

Report of Independent Auditors and
Consolidated Financial Statements

RSF Social Finance, Inc., and Affiliates

December 31, 2025 and 2024

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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, 2025 and 2024, 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, 2025 and 2024, 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 25, 2026

Consolidated Financial Statements

RSF Social Finance, Inc., and Affiliates
Consolidated Statements of Financial Position
December 31, 2025 and 2024

	2025	2024
ASSETS		
Cash and cash equivalents	\$ 28,613,665	\$ 35,641,713
Mission-related loans and investments:		
Loans receivable, net of allowance for credit losses of \$2,916,623 and \$6,452,355 as of December 31, 2025 and 2024, respectively	133,338,860	97,422,071
Investments, fair value	67,886,488	63,809,622
Investments, held at cost	1,445,184	1,794,866
Prepaid expenses and other assets	1,718,235	1,707,402
Total assets	\$ 233,002,432	\$ 200,375,674
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 4,297,886	\$ 4,656,849
Investor notes payable	114,436,575	109,965,416
Other notes payable	8,500,000	9,500,000
Total liabilities	127,234,461	124,122,265
NET ASSETS		
Net assets without donor restrictions		
Undesignated net assets	105,617,971	76,103,409
Total net assets without donor restrictions	105,617,971	76,103,409
Net assets with donor restrictions	150,000	150,000
Total net assets	105,767,971	76,253,409
Total liabilities and net assets	\$ 233,002,432	\$ 200,375,674

See accompanying notes.

RSF Social Finance, Inc., and Affiliates
Consolidated Statement of Activities
Year Ended December 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Interest on loans and investment income			
Interest and fees - loans receivable	\$ 7,922,837	\$ -	\$ 7,922,837
Investment income, net	2,573,629	-	2,573,629
Net interest on loans and investment income	10,496,466	-	10,496,466
Gifts and contributions	78,595,296	-	78,595,296
Total revenues, gains, and other support	89,091,762	-	89,091,762
EXPENSES			
Program services	57,427,513	-	57,427,513
Supporting services	2,149,687	-	2,149,687
Total expenses	59,577,200	-	59,577,200
CHANGE IN NET ASSETS	29,514,562	-	29,514,562
Net assets, beginning of year	76,103,409	150,000	76,253,409
NET ASSETS, end of year	<u>\$ 105,617,971</u>	<u>\$ 150,000</u>	<u>\$ 105,767,971</u>

See accompanying notes.

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

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Interest on loans and investment income			
Interest and fees - loans receivable	\$ 6,615,864	\$ -	\$ 6,615,864
Investment income, net	2,636,450	-	2,636,450
Net interest on loans and investment income	9,252,314	-	9,252,314
Gifts and contributions	38,843,319	-	38,843,319
Program revenue	53	-	53
Total revenues, gains, and other support	48,095,686	-	48,095,686
EXPENSES			
Program services	67,026,338	-	67,026,338
Supporting services	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 Statements of Functional Expenses
Years Ended December 31, 2025 and 2024

	2025 Program Expenses					Total
	Lending Program	Investor Notes Program	Donor Advised Fund Program	Total Program Expenses	Management and General Expenses	
Grants made to programs	\$ -	\$ -	\$ 50,470,287	\$ 50,470,287	\$ -	\$ 50,470,287
Interest expense on investor notes payable	-	1,792,431	-	1,792,431	-	1,792,431
Provision for credit loss	419,051	-	-	419,051	-	419,051
Provision for unfunded commitments	73,830	-	-	73,830	-	73,830
Personnel costs	1,970,924	564,454	705,742	3,241,120	1,333,262	4,574,382
Consultants	48,765	13,323	61,448	123,536	222,702	346,238
Professional service fees	255,791	47,575	56,423	359,789	175,269	535,058
Travel expenses	60,220	10,741	11,692	82,653	40,661	123,314
Marketing expenses	81,474	16,079	20,888	118,441	56,844	175,285
Systems	155,300	45,519	83,986	284,805	122,931	407,736
Other expenses	254,492	74,593	132,485	461,570	198,018	659,588
Total functional expenses	\$ 3,319,847	\$ 2,564,715	\$ 51,542,951	\$ 57,427,513	\$ 2,149,687	\$ 59,577,200

	2024 Program Expenses					Total
	Lending Program	Investor Notes Program	Donor Advised Fund Program	Total Program Expenses	Management and General Expenses	
Grants made to programs	\$ -	\$ -	\$ 60,394,155	\$ 60,394,155	\$ -	\$ 60,394,155
Interest expense on investor notes payable	-	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
Professional service fees	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
Systems	-	-	-	-	-	-
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

See accompanying notes.

RSF Social Finance, Inc., and Affiliates
Consolidated Statements of Cash Flows
Years Ended December 31, 2025 and 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 29,514,562	\$ (20,821,165)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities		
Provision for credit loss	419,051	719,264
Realized and unrealized loss on investments	187,325	470,203
Changes in operating assets and liabilities		
Prepaid expenses and other assets	(10,833)	(453,994)
Accounts payable and accrued expenses	(358,963)	(1,127,421)
	<u>29,751,142</u>	<u>(21,213,113)</u>
Net cash provided by (used in) operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments and paydowns on loans	15,527,205	21,210,169
Loan disbursements	(51,863,045)	(18,603,413)
Purchase of investments held at fair value	(4,264,191)	(13,606,653)
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	349,682	61,690
Purchases of furniture and equipment	-	(15,663)
	<u>(40,250,349)</u>	<u>30,200,382</u>
Net cash (used in) provided by investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions to notes payable	16,880,561	9,123,647
Redemptions of notes payable	(12,409,402)	(7,273,736)
Contributions to other notes payable	-	1,000,000
Redemptions of other notes payable	(1,000,000)	-
	<u>3,471,159</u>	<u>2,849,911</u>
Net cash provided by financing activities		
NET CHANGES IN CASH AND CASH EQUIVALENTS	(7,028,048)	11,837,180
CASH AND CASH EQUIVALENTS, beginning of year	35,641,713	23,804,533
CASH AND CASH EQUIVALENTS, end of year	\$ 28,613,665	\$ 35,641,713
SUPPLEMENTARY DISCLOSURE OF CASH FLOWS INFORMATION		
Cash paid during the year for:		
Interest	\$ 1,792,431	\$ 1,417,818
Income taxes	\$ 800	\$ 800
Noncash transactions		
Transfers from other notes payable to notes payable	\$ -	\$ 502,513

See accompanying notes.

RSF Social Finance, Inc., and Affiliates

Notes to Consolidated Financial Statements

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.

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 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. 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 (GAAP).

RSF Social Finance, Inc., and Affiliates

Notes to Consolidated Financial Statements

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, 2025 and 2024. 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, 2025 and 2024.

Use of estimates – In preparing consolidated financial statements in conformity with 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 \$5,305,893 and \$2,154,203 of cash designated by management for philanthropic services as of December 31, 2025 and 2024, 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 mortgages, business assets, guaranties, and pledges from individuals and organizations. These loans are reported at their outstanding principal balances together with accrued interest and fees, net of any unamortized costs on originated loans. RSF has the ability and intent to hold the loans for the foreseeable future. While loans receivable 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. 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.

RSF Social Finance, Inc., and Affiliates

Notes to Consolidated Financial Statements

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 consolidated 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.

RSF measures the allowance for credit losses using a current expected credit loss (CECL) model in accordance with Accounting Standards Codification Topic 326, Financial Instruments—Credit Losses. Expected credit losses are measured on a collective pool basis when financial assets share similar risk characteristics. RSF has identified the following portfolio segments: commercial and industrial (C&I) and commercial real estate non-farming non-residential mortgage (CRE). For financial assets that do not share similar risk characteristics, RSF measures expected credit losses on an individual basis. 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 a 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.

RSF Social Finance, Inc., and Affiliates

Notes to Consolidated Financial Statements

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 that an extension or renewal option is 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 – RSF evaluates loan modifications made to borrowers experiencing financial difficulty in accordance with Accounting Standards Codification Topic 326, Financial Instruments — Credit Losses. RSF considers whether such modifications represent a new loan or the continuation of an existing loan and evaluates the impact of the modification, if any, in estimating expected credit losses.

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 \$185,478 and \$111,649, is included in accounts payable and accrued expenses on the consolidated statements of financial position at December 31, 2025 and 2024, respectively.

RSF Social Finance, Inc., and Affiliates

Notes to Consolidated Financial Statements

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 without donor restrictions, unless there are donor-imposed restrictions on the use of the assets.

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. These investments are evaluated for impairment annually and written down when appropriate. As of December 31, 2025 and 2024, there were no adjustments for observable inputs and no write-downs have occurred.

Investments in notes represent direct investments in loans by donors and are measured at unpaid principal balance and are adjusted for expected credit losses. RSF evaluates the investment for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. At December 31, 2025 and 2024, the carrying value of the investment was \$909,250 and \$745,950, respectively. No impairment was recognized during the years ended December 31, 2025 and 2024.

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.

RSF Social Finance, Inc., and Affiliates

Notes to Consolidated Financial Statements

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

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

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

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

Level 3 – Significant unobservable inputs that reflect 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 there 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 borrowers. 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, 2025 and 2024, or to changes in net assets for the years then ended.

RSF Social Finance, Inc., and Affiliates

Notes to Consolidated Financial Statements

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. At December 31, 2025 and 2024, there were no remaining conditional contributions that had not been overcome.

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, 2025 and 2024, the base rates in place were 6.25% and 6.00%, 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.

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, 2025 and 2024.

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, 2025 and 2024.

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Notes to Consolidated Financial Statements

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 (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.

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, 2025 and 2024.

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, 2025 and 2024. RSF does not expect the total amount of unrecognized tax benefits to significantly change in the next 12 months.

Note 3 – Loans Receivable and Allowance for Credit Losses

As of December 31, 2025 and 2024, RSF's total loans receivable is summarized by loan category in the following table:

	2025	2024
C&I	\$ 83,358,397	\$ 50,518,316
CRE	52,897,086	53,356,110
Gross loans outstanding	136,255,483	103,874,426
Allowance for credit losses	(2,916,623)	(6,452,355)
Total loans outstanding and allowance for credit losses	\$ 133,338,860	\$ 97,422,071

As of December 31, 2025 and 2024, there was accrued interest receivable of \$766,034 and \$541,935, respectively, included in loans receivable, net of allowance for credit losses of approximately \$16,000 and \$11,000, respectively, on the consolidated statements of financial position.

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RSF extends credit to organizations that are mission related. Interest rates on newly originated loans ranged from 6.00% to 10.50% during 2025, and from 6.00% to 8.00% during 2024. Loans generally have one- to five-year 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, 2025 and 2024, the contractual amount of the unfunded credit commitments was approximately \$5,714,000 and \$8,967,000, 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 2025 and 2024, RSF had in place approximately \$917,000 and \$1,282,000, 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, 2025 and 2024:

	2025			
	C&I	CRE	Unallocated	Total
Allowance for credit losses:				
Beginning balance	\$ 2,889,310	\$ 3,163,045	\$ 400,000	\$ 6,452,355
Charge-offs	(1,623,554)	(2,574,049)	-	(4,197,603)
Recoveries	242,820	-	-	242,820
Provision (recovery)	819,051	-	(400,000)	419,051
Ending balance	<u>\$ 2,327,627</u>	<u>\$ 588,996</u>	<u>\$ -</u>	<u>\$ 2,916,623</u>
	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	<u>\$ 2,889,310</u>	<u>\$ 3,163,045</u>	<u>\$ 400,000</u>	<u>\$ 6,452,355</u>

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The unallocated allowance for credit losses represented excess allowance for future growth of the loan portfolio. This excess allowance has been recorded and maintained for several years due to the strength of the loan portfolio and as a measure of conservatism as loan balances grew.

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 19% and 25% at December 31, 2025 and 2024, respectively. All school loans are secured by collateral that ranges based on loan type, 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. 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.

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

	2025		
	Nonaccrual with No Allowance for Credit Losses	Nonaccrual with Allowance for Credit Losses	Total Nonaccrual
C&I	\$ -	\$ -	\$ -
CRE	-	-	-
Total	\$ -	\$ -	\$ -
	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

Had nonaccrual loans been performing in accordance with their original contractual terms, additional interest income of \$430,457 and \$327,350 would have been recognized during 2025 and 2024, respectively.

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

	2025	2024
C&I	\$ -	\$ 9,831,457
CRE	-	4,653,426
	\$ -	\$ 14,484,883

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.

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The following table shows the amortized cost basis as of December 31, 2025 and 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, 2025					% of Total Loan Class
		Principal Forgiveness	Payment Delay	Term Extension	Interest Rate Reduction	Combination	Total
C&I	\$	-	-	-	-	-	-
CRE	-	-	-	-	-	-	0.00%
Total	\$	-	-	-	-	-	0.00%

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

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, 2025 and 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, 2025 and 2024, on a nonrecurring basis:

		2025			
		Total	Level 1	Level 2	Level 3
C&I	\$	-	-	-	-
CRE	-	-	-	-	-
Total	\$	-	-	-	-

		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

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%.

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Note 4 – Investments and Fair Value Measurement

The tables below present the balances of assets measured at fair value at December 31, 2025 and 2024, on a recurring basis:

	2025				Net Asset Value
	Total	Level 1	Level 2	Level 3	
Cash and cash equivalents	\$ 46,117,520	\$ 46,117,520	\$ -	\$ -	\$ -
Certificate of Deposit Account Registry Service	16,860,628	-	16,860,628	-	-
Corporate securities	1,476,917	1,476,917	-	-	-
Investments, held at NAV:					
Private equity funds	3,431,423	-	-	-	3,431,423
Total	<u>\$ 67,886,488</u>	<u>\$ 47,594,437</u>	<u>\$ 16,860,628</u>	<u>\$ -</u>	<u>\$ 3,431,423</u>

	2024				Net Asset Value
	Total	Level 1	Level 2	Level 3	
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	<u>\$ 63,809,622</u>	<u>\$ 44,016,992</u>	<u>\$ 16,187,177</u>	<u>\$ -</u>	<u>\$ 3,605,453</u>

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, 2024 matured on July 3, 2025 and was subsequently reinvested in CDARS accounts with maturities extending through July 2, 2026.

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.

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The investment nature of the alternative investments as of December 31, 2025, for which fair value is based on NAV is as follows:

	Fair Value	Unfunded Commitments
Private Equity Funds	\$ 3,431,423	\$ 106,559
Total	\$ 3,431,423	\$ 106,559

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.

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Note 5 – Liquidity and Funds Available

The following table reflects RSF's financial assets as of December 31, 2025 and 2024, 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 were as follows as of December 31, 2025 and 2024:

	2025	2024
Financial assets		
Cash and cash equivalents	\$ 28,613,665	\$ 35,641,713
Mission-related loans and investments		
Loans receivable, net of allowance for credit losses	133,338,860	97,422,071
Investments, fair value	67,886,488	63,809,622
Investments, held at cost	1,445,184	1,794,866
Total financial assets	231,284,197	198,668,272
Less those unavailable for general expenditure within one year, due to		
Cash and cash equivalents for philanthropic services	5,305,893	2,154,203
Principal receivable from loans due after one year	125,967,971	88,743,551
Illiquid investments, at fair value	67,886,488	63,809,622
Illiquid investments, held at cost	1,445,184	1,794,866
Net assets with donor restrictions	150,000	150,000
Financial assets available to meet cash needs for general expenditures within one year	\$ 30,528,661	\$ 42,016,030

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 \$917,000 and \$1,282,000 in limited loan guaranties as of December 31, 2025 and 2024, respectively. 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.

In February 2026, RSF entered into a revolving line of credit with Climate First Bank that permits RSF to borrow, repay, and reborrow amounts during the term, with total borrowings of up to \$10,000,000 and a maturity date of February 4, 2029, at which time all outstanding borrowings become due. Borrowings under the line of credit bear interest at a floating rate equal to 2.50% plus the interest rate paid by the lender on the related cash collateral accounts and are secured by cash collateral accounts held at the lender.

Note 6 – Investor Notes Payable

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

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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, 2025 and 2024, RSF had investor notes payable with quarterly maturities totaling \$78,718,750 and \$90,823,018, respectively, with effective interest rates of 1.00%. On renewal, the principal amount of the note will include any elected reinvested quarterly interest.

As of December 31, 2025 and 2024, the average duration for which current RSF noteholders have held one or more investor notes payable with quarterly maturities was 14.4 years and 13.3 years, respectively. In addition, the amount of investor notes with quarterly maturities redeemed in 2025 was approximately 11% of the aggregate outstanding balance as of December 31, 2024, compared to approximately 7% in 2024, 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 by liquidating investments. Additionally, management is able to draw from its line of credit originated in February 2026 (see Note 5).

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

Note Category	Outstanding Balance December 31, 2025	Outstanding Balance December 31, 2024	Interest Rate
1 Year Notes	\$ 12,658,710	\$ 5,714,372	2.00%
2 Year Notes	3,931,078	3,021,824	3.00%
3 Year Notes	19,128,037	10,406,202	3.50 to 4.00%
Total long-term investor notes	<u>\$ 35,717,825</u>	<u>\$ 19,142,398</u>	

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

Years Ending December 31,	
2026	\$ 16,012,646
2027	10,983,344
2028	<u>8,721,835</u>
Total maturities	<u>\$ 35,717,825</u>

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CUSIP investor notes – CUSIP investor notes consist of funds received by RSF from individuals, organizations, and/or corporations that would like to support RSF’s mission. Two CUSIP investor notes originated in 2025. They bear interest at 3.50% and have set maturities of three years. 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. As of December 31, 2025 and 2024 the total outstanding balance of CUSIP investor notes was \$6,386,137 and \$0, respectively. CUSIP investor notes are included in long-term investor notes in the tables above.

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, 2025 and 2024:

Issued	Original Principal Amount	Maturity Date	Interest Rate	Outstanding Balance, December 31,	
				2025	2024
December 2016	\$ 8,000,000	December 2026	1.00%	\$ 8,000,000	\$ 8,000,000
December 2022	500,000	December 2027	2.50%	500,000	500,000
December 2024	1,000,000	December 2025	0.00%	-	1,000,000
	Total			<u>\$ 8,500,000</u>	<u>\$ 9,500,000</u>

Note 8 – Income Taxes

Income taxes pertaining to CMP for December 31, 2025 and 2024, 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.

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The provision for (benefit from) income taxes consisted of the following for the years ended December 31, 2025 and 2024:

	2025	2024
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, 2025 and 2024:

	2025	2024
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, 2025 and 2024, CMP had \$2,493,155 and \$2,492,355 of federal net operating loss carryforwards, respectively. At December 31, 2025 and 2024, 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, 2025 and 2024, federal and state income taxes on unrelated business income were not material.

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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, 2025 and 2024, 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, 2025 and 2024, net assets with donor restrictions consist of the following:

	<u>2025</u>	<u>2024</u>
Donor-restricted funds for RSF Shared Risk Program	\$ 50,000	\$ 50,000
Donor-restricted funds for RSF Revolving Capital Permanent Fund	<u>100,000</u>	<u>100,000</u>
Total	<u>\$ 150,000</u>	<u>\$ 150,000</u>

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

There were no net assets released from donor restrictions during the years ended December 31, 2025 and 2024.

Note 10 – Commitments

As of December 31, 2025, RSF has the following commitments:

Lease and membership agreement – 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, 2025 and 2024, was \$81,580 and \$76,772, 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.

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Notes to Consolidated Financial Statements

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 12, 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 in 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 \$1,006,312 and \$851,020 as of December 31, 2025 and 2024, 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, 2025 and 2024. For the years ended December 31, 2025 and 2024, RSF contributed approximately \$39,000 and \$40,000, 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.

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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, 2025 and 2024. At various times during 2025 and 2024, 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, 2025 and 2024, RSF's cash and cash equivalent balances with two financial institutions comprised 87% and 85% of total cash and cash equivalents, respectively.

For the year ended December 31, 2025, RSF received 35% of its gifts and contributions from two donors. For the year ended December 31, 2024, RSF received 30% of its gifts and contributions from two 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 25, 2026, the date the consolidated financial statements were available to be issued, and has determined that other than as disclosed in Note 5, there are no other subsequent events that require additional recognition or disclosure.

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