

Report of Independent Auditors and
Financial Statements

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

December 31, 2025, 2024, and 2023



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Report of Independent Auditors

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of RSF Social Investment Fund, Inc., which comprise the statements of financial position as of December 31, 2025, 2024, and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of RSF Social Investment Fund, Inc. as of December 31, 2025, 2024, and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Investment Fund, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Baker Tilly US, LLP

San Francisco, California

April 22, 2026

Financial Statements

RSF Social Investment Fund, Inc.
(an affiliate of RSF Social Finance)
Statements of Financial Position
December 31, 2025, 2024, and 2023

	<u>2025</u>	<u>2024</u>	<u>2023</u>
ASSETS			
Cash and cash equivalents	\$ 21,214,360	\$ 31,227,310	\$ 13,680,937
Loans receivable, net of allowance for credit losses of \$2,916,623, \$6,452,355, and \$6,002,967	133,338,860	97,422,071	100,748,091
Investments	16,860,628	16,187,177	15,488,252
Advances to related parties, net	6,442,768	8,594,015	8,073,980
Prepaid and other assets	<u>31,617</u>	<u>35,469</u>	<u>9,244</u>
Total assets	<u>\$ 177,888,233</u>	<u>\$ 153,466,042</u>	<u>\$ 138,000,504</u>
LIABILITIES AND NET ASSETS			
LIABILITIES			
Accounts payable and accrued expenses	\$ 3,635,238	\$ 3,890,261	\$ 5,158,765
Investor notes payable	149,008,432	125,923,406	110,612,992
Other notes payable	<u>9,537,218</u>	<u>9,500,000</u>	<u>9,002,513</u>
Total liabilities	<u>162,180,888</u>	<u>139,313,667</u>	<u>124,774,270</u>
NET ASSETS			
Net assets without donor restrictions			
Undesignated net assets	<u>15,707,345</u>	<u>14,152,375</u>	<u>13,226,234</u>
Total net assets	<u>15,707,345</u>	<u>14,152,375</u>	<u>13,226,234</u>
Total liabilities and net assets	<u>\$ 177,888,233</u>	<u>\$ 153,466,042</u>	<u>\$ 138,000,504</u>

See accompanying notes.

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

Statements of Activities

Years Ended December 31, 2025, 2024, and 2023

	2025	2024	2023
WITHOUT DONOR RESTRICTIONS			
Revenues, gains, and other support			
Interest on loans and investment income			
Interest and fees - loans receivable	\$ 7,881,485	\$ 6,574,512	\$ 5,758,076
Interest - advances to related parties	331,343	348,129	276,150
Investment income, net	1,223,109	1,010,795	543,791
Net interest on loans and investment income	9,435,937	7,933,436	6,578,017
Gifts and contributions	72,113	-	-
Total revenues, gains, and other support	9,508,050	7,933,436	6,578,017
Expenses			
Program services	6,584,903	5,799,501	3,975,762
Supporting services	1,368,177	1,207,794	1,126,161
Total expenses	7,953,080	7,007,295	5,101,923
CHANGES IN NET ASSETS	1,554,970	926,141	1,476,094
NET ASSETS, beginning of year	14,152,375	13,226,234	11,834,859
Adjustments to beginning net assets for adoption of ASU 2016-13	-	-	(84,719)
Adjusted net assets, beginning of year	14,152,375	13,226,234	11,750,140
NET ASSETS, end of year	\$ 15,707,345	\$ 14,152,375	\$ 13,226,234

See accompanying notes.

RSF Social Investment Fund, Inc.
(an affiliate of RSF Social Finance)
Statements of Functional Expenses
Years Ended December 31, 2025, 2024, and 2023

	2025 Program Expenses				Total
	Lending Program	Investor Notes Program	Total Program Expenses	Management and General Expenses	
Interest expense on investor notes payable	\$ -	\$ 2,426,373	\$ 2,426,373	\$ -	\$ 2,426,373
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	577,685	2,548,609	849,536	3,398,145
Consultants	48,765	24,382	73,147	170,677	243,824
Professional service fees	255,791	74,973	330,764	110,255	441,019
Travel expenses	60,220	17,651	77,871	25,957	103,828
Marketing expenses	81,474	23,880	105,354	35,118	140,472
Other expenses	409,792	120,112	529,904	176,634	706,538
Total functional expenses	\$ 3,319,847	\$ 3,265,056	\$ 6,584,903	\$ 1,368,177	\$ 7,953,080

	2024 Program Expenses				Total
	Lending Program	Investor Notes Program	Total Program Expenses	Management and General Expenses	
Interest expense on investor notes payable	\$ -	\$ 1,832,057	\$ 1,832,057	\$ -	\$ 1,832,057
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	564,455	2,490,239	830,080	3,320,319
Consultants	44,681	22,341	67,022	156,383	223,405
Professional service fees	110,007	32,244	142,251	47,418	189,669
Travel expenses	36,647	10,741	47,388	15,797	63,185
Marketing expenses	54,858	16,079	70,937	23,645	94,582
Other expenses	311,972	91,440	403,412	134,471	537,883
Total functional expenses	\$ 3,230,144	\$ 2,569,357	\$ 5,799,501	\$ 1,207,794	\$ 7,007,295

	2023 Program Expenses				Total
	Lending Program	Investor Notes Program	Total Program Expenses	Management and General Expenses	
Interest expense on investor notes payable	\$ -	\$ 999,414	\$ 999,414	\$ -	\$ 999,414
Personnel costs	1,778,988	521,428	2,300,416	766,791	3,067,207
Consultants	44,687	22,335	67,022	156,427	223,449
Professional service fees	174,120	51,063	225,183	75,034	300,217
Travel expenses	32,418	9,501	41,919	13,973	55,892
Marketing expenses	44,603	13,073	57,676	19,225	76,901
Other expenses	219,729	64,403	284,132	94,711	378,843
Total functional expenses	\$ 2,294,545	\$ 1,681,217	\$ 3,975,762	\$ 1,126,161	\$ 5,101,923

See accompanying notes.

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

Statements of Cash Flows

Years Ended December 31, 2025, 2024, and 2023

	2025	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Changes in net assets	\$ 1,554,970	\$ 926,141	\$ 1,476,094
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 gain on investments	(673,451)	(698,925)	(330,754)
Changes in operating assets and liabilities			
Prepaid expenses and other assets	3,852	(26,225)	(7,095)
Accounts payable and accrued expenses	(255,023)	(1,268,504)	3,091,797
Net cash provided by operating activities	<u>1,049,399</u>	<u>(348,249)</u>	<u>4,230,042</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments and paydowns on loans	15,527,205	21,210,169	13,638,599
Loan disbursements	(51,863,045)	(18,603,413)	(25,236,663)
Repayments received on advances to related parties	2,151,247	800,000	3,000,000
Advances to related parties	-	(1,320,035)	(2,002,440)
Purchase of investments	-	-	(15,157,498)
Net cash (used in) provided by investing activities	<u>(34,184,593)</u>	<u>2,086,721</u>	<u>(25,758,002)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Contributions to notes payable	35,494,428	22,081,637	4,065,731
Redemptions of notes payable	(12,409,402)	(7,273,736)	(14,447,501)
Contributions to other notes payable	1,037,218	1,000,000	1,002,513
Redemptions of other notes payable	(1,000,000)	-	-
Net cash provided by (used in) financing activities	<u>23,122,244</u>	<u>15,807,901</u>	<u>(9,379,257)</u>
NET CHANGES IN CASH AND CASH EQUIVALENTS	<u>(10,012,950)</u>	<u>17,546,373</u>	<u>(30,907,217)</u>
CASH AND CASH EQUIVALENTS, beginning of year	<u>31,227,310</u>	<u>13,680,937</u>	<u>44,588,154</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 21,214,360</u>	<u>\$ 31,227,310</u>	<u>\$ 13,680,937</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION			
Cash paid during the year for interest	<u>\$ 2,234,817</u>	<u>\$ 1,653,750</u>	<u>\$ 767,587</u>

See accompanying notes.

RSF Social Investment Fund, Inc.
(an affiliate of RSF Social Finance)
Notes to Financial Statements

Note 1 – Organization

RSF Social Investment Fund, Inc. (SIF), was incorporated in July 2000 and started doing business on April 27, 2004, as a nonprofit public benefit organization. SIF was created as an affiliate of RSF Social Finance (RSF) with two primary objectives: to fund loans to mission-driven and mission-related organizations. RSF supports SIF's charitable mission by providing a way for investors to fund mission-related social enterprises. SIF intends to use investor funds to make loans to a broad range of projects in the fields of sustainable agriculture, education and the arts, and climate and environment. SIF's financial statements consolidate into RSF; however, the accompanying financial statements have been prepared on a standalone basis and do not include the accounts of RSF.

Note 2 – Summary of Significant Accounting Policies

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

U.S. GAAP requires that SIF report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions, which represent the expendable resources that are available to support the operations of SIF at management's discretion; and net assets with donor restrictions, which represent resources whose use is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled or otherwise removed by actions of SIF. There were no net assets with donor restrictions as of December 31, 2025, 2024, and 2023.

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

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

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

RSF Social Investment Fund, Inc.
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Notes to Financial Statements

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 statements of financial position and is included in the estimate of credit losses for loans.

On January 1, 2023, SIF adopted Accounting Standards Update (ASU) 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* (ASU 2016-13). The guidance in Topic 326 is codified in Accounting Standards Codification (ASC) 326. SIF adopted ASC 326 using the modified retrospective method for all financial assets measured at amortized cost and off-balance-sheet credit exposures.

Since adoption of ASC 326, the allowance for credit losses is measured on a collective (pool) basis when similar risk characteristics exist. SIF has identified the following portfolio segments and measures the allowance for credit losses using the discounted cash flow method: Commercial and Industrial (C&I) and Commercial Real Estate Non-Farming Non-Residential Mortgage (CRE).

The adoption resulted in no change to the allowance for credit losses on loans and an increase of \$84,719 to the allowance for unfunded commitments.

RSF Social Investment Fund, Inc.
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Notes to Financial Statements

Loans that do not share risk characteristics are evaluated on an individual basis. Loans evaluated individually are not 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.

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

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 or they are not unconditionally cancellable by SIF.

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

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

1. The scheduled loan payment becomes 90 days past due;
2. It becomes probable that the client cannot or will not make scheduled payments;
3. Full repayment of interest and principal is not expected; and
4. The loan displays potential loss characteristics.

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

RSF Social Investment Fund, Inc.
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Notes to Financial Statements

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

1. All payments (according to the original terms of the loan) are brought current;
2. A six-month period of satisfactory payment history has been established; and
3. A current evaluation of the client indicates the ability to repay the loan according to the original terms.

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

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

Allowance for credit losses on unfunded commitments – SIF maintains a separate allowance for credit 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, \$111,649, and \$84,719 is included in accounts payable and accrued expenses on the statements of financial position at December 31, 2025, 2024, and 2023, respectively.

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

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

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

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

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

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

RSF Social Investment Fund, Inc.
(an affiliate of RSF Social Finance)
Notes to Financial Statements

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

Individually evaluated loans – SIF does not record loans at fair value on a recurring basis. Loans for which it is probable that payment of interest and principal will not be made in accordance with the contractual terms of the loan agreement are placed on nonaccrual and individually evaluated. The fair value of individually evaluated loans is estimated using one of several methods, including collateral value, market value of similar debt, enterprise and liquidation value, and discounted cash flows. Those loans not requiring an allowance for credit losses represent loans for which the fair value of the expected repayments or collateral exceeds 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, SIF records the individually evaluated loan as nonrecurring Level 3. Change in value is recorded within provision for credit loss on the statements of activities.

Corporate securities – Investments are reported at fair value based on quoted price. Net appreciation (depreciation) in investments, including realized gains or losses and unrealized appreciation or depreciation on those investments, as well as all dividends, interest, and other investment income, net of investment expenses, is reported in the statements of activities. Investment income (loss) is reported as an increase (decrease) in net assets without donor restrictions, unless there are donor-imposed restrictions on the use of the income.

Notes payable – Notes payable are liabilities consisting of both investor notes and other loan facility made to SIF by individuals and organizations for specified periods, depending on the terms of the agreements with the other parties. SIF is able to achieve its mission in part due to the low-cost, long-term borrowing programs provided by government agencies, credit unions, banks, and other private parties. The borrowing arrangements often include below-market interest rates, a waiver on loan fees, limited collateral requirements, and extended terms for eventual repayment. Access to favorable financing programs is a significant benefit for SIF and allows SIF, as a small business lending intermediary, to pass along the cost savings from these favorable borrowing structures to the ultimate recipients: SIF's customers. No attempt has been made to account for or report on the economic benefits associated with these favorable borrowing arrangements since the intent is to pass the reduced interest costs through to the end recipient. Management believes the associated economic benefit, when offset by the benefit passed along to end recipient borrowers, is not significant to SIF's net assets at December 31, 2025, 2024, and 2023, or to changes in net assets for the years then ended.

Revenue recognition – 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 is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), restricted net assets are reclassified to net assets without donor restrictions and reported in the accompanying statements of activities as net assets released from restrictions.

RSF Social Investment Fund, Inc.
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Notes to Financial Statements

Interest and fee income – Most of SIF’s income is derived from lending activities. Loans are generally offered at a base rate plus or minus a spread. The base rate charged on loans receivable is adjusted periodically in response to changing market and economic conditions, among other factors. At December 31, 2025, 2024, and 2023, the base rate in place was 6.25%, 6.00%, 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.

Functional expense allocation – The costs of SIF’s various programs and other activities have been summarized on a functional basis in the accompanying statements of activities. Expenses directly identifiable with programs are charged to program services. Supporting services include overhead expenses not directly identifiable with programs but which provide for overall support and direction of SIF, such as personnel costs. Expenses are allocated to SIF based on a determination of time and resources spent specifically on social enterprise lending activities. The percentage of expenses allocated has ranged from 10% to 90% of individual departmental expenses. There were no fundraising expenses incurred during the years ended December 31, 2025, 2024, and 2023.

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

U.S. GAAP prescribes recognition thresholds and measurement attributes for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Tax benefits will be recognized only if a tax position is more-likely-than-not sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized will be the largest amount of tax benefit that is greater than 50% likely being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax benefit will be recorded. Management has concluded that there are no tax benefits or liabilities to be recognized at December 31, 2025, 2024, and 2023.

SIF would recognize interest and penalties related to unrecognized tax benefits in interest and income tax expense, respectively. SIF has no amounts accrued for interest or penalties for the years ended December 31, 2025, 2024, and 2023. SIF does not expect the total amount of unrecognized tax benefits to significantly change in the next 12 months.

Reclassifications – Certain prior year amounts were reclassified to conform to the current year presentation. There was no impact on net assets.

RSF Social Investment Fund, Inc.
(an affiliate of RSF Social Finance)
Notes to Financial Statements

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

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

Note 3 – Loans Receivable and Allowance for Credit Losses

As of December 31, 2025, 2024, and 2023, SIF's total loans receivable are summarized by loan category in the following table:

	2025	2024	2023
C&I	\$ 83,358,397	\$ 50,518,316	\$ 47,031,275
CRE	<u>52,897,086</u>	<u>53,356,110</u>	<u>59,719,783</u>
Gross loans outstanding	136,255,483	103,874,426	106,751,058
Allowance for credit losses	<u>(2,916,623)</u>	<u>(6,452,355)</u>	<u>(6,002,967)</u>
Total loans outstanding and allowance for credit losses	<u>\$ 133,338,860</u>	<u>\$ 97,422,071</u>	<u>\$ 100,748,091</u>

As of December 31, 2025, 2024, and 2023, there was accrued interest receivable of \$766,034, \$541,935, and \$527,739, respectively, included in loans receivable, net of allowance for credit losses of approximately \$16,000, \$11,000, and \$19,000, respectively, on the statements of financial position.

SIF extends credit to organizations that are mission-related and/or mission-driven. Interest rates offered on newly originated loans ranged from 6.00% to 10.50% during 2025, from 6.00% to 8.00% during 2024, and from 5.00% to 7.25% during 2023. Loans generally have one to five year terms and are fully secured by business inventory and/or other assets and personal guaranties. SIF performs ongoing credit evaluations of its borrowers, maintaining allowances for potential credit losses, when appropriate.

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

Certain commitments are subject to loan agreements with covenants regarding the financial performance of the borrower or borrowing base formulas that must be met before SIF is required to fund the commitment. SIF uses the same credit policies in extending credit for unfunded commitments in funding loans. In addition, SIF manages the potential risk in credit commitments by limiting the total amount of arrangements, both by organizations and/or affiliates, by monitoring the size and maturity structure of these loans and by applying the same credit standards for all loan activities. Although SIF believes the related collateral to be adequate, there is no assurance that the underlying assets have sufficient value to fully collateralize the outstanding balances. As of December 31, 2025, 2024, and 2023, the contractual amount of the unfunded credit commitments is approximately \$5,714,000, \$8,967,000, and \$11,061,000, respectively.

Investors have the option to enter into a limited guaranty agreement with SIF whereby the investor noteholder pledges their investor note to cover potential loan losses in the SIF portfolio. In 2025, 2024, and 2023, SIF had in place approximately \$917,000, \$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.

The following table is an analysis of the allowance for credit losses for the years ended December 31, 2025, 2024, and 2023:

	2025			Total
	C&I	CRE	Unallocated	
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
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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	2023			
	C&I	CRE	Unallocated	Total
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	<u>\$ 1,486,751</u>	<u>\$ 2,183,154</u>	<u>\$ 2,333,062</u>	<u>\$ 6,002,967</u>

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%, 25%, and 24%, at December 31, 2025, 2024, and 2023, respectively. All school loans are secured by collateral that ranges based on loan type, but includes deed of trust, UCC-1, Guaranty, and Collaborative funds. Based on current economic conditions, schools may be subject to a drop in tuition revenue and/or state funding. SIF monitors the underlying economic or market conditions for these areas within their credit risk management process, including schools' financial health, by reviewing reports submitted by the schools as required by their loan covenants, conducting site visits, and staying in regular contact with the school administrators.

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

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

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

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

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

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

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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, 2025, 2024, and 2023:

	2025		
	C&I	CRE	Total
Grade			
Pass	\$ 80,337,989	\$ 47,943,034	\$ 128,281,023
Watch list/special mention	3,020,408	690,868	3,711,276
Substandard	-	4,263,184	4,263,184
Doubtful	-	-	-
Total	<u>\$ 83,358,397</u>	<u>\$ 52,897,086</u>	<u>\$ 136,255,483</u>
	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	<u>\$ 50,518,316</u>	<u>\$ 53,356,110</u>	<u>\$ 103,874,426</u>
	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	<u>\$ 47,031,275</u>	<u>\$ 59,719,783</u>	<u>\$ 106,751,058</u>

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SIF monitors past due status for the purpose of managing credit risk for all loans. The following tables show an aging analysis of the loan portfolio by the time past due at December 31, 2025, 2024, and 2023:

		2025				
		30 to 89 Days Past Due	Nonaccrual	Total Past Due and Nonaccrual	Current	Total
C&I		\$ -	\$ -	\$ -	\$ 83,358,397	\$ 83,358,397
CRE		-	-	-	52,897,086	52,897,086
	Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 136,255,483</u>	<u>\$ 136,255,483</u>
		2024				
		30 to 89 Days Past Due	Nonaccrual	Total Past Due and Nonaccrual	Current	Total
C&I		\$ 1,387,360	\$ 4,111,832	\$ 5,499,192	\$ 45,019,124	\$ 50,518,316
CRE		-	-	-	53,356,110	53,356,110
	Total	<u>\$ 1,387,360</u>	<u>\$ 4,111,832</u>	<u>\$ 5,499,192</u>	<u>\$ 98,375,234</u>	<u>\$ 103,874,426</u>
		2023				
		30 to 89 Days Past Due	Nonaccrual	Total Past Due and Nonaccrual	Current	Total
C&I		\$ 293,527	\$ -	\$ 293,527	\$ 46,737,748	\$ 47,031,275
CRE		-	695,668	695,668	59,024,115	59,719,783
	Total	<u>\$ 293,527</u>	<u>\$ 695,668</u>	<u>\$ 989,195</u>	<u>\$ 105,761,863</u>	<u>\$ 106,751,058</u>

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The following tables present the amortized cost basis of loans on nonaccrual status at December 31, 2025, 2024, and 2023:

		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
		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 \$430,457, \$327,350, and \$116,611 during 2025, 2024, and 2023, respectively.

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

	2025	2024	2023
C&I	\$ -	\$ 9,831,457	\$ 646,358
CRE	-	4,653,426	13,375,822
Total	\$ -	\$ 14,484,883	\$ 14,022,180

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

The following tables show the amortized cost basis as of December 31, 2025, 2024, and 2023 of the loans modified to borrowers experiencing financial difficulty, disaggregated by class of loans and type of concession granted and describe the financial effect of the modifications made to borrowers experiencing financial difficulty:

December 31, 2025							
	Principal Forgiveness	Payment Delay	Term Extension	Interest Rate Reduction	Combination	Total	% of Total Loan Class
C&I	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
CRE	-	-	-	-	-	-	0.00%
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
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	8.20%
Total	\$ -	\$ -	\$ 4,372,677	\$ -	\$ -	\$ 4,372,677	8.20%
December 31, 2023							
	Principal Forgiveness	Payment Delay	Term Extension	Interest Rate Reduction	Combination	Total	% of Total Loan Class
C&I	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
CRE	-	-	-	-	-	-	0.00%
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%

SIF closely monitors the performance of loans that are modified to borrowers experiencing financial difficulty to understand the effectiveness of its modification efforts. As of December 31, 2025, 2024, and 2023, there were no modified loans that subsequently defaulted.

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The tables below present the balances of loans individually evaluated for impairment measured at fair value at December 31, 2025, 2024, and 2023, on a nonrecurring basis.

		2025			
		Total	Level 1	Level 2	Level 3
C&I		\$ -	\$ -	\$ -	\$ -
CRE		-	-	-	-
	Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
		2024			
		Total	Level 1	Level 2	Level 3
C&I		\$ 2,462,000	\$ -	\$ -	\$ 2,462,000
CRE		1,787,500	-	-	1,787,500
	Total	<u>\$ 4,249,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,249,500</u>
		2023			
		Total	Level 1	Level 2	Level 3
CRE		\$ 2,957,500	\$ -	\$ -	\$ 2,957,500
	Total	<u>\$ 2,957,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,957,500</u>

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

Note 4 – Investments and Fair Value Measurements

Fair value, cost, and accumulated accrued interest at December 31, 2025, 2024, and 2023, were as follows:

		2025		
		Fair Value	Cost	Accumulated Accrued Interest
	Certificate of Deposit Account Registry Service	\$ 16,860,628	\$ 16,187,177	\$ 673,451
	Total	<u>\$ 16,860,628</u>	<u>\$ 16,187,177</u>	<u>\$ 673,451</u>

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	2024		
	Fair Value	Cost	Accumulated Accrued Interest
Certificate of Deposit Account Registry Service	\$ 16,187,177	\$ 15,488,252	\$ 698,925
Total	\$ 16,187,177	\$ 15,488,252	\$ 698,925
	2023		
	Fair Value	Cost	Accumulated Accrued Interest
Certificate of Deposit Account Registry Service	\$ 15,488,252	\$ 15,157,498	\$ 330,754
Total	\$ 15,488,252	\$ 15,157,498	\$ 330,754

SIF 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 subsequently reinvested in CDARS accounts with maturities extending through July 3, 2025. 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 are exposed to various risks, such as interest rate, market, and credit risk. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term, and such changes could materially affect total net assets and the amounts reported in the statements of financial position.

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Note 5 – Liquidity and Funds Available

The following table reflects SIF's financial assets as of December 31, 2025, 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, 2025, 2024, and 2023:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Financial assets			
Cash and cash equivalents	\$ 21,214,360	\$ 31,227,310	\$ 13,680,937
Mission related loans and investments			
Loans receivable, net of allowance for credit losses	133,338,860	97,422,071	100,748,091
Investments	16,860,628	16,187,177	15,488,252
Advances to related parties, net	<u>6,442,768</u>	<u>8,594,015</u>	<u>8,073,980</u>
Total financial assets	177,856,616	153,430,573	137,991,260
Less those unavailable for general expenditure within one year, due to			
Principal receivable from loans after December 31	125,967,971	88,743,551	74,505,040
Long-term investor notes maturing during the year	25,396,098	7,087,855	396,697
Advances to related parties, net	<u>5,642,768</u>	<u>7,794,015</u>	<u>7,273,980</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 20,849,779</u>	<u>\$ 49,805,152</u>	<u>\$ 55,815,543</u>

In addition to the financial assets available in the table above, SIF had approximately \$917,000 in limited loan guaranties as of December 31, 2025. Management structures SIF's financial assets to be available for general expenditures, including SIF investor notes payable redemptions and borrower draws on lines of credit, liabilities, and other obligations as they come due.

In February 2026, SIF entered into a revolving line of credit with Climate First Bank that permits SIF 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 SIF from individuals, organizations, and/or corporations that would like to support SIF's mission. They are unsecured and carried at amortized cost, which includes the total value of the principal investments plus accrued interest.

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

SIF's parent company, RSF, invests a portion of philanthropic assets in SIF investor notes. At December 31, 2025, 2024, and 2023, RSF investment balances in SIF Investor Notes Program totaled \$35,609,000, \$15,957,000, and \$3,000,000, respectively.

Investor notes payable with quarterly maturities – At December 31, 2025, 2024, and 2023, SIF had investor notes payable with quarterly maturities totaling \$87,673,608, \$92,557,653, and \$106,525,743, respectively, with effective interest rates of 1.00%. On renewal, the principal amount of the note will include any elected reinvested quarterly interest.

As of December 31, 2025, 2024, and 2023, the average duration that current SIF noteholders have held one or more investor notes payable with quarterly maturities was 14.4 years, 13.3 years, and 11.9 years, respectively. In addition, investor notes with quarterly maturities redeemed during 2025 represented approximately 11% of the aggregate outstanding balance as of December 31, 2024, compared to approximately 7% in 2024 and 12% in 2023, based on the respective prior year-end outstanding balances.

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. SIF began offering these notes in July 2023.

Note Category	Outstanding Balance December 31, 2025	Outstanding Balance December 31, 2024	Outstanding Balance December 31, 2023	Interest Rate
1 Year Notes	\$ 14,011,486	\$ 6,718,423	\$ 396,697	2.00%
2 Year Notes	8,770,062	8,063,492	369,432	3.00%
3 Year Notes	32,167,139	18,583,838	3,321,120	3.50% to 4.00%
Total long-term investor notes	<u>\$ 54,948,687</u>	<u>\$ 33,365,753</u>	<u>\$ 4,087,249</u>	

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

Years Ending December 31,		
2026	\$	25,396,098
2027		15,969,288
2028		<u>13,583,301</u>
 Total long-term maturities	 \$	 <u><u>54,948,687</u></u>

CUSIP investor notes – CUSIP investor notes consist of funds received by SIF from individuals, organizations, and/or corporations that would like to support SIF’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, 2024, and 2023 the total outstanding balance of CUSIP investor notes was \$6,386,137, \$0, and \$0, respectively.

Note 7 – Other Notes Payable

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

Other notes payable are comprised of the following for the years ended December 31, 2025, 2024, and 2023:

Issued	Original Principal Amount	Maturity Date	Interest Rate	Outstanding Balance, December 31,		
				2025	2024	2023
December 2016	\$ 8,000,000	December 2026	1.00%	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000
December 2022	\$ 500,000	December 2027	2.50%	500,000	500,000	500,000
December 2022	\$ 500,000	December 2023*	0.50%	-	-	502,513
December 2024	\$ 1,000,000	December 2025	0.00%	-	1,000,000	-
February 2025	\$ 1,000,000	February 2028	4.00%	<u>1,037,218</u>	<u>-</u>	<u>-</u>
 Total				 <u>\$ 9,537,218</u>	 <u>\$ 9,500,000</u>	 <u>\$ 9,002,513</u>

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

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Note 8 – Related-Party Transactions

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

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Advances due from RSF	\$ 40,163,736	\$ 41,930,292	\$ 41,382,613
Advances due to RSF	<u>(33,720,968)</u>	<u>(33,336,277)</u>	<u>(33,308,633)</u>
Total advances to related parties, net	<u>\$ 6,442,768</u>	<u>\$ 8,594,015</u>	<u>\$ 8,073,980</u>

Advances due from (due to) related parties, net as of December 31 are made up of a note receivable from RSF and other balances as follows:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Note receivable from RSF	\$ 6,578,794	\$ 7,378,794	\$ 8,178,794
Accrued interest due from RSF	955,622	624,279	276,150
Other advances due from RSF	-	1,000,000	-
Other advances due to RSF	<u>(1,091,648)</u>	<u>(409,058)</u>	<u>(380,964)</u>
Total advances to related parties, net	<u>\$ 6,442,768</u>	<u>\$ 8,594,015</u>	<u>\$ 8,073,980</u>

Advances due from (due to) related parties are unsecured. Net interest income from related parties for the years ended December 31, 2025, 2024, and 2023, was \$331,343, \$348,129, and \$276,150, respectively.

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Management agreement – SIF shares office space and personnel with RSF. Costs associated with this arrangement, including salaries and related benefits, occupancy costs, and other shared administrative expenses, are allocated between RSF and its affiliates by department, based primarily on time studies performed to estimate time spent on activities attributable to each entity, as well as other relevant allocation factors such as usage and headcount. Management believes the allocation methodology is reasonable and consistently applied. Total costs reimbursed to RSF for the years ended December 31, 2025, 2024, and 2023, were approximately \$4,507,000, \$4,045,000, and \$3,796,000, respectively.

Cash and cash equivalents – SIF had two deposit accounts with Amalgamated Bank, which were closed in January 2024. Mark Finser, RSF former Board Member, is a director of Amalgamated Bank. The balances of the accounts were \$0 at December 31, 2025 and 2024 and approximately \$5,029,000 at December 31, 2023.

Investor notes payable – Investor notes payable includes approximately \$18,000, \$22,000, and \$45,000 owed to Trustees and employees as of December 31, 2025, 2024, and 2023, respectively. SIF's parent company, RSF, also invests a portion of philanthropic assets in SIF investor notes (see Note 6).

Note 9 – Risks and Uncertainties

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

It is the mission of SIF to lend to businesses that cannot obtain financing with traditional financial institutions. Therefore, the risk tolerance for SIF is higher, as are the loan loss reserve rates. Any concentration of risk may increase SIF's losses. SIF has no formal portfolio requirements for borrower diversification, which could cause its loan portfolio to become concentrated in a limited number of borrowers, industries, sectors, or geographic regions.

Although the loan portfolio is well diversified, SIF has a significant concentration of credit risk for microloans, start-up business loans, and for loans granted to businesses with limited or marginal operating history and profitability. SIF's policy for repossessing collateral is that when all other collection efforts have been exhausted, SIF enforces its first-lien holder status and repossesses the collateral. SIF has full and complete access to repossessed collateral. Repossessed collateral normally consists of commercial real estate.

Cash and cash equivalents on deposit with financial institutions are guaranteed by the FDIC up to \$250,000 for all interest- and noninterest-bearing cash accounts at all FDIC-insured financial institutions and/or by the Securities Investor Protection Corporation (SIPC) as of December 31, 2025, 2024, and 2023. At various times during the years 2025, 2024, and 2023, SIF had cash balances in excess of the insured limits. SIF has not experienced any losses in such accounts, and management believes it is not exposed to any significant credit risk to cash.

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As of December 31, 2025, 2024, and 2023, SIF's cash and cash equivalent balances with two financial institutions comprised 100%, 100%, and 83% of total cash and cash equivalents, respectively.

Note 10 – Subsequent Events

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

SIF has evaluated subsequent events through April 22, 2026, the date the 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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