		1.00%	$ 8,000,000	$ 8,000,000	$ 8,000,000
December 2022	500,000	December 2027		2.50%	500,000	-	-
December 2022	500,000	December 2023	*	0.50%	502,513	-	-
Total					$ 9,002,513	$ 8,000,000	$ 8,000,000

*At maturity, this note was rolled over to a long-term investor note (3 year term) on January 1, 2024.

Note 8 – Related-party Transactions

In March 2022, SIF entered into an agreement with its parent company, RSF, that formalizes a repayment plan for the advances due from related-parties. The terms of the agreement cover all RSF loans and SIF obligations due and outstanding between the parties with an effective date of March 21, 2022 resulting in an outstanding unsecured RSF loan balance of $10,682,000 at an interest rate of 1.92% per annum based on the Applicable Federal Rate (AFR) adjusted on the anniversary of the effective date, with a maturity date of March 31, 2025. Interest payments are to be made annually on the anniversary of the effective date. The repayment terms include one payment of $3,000,000 on the first anniversary of the effective date, one payment of $4,000,000 on the second anniversary of the effective date, and one payment equal to the remaining balance of all principal and interest outstanding under this agreement on the third anniversary of the effective date. In March 2023, RSF made the $3,000,000 payment according to the repayment terms of the intercompany note agreement. In September 2023, RSF and SIF amended the March 2022 agreement to acknowledge that the net amount owed by RSF to SIF as of the date of the amendment was $8,023,457 and extended the maturity date of the note (and therefore the date on which a final payment of all remaining principal and accrued interest will become due) from March 31, 2025 to September 22, 2033. Until the maturity date, RSF remains obligated to make annual payments of $800,000 and all accrued interest on each anniversary date. The outstanding note balance of $8,178,794 and $10,902,644 is included in the advances due from RSF as of December 31, 2023 and 2022, respectively.

Advances due from (due to) related-parties, net as of December 31:

	2023	2022	2021
Advances due from RSF	$ 41,382,613	$ 44,122,895	$ 46,868,961
Advances due to RSF	(33,308,633)	(32,160,188)	(31,891,033)
Advances due to RSF Capital Management, PBC	-	(2,891,167)	(2,891,167)
Total advances due from related parties, net	$ 8,073,980	$ 9,071,540	$ 12,086,761

Advances due from (due to) related-parties are unsecured. Net interest income from related-parties for the years ended December 31, 2023, 2022, and 2021 was $276,150, $220,154, and $237,839, respectively.

Management agreement – SIF shares office space and employees with RSF. The overhead costs associated with these items are allocated between RSF and its affiliates, by department based on time studies performed to determine time spent on tasks related to each entity, in addition to other factors determined in a manner that appropriately reflects each entity's respective share of these costs. Total overhead costs reimbursed to RSF for the years ended December 31, 2023, 2022, and 2021 were approximately $3,796,000, $3,353,000, and $3,137,000, respectively.

Cash and cash equivalents – SIF has two deposit accounts with Amalgamated Bank. Mark Finser, RSF former Board Member and former RSF Board Chair with his term ending in 2018, is a director of Amalgamated Bank. The balances of the accounts were approximately $5,090,000, $5,029,000, and $5,018,000, at December 31, 2023, 2022, and 2021, respectively.

Investor notes payable – Investor notes payable includes approximately $45,000, $208,000, and $133,000, owed to Trustees and employees as of December 31, 2023, 2022, and 2021, respectively. SIF's parent company, RSF, also invests a portion of philanthropic assets in SIF investor notes (see Note 6).

Note 9 – Risks and Uncertainties

Concentration of credit risk – Financial instruments, which potentially subject SIF to concentration of credit risk, consist principally of cash and cash equivalents with high credit quality financial institutions, investments, and loans receivables. 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 FDIC up to $250,000 for all interest-and noninterest-bearing cash accounts at all FDIC-insured financial institutions and/or by the Securities Investor Protection Corporation (SIPC) as of December 31, 2023, 2022, and 2021. At various times during the years 2023, 2022, and 2021, SIF had cash balances in excess of the insured limits. SIF has not experienced any losses in such accounts, and management believes it is not exposed to any significant credit risk to cash.

As of the years ended December 31, 2023, 2022, and 2021, SIF's cash and cash equivalent balances with two financial institutions comprised 83%, 95%, and 100%, of total cash and cash equivalents, respectively.

Note 10 – Subsequent Events

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

SIF has evaluated subsequent events through April 22, 2024, the date the financial statements were available to be issued, and has determined that there are no other subsequent events that require additional recognition or disclosure.