Report of Independent Auditors and
Consolidated Financial Statements

RSF Social Finance, Inc. and Affiliates

December 31, 2024 and 2023

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Report of Independent Auditors

The Board of Directors
RSF Social Finance, Inc. and Affiliates

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of RSF Social Finance, Inc. and Affiliates, which comprise the consolidated statements of financial position as of December 31, 2024 and 2023, 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 RSF Social Finance, Inc. and Affiliates as of December 31, 2024 and 2023, and the results of their change in net assets 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 RSF Social Finance, Inc. and Affiliates and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 Finance, Inc. and Affiliates' 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 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 RSF Social Finance, Inc. 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 RSF Social Finance, Inc. 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.

Baker Tilly US, LLP

San Francisco, California
June 12, 2025

Consolidated Financial Statements

RSF Social Finance, Inc. and Affiliates
Consolidated Statements of Financial Position
December 31, 2024 and 2023

	2024	2023
ASSETS		
Cash and cash equivalents	$ 35,641,713	$ 23,804,533
Mission-related loans and investments:		
Loans receivable, net of allowance for credit losses of $6,452,355 and $6,002,967 as of December 31, 2024 and 2023, respectively	97,422,071	100,748,091
Investments, fair value	63,809,622	91,827,424
Investments, held at cost	1,794,866	1,856,556
Prepaid expenses and other assets	1,707,402	1,237,745
Total assets	$ 200,375,674	$ 219,474,349
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	$ 4,656,849	$ 5,784,270
Investor notes payable	109,965,416	107,612,992
Other notes payable	9,500,000	9,002,513
Total liabilities	124,122,265	122,399,775
NET ASSETS		
Net assets without donor restrictions:		
Undesignated net assets without donor restrictions	76,103,409	96,924,574
Total net assets without donor restrictions	76,103,409	96,924,574
Net assets with donor restrictions	150,000	150,000
Total net assets	76,253,409	97,074,574
Total liabilities and net assets	$ 200,375,674	$ 219,474,349

See accompanying notes.

RSF Social Finance, Inc. and Affiliates
Consolidated Statement of Activities
For the Year Ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Net interest income and investment return:			
Interest income - loans receivable	$ 6,615,864	$ -	$ 6,615,864
Investment gain, net	2,636,450	-	2,636,450
Net interest income and investment return	9,252,314	-	9,252,314
Gifts and contributions	38,843,319	-	38,843,319
Program revenue	53	-	53
Total revenues and other support	48,095,686	-	48,095,686
EXPENSES			
Program services	67,026,338	-	67,026,338
Management and general	1,890,513	-	1,890,513
Total expenses	68,916,851	-	68,916,851
CHANGE IN NET ASSETS	(20,821,165)	-	(20,821,165)
Net assets, beginning of year	96,924,574	150,000	97,074,574
NET ASSETS, end of year	$ 76,103,409	$ 150,000	$ 76,253,409

See accompanying notes.

RSF Social Finance, Inc. and Affiliates
Consolidated Statement of Activities
For the Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Net interest income and investment return:			
Interest income - loans receivable	$ 5,857,327	$ -	$ 5,857,327
Investment loss, net	2,274,135	-	2,274,135
Net interest income and investment return	8,131,462	-	8,131,462
Gifts and contributions	49,637,976	-	49,637,976
Program revenue	210,022	-	210,022
Net assets released from restrictions	134,175	(134,175)	-
Total revenues and other support	58,113,635	(134,175)	57,979,460
EXPENSES			
Program services	51,270,537	-	51,270,537
Management and general	1,889,616	-	1,889,616
Total expenses	53,160,153	-	53,160,153
CHANGE IN NET ASSETS	4,953,482	(134,175)	4,819,307
Adjustments to beginning net assets for adoption of ASU 2016-13	(84,719)	-	(84,719)
Adjusted net assets, beginning of year	91,971,092	284,175	92,255,267
NET ASSETS, end of year	$ 96,924,574	$ 150,000	$ 97,074,574

See accompanying notes.

RSF Social Finance, Inc. and Affiliates
Consolidated Statements of Functional Expenses
For the Years Ended December 31, 2024 and 2023

	2024 Program Expenses					
	Lending Program	Investor Notes Program	Donor Advised Fund Program	Total Program Expenses	Management and General Expenses	Total
Grants made to programs	$ -	$ -	$ 60,394,155	$ 60,394,155	$ -	$ 60,394,155
Interest expense on investor notes	-	1,471,060	-	1,471,060	-	1,471,060
Provision for credit loss	719,264	-	-	719,264	-	719,264
Provision for unfunded commitments	26,931	-	-	26,931	-	26,931
Personnel costs	1,925,784	564,454	792,975	3,283,213	1,358,730	4,641,943
Consultants	26,645	13,323	29,601	69,569	112,992	182,561
Legal, accounting, and audit expenses	162,313	47,575	106,154	316,042	140,732	456,774
Travel expenses	36,647	10,741	10,232	57,620	22,618	80,238
Marketing expenses	54,858	16,079	20,688	91,625	37,437	129,062
Other expenses	311,972	91,440	193,447	596,859	218,004	814,863
Total functional expenses	$ 3,264,414	$ 2,214,672	$ 61,547,252	$ 67,026,338	$ 1,890,513	$ 68,916,851

	2023 Program Expenses					
	Lending Program	Investor Notes Program	Donor Advised Fund Program	Total Program Expenses	Management and General Expenses	Total
Grants made to programs	$ -	$ -	$ 46,114,965	$ 46,114,965	$ -	$ 46,114,965
Interest expense on investor notes	-	999,805	-	999,805	-	999,805
Personnel costs	1,778,988	521,428	823,333	3,123,749	1,315,694	4,439,443
Consultants	44,703	22,351	35,470	102,524	180,106	282,630
Legal, accounting, and audit expenses	174,080	51,023	82,129	307,232	129,787	437,019
Travel expenses	32,418	9,502	16,561	58,481	25,013	83,494
Marketing expenses	44,603	13,073	23,627	81,303	34,977	116,280
Other expenses	219,729	64,403	198,346	482,478	204,039	686,517
Total functional expenses	$ 2,294,521	$ 1,681,585	$ 47,294,431	$ 51,270,537	$ 1,889,616	$ 53,160,153

See accompanying notes.

RSF Social Finance, Inc. and Affiliates
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	$ (20,821,165)	$ 4,819,307
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities		
Provision for credit loss	719,264	-
Depreciation expense	17,438	14,599
Realized and unrealized gain on investments	(2,636,450)	(2,274,135)
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	(471,432)	(148,411)
Accounts payable and accrued expenses	(1,127,421)	3,342,952
Net cash (used in) provided by operating activities	(24,319,766)	5,754,312
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments and paydowns on loans	21,210,169	10,207,346
Loan disbursements	(18,603,413)	(21,655,345)
Purchase of investments held at fair value	(10,500,000)	(18,531,529)
Proceeds from sale, maturity, or distributions of investments held at fair value	41,154,252	-
Proceeds from sale, maturity, or distributions of investments held at cost	61,690	5,194,109
Purchases of furniture and equipment	(15,663)	(33,726)
Net cash provided by (used in) investing activities	33,307,035	(24,819,145)
CASH FLOWS FROM FINANCING ACTIVITIES		
Redemptions of notes payable	(7,273,736)	(19,232,343)
Proceeds from notes payable	9,123,647	9,550,711
Proceeds from other notes payable	1,000,000	-
Net cash provided by (used in) financing activities	2,849,911	(9,681,632)
NET CHANGES IN CASH AND CASH EQUIVALENTS	11,837,180	(28,746,465)
CASH AND CASH EQUIVALENTS, beginning of year	23,804,533	52,550,998
CASH AND CASH EQUIVALENTS, end of year	$ 35,641,713	$ 23,804,533
SUPPLEMENTARY DISCLOSURE OF CASH FLOWS INFORMATION		
Cash paid during the year for:		
Interest	$ 1,417,818	$ 727,919
Income taxes	$ 800	$ 1,600
Noncash transactions		
Transfers from other notes payable to notes payable	$ 502,513	$ -

See accompanying notes.

Note 1 – Organization

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).

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 Social Finance 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. There were no reserves designated by RSF's board of directors as of December 31, 2024 and 2023. 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 $150,000 as of December 31, 2024 and 2023.

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 credit 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.

Cash and cash equivalents included $2,154,203 and $7,723,076 of cash set aside for philanthropic services as of December 31, 2024 and 2023, respectively. This cash is not available for operations.

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 real estate, 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 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. From time to time, events or economic factors may affect the loan portfolio, causing management to provide additional amounts, or to release balances from the allowance for credit losses.

Management monitors differences between estimated and actual incurred credit losses. This monitoring process includes periodic assessments by senior management of loan class and the models used to estimate incurred losses in the portfolio. Additions to the allowance for credit losses are made by charges to the provision for credit losses. Loans deemed to be uncollectible are charged against the allowance for credit losses, while recoveries of previously charged-off amounts are credited to the allowance for credit losses.

The ultimate recovery of all loans is susceptible to future market factors beyond SIF's control. These factors may result in losses or recoveries differing significantly from those provided in the financial statements. Accordingly, the allowance estimates include an amount for imprecision or uncertainty that incorporates the range of probable outcomes inherent in estimates. No single statistic or measurement determines the adequacy of the allowance for credit loss. Changes in the allowance for credit loss and the related provision expense can materially affect change in net assets.

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

On January 1, 2023, RSF 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. RSF has identified the following portfolio segments: Commercial and Industrial (C&I), and Commercial Real Estate Non-Farming Non- Residential Mortgage (CRE). RSF measures the allowance for credit losses 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 foreclosure 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.

RSF 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 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 RSF.

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, RSF 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, RSF 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 – RSF 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 $111,649 and $84,719, is included in accounts payable and accrued expenses on the consolidated statements of financial position at December 31, 2024 and 2023, respectively.

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).

Investments, fair value – 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 return 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 return 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.

Investments, held at cost – These represent closely-held stock and notes. In accordance with ASU 2016-01, where the fair value of an investment in equity securities is not readily determinable, RSF uses the measurement alternative of cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. Investments in notes represent direct investments in loans by donors and are measured at unpaid principal balance and are adjusted for expected credit losses. These investments are evaluated for impairment annually and written down when appropriate. As of December 31, 2024 and 2023, there were no adjustments for observable inputs and no write-downs have occurred.

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.

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 RSF'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.

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 an entity's own assumptions and may include significant management judgment and estimation.

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

Individually evaluated loans – RSF 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 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 here is no observable market price, RSF records the individually evaluated loan as nonrecurring Level 3. Change in value is recorded within provision for credit loss on the consolidated statements of activities.

Prepaid expenses and other assets – 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 other notes made to RSF by individuals, organizations, and/or corporations for specified periods, depending on the terms of the agreements with the other parties. RSF is able to achieve its mission in part due to the low-cost funding arrangements with investors. RSF's arrangements with its borrowers often include below-market interest rates and bespoke structures. Access to favorable funding arrangements is a significant benefit for RSF and allows RSF (through SIF), as a lending intermediary to small businesses and not-for-profits, to pass along cost savings to the ultimate recipients: RSF's customers. No attempt has been made to account for or report on the economic benefits associated with these favorable funding 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 RSF's net assets at December 31, 2024 and 2023, or to changes in net assets for the years then ended.

Revenue recognition

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 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 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 consolidated statements of activities as net assets released from restrictions.

Contract and grant revenues are recognized in accordance with ASC 958. 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 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, 2024 and 2023, the base rates in place were 6.00%. 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.

Grants made to programs – Grants are recognized when all 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, 2024 and 2023.

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 functional expenses. 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, such as personnel costs. Expenses are allocated to RSF 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, 2024 and 2023.

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 consolidated 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, 2024 and 2023.

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, 2024 and 2023. RSF does not expect the total amount of unrecognized tax benefits to significantly change in the next 12 months.

Reclassifications – Certain amounts in the prior year were reclassified to conform to the current year presentation. Reclassifications had no effect on prior year change in net assets or net assets.

Note 3 – Loans Receivable and Allowance for Credit Losses

As of December 31, 2024 and 2023, RSF's total loans receivable is summarized by loan category in the following table:

	2024	2023
C&I	$ 50,518,316	$ 47,031,275
CRE	53,356,110	59,719,783
Gross loans outstanding	103,874,426	106,751,058
Allowance for credit losses	(6,452,355)	(6,002,967)
Total loans outstanding and allowance for credit losses	$ 97,422,071	$ 100,748,091

As of December 31, 2024 and 2023, there was accrued interest receivable of $541,935 and $527,739, respectively, included in loans receivable, net of allowance for credit losses of approximately $11,000 and $19,000, respectively, on the consolidated statements of financial position.

RSF extends credit to organizations that are mission related. Interest rates on newly originated loans ranged from 6.00% to 8.00% during 2024, and from 5.00% to 7.25% during 2023. Loans generally have one-to five-years terms and are fully secured by business inventory and/or other assets and personal guaranties. RSF performs ongoing credit evaluations of borrowers, maintaining allowances for potential credit losses, when appropriate.

For certain extensions of credit, RSF may require credit enhancements, based on its assessment of a borrower's credit risk. RSF 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 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, 2024 and 2023, the contractual amount of the unfunded credit commitments was approximately $8,967,000 and $11,061,000, 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 2024 and 2023, RSF had in place approximately $1,282,000 and $2,102,000, 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, 2024 and 2023:

	2024			
	C&I	CRE	Unallocated	Total
Allowance for credit losses:				
Beginning balance	$ 1,486,751	$ 2,183,154	$ 2,333,062	$ 6,002,967
Charge-offs	(695,242)	-	-	(695,242)
Recoveries	425,366	-	-	425,366
Provision (recovery)	1,672,435	979,891	(1,933,062)	719,264
Ending balance	$ 2,889,310	$ 3,163,045	$ 400,000	$ 6,452,355

	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 allowance for credit losses represents excess allowance for future growth of the loan portfolio. This excess allowance has been recorded for several years due to the strength of the loan portfolio. Management decided to maintain the excess allowance as a measure of conservatism as loan balances grow.

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 25% and 24% at December 31, 2024 and 2023, 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. 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, 2024 and 2023:

	2024		
	C&I	CRE	Total
Grade:			
Pass	$ 45,864,890	$ 43,524,653	$ 89,389,543
Watch list/special mention	582,981	3,306,185	3,889,166
Substandard	244,674	2,152,595	2,397,269
Doubtful	3,825,771	4,372,677	8,198,448
Total	$ 50,518,316	$ 53,356,110	$ 103,874,426

	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

RSF 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, 2024 and 2023:

	2024				
	30–89 Days Past Due	90 Days or Greater Past Due	Total Past Due	Current	Total
C&I	$ 1,428,747	$ 4,070,445	$ 5,499,192	$ 45,019,124	$ 50,518,316
CRE	-	-	-	53,356,110	53,356,110
Total	$ 1,428,747	$ 4,070,445	$ 5,499,192	$ 98,375,234	$ 103,874,426

	2023				
	30–89 Days Past Due	90 Days or Greater Past Due	Total Past Due	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

The following table presents the amortized cost basis of loans on nonaccrual status as of December 31:

	2024		
	Nonaccrual with No Allowance for Credit Losses	Nonaccrual with Allowance for Credit Losses	Total Nonaccrual
C&I	$ 4,111,832	$ -	$ 4,111,832
CRE	-	-	-
Total	$ 4,111,832	$ -	$ 4,111,832

	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

If interest on nonaccrual loans had been accrued at their original rates, such interest would have amounted to $327,350 and $116,611 during 2024 and 2023, respectively.

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

	2024	2023
C&I	$ 9,831,457	$ 646,358
CRE	4,653,426	13,375,822
	$ 14,484,883	$ 14,022,180

RSF 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.

The following table shows the amortized cost basis as of December 31, 2024, of the loans modified to borrowers experiencing financial difficulty, disaggregated by class of loans and type of concession granted and describes the financial effect of the modifications made to borrowers experiencing financial difficulty:

	December 31, 2024						
	Principal Forgiveness	Payment Delay	Term Extension	Interest Rate Reduction	Combination	Total	% of Total Loan Class
C&I	$ -	$ -	$ -	$ -	$ -	$ -	0.00%
CRE	-	-	4,372,677	-	-	4,372,677	8.23%
Total	$ -	$ -	$ 4,372,677	$ -	$ -	$ 4,372,677	8.23%

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

RSF 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, 2024, there were no modified loans that subsequently defaulted.

The tables below present the balances of loans individually evaluated for impairment measured at fair value at December 31, 2024 and 2023, on a nonrecurring basis:

	2024			
	Total	Level 1	Level 2	Level 3
C&I	$ 2,462,000	$ -	$ -	$ 2,462,000
CRE	1,787,500	-	-	1,787,500
Total	$ 4,249,500	$ -	$ -	$ 4,249,500

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

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 60%.

Note 4 – Investments and Fair Value Measurement

The tables below present the balances of assets measured at fair value at December 31, 2024 and 2023, on a recurring basis:

	2024				
	Total	Level 1	Level 2	Level 3	Net Asset Value
Cash and cash equivalents	$ 42,786,594	$ 42,786,594	$ -	$ -	$ -
Certificate of Deposit Account Registry Service	16,187,177	-	16,187,177	-	-
Corporate securities	1,230,398	1,230,398	-	-	-
Investments, held at NAV:					
Private equity funds	3,605,453	-	-	-	3,605,453
Total	$ 63,809,622	$ 44,016,992	$ 16,187,177	$ -	$ 3,605,453

	2023				
	Total	Level 1	Level 2	Level 3	Net Asset Value
Cash and cash equivalents	$ 65,770,210	$ 65,770,210	$ -	$ -	$ -
Certificate of Deposit Account Registry Service	15,488,252	-	15,488,252	-	-
Corporate securities	1,258,795	1,258,795	-	-	-
Investments, held at NAV:					
Private debt funds	5,609,851	-	-	-	5,609,851
Private equity funds	3,700,316	-	-	-	3,700,316
Total	$ 91,827,424	$ 67,029,005	$ 15,488,252	$ -	$ 9,310,167

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.

Corporate securities are composed of investments in publicly traded securities. Fair value is based on quoted market prices in active markets for identical assets.

RSF invested 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. CDARS are Level 2 fair value investments, which are valued using maturity and interest rates as observable inputs. The balance held at December 31, 2023 matured on July 5, 2024 and was rolled into another CDARS account that matures on July 3, 2025.

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, 2024, for which fair value is based on NAV is as follows:

	Fair Value	Unfunded Commitments
Private Equity Funds	$ 3,605,453	$ 261,873
Total	$ 3,605,453	$ 261,873

Funds – RSF invests in 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.

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 consolidated statements of financial position.

Note 5 – Liquidity and Funds Available

The following table reflects RSF's financial assets as of December 31, 2024 and 2023, 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, 2024 and 2023:

	2024	2023
Financial assets:		
Cash and cash equivalents	$ 35,641,713	$ 23,804,533
Mission-related loans and investments:		
Loans receivable, net of allowance for credit losses	97,422,071	100,748,091
Investments, fair value	63,809,622	91,827,424
Investments, held at cost	1,794,866	1,856,556
Total financial assets	198,668,272	218,236,604
Less those unavailable for general expenditure within one year, due to:		
Cash and cash equivalents for philanthropic services	2,154,203	7,723,076
Principal receivable from loans after December 31, 2025 and 2024	88,743,551	74,505,040
Illiquid investments, at fair value	63,809,622	91,827,424
Illiquid investments, held at cost	1,794,866	1,856,556
Net assets with donor restrictions	150,000	150,000
Financial assets available to meet cash needs for general expenditures within one year	$ 42,016,030	$ 42,174,508

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 $1,282,000 in limited loan guaranties as of December 31, 2024. 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 consist of funds received by RSF from individuals, organizations, and/or corporations that would like to support mission-related projects. 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 to 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 RSF receives a noteholder's written request for redemption prior to the maturity date or 30 days after RSF 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.

Investor notes payable with quarterly maturities – At December 31, 2024 and 2023, RSF had investor notes payable with quarterly maturities totaling $90,823,018 and $103,525,743, respectively, with effective interest rates of 1.00%. On renewal, the principal amount of the note will include any elected reinvested quarterly interest.

The average duration for which current RSF noteholders have held one or more investor notes payable with quarterly maturities was 13.3 years. In addition, the amount of investor notes with quarterly maturities redeemed in 2024 was approximately 7% of the aggregate outstanding balance as of December 31, 2023.

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, and proceeds from selling investments.

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. RSF began offering these notes in July 2023.

Note Category	Outstanding Balance December 31, 2024	Outstanding Balance December 31, 2023	Interest Rate
1 Year Notes	$ 5,714,372	$ 396,697	2.00%
2 Year Notes	3,021,824	369,432	3.00%
3 Year Notes	10,406,202	3,321,120	4.00%
Total long-term investor notes	$ 19,142,398	$ 4,087,249	

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

Years Ending December 31,	
2025	$ 6,083,804
2026	5,973,512
2027	7,085,082
Total long-term maturities	$ 19,142,398

Note 7 – Other Notes Payable

Other notes payable consist of funds received by RSF from individuals, organizations, and/or corporations that would like to support RSF'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 notes for the years ended December 31, 2024 and 2023:

Issued	Original Principal Amount	Maturity Date	Interest Rate	Outstanding Balance, December 31, 2024	Outstanding Balance, December 31, 2023
December 2016	$ 8,000,000	December 2026	1.00%	$ 8,000,000	$ 8,000,000
December 2024	1,000,000	December 2025	0.00%	1,000,000	-
December 2022	500,000	December 2027	2.50%	500,000	500,000
December 2022	500,000	December 2023 *	0.50%	-	502,513
Total				$ 9,500,000	$ 9,002,513

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

Note 8 – Income Taxes

Income taxes pertaining to CMP for December 31, 2024 and 2023, 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, 2024 and 2023:

	2024	2023
Current:		
Federal	$ -	$ -
State	800	800
Total current tax provision	800	800
Deferred:		
Federal	-	-
State	-	-
Total deferred tax benefit	-	-
Change in valuation allowance	-	-
Provision for income taxes	$ -	$ -

Deferred tax assets (liabilities) are comprised of the following at December 31, 2024 and 2023:

	2024	2023
Deferred tax assets:		
Net operating losses	$ 697,619	$ 697,619
Gross deferred tax assets	697,619	697,619
Valuation allowance	(697,619)	(697,619)
Total deferred tax assets	-	-
Deferred tax liabilities	-	-
Total deferred tax assets	$ -	$ -

At December 31, 2024 and 2023, CMP had $2,492,355 of federal net operating loss carryforwards. At December 31, 2024 and 2023, CMP had $2,428,332 of state net operating loss carryforwards. 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, 2024 and 2023, federal and state income taxes on unrelated business income were not material.

Note 9 – Net Assets

Net assets without donor restrictions are the portion of net assets that have no use or time restrictions. This classification may also include 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, 2024 and 2023, net assets without donor restrictions had no board-designated reserves.

Contributions received by RSF with restrictions are related to donor-imposed time or purpose restrictions. As of December 31, 2024 and 2023, net assets with donor restrictions consist of the following:

	2024	2023
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
Total	$ 150,000	$ 150,000

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 $0 and $134,175 for the years ended December 31, 2024 and 2023, respectively.

Note 10 – Commitments

As of December 31, 2024, RSF has the following commitments:

Lease and membership agreement – In May 2022, RSF entered into a new one-year membership agreement for shared office space in San Francisco, California. The membership agreement expired April 2023, and RSF did not renew the membership.

Beginning May 1, 2023, RSF leased an office facility in San Francisco, California, under a noncancelable operating lease for a duration of 38 calendar months. The operating lease requires minimum monthly rental payments of $5,896 for the first year with 3% annual increases. The related expense under the membership agreement and lease for the years ended December 31, 2024 and 2023, was $76,772 and $90,979, respectively. The office lease is insignificant to the consolidated financial statements.

Note 11 – 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.

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 $851,020 and $765,340 as of December 31, 2024 and 2023, respectively, and is included in prepaid expense and other assets on the consolidated statements of financial position.

Note 12 – 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, 2024 and 2023. For the years ended December 31, 2024 and 2023, RSF contributed approximately $40,000 and $47,000, respectively, to the retirement plan.

Note 13 – 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. 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.

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 noninterest bearing cash accounts at all FDIC-insured financial institutions and/or by the Securities Investor Protection Corporation (SIPC) as of December 31, 2024 and 2023. At various times during 2024 and 2023, 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.

As of the years ended December 31, 2024 and 2023, RSF's cash and cash equivalent balances with two financial institutions comprised 85% and 95% of total cash and cash equivalents, respectively.

For the year ended December 31, 2024, RSF received 30% of its gifts and contributions from 2 donors. For the year ended December 31, 2023, RSF received 30% of its gifts and contributions from 2 donors.

Note 14 – 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.

RSF evaluated subsequent events through June 12, 2025, the date the consolidated financial statements were available to be issued and have determined that there are no subsequent events that require additional disclosure.