Capital Impact Partners and Subsidiaries and CDC Small Business Finance Corp.

Consolidated and Combined Financial Statements
with Independent Auditor's Report
December 31, 2024 and 2023

Contents

Independent Auditor's Report

To the Board of Directors
Capital Impact Partners and Subsidiaries and CDC Small Business Finance Corp.

Opinion

We have audited the consolidated and combined financial statements of Capital Impact Partners and Subsidiaries and CDC Small Business Finance Corp., which comprise the consolidated and combined statements of financial position as of December 31, 2024 and 2023, and the related consolidated and combined statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated and combined financial statements.

In our opinion, the accompanying consolidated and combined financial statements present fairly, in all material respects, the financial position of Capital Impact Partners and Subsidiaries and CDC Small Business Finance Corp. as of December 31, 2024 and 2023, and the changes in their 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 Capital Impact Partners and Subsidiaries and CDC Small Business Finance Corp. 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 and combined 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 and combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Capital Impact Partners and Subsidiaries and CDC Small Business Finance Corp.'s ability to continue as a going concern for one year after the date that the consolidated and combined financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and combined 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 and combined 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 and combined 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 and combined 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 Capital Impact Partners and Subsidiaries and CDC Small Business Finance Corp.'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 consolidated and combined financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Capital Impact Partners and Subsidiaries and CDC Small Business Finance Corp.'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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated and combined financial statements as a whole. The combining statements and schedule of community advantage loan loss reserve are presented for purposes of additional analysis and are not a required part of the consolidated and combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated and combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated and combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated and combined financial statements or to the consolidated and combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated and combined financial statements as a whole.

CohnReznick LLP

Bethesda, Maryland
March 27, 2025

Capital Impact Partners and Subsidiaries and CDC Small Business Finance Corp.

Consolidated and Combined Statements of Financial Position
December 31, 2024 and 2023

	2024	2023
Assets		
Cash and cash equivalents – unrestricted	**$ 111,808,261**	$ 61,139,507
Cash and cash equivalents – restricted	**43,708,386**	35,458,813
Accounts and interest receivable	**13,566,604**	14,510,568
Investments	**47,744,210**	41,942,249
Mortgage-Backed Securities	**34,029,460**	33,822,580
Loans receivable	**648,439,294**	582,347,447
Less: allowance for credit losses	**(21,785,734)**	(16,401,481)
Loans receivable, net	**626,653,560**	565,945,966
Loans receivable – subsidiaries	**15,938,096**	19,868,695
Loans available for sale	**4,044,738**	2,419,888
Other real estate owned	**658,498**	658,498
Other assets	**14,541,415**	12,919,657
Right of use assets	**8,801,865**	9,927,925
Total assets	**$ 921,495,093**	$ 798,614,346
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	**$ 17,589,978**	$ 18,524,230
Refundable advance liability	**8,336,547**	9,735,754
Loan loss reserve for PCLP program	**791,437**	896,841
Due to Small Business Administration	**256,192**	159,957
Deposits	**365,897**	925,429
Revolving lines of credit	**83,000,000**	69,500,000
Notes payable	**103,449,939**	111,998,868
Investor Notes, net	**377,129,499**	262,805,148
Subordinated debt	**14,500,000**	14,500,000
Federal Home Loan Bank borrowing	**24,000,000**	24,000,000
Bond loan payable	**10,000,000**	5,000,000
Notes payable – subsidiaries	**19,120,355**	24,193,922
Other borrowings	**101,510**	261,949
Liability for CECL - loan commitments	**3,096,198**	3,474,561
Lease liabilities	**11,240,663**	12,549,940
Total liabilities	**672,978,215**	558,526,599
Net assets:		
Without donor restrictions	**196,122,578**	168,649,826
Noncontrolling interest in consolidated subsidiaries	**1,281,113**	20,572,345
Total without donor restrictions	**197,403,691**	189,222,171
With donor restrictions	**51,113,187**	50,865,576
Total net assets	**248,516,878**	240,087,747
Total liabilities and net assets	**$ 921,495,093**	$ 798,614,346

See notes to consolidated and combined financial statements.

Capital Impact Partners and Subsidiaries and CDC Small Business Finance Corp.

Consolidated and Combined Statements of Activities and Changes in Net Assets
Years Ended December 31, 2024 and 2023

	2024	2023
Changes in net assets without donor restrictions:		
Financial activity:		
Financial income:		
Interest income on loans	**$ 47,731,912**	$ 33,802,728
Loan fees	**569,969**	389,267
Investment income, net	**3,364,560**	3,701,380
Gain on equity method investments	**942,906**	770,537
Gain on NMTC unwind	**6,977**	-
Gain on sale of securities	**1,041,401**	-
Total financial income	**53,657,725**	38,663,912
Financial expense:		
Interest expense	**30,219,621**	17,834,797
Provision for credit losses	**13,329,893**	1,397,447
Total financial expense	**43,549,514**	19,232,244
Net financial income	**10,108,211**	19,431,668
Revenue and support:		
Loan servicing fees	**17,266,813**	15,608,104
Fees	**2,096,750**	3,663,120
Asset management fees from investments	**3,014,780**	1,568,719
Contract revenue	**635,780**	1,244,007
Contributions	**45,740,014**	430,736
Gain on sale of 7a loans	**4,513,586**	2,712,844
Software licensing and support	**4,552,362**	4,275,889
Gain on debt extinguishment	**-**	352,238
Other income	**5,648,111**	5,056,663
Net assets released from donor restrictions	**19,101,025**	34,509,696
Total revenue and support	**102,569,221**	69,422,016
Non-financial expenses:		
Innovative community lending program	**41,805,530**	37,745,587
Technical assistance	**11,106,883**	22,160,282
Total non-financial program expenses	**52,912,413**	59,905,869
Support expenses:		
Management and general	**28,207,865**	27,375,738
Fundraising	**2,932,074**	2,289,697
Total non-financial expenses	**84,052,352**	89,571,304
Change in net assets without donor restrictions before noncontrolling interest activities	**28,625,080**	(717,620)
Noncontrolling interest – distributions	**(19,838,560)**	(1,012,132)
Change in net assets without donor restrictions	**8,786,520**	(1,729,752)
Changes in net assets with donor restrictions:		
Investment income, net	**683,517**	304,422
Contributions and grant revenue	**18,060,119**	28,200,484
Net assets released from donor restrictions	**(19,101,025)**	(34,509,696)
Change in net assets with donor restrictions	**(357,389)**	(6,004,790)
Change in net assets	**8,429,131**	(7,734,542)
Net assets, beginning	**240,087,747**	250,218,461
Cumulative change in accounting policy	**-**	(2,396,172)
Net assets, ending	**$ 248,516,878**	$ 240,087,747

See notes to consolidated and combined financial statements.

Capital Impact Partners and Subsidiaries and CDC Small Business Finance Corp.

Consolidated and Combined Statements of Cash Flows
Years Ended December 31, 2024 and 2023

	2024	2023
Cash flows from operating activities:		
Change in net assets	$ 8,429,131	$ (7,734,542)
Noncontrolling interest activities	(19,838,560)	(1,012,132)
Change in net assets before noncontrolling interest activities	28,267,691	(6,722,410)
Adjustments to reconcile change in net assets to		
net cash (used in) provided by operating activities:		
Provision for credit losses	13,329,893	1,397,447
Gain on sale of 7a loans	(4,513,586)	(2,712,844)
Depreciation	1,190,390	883,679
Amortization of notes issuance costs	268,798	265,832
Amortization of right of use assets	1,585,095	1,423,090
(Gain) loss on investments	1,142,884	(605,095)
Gain on equity method investments	(1,304,536)	(770,537)
Gain on NMTC unwind	(6,977)	-
Distribution on earnings from equity method investments	4,269	211
Accretion of interest on loans	-	19,396
Decrease (increase) in:		
Accounts and interest receivable	(3,946,908)	(5,855,441)
Contributions receivable	-	2,600,000
Originations of loans available for sale	(46,745,902)	(26,876,760)
Grants receivable	-	-
Sales of loans available for sale	49,337,223	29,784,367
Change in loan origination costs	(311,098)	35,482
Change in loan reserves	(162,745)	377,849
Other real estate owned	-	(658,498)
Other assets	(1,156,777)	(469,873)
(Decrease) increase in:		
Accounts payable and accrued expenses	461,173	4,333,476
Due to Small Business Administration	96,235	-
Decreases in deposits	(559,532)	381,833
Refundable advance liability	(1,399,207)	3,563,504
Lease liabilities	(1,681,775)	(1,550,457)
Net cash provided by (used in) operating activities	33,894,608	(1,155,749)
Cash flows from investing activities:		
Loan originations and advances	(221,086,441)	(201,950,106)
Loan purchases	(7,152,004)	(3,453,165)
Loan repayments	131,350,451	54,727,244
Loan sales	26,365,068	7,889,133
Loan originations and advances – subsidiaries	(673,008)	-
Loan repayments – subsidiaries	4,603,607	358,974
Loan originations and advances - intercompany	(19,800,000)	(2,500,000)
Loan repayments - intercompany	5,500,000	-
Proceeds received from returns of investment from equity investment	2,199,118	2,302,239
Proceeds from sale and distributions of investments	55,353,440	25,609,738
Purchase of investments, net	(62,117,820)	(26,172,640)
Proceeds from sale of mortgage-backed securities	5,068,947	6,894,225
Purchase of mortgage-backed securities	(6,431,929)	(10,963,359)
Withdrawals of certificate of deposits	83,761	(1,251)
Purchase of furnishings and equipment	(1,234,820)	(957,259)
Net cash (used in) investing activities	(87,971,630)	(148,216,227)
Cash flows provided by financing activities:		
Proceeds from notes payable	32,427,000	56,236,344
Repayment of notes payable	(26,675,929)	(16,841,446)
Proceeds from bond loan payable	10,000,000	-
Repayment of bond loan payable	(5,000,000)	-
Proceeds from subordinated debt payable	-	14,500,000
Repayment of subordinate notes payable	-	(2,500,000)
Payments on other borrowings	(160,439)	(194,539)
Proceeds from issuance of Investor Notes, net	172,384,764	102,788,192
Repayment of Investor Notes	(57,895,000)	(41,370,000)
Payment of issuance cost of Investor Notes	(434,210)	(185,094)
Capital distributions paid – noncontrolling interest	(20,077,270)	(1,033,809)
Repayment of notes payable – subsidiaries	(5,073,567)	-
Proceeds from lines of credit	52,000,000	68,000,000
Repayment of lines of credit	(38,500,000)	(44,500,000)
Net cash provided by financing activities	112,995,349	134,899,648
Net increase (decrease) in cash and cash equivalents	58,918,327	(14,472,328)
Cash and cash equivalents – beginning	96,598,320	111,070,648
Cash and cash equivalents – ending	$ 155,516,647	$ 96,598,320

(Continued)

Capital Impact Partners and Subsidiaries and CDC Small Business Finance Corp.

Consolidated and Combined Statements of Cash Flows (Continued)
Years Ended December 31, 2024 and 2023

	2024	2023
Cash and cash equivalents consist of:		
Cash and cash equivalents – unrestricted	$ 111,808,261	$ 61,139,507
Cash and cash equivalents – restricted	43,708,386	35,458,813
	$ 155,516,647	$ 96,598,320
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	$ 29,563,778	$ 17,165,111
Supplemental schedule of noncash operating activities:		
Loan forgiveness	$ 1,956,201	$ 137,480
Additions to right of use assets and liabilities obtained from operating leases	$ -	$ 2,341,792
Supplemental schedules of noncash investing and financing activities:		
Distributions payable to noncontrolling interest included in accounts payable	$ 6,802	$ 245,512
Non-cash transfer from loans receivable to other real estate owned	$ -	$ 658,498
Supplemental disclosure of cumulative effect of adoption of new accounting standard		
Cumulative effect of current expected credit losses (CECL)	$ -	$ 2,396,172

See notes to consolidated and combined financial statements.

Note 1. Description of Activities and Significant Accounting Policies

Description of activities: Capital Impact Partners is a nonprofit organization without capital stock organized under the laws of the District of Columbia at the direction of the U.S. Congress in 12 U.S. Code 3051(b). The purpose of Capital Impact Partners is to provide industry altering financial services and technical assistance programs designed to spark systemic change for lasting economic progress. Capital Impact Partners empowers communities to create more affordable cooperative homeownership, access to healthy foods, housing and services for the elderly, and facilities for health care centers and charter schools. The Community Development Financial Institutions Fund of the U.S. Treasury Department has designated Capital Impact Partners as a certified Community Development Financial Institution ("CDFI").

CDC Small Business Finance Corp. ("CDC") is a California nonprofit organization committed to serving the capital needs of small businesses in California, Nevada, and Arizona. CDC is a Certified Development Company certified by the U.S. Small Business Administration. Its mission is to champion the growth of small companies in its communities through advocacy and lending services. CDC arranges industrial and commercial real estate, and business development loans for small business.

Related to the agreement between Capital Impact Partners and CDC, effective February 8, 2021, Capital Impact Partners amended its organizational documents. The amendments were primarily to convert from a membership to a non-membership organization and to revise the board makeup and size requirements in relation to the membership conversion.

Effective April 1, 2021, Capital Impact Partners and CDC aligned their operations under one chief executive officer and a joint board of directors. The strategic alliance between Capital Impact Partners and CDC, which closed on July 15, 2021, innovates how capital and investments flow into historically disinvested communities to advance economic empowerment and equitable wealth creation. Capital Impact Partners and CDC remain as separate legal and tax entities with no control over the other.

Capital Impact Partners and CDC cross guarantee most of the other party's debt, and are co-borrowers on other obligations to enable each organization to benefit from the combined financial strength of both organizations.

Capital Impact Partners and CDC have substantially overlapping executive management teams with Ellis Carr, Capital Impact Partners' President and Chief Executive Officer, serving as President and Chief Executive Officer of both organizations.

In July 2022, the strategic alliance of Capital Impact Partners and CDC was rebranded as Momentus Capital, although each of Capital Impact Partners and CDC continues operating as separate entities committed to serving its key market and clients, complementing Capital Impact Partners and CDC's shared missions of community development and support for small businesses.

On December 10, 2021, Alliance Securities Manager LLC ("ASM"), a Delaware limited liability company and taxable wholly-owned subsidiary of Capital Impact Partners, entered into a Membership Interest Purchase Agreement ("Purchase Agreement") to purchase all the rights, title and interest in RPS Securities LLC ("RPS"), a member broker-dealer of the Financial Industry Regulatory Authority ("FINRA"). On February 11, 2022, RPS' continuing membership application was approved by FINRA and shortly after, on February 17, 2022, ASM acquired all of the interests in RPS pursuant to the Purchase Agreement and renamed RPS as Alliance Securities LLC effective February 17, 2022. Soon after Alliance Securities, LLC was renamed Momentus Securities LLC ("Momentus Securities"). In January 2024, the SBA approved Momentus Securities as an SBA Pool Assembler in the 7(a) Loan Guarantee Program.

Note 1. Description of Activities and Significant Accounting Policies (Continued)

On June 10, 2022, Capital Impact Partners formed two entities:

1) Equitable Prosperity Manager LLC ("EPM") is a wholly-owned investment adviser which is a subsidiary of ASM.
2) Equitable Prosperity Fund 1 GP LLC ("EPF GP") is a Delaware limited liability company and wholly-owned subsidiary of Capital Impact Partners and a single purpose entity that holds the general partner interest in Equitable Prosperity Fund I LP ("EPF").

EPF, formed on June 10, 2022, is a growth stage impact investment fund designed to fill the capital gap needed to propel community-centric enterprises to scale and create measurable impact. Capital Impact Partners' capital contributions currently account for 35.89% of the aggregate capital contributions to EPF.

The broker-dealer and investment advisory activities related to these entities are intended to generate revenue streams in the form of fee income and commissions (whether related to placement of securities, financing, investment management or investment banking). One or more affiliates of Capital Impact Partners, including EPM may also receive a profit allocation or carried interest in connection with its investment advisory activities.

The following table provides information on Capital Impact Partners' and CDC's various subsidiaries:

Subsidiary Name	Ownership %	Purpose of Subsidiary	Included in Consolidated Financials
Community Solutions Group, LLC	100%	Subsidiary of Capital Impact Partners formed to foster development and provide technical assistance to cooperative organizations and similar non-profit organizations and provide capital in support of development projects by making strategic grants and business planning advances. This entity had no activity in 2024 and 2023.	Yes
NCBCI Education Conduit, LLC	100%	Subsidiary of Capital Impact Partners formed to facilitate, encourage and assist in financing charter schools. This entity holds Capital Impact Partner's interest in the Charter School Financing Partnership (CSFP), LLC. This entity had no activity in 2024 and 2023.	Yes
Impact NMTC Holdings II, LLC	100%	Subsidiary of Capital Impact Partners formed to act as a non-managing member for NMTC Community Development Entities (CDEs) with Capital Impact Partners acting as managing member. This entity had no activity in 2024 and 2023.	Yes
Detroit Neighborhoods Fund, LLC (DNF, LLC)	100%	Subsidiary of Capital Impact Partners formed to provide financing for mixed-use and multi-family rental housing and healthy foods retail in areas in Detroit, Michigan.	Yes
FPIF, LLC	100%	Subsidiary of Capital Impact Partners formed to channel funds to a predominately low income population aged 50+.	Yes
Community Investment Impact Fund, LLC	87%	On January 1, 2020, CIIF II, LLC merged into CIIF, LLC. Subsidiary of Capital Impact Partners formed to engage solely in the business of, directly or indirectly, owning, holding for investment, exchanging, selling and disposing of investments in loans and other related activities. Capital Impact Partners is the managing member of this entity. Community Investment Impact Fund II, LLC merged with and into this entity, the surviving entity, on January 1, 2020. Effective January 1, 2020, Capital Impact Partners increased its managing member ownership from 20% to 30%. As of December 31, 2024, Capital Impact Partners increased its managing membership ownership from 30% to 87%.	Yes
Alliance Securities Manager LLC	100%	This LLC is a holding company created for the purpose of holding interests in potential future investment business lines. This company is the parent company of Momentus Securities LLC and Equitable Prosperity Manager LLC.	Yes
Equitable Prosperity Fund I GP LLC	100%	This LLC is a single purpose entity that holds the General Partner interest in Equitable Prosperity Fund I LP.	Yes
San Diego Region Small Business Development Corporation (SDR)	100%	Subsidiary of CDC formed to support business in the San Diego area as well as to operate Bankers Small Business CDC.	Yes
Bankers Small Business CDC (Bankers)	100%	Subsidiary of SDR formed to support business development in San Diego county by operating several loan programs including California Rebuilding Fund and AA Latino Fund. In addition, Bankers is set up to lend funds from a multi-bank consortium to borrowers in San Diego County unable to qualify for SBA or conventional financing.	Yes
CDC Direct Capital	100%	Subsidiary of CDC formed to manage the asset servicing agreement with Morgan Stanley.	Yes
Small Business Finance NMTC, LLC	100%	Small Business Finance NMTC, LLC is a "single-member" LLC. The single member is CDC Small Business Finance.	Yes
CDC Ventures (Ventures)	100%	Subsidiary of CDC formed to assist borrowers and provide technical support to users of the CDC Ventures software package.	Yes

Note 1. Description of Activities and Significant Accounting Policies (Continued)

Capital Impact Partners' principal sources of revenue and support are interest income and fees earned from its lending activities, grants and contributions.

CDC's primary source of revenue is the servicing and processing of the Small Business Administration's ("SBA") 504 loan programs. In addition, CDC originates, services, and sells loans guaranteed by the Small Business Administration under its Community Advantage 7a Program. These loans are used by the borrowers for a variety of purposes and are capped at $350,000 per loan. CDC also administers several lending programs including the SBA microloan program, a state sponsored community adjustment and investment loan program, California Rebuilding Fund, Activate Detroit, Instant Boost Capital ("IBC"), LA Direct and Fast to Fund, all of which are designed to provide loans to small businesses.

Significant accounting policies:

Basis of presentation: The consolidated and combined financial statements (collectively, the "financial statements") are in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which have been applied on a consistent basis and follow general practices within the not-for-profit industry.

Principles of consolidation and combination: The financial statements include the accounts of Capital Impact Partners, CDC and their consolidated subsidiaries which include: CSG, LLC, NCBCI Education Conduit, LLC, DNF, LLC, FPIF, LLC, CIIF, LLC, Impact NMTC Holdings II, LLC, Alliance Security Manager LLC, Equitable Prosperity Fund I GP LLC, SDR, Bankers, CDC Direct Capital, Small Business Finance NMTC, LLC and CDC Ventures. All significant interorganizational accounts and transactions have been eliminated in consolidation and combination.

Use of estimates: The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications: Certain amounts for the prior year have been reclassified to conform to the current year presentation; specifically, fee revenue, technical assistance and net asset purpose reclassifications to align with current business activity and investment summary financial information.

Unrestricted cash and cash equivalents: Unrestricted cash and cash equivalents consist of cash and investment securities with original maturities at the date of purchase of less than 90 days.

Restricted cash and cash equivalents: Both members of Momentus Capital have certain restricted cash and cash equivalents that are held per terms of grant and loan agreements.

Accounts receivable: Accounts receivable consist of SBA loan processing fees receivable and SBA 504 servicing fees receivable. Processing fees are recognized at the time of loan approval and are received at the time the loan is funded. An allowance is recorded based on the company's experience with loans that are approved but do not fund. Servicing fees are recognized in the month they are earned and are received a month in arrears.

Contributions receivable: Both members of Momentus Capital account for unconditional contributions received as without donor restriction, or with donor restrictions depending on the existence or nature of any donor restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions as to time or purpose depending on the nature of the restriction.

Investments: Investments in equity securities, money market funds, and Mortgage-Backed Securities with readily determinable fair values are stated at fair value measured, as more fully described in Note 24. Capital Impact Partners' investment in Real Estate Investment Trust ("REIT"), and other investments are stated at estimated fair value as more fully described in Note 24. Interest and dividend income are recognized when earned. Any unrealized

Note 1. Description of Activities and Significant Accounting Policies (Continued)

or realized gains or losses are reported in the Consolidated and Combined Statements of Activities and Changes in Net Assets and changes in net assets as a change in assets without donor restrictions, unless explicit donor intent or law restricts their use, in which case unrealized or realized gains or losses are reported in the Consolidated and Combined Statements of Activities and Changes in Net Assets as a change in assets with donor restrictions. Investment return is reported net of investment expenses.

Investments in other entities are accounted for under the equity or the cost method depending on the entities' voting interest and the degree of control or influence either entity may have over the operations of these entities.

Management evaluates its investments for impairment on a periodic basis. If management determines the investment to be impaired, they consider the extent and duration of the loss and whether they intend to sell the investment and if it is more likely than not that they will be required to sell the investment before recovery of the loss occurs. If it is determined that the extent and duration of the loss is severe, and that the organization will need to sell the investment before recovery is expected, or that recovery is not expected, the entire amount of the estimated impairment would be recognized through earnings.

Noncontrolling interest in consolidated subsidiaries: The noncontrolling interest represents the equity interest in Community Investment Impact Fund, LLC ("CIIF") exclusive of Capital Impact Partners' interest. CIIF is a for-profit entity, which is jointly owned by Capital Impact Partners (managing member with 30% ownership) and Annaly Social Impact LLC ("Annaly") (non-managing member with 70% ownership). The non-managing member does not have substantive kick-out rights or substantive participating rights and therefore cannot consolidate. CIIF shall engage solely in the business of owning, holding for investment, exchanging, selling and disposing of investments in loans and other activities related or incidental to the foregoing business.

The operating agreements outline the "waterfall" of funds for CIIF to distribute to its investors. Distributions include: 1) operating cash to Annaly until such time it achieves a preferred return, and 2) remaining operating cash allocated to Annaly and Capital Impact Partners. In addition, commencing in 2024, distributions also include principal payments to Annaly until its capital contributions have returned, and then principal payments to Capital Impact Partners until its capital contributions have been returned. Any remaining distributable principal shall be allocated to Annaly and Capital Impact Partners. As of December 31, 2024, Annaly's non-managing member ownership is 13% and Capital Impact Partner's managing ownership is 87%.

Other Real Estate Owned (OREO): Real estate acquired through foreclosure or other proceedings is carried at estimated fair value, indicated by current appraisal, less estimated costs of disposal. The appraised value may be discounted based on management's review and changes in market conditions. Costs of improving OREO are capitalized to the extent that the carrying value does not exceed its fair value less estimated selling costs. Subsequent valuation adjustments, if any, are recognized as a charge to lending expenses on the Consolidated and Combined Statements of Activities and Changes in Net Assets. Holding costs are charged to current period expense. Gains and losses on sales are recognized in financial income (loss) as they occur.

Loans receivable:

Loans: Loans are stated at their principal amounts outstanding, net of deferred loan fees. Interest income is accrued daily at the loans' respective interest rates. Related direct loan origination fees and costs are deferred and amortized over the life of the loans. Fees relating to expired commitments are recognized as non-interest income. If a commitment is exercised during the commitment period, the fee at the time of exercise is recognized over the life of the loan as an adjustment of yield.

Non-accrual loans: The accrual of interest on outstanding loans is discontinued at the time the loan is 90 days delinquent unless the credit is well secured and in process of collection. When the accrual of interest ceases, any unpaid interest previously recorded as income is deducted from income. Any future payments received are applied to reduce principal. At such time as full collection of the remaining recorded balance is expected in the ordinary course of business, interest payments are recorded as interest income on a cash basis. Loans may be reinstated to accrual status when all payments are brought current and, in the opinion of management, collection of the remaining principal and interest can reasonably be expected. If at any time collection of principal or interest is

Note 1. Description of Activities and Significant Accounting Policies (Continued)

considered doubtful, all or some portion of the loan is charged off for financial reporting purposes, although collection efforts may still continue.

Allowance for credit losses: Momentus Capital routinely evaluates the credit worthiness of the Borrower, at least quarterly, and establishes an allowance for credit losses. The allowance is a valuation that management believes will be adequate to absorb possible losses on existing loans that may become uncollectible. It is established through a provision for loan losses charged to expense. Loans deemed to be uncollectible, such as debt discharged in bankruptcy or collateral deterioration, are charged against the allowance. Subsequent recoveries, if any, are credited to the allowance. The allowance is maintained at a level believed adequate by management to absorb estimated potential losses after considering changes, past loss experience, the nature of the portfolio and current economic conditions. However, the allowance is an estimate that could change if there are significant changes in the portfolio and/or economic conditions.

Momentus Capital estimates its CECL Reserve using datapoints that may include the likelihood of default and expected loss given default and other inputs which may include the risk rating of the loan, financial performance of the borrower compared to financial projections, and how recently the loan was originated compared to the measurement date. Estimating the CECL Reserve requires significant judgment with respect to various factors, including (i) the appropriate historical loan loss reference data, (ii) the expected timing of loan repayments, (iii) calibration of the likelihood of default to reflect the risk characteristics of Momentus Capital loans and (iv) Momentus Capital’s current and future view of the macroeconomic environment. Momentus Capital may consider qualitative factors to estimate its CECL Reserve. Additionally, Momentus Capital considers whether Borrowers are experiencing financial difficulty and whether the delays in payment are insignificant.

Reserve for PCLP loan losses and PCLP loan guarantees: Participation in the PCLP requires CDC to guarantee an amount equal to ten percent of the net debenture of loans made, in the event a loss occurs if a loan under the program is charged off. The loan loss estimate is based on the entire PCLP portfolio and is an estimate of potential losses for loans that have not yet been charged off by the SBA using the methodology as described above. As of December 31, 2024, and 2023, CDC has accrued loan loss reserves of $791,437 and $896,841, respectively, that has been recorded as a liability at to address the residual risk associated with these types of loans. This is not a requirement of the program.

Due to the level of risk associated with the loans and the PCLP, it is reasonably possible that changes in the values of loans and losses could occur in the PCLP in the near term and that such change could materially affect amounts reported on the consolidated financial statements.

Due to the level of risk associated with the loans and the PCLP, it is reasonably possible that changes in the values of loans and losses could occur in the PCLP in the near term and that such change could materially affect amounts reported on the consolidated and combined financial statements.

PCLP contractual cash reserves

CDC is required to maintain cash reserves equal to one percent of the loan balance amount. CDC may fund the reserve over a two-year period. One half of one percent must be reserved upon funding of the debenture and an additional one quarter of one percent must be funded at the end of the first and second year. As of December 31, 2024, and 2023, CDC's cash reserves were $1,663,892 and $1,560,239, respectively, and were in excess of contractual amounts required in each year.

Loans available for sale

Management designates loans as available for sale based on intent. Generally, all the guaranteed portion of SBA 7a loans meeting salability requirements, or expected to become saleable within the near term, are designated as available for sale. The unguaranteed portion is retained with a discounted carrying value to account for the higher credit risk associated with it.

These loans are carried at the lower of cost or estimated market value in the aggregate. No loans were written down to fair value at year end. Net unrealized losses, if any, are recognized through a valuation allowance by charges to net income. Gains or losses realized on the sale of loans are recognized at the time of sale and are determined by

Note 1. Description of Activities and Significant Accounting Policies (Continued)

the difference between the net sales proceeds and the carrying value of the loans sold, adjusted for any servicing asset or liability. Gains and losses on the sale of loans are included in noninterest income.

Transfers of financial assets: Transfers of financial assets are accounted for as sales when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when: (1) the assets have been isolated from Capital Impact Partners and Subsidiaries and CDC Small Business Finance Corp., (2) the transferee obtains the right to pledge or exchange the transferred assets and no condition both constrains the transferee from taking advantage of that right and provides more than a trivial benefit for the transferor, and (3) the transferor does not maintain effective control over the transferred assets through either (a) an agreement that both entitles and obligates the transferor to repurchase or redeem the assets before maturity or (b) the ability to unilaterally cause the holder to return specific assets, other than through a cleanup call. Those not eligible for sales accounting treatment were treated as secured borrowings as more fully described in Note 17.

CDC is exposed to risks related to loan losses under the Premier Certified Lender Program ("PCLP"). Participation in the PCLP requires CDC to guarantee an amount equal to ten percent of the net debenture of loans made, in the event a loss occurs if a loan under the program is charged off. The loan loss estimate is based on the entire PCLP portfolio and is an estimate of potential losses for loans that have not yet been charged off by the SBA. CDC employs a risk-based analysis of the PCLP loan portfolio to estimate the potential liability under its guarantee. Each loan in the PCLP Portfolio is risk rated and given a loan grade. Each loan grade is assigned a range of anticipated default rates. CDC uses this analysis along with its understanding of past loan loss experience, the nature, and volume of the portfolio, borrower specific information, estimated collateral values, general economic conditions and other factors to determine the estimate for its guarantee liability. The evaluation of the allowance is continuous and subjective as estimates are modified with changing conditions. The results are then used to support management's estimate for loan loss guarantee and the loan loss reserve is adjusted.

SBA Servicing assets: These assets are initially recorded at fair value and amortized over the life of the related loans as a reduction of the servicing income recognized from the servicing spread. The amortized basis in the asset is compared against the fair value of the asset on a regular basis. If the carrying amount exceeds the fair value, the asset is considered impaired and is written down to fair value through a valuation allowance on the asset and a charge against earnings. Management does not believe the asset is impaired at December 31, 2024 and 2023 which is part of other assets on the Consolidated and Combined Statements of Financial Position.

Other assets: Other assets include SBA Servicing assets, certificates of deposit, other deposits, a program advance, prepaid expenses and furniture, equipment and leasehold improvements (see Note 12).

Paycheck Protection Program loans: CDC is participating in the Paycheck Protection Program ("PPP"), which is a loan program that originated from the Coronavirus Aid, Relief and Economic Security Act (CARES Act) and was subsequently expanded by the Paycheck Protection Program and Health Care Enhancement Act. The PPP is designed to provide U.S. small businesses with cash-flow assistance through loans fully guaranteed by the SBA. If the borrower meets certain criteria and uses the proceeds towards certain eligible expenses, the borrower's obligation to repay the loan can be forgiven up to the full principal amount of the loan and any accrued interest. Upon borrower forgiveness, the SBA pays CDC for the principal and accrued interest owed on the loan. If the full principal of the loan is not forgiven, the loan will operate according to the original loan terms with the 100 percent SBA guaranty remaining. As of December 31, 2024, and 2023, CDC had PPP loans with a carrying value of approximately $346,973 and $1,267,805, respectively.

Right of use assets/lease liabilities: Both members of the Momentus Capital recognize right of use assets and lease liabilities on the Consolidated and Combined Statements of Financial Position for all leases with terms longer than 12 months. Right of use assets and lease liabilities are recognized at the lease commencement date based on the present value of the remaining lease payments over the lease term, using the incremental borrowing rate. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the Consolidated and Combined Statements of Activities and Changes in Net Assets. Lease expense is recognized on

Note 1. Description of Activities and Significant Accounting Policies (Continued)

a straight-line basis over the term of the lease. The options to extend the lease term are not included in the right of use assets and lease liabilities recorded, when applicable. Momentus Capital has elected the practical expedient of not separating lease components from non-lease components.

Investor Notes: Capital Impact Partners launched an Investor Notes ("Investor Notes") program in 2017. The proceeds of the offerings are used primarily to fund initiatives that meet critical needs in low income communities across the United States, including through Capital Impact Partners' subsidiaries and third-party intermediaries. The proceeds of the offerings may also be used to purchase securities or other assets that will be leveraged to support Capital Impact Partners' lending activities and general operations. The Investor Notes are offered through registered broker-dealers and are available for purchase in book-entry form, which means they may be purchased electronically through the investor's brokerage account and settled through the Depository Trust Company ("DTC"). Capital Impact Partners incurs agent and other fees to issue the Investor Notes program. The fees include legal and accounting fees which are capitalized in accordance with U.S. GAAP and amortized using the effective-yield method over the term of the Investor Notes and are presented net of the Investor Notes on the Consolidated and Combined Statements of Financial Position.

US Bank has been designated as the trustee to the indenture governing the terms of the Investor Notes and in this capacity US Bank serves as paying agent for the Investor Notes. The Investor Notes constitute unsecured debt obligations of Capital Impact Partners.

Net assets: Momentus Capital classifies net asset into two categories: Without Donor Restrictions and With Donor Restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Donor restricted net assets are contributions with temporary, donor-imposed time or purpose restrictions. Donor restricted net assets can be released from restriction when the time restrictions expire or the contributions are used for their intended purpose at which time they are reported in the Consolidated and Combined Statements of Activities and Changes in Net Assets as net assets released from restrictions. Donor restricted funds also include donor contributions to be utilized in perpetuity as a revolving loan fund totaling $11,970,304 and $12,532,653, respectively, at December 31, 2024 and 2023.

Revenue recognition*:* Momentus Capital generally measures revenue based on the amount of consideration each expects to receive for the transfer of services to a customer, then recognizes this revenue when or as each satisfies its performance obligations under the contract, except in transactions where U.S. GAAP provides other applicable guidance. Material revenue streams are reported separately on the Consolidated and Combined Statements of Activities and Changes in Net Assets.

Revenue recognized at a point in time includes NMTC suballocation fees, unused fee, portfolio amendment/modification fees, covenant waiver fees, fund management fees, organization fee, advisory fees and liquidation success fees.

NMTC suballocation fees are paid to Capital Impact Partners from the CDE for Capital Impact Partners' allocation of its NMTC award to the CDE. The fees are a percentage of the qualified equity investment ("QEI") made from the investor member to the CDE. The performance obligation by Capital Impact Partners is to assist in the transfer of its NMTC allocation to a CDE; therefore, the performance obligation is satisfied and revenue recognized when the deal closes.

Unused fees are paid to Capital Impact Partners from borrowers with revolving line of credit loans; equal to 15 basis points of the difference between the maximum available loan amount and average aggregate amount outstanding during the immediately preceding year. The unused fees are recognized upon receipt.

Portfolio amendment/modification fees are paid to Capital Impact Partners from borrowers. Borrowers request amendments to their existing loan agreement. The Portfolio team members determine the amount of work necessary to incorporate the requested amendments. Fees can range from $500 - $2,500 based on the complexity of the update.

Note 1. Description of Activities and Significant Accounting Policies (Continued)

Covenant waiver fees are paid to Capital Impact Partners from borrowers. Borrowers pay a flat fee of $250 to waive immaterial covenant requirements.

As an investor member of WAHF, Capital Impact Partners earned an annual fund management fee. The equity investment fund management fee is the annual Fund equal to five tenths of one percent (0.5%) per annum multiplied by the Company's gross revenue for each Fiscal Year flat annual amount that ranges from $30,000 to $50,000.

Organization fees are reimbursed organization and legal expenses paid by Capital Impact Partners on behalf of Macy's M Supplier Fund.

Advisory service fees are earned by Momentus Securities as part of its investment banking activities. Services provided include strategic advisory and capital raising services.

Liquidation success fees are earned by CDC when a liquidated program is unwound.

Revenue recognized over a period of time includes Asset Management Fees and Guarantee Fees.

Asset management fees are earned by Capital Impact Partners for management services for NMTC programs and includes assisting with NMTC program requirements. These performance obligations are estimated to be satisfied evenly over the life of each loan. The fee is either based on basis points of the outstanding balance of a loan or a flat fee. The fee is accrued monthly and paid quarterly. Asset management fees earned from subsidiaries are eliminated upon consolidation.

In December 2020, the California Primary Care Association ("CPCA") established the CPCA COVID Response Loan Fund to finance loans to California community healthcare centers. Capital Impact Partners serves as both the Program Administrator and Servicer of loans originated by this fund. As Program Administrator of these off-balance sheet loans, Capital Impact Partners reviews and manages the loan application process. This role entitles Capital Impact Partners to earn a fund underwriting fee of 1% per loan, which is recognized upon receipt in the Consolidated and Combined Statements of Activities and Changes in Net Assets. In addition, Capital Impact Partners has committed to guarantee payments on defaulted loans for up to 5% of the total amount disbursed, not to exceed $1.5 million. As loans are originated, the guarantee fees are recorded as a contingent liability and offset to underwriting fee income.

Asset management fees from investments: Capital Impact Partners recognizes investment management fees earned by EPM as part of its third-party investment management advising to one or more private funds.

Gain on Sale of 7a Loans: All sales of SBA guaranteed loans are executed on a servicing retained basis, and CDC retains the rights and obligations to service the loans. The standard sales structure under the 1086 agreements provide for CDC to retain a portion of cash flow from the interest payment received on each loan. This cash flow is commonly known as a "servicing spread". The servicing spread is recognized as a "servicing asset" to the extent the spread exceeds "adequate compensation" for the servicing function. Industry practice recognizes adequate compensation as 40 basis points. The fair value of the servicing asset is measured at the discounted present value of the excess servicing spread over the life of the related loan using appropriate discount rates and assumptions based on industry statistics for prepayment speeds.

When a loan sale involves the transfer of an interest in less than the entire loan, the controlling accounting method under current accounting guidance requires the seller to reallocate the carrying basis between the assets transferred and the assets retained based on the relative fair value of the respective assets as of the date of sale. The maximum gain on the sale that can be recognized is the difference between the fair value of the assets sold and the reallocated basis of assets sold. CDC measures the fair value of the guaranteed portion sold by the cash premium paid by the broker/dealer. The fair value of the servicing asset and the unguaranteed portion retained are based on discounted cash flow calculations explained above.

Note 1. Description of Activities and Significant Accounting Policies (Continued)

The gain on sale is immediately recognized in income and is made up of the sum of the cash premium on the guaranteed loan, the fair value of the servicing asset recognized less the discount recorded on the unguaranteed portion retained. CDC's portfolio of unguaranteed loans retained from sales transaction is significantly discounted.

Loan servicing fees: Momentus Capital recognizes loan servicing fees on the loans that it services for third parties. These fees are earned over the life of the loan.

Gain on extinguishment of debt: Capital Impact Partners realized a gain on the extinguishment of FHLB Atlanta debt and is included in the Consolidated and Combined Statements of Activities and Changes in Net Assets. The gain from extinguishment of debt includes the write-off of unamortized debt issuance costs, debt discount, and/or premium. See Note 15 for details.

Functional expense allocation: The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, benefits, payroll taxes, technology, marketing, lending costs, occupancy, professional services, interest and other, which are allocated based on estimates of time and effort. Refer to Note 23 for functional allocation of expenses.

Income taxes: Capital Impact Partners and CDC are generally exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. CDC has a wholly-owned interest in San Diego Region Small Business Development Organization ("SDR"), an organization exempt from income taxes under section 501(c)(3) of the Internal Revenue Code and Section 23701(f) of the California Revenue and Taxation Code. In addition, Capital Impact Partners and CDC qualify for charitable contribution deductions and have been classified as organizations that are not private foundations. Income which is not related to exempt purposes, less applicable deductions, is subject to federal corporate income taxes. Management evaluated Capital Impact Partners' and CDC's tax positions and concluded that Capital Impact Partners and CDC had taken no uncertain tax positions that require adjustment to the financial statements. Consequently, no accrual for federal or state tax liability for interest and penalties was deemed necessary for the year ended December 31, 2024 and 2023. Capital Impact Partners and CDC file tax returns in the U.S. federal jurisdiction and California. Generally, Capital Impact Partners and CDC are no longer subject to income tax examination by the U.S. federal or state tax authorities for years before 2020.

Consolidated subsidiaries of Momentus Capital file annual tax returns to report the income, deductions, gains, losses, etc., from its operations, but does not pay income tax but pays non-resident withholding taxes to applicable states. All profits or losses pass through to its members. Each member includes its share of the entity's income/loss on its tax return and pays applicable non-resident withholding tax.

ASM is a consolidated subsidiary of Capital Impact Partners and is a Delaware limited liability company and is taxable as a C corp. This company is the parent company of Momentus Securities LLC and Equitable Prosperity Manager LLC. ASM income is subject to income taxes and ASM files a separate tax return from Capital Impact Partners and accounts for income taxes in accordance with FASB's guidance on Accounting for Income Taxes. ASM has no material deferred tax asset or liability and has concluded that it has no material uncertain tax positions to be recognized at this time. ASM's wholly-owned subsidiaries are disregarded entities for income tax purposes and, as such, are not subject to income taxes. Rather, all items of taxable income, deductions and tax credits are passed through to and are reported by ASM on its income tax return. Accordingly, the wholly-owned subsidiaries are not required to file income tax returns with the Internal Revenue Service or other taxing authorities.

Recent accounting pronouncements

In June 2016, the FASB issued ASU No. 2016-13, "Financial Instruments –Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments," which introduced an expected credit loss model for the impairment of financial assets measured at amortized cost. The model replaces the probable, incurred loss model for those assets and broadens the information a CDFI must consider in developing its expected credit loss estimate for assets measured at amortized cost. On January 1, 2023, Capital Impact Partners adopted ASU No. 2016-13 and recorded a cumulative effect adjustment in relation to the change in accounting policy of $2,288,576. On January 1, 2023,

Note 1. Description of Activities and Significant Accounting Policies (Continued)

CDC adopted ASU No. 2016-13 and recorded a cumulative effect adjustment in relation to the change in accounting policy of $107,596.

Note 2. Cash and Cash Equivalents

Cash and cash equivalents, including restricted balances, consist of the following at December 31:

December 31, 2024	Capital Impact Partners	CDC	Total
Cash in bank	$ 108,957,036	$ 28,626,464	$ 137,583,500
Overnight Investments	1,119,253	-	1,119,253
Other short-term investments	16,813,894	-	16,813,894
	$ 126,890,183	$ 28,626,464	$ 155,516,647
Unrestricted	$ 100,043,027	$ 11,765,234	$ 111,808,261
Restricted	26,847,156	16,861,230	43,708,386
	$ 126,890,183	$ 28,626,464	$ 155,516,647

December 31, 2023	Capital Impact Partners	CDC	Total
Cash in bank	$ 49,559,537	$ 25,940,484	$ 75,500,021
Overnight Investments	1,367,497	-	1,367,497
Other short-term investments	15,713,101	-	15,713,101
U.S. Treasury Bills	4,017,701	-	4,017,701
	$ 70,657,836	$ 25,940,484	$ 96,598,320
Unrestricted	$ 44,233,703	$ 16,905,804	$ 61,139,507
Restricted	26,424,133	9,034,680	35,458,813
	$ 70,657,836	$ 25,940,484	$ 96,598,320

Restricted cash and cash equivalents are held, per respective agreements, for the following purposes; a) lending for the affordable housing in low income community, b) to cover loan losses under a charter school loan program from the United States Department of Education (“USED”) and c) other programs.

Note 3. Liquidity

Momentus Capital regularly monitors liquidity required to meet its annual operating needs and other contractual commitments, while also striving to maximize the return on investment of its funds not required for annual operations. As of December 31, 2024, and 2023, the following financial assets are available to meet annual operating needs of the 2024 and 2023 fiscal year, respectively:

Note 3. Liquidity (Continued)

December 31, 2024	Capital Impact Partners	CDC	Total
Cash and cash equivalents - available to be used in 2024	$ 85,393,257	$ 11,765,234	$ 97,158,491
Accounts and interest receivable	10,808,212	2,318,273	13,126,485
Processing and servicing receivables	-	2,156,665	2,156,665
Loans receivable, net	158,164,866	-	158,164,866
Investment - available to be used in 2024	-	385,399	385,399
Mortgage backed securities - available to be used in 2024	6,416,568	-	6,416,568
Loans available for sale	-	4,044,738	4,044,738
Other real estate owned	658,498	-	658,498
Other assets	1,016,755	-	1,016,755
Unfunded loan commitments	(89,196,384)	(7,659,081)	(96,855,465)
	$ 173,261,772	$ 13,011,228	$ 186,273,000

December 31, 2023	Capital Impact Partners	CDC	Total
Cash and cash equivalents - available to be used in 2024	$ 22,412,586	$ 16,905,804	$ 39,318,390
Accounts and interest receivable	7,455,892	4,645,032	12,100,924
Processing and servicing receivables	-	2,526,485	2,526,485
Loans receivable, net	122,299,777	-	122,299,777
Investment - available to be used in 2024	-	469,160	469,160
Mortgage backed securities - available to be used in 2024	4,240,866	-	4,240,866
Loans available for sale	-	2,419,888	2,419,888
Other real estate owned	658,498	-	658,498
Unfunded loan commitments	(97,258,796)	(6,649,733)	(103,908,529)
	$ 59,808,823	$ 20,316,636	$ 80,125,459

Note 4. Investments

Investments consist of the following as of December 31:

Summarized financial information for Capital Impact Partners' equity method investments, with the exception of equity method investments in New Markets Tax Credit entities (see Note 20) as of and for the years ended December 31, 2024 and 2023 are as follows:

	Ownership interest	2024	2023
Marketable equity securities	N/A	$ 577,897	$ 495,215
Real estate investment trust	N/A	2,079,981	2,113,113
Other investments	N/A	286,672	286,671
Total investments at fair value (Note 24)		2,944,550	2,894,999
Equity method investments:			
ROC USA, LLC	23.81%	5,535,599	4,069,129
Charter School Financing Partnership, LLC	20%	343,752	343,752
Workforce Affordable Housing Fund I, LLC	96%	19,227,386	20,926,261
Equitable Prosperity Fund and Equitable Prosperity Fund 1 GP LLC	100%	13,475,466	10,709,439
Alliance Securities Manager LLC	100%	3,334,151	107,710
Other equity method investment		359,476	363,094
Equity method investments in New Markets Tax Credit entities (Note 20)		27,731	22,005
Total equity method investments		42,303,561	36,541,390
Investments at cost	N/A	1,996,099	2,005,860
Debt investment	N/A	500,000	500,000
		$ 47,744,210	$ 41,942,249

Note 4. Investments (Continued)

Investment gain/loss consists of the following during the year ended December 31:

Investment gain / loss, net:	2024	2023
Interest income, net	$ 4,183,303	$ 3,008,063
Dividend income	324,141	88,222
Unrealized gain (loss) on marketable securities and investments	(946,455)	856,202
Net realized loss on sale of mortgage backed securities	(196,429)	(251,107)
	$ 3,364,560	$ 3,701,380

Note 5. Mortgage-Backed Securities

Capital Impact Partners purchases Mortgage Backed Securities in order to serve as collateral/pledge base for FHLBank Atlanta borrowings and also earns a return on these investments. Of the total purchased Mortgage Backed Securities, $27,613,025 and $29,581,714 was pledged as of December 31, 2024 and 2023, respectively. The remaining unpledged balance, net of discount, which is available to secure future advances are $6,416,435 and $4,240,866 as of December 31, 2024 and 2023, respectively. Capital Impact Partners recognized a net loss of ($196,429) and ($251,107) on the sale of mortgage backed securities during 2024 and 2023, respectively.

The Mortgage Backed Securities by category as of December 31, 2024 and 2023 are as follows:

	2024	2023
Mortgage Backed Securities:		
Federal Home Loan Mortgage Company (FHLMC)	$ 901,844	$ 1,069,272
Government National Mortgage Association (GNMA)	3,011,471	2,963,024
Uniform Mortgage Backed Securities (UMBS)	30,116,145	29,790,284
Total Mortgage Backed Securities	$ 34,029,460	$ 33,822,580

Note 6. Contributions Receivable

As of December 31, 2024, and 2023, total conditional contributions receivable not recorded is $2,725,000 and $9,231,833, respectively. The conditional unrecorded receivables include a right of release dependent on available funding or satisfactory progress.

Note 7. Loans Receivable

Momentus Capital's loan portfolios are diversified in terms of sector and loan type. The following is the distribution of loans outstanding at December 31:

Note 7. Loans Receivable (Continued)

	2024	2023
Capital Impact Partners:		
Education	$ 91,293,599	$ 95,262,663
Health care	104,556,355	110,570,136
Affordable housing	286,155,049	224,498,051
Community development	75,332,085	69,254,276
	557,337,088	499,585,126
Detroit Neighborhoods Fund, LLC	15,938,096	15,368,695
FPIF, LLC	-	4,500,000
Total – Capital Impact Partners	$ 573,275,184	$ 519,453,821
CDC Small Business Finance Corp:		
SBA microloan program	$ 4,516,188	$ 4,433,941
SBA 7a loans	47,094,926	49,229,690
Direct Capital (Impower 95)	24,112,278	10,165,081
Bankers	7,779,435	9,862,784
PPP	346,973	1,267,805
Activate Detroit	2,328,053	3,958,851
Impower Fund 1	3,963,129	2,508,314
Other loan programs	137,607	303,682
	90,278,589	81,730,148
Discount on 7a loans	(1,669,078)	(1,149,424)
Deferred costs	2,492,695	2,181,597
Total – CDC	$ 91,102,206	$ 82,762,321

Real estate loans are used to finance the development of affordable housing projects and to provide term financing to the operation of affordable housing projects once they have been completed. Loans that are made to finance development are usually short-term and are repaid from either a construction or permanent loan. Term loans take the form of mortgages and are repaid from the operations of the real estate cooperative. Interest rates range from 3.00% to 9.14% and maturities from September 30, 2024 to July 1, 2053. Loans with 2024 maturity dates are under internal review to extend their maturity.

The commercial lending portfolio is diverse. Loans range from lines of credit to term loans. Loans are typically secured by general business assets (e.g., real estate, inventory, receivables, fixed assets and leasehold interests). Loan underwriting decisions are made on the basis of the analysis of markets, management, and cash flow potential; and not primarily on the basis of collateral coverage. These loans are expected to be repaid from cash flows generated by the borrower's operating activities. Interest rates range from 1.00% to 9.80% and maturities from September 1, 2024 to December 1, 2045. Loans with 2024 maturity dates are under internal review to extend their maturity.

Subsidiaries:

Detroit Neighborhoods Fund, LLC ("DNF, LLC"): DNF, LLC was formed during 2014 under the laws of the state of Delaware. Capital Impact Partners is the sole member and manager of DNF, LLC. DNF, LLC was formed specifically for the purpose of providing financing for mixed-use and multi-family rental housing and healthy foods retail in underserved areas in Detroit, Michigan. As manager, Capital Impact Partners identifies, originates, closes and services the loans. For this role, Capital Impact Partners receives an annual loan servicing fee of 200 basis points of the average daily outstanding principal balance of each end borrower loan. The lenders have committed to lend an aggregate of $30 million to the fund. The lenders in the fund are Capital Impact Partners, with a $10 million commitment and J.P. Morgan Chase Community Development Corporation, with a $20 million commitment. All loans from each investor are evidenced by individual promissory notes from each lender to DNF, LLC. The loans

Note 7. Loans Receivable (Continued)

are with sole recourse to the DNF, LLC and include no obligation for repayment on the part of Capital Impact Partners. Interest rates range from 5.0% to 5.25% and maturities from March 1, 2025 to June 27, 2029.

FPIF, LLC: FPIF, LLC was formed during 2014 under the laws of the state of Delaware. Capital Impact Partners is the sole member and manager of FPIF, LLC. FPIF, LLC is organized as a special purpose entity to channel funds to a predominately low-income population aged 50+. The lenders had committed to lend an aggregate of $72,666,667 to FPIF, LLC. FPIF, LLC is capitalized with $7,266,667 or 10% subordinated debt from Capital Impact Partners, funded partly by a program related investment from AARP Foundation. The commitment expired on December 31, 2018. AARP Foundation's program related investment is included in the notes payable section of the accompanying Consolidated and Combined Statements of Financial Position. The senior debt constitutes $65,400,000 or 90% of the borrowings from a special purpose entity between Calvert Foundation and AARP Foundation. The remaining loan is with sole recourse to the FPIF, LLC and includes no obligation for repayment on the part of Capital Impact Partners. The remaining loan matured on December 20, 2024.

Refer to Note 16, Notes Payable - Subsidiaries, for further details on subsidiary loans receivables.

Loans for Sale:

The CDC originates loans for sale to governmental agencies and institutional investors. As of December 31, 2024, and 2023, CDC was servicing approximately $131,681,833 and $94,510,888 in total SBA loans previously sold. The carrying value of the servicing rights associated with these loans was approximately $1,163,000 and $866,000 as of December 31, 2024 and 2023, respectively. The carrying value approximated the fair value as of December 31, 2024 and 2023.

Note 8. Credit Quality

Loan origination and risk management

<u>Capital Impact Partners</u>

Capital Impact Partners has certain lending policies and procedures in place that are designed to maximize loan income within an acceptable level of risk. Management reviews and approves these policies and procedures on a regular basis. A reporting system supplements the review process by providing management with frequent reports related to loan production, loan quality, concentration of credit, loan delinquencies and non-performing and potential problem loans. Diversification in the loan portfolio is a means of managing risk associated with fluctuations in economic conditions.

Capital Impact Partners' lending is focused on owner-occupied commercial real estate in its primary sectors, which include:

- Education
- Health care
- Affordable housing
- Community development

Commercial real estate loans are viewed primarily as cash flow loans and secondarily as loans secured by real estate. Commercial real estate lending typically involves higher loan principal amounts and the repayment of these loans is generally largely dependent on the successful operation of the property securing the loan or the business conducted on the property securing the loan. Commercial real estate loans may be more adversely affected by conditions in the real estate markets or in the general economy. Capital Impact Partners mitigates this risk by focusing on owner-occupied commercial real estate transactions in its sectors of education and health care. Management monitors and evaluates commercial real estate loans based on collateral, geography and risk grade criteria.

Note 8. Credit Quality (Continued)

Once it is determined that the borrower's management possesses sound ethics and solid business acumen, Capital Impact Partners' management examines current and projected cash flows to determine the ability of the borrower to repay their obligations as agreed. Loans are primarily made based on the identified cash flows of the borrower and secondarily on the underlying collateral provided by the borrower. The cash flows of borrowers, however, may not be as expected and the collateral securing these loans may fluctuate in value. Most loans are secured by the assets being financed or other business assets such as accounts receivable or inventory and may incorporate a personal guarantee to attempt to reduce the risk of loss. Some short-term loans may be made on an unsecured basis.

CDC Small Business Finance Corp.

Portfolio segments identified by CDC include SBA Microloans, SBA 7(a) loans, Bankers, PPP, Other and PCLP 504 loans. Relevant risk characteristics for these portfolio segments generally include debt service coverage, loan-to-value ratios, collateral type and financial performance.

Age analysis of past due loans: The following tables represent an aging of loans by sector as of December 31, 2024 and 2023. The tables present the principal amount outstanding on the loans that may be past due for principal and/or interest payments contractually due:

December 31, 2024	30 - 59 Days Past Due	60 - 89 Days Past Due	90 days and Still Accruing	Non-accrual	Total Past Due	Current	Total Loans
Capital Impact Partners							
Education	$ -	$ -	$ -	$ -	$ -	$ 91,293,599	$ 91,293,599
Health care	-	-	-	1,758,923	1,758,923	102,797,432	104,556,355
Affordable housing	10,576,953	-	5,973,462	1,036,187	17,586,602	268,568,447	286,155,049
Community development and other	3,485,437	-	3,645,600	4,599,115	11,730,152	63,601,933	75,332,085
	$ 14,062,390	$ -	$ 9,619,062	$ 7,394,225	$ 31,075,677	$ 526,261,411	$ 557,337,088
CDC Small Business Finance Corp.							
SBA microloan program	$ -	$ 64,581	$ -	$ -	$ 64,581	$ 4,451,607	$ 4,516,188
SBA 7a loans	2,109,657	1,544,907	-	6,302,737	9,957,301	37,137,625	47,094,926
Direct Capital	1,350,000	171,000	-	-	1,521,000	22,591,278	24,112,278
Bankers CDC	152,064	127,524	-	1,688,154	1,967,742	5,811,693	7,779,435
PPP	122,234	1,687	-	74,103	198,024	148,949	346,973
Activate Detroit	329,134	245,268	-	445,500	1,019,902	1,308,151	2,328,053
Impower Fund 1	-	-	-	-	-	3,963,129	3,963,129
Other loan programs	-	-	-	-	-	137,607	137,607
	4,063,089	2,154,967	-	8,510,494	14,728,550	75,550,039	90,278,589
Discount on 7a loans	-	-	-	-	-	(1,669,078)	(1,669,078)
Deferred costs	-	-	-	-	-	2,492,695	2,492,695
	4,063,089	2,154,967	-	8,510,494	14,728,550	76,373,656	91,102,206
	$ 18,125,479	$ 2,154,967	$ 9,619,062	$ 15,904,719	$ 45,804,227	$ 602,635,067	$ 648,439,294

Note 8. Credit Quality (Continued)

Age Analysis for Past Due Loans

December 31, 2023	30 - 59 Days Past Due	60 - 89 Days Past Due	90 days and Still Accruing	Non-accrual	Total Past Due	Current	Total Loans
Capital Impact Partners							
Education	$ -	$ -	$ -	$ 13,434	$ 13,434	$ 95,249,229	$ 95,262,663
Health care	-	-	-	-	-	110,570,136	110,570,136
Affordable housing	13,250,857	1,813,546	950,000	534,686	16,549,089	207,948,962	224,498,051
Community development and other	3,645,600	-	-	3,677,100	7,322,700	61,931,576	69,254,276
	$ 16,896,457	$ 1,813,546	$ 950,000	$ 4,225,220	$ 23,885,223	$ 475,699,903	$ 499,585,126
CDC Small Business Finance Corp.							
SBA microloan program	$ 62,710	$ -	$ -	$ -	$ 62,710	$ 4,371,231	$ 4,433,941
SBA 7a loans	2,181,094	-	-	3,901,349	6,082,443	43,147,247	49,229,690
Direct Capital	-	-	-	-	-	10,165,081	10,165,081
Bankers CDC	645,468	-	-	2,257,269	2,902,737	6,960,047	9,862,784
PPP	-	-	-	-	-	1,267,805	1,267,805
Activate Detroit	527,183	-	-	726,180	1,253,363	2,705,488	3,958,851
Impower Fund 1	-	-	-	-	-	2,508,314	2,508,314
Other loan programs	11,731	-	-	-	11,731	291,951	303,682
	3,428,186	-	-	6,884,798	10,312,984	71,417,164	81,730,148
Discount on 7a loans	-	-	-	-	-	(1,149,424)	(1,149,424)
Deferred costs	-	-	-	-	-	2,181,597	2,181,597
	3,428,186	-	-	6,884,798	10,312,984	72,449,337	82,762,321
	$ 20,324,643	$ 1,813,546	$ 950,000	$ 11,110,018	$ 34,198,207	$ 548,149,240	$ 582,347,447

Credit quality indicators

Capital Impact Partners

Capital Impact Partners assigns internal credit classifications at the inception of each loan. These ratings are reviewed by an independent third party on a semi-annual basis as well as periodic internal reviews based on Capital Impact Partners' credit guidelines and when loans are renewed. Quarterly reviews are required if the borrower fails to meet contractual expectations or other performance degradation that would warrant increased monitoring. If a loan is in default for a period of 90 days or more or when the contractual collection of principal or interest is in doubt, the loan is placed on nonaccrual status and the credit quality would be downgraded to substandard or doubtful. The following definitions summarize the basis for each classification:

Above Average: These borrowers have a clear ability to service debt from the primary repayment source, strong working capital position, acceptable leverage ratios, and stable operating trends. These borrowers must have current and regularly received financial information in the file, be in compliance with all financial covenants with no material delays in meeting reporting covenants, and be properly documented. Additionally, they have stable and experienced management, profitable operations for the past three years, sufficient cash flow to service debt, and if there is reliance on fund raising, it is minimal and history has proven it is a reliable source of income.

Pass: These borrowers have a clear ability to service debt from the primary repayment source and a history of strong financial performance. These loans may have a short-term or situational weakness that is expected to resolve within 24 months; examples include major construction or rehabilitation, business expansion to additional sites or services, large loan for borrower or lender and change in a key member of management. These borrowers must have current and regularly received financial information in the file, be in compliance with loan covenants, and be properly documented.

Watch: These borrowers are generally acceptable risks but show some signs of weakness in cash flow or financial strength or have short or unstable earnings history. The borrower may be unable to achieve projected operations and/or may have covenant violations. These loans are performing as agreed and may be characterized by uncertain industry outlook, cyclical or highly competitive, greater sensitivity to market forces and business cycles, full collateral coverage, insufficient current financial information or outdated loan officer review to determine repayment ability, or weak management.

Note 8. Credit Quality (Continued)

Special Mention: These loans are currently protected but are potentially weak. These loans constitute an undue and unwarranted credit risk but not to the point of justifying a classification of substandard. The credit risk may be relatively minor yet constitute an unwarranted risk in light of the circumstances surrounding a specific loan. These loans may be characterized by a downward trend in sales profit levels and margins, cash flow strained in order to meet debt repayment schedule, non-compliance with covenants, high leverage and weak liquidity, weak industry conditions or collateral impairment.

Substandard: These loans are inadequately protected by the current net worth and repayment capacity of the obligor or of the collateral pledged, if any. Loans so classified must have a well-defined weakness or weaknesses that will jeopardize the liquidation of the debt. They are characterized by the distinct possibility that Capital Impact Partners will sustain some loss if the deficiencies are not corrected.

Doubtful: These loans have all the weaknesses of substandard loans with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions, and values, highly questionable and improbable. The possibility of loss is extremely high, but because of certain important, and reasonably specific, pending factors which may work to the advantage and strengthening of the loan, a charge-off is deferred until its more exact status may be determined. Pending factors include proposed merger, acquisition, or liquidation procedures, capital injection, perfecting liens on additional collateral and refinancing plans.

CDC Small Business Finance Corp.

CDC categorizes its loans receivable into risk categories based on relevant information about the ability of borrowers to service their debt such as: current financial information, historical payment experience, credit documentation, public information, and current economic trends, among other factors. CDC analyzes loans individually by classifying the loans as to credit risk. This analysis is performed on a quarterly basis. CDC uses the following definitions for its risk ratings:

Pass: Loans that are current in payments and in general compliance with all debt covenants. Management considers the likelihood of loss on these credits to be low.

Special Mention: Loans classified as special mention have a potential weakness that deserves management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loan or of the institution's credit position at some future date.

Substandard: Loans classified as substandard are inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. Loans so classified have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the institution will sustain some loss if the deficiencies are not corrected.

Liquidation: Loans classified as liquidation have all the weaknesses inherent in those classified as substandard with the added characteristic that the weaknesses make collection or liquidation in full, on the basis currently existing facts, conditions, and value, highly questionable and improbable.

The following tables summarize the loan portfolio by sector and the internally assigned credit quality ratings for those categories at December 31, 2024 and 2023:

Note 8. Credit Quality (Continued)

December 31, 2024

Capital Impact Partners	Above Average	Pass	Watch	Special Mention	Substandard	Doubtful	Total
Education	$ 1,525,532	$ 33,034,076	$ 50,381,010	$ 6,352,981	$ -	$ -	$ 91,293,599
Health Care	-	19,452,725	72,331,881	12,771,749	-	-	104,556,355
Affordable housing	599,191	21,004,013	193,547,334	35,282,410	34,154,268	1,567,833	286,155,049
Community development	-	14,447,772	44,128,808	9,076,462	4,630,392	3,048,651	75,332,085
	$ 2,124,723	$ 87,938,586	$ 360,389,033	$ 63,483,602	$ 38,784,660	$ 4,616,484	$ 557,337,088

CDC Small Business Finance Corp.	Pass	Special Mention	Substandard	Liquidation	Total
SBA microloan program	$ 3,176,210	$ 869,754	$ 298,382	$ 171,842	$ 4,516,188
SBA 7a loans	28,513,959	5,844,436	6,751,504	5,985,027	47,094,926
Direct Capital	15,951,664	4,208,406	2,242,208	1,710,000	24,112,278
Bankers CDC	3,000,990	2,052,753	986,940	1,738,752	7,779,435
PPP	336,080	-	-	10,893	346,973
Activate Detroit	482,685	669,720	1,079,028	96,620	2,328,053
Impower Fund 1	2,874,069	566,298	522,762	-	3,963,129
Other loan programs	122,860	-	-	14,747	137,607
	$ 54,458,517	$ 14,211,367	$ 11,880,824	$ 9,727,881	90,278,589
				Discount on 7a loans	(1,669,078)
				Deferred costs	2,492,695
					$ 91,102,206

December 31, 2023

Capital Impact Partners	Above Average	Pass	Watch	Special Mention	Substandard	Doubtful	Total
Education	$ 3,579,601	$ 38,308,445	$ 48,970,329	$ 4,029,921	$ 278,798	$ 95,569	$ 95,262,663
Health Care	-	39,869,596	64,936,549	2,598,162	3,165,829	-	110,570,136
Affordable housing	624,066	12,476,856	146,606,755	27,460,700	37,329,674	-	224,498,051
Community development	-	20,946,542	31,495,685	13,731,898	-	3,080,151	69,254,276
	$ 4,203,667	$ 111,601,439	$ 292,009,318	$ 47,820,681	$ 40,774,301	$ 3,175,720	$ 499,585,126

CDC Small Business Finance Corp.	Pass	Special Mention	Substandard	Liquidation	Total
SBA microloan program	$ 3,676,858	$ 455,236	$ 258,129	$ 43,718	$ 4,433,941
SBA 7a loans	35,529,484	5,479,891	5,037,441	3,182,874	49,229,690
Direct Capital	6,605,918	1,849,163	1,710,000	-	10,165,081
Bankers CDC	5,434,004	1,826,592	1,159,963	1,442,225	9,862,784
PPP	1,267,805	-	-	-	1,267,805
Activate Detroit	1,512,451	457,455	1,988,945	-	3,958,851
Impower Fund 1	2,062,504	445,810	-	-	2,508,314
Other loan programs	291,951	-	11,731	-	303,682
	$ 56,380,975	$ 10,514,147	$ 10,166,209	$ 4,668,817	81,730,148
				Discount on 7a loans	(1,149,424)
				Deferred costs	2,181,597
					$ 82,762,321

Note 8. Credit Quality (Continued)

Allowance for loan losses: The following tables summarize the allowance for loan losses as of and for the years ended December 31, 2024 and 2023, by sector and the amount of loans evaluated individually or collectively for impairment by sector.

December 31, 2024

Capital Impact Partners	Education	Health Care	Affordable Housing	Community Development	Total
Allowance for credit losses:					
Beginning balance	$ 1,148,157	$ 1,408,749	$ 7,920,485	$ 2,096,039	$ 12,573,430
Charge-offs	-	-	-	(5,880,553)	(5,880,553)
Recoveries	-	-	-	95,569	95,569
Provisions	209,266	363,125	2,871,863	6,682,177	10,126,431
	$ 1,357,423	$ 1,771,874	$ 10,792,348	$ 2,993,232	$ 16,914,877
Ending balance of allowance for credit losses:					
Individually evaluated for impairment	$ -	$ -	$ -	$ -	$ -
Collectively evaluated for impairment	1,357,423	1,771,874	10,792,348	2,993,232	16,914,877
	$ 1,357,423	$ 1,771,874	$ 10,792,348	$ 2,993,232	$ 16,914,877
Loan ending balances:					
Individually evaluated for impairment	$ -	$ 1,857,936	$ 532,679	$ 3,645,600	$ 6,036,215
Collectively evaluated for impairment	91,293,599	102,698,419	285,622,370	71,686,485	551,300,873
	$ 91,293,599	$ 104,556,355	$ 286,155,049	$ 75,332,085	$ 557,337,088

CDC Small Business Finance Corp.	SBA Microloan	SBA 7a Loans	Direct Capital	Bankers CDC	PPP	Activate Detroit	Impower Fund 1	Other	Total
Allowance for credit losses:									
Beginning balance	$ 52,184	$ 2,063,878	$ 424,578	$ 173,879	$ -	$ 989,713	$ 117,949	$ 5,870	$ 3,828,051
Charge-offs	(59,691)	(865,990)	(95,267)	-	-	(1,506,414)	-	-	(2,527,362)
Recoveries	41,888	73,129	-	-	-	7,516	-	-	122,533
Provisions	28,045	1,282,705	45,947	319,373	(2,302)	1,693,110	80,208	549	3,447,635
Ending credit loss reserve	$ 62,426	$ 2,553,722	$ 375,258	$ 493,252	$ (2,302)	$ 1,183,925	$ 198,157	$ 6,419	$ 4,870,857
Ending balance of allowance for credit losses:									
Individually evaluated for impairment	$ -	$ 143,747	$ -	$ 6,211	$ -	$ -	$ -	$ -	$ 149,958
Collectively evaluated for impairment	62,426	2,409,975	375,258	487,041	(2,302)	1,183,925	198,157	6,419	4,720,899
	$ 62,426	$ 2,553,722	$ 375,258	$ 493,252	$ (2,302)	$ 1,183,925	$ 198,157	$ 6,419	$ 4,870,857
Loan ending balances:									
Individually evaluated for impairment	$ -	$ 1,796,843	$ -	$ 88,725	$ -	$ -	$ -	$ -	$ 1,885,568
Collectively evaluated for impairment	4,516,188	45,298,083	24,112,278	7,690,710	346,973	2,328,053	3,963,129	137,607	88,393,021
	$ 4,516,188	$ 47,094,926	$ 24,112,278	$ 7,779,435	$ 346,973	$ 2,328,053	$ 3,963,129	$ 137,607	$ 90,278,589

Note 8. Credit Quality (Continued)

December 31, 2023

Capital Impact Partners	Education	Health Care	Affordable Housing	Community Development	Total
Allowance for credit losses:					
Beginning balance	$ 2,031,179	$ 2,218,335	$ 7,648,492	$ 1,724,165	$ 13,622,171
Charge-offs	-	-	-	(137,480)	(137,480)
Recoveries	-	-	-	26,918	26,918
Provisions	(883,022)	(809,586)	271,993	482,436	(938,179)
	$ 1,148,157	$ 1,408,749	$ 7,920,485	$ 2,096,039	$ 12,573,430
Ending balance of allowance for credit losses:					
Individually evaluated for impairment	$ -	$ -	$ -	$ -	$ -
Collectively evaluated for impairment	1,148,157	1,408,749	7,920,485	2,096,039	12,573,430
	$ 1,148,157	$ 1,408,749	$ 7,920,485	$ 2,096,039	$ 12,573,430
Loan ending balances:					
Individually evaluated for impairment	$ 13,434	$ -	$ 534,686	$ 3,677,100	$ 4,225,220
Collectively evaluated for impairment	95,249,229	110,570,136	223,963,365	65,577,176	495,359,906
	$ 95,262,663	$ 110,570,136	$ 224,498,051	$ 69,254,276	$ 499,585,126

CDC Small Business Finance Corp.	SBA Microloan	SBA 7a Loans	Direct Capital	Bankers CDC	PPP	Activate Detroit	Impower Fund 1	Other	Total
Allowance for credit losses:									
Beginning balance	$ 207,843	$ 1,513,942	$ 135,093	$ 1,092,286	$ -	$ 649,035	$ 68,481	$ 7,893	$ 3,674,573
Charge-offs	(37,717)	(509,312)	-	(127,555)	-	(442,605)	-	-	(1,117,189)
Recoveries	79,437	45,291	-	4,090	-	1,352	-	-	130,170
Provisions	(197,379)	1,013,957	289,485	(794,942)	-	781,931	49,468	(2,023)	1,140,497
Ending credit loss reserve	$ 52,184	$ 2,063,878	$ 424,578	$ 173,879	$ -	$ 989,713	$ 117,949	$ 5,870	$ 3,828,051
Ending balance of allowance for credit losses:									
Individually evaluated for impairment	$ -	$ 4,619	$ -	$ -	$ -	$ -	$ -	$ -	$ 4,619
Collectively evaluated for impairment	52,184	2,059,259	424,578	173,879	-	989,713	117,949	5,870	3,823,432
	$ 52,184	$ 2,063,878	$ 424,578	$ 173,879	$ -	$ 989,713	$ 117,949	$ 5,870	$ 3,828,051
Loan ending balances:									
Individually evaluated for impairment	$ -	$ 350,838	$ -	$ -	$ -	$ -	$ -	$ -	$ 350,838
Collectively evaluated for impairment	4,433,941	48,878,852	10,165,081	9,862,784	1,267,805	3,958,851	2,508,314	303,682	81,379,310
	$ 4,433,941	$ 49,229,690	$ 10,165,081	$ 9,862,784	$ 1,267,805	$ 3,958,851	$ 2,508,314	$ 303,682	$ 81,730,148

Subsidiaries with loans, DNF, LLC and FPIF, LLC: These funds are structured so that if there are losses at the fund, they pass through to each of the lenders that funded the loans in the fund, first on a junior/subordinated debt level and then at the senior debt level. Therefore, in the event of a loss that exceeds Capital Impact Partners' junior portion of the loan, the applicable senior lender will absorb the remainder of the loss. Capital Impact Partners is not required to make up any payment shortages from borrowers due to other participating lenders. Additionally, certain funds (i.e. DNF, LLC) are required to maintain certain amounts of cash in the fund (until maturity) that will serve as an additional reserve to the senior lenders' position.

The structured fund documents do not account for the establishment of an allowance in the pricing of the ultimate loans to the borrowers and fees charged. The legal documents address how losses will be absorbed through the "waterfall" language in each fund. Typically, it is the junior lenders that take the first loss if there is no cash reserve or other enhancement that can absorb some portion of non-payment or charge off. The remainder of the loss is absorbed by the senior lender(s). Capital Impact Partners underwrites, services and manages all loans funded from these structured funds and therefore performs initial and ongoing routine evaluations of the performance of each loan's borrower and its ability to repay. Capital Impact Partners will evaluate each of the loans within these funds, individually, to determine allowance for loan loss levels. No allowance was recorded as of December 31, 2024 and 2023.

Note 9. Reserve for PCLP Loan Losses

As of December 31, 2024, and 2023, CDC services approximately $131,906,157 and $149,473,563 in its PCLP Portfolio, which is not a part of CDC's loan portfolio. CDC's guarantee amount is approximately $13,190,616 and

Note 9. Reserve for PCLP Loan Losses (Continued)

$14,947,356 as of December 31, 2024 and 2023, respectively. CDC's management has made provisions for PCLP loan loss guarantees in the amounts of $791,437 and $896,841 as of December 31, 2024 and 2023. These reserves are management's estimates of potential losses under the PCLP loan participation program. CDC's management continually monitors this group of loans approved under the PCLP ("PCLP Portfolio"). Accruals of $256,192 and $159,957 have been made for loans that have been charged off and are payable to the SBA as of December 31, 2024 and 2023, respectively.

CDC employs a risk-based analysis of the PCLP loan portfolio to estimate the potential liability under its guarantee. Each loan in the PCLP Portfolio is risk rated and given a loan grade. Each loan grade is assigned a range of anticipated default rates. CDC uses this analysis along with its understanding of past loan loss experience, the nature, and volume of the portfolio, borrower specific information, estimated collateral values, general economic conditions and other factors to determine the estimate for its guarantee liability. The evaluation of the allowance is continuous and subjective as estimates are modified with changing conditions. The results are then used to support management's estimate for loan loss guarantee and the loan loss reserve is adjusted.

The following table presents the activity in the PCLP loan loss reserve for the years ended December 31:

	2024	2023
Beginning balance	$ 896,841	$ 968,193
Credit for loan loss	(32,072)	(91,914)
Amounts paid to SBA	(96,235)	-
Recoveries on loans charged off	22,903	20,562
Ending balance	$ 791,437	$ 896,841

PCLP shared loss exposure

CDC categorizes its PCLP loans into risk categories based on relevant information about the ability of borrowers to service their debt such as current financial information, historical payment experience, credit documentation, public information, and current economic trends, among other factors. CDC analyzes loans individually by classifying the loans as to credit risk. This analysis is performed on a quarterly basis. CDC uses the following definitions for its risk ratings:

Pass: Loans that are current in payments and in general compliance with all debt covenants. Management considers the likelihood of loss on these credits to be low.

Special Mention: Loans classified as special mention have a potential weakness that deserves management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loan or of the institution's credit position at some future date.

Substandard: Loans classified as substandard are inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. Loans so classified have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the institution will sustain some loss if the deficiencies are not corrected.

Liquidation: Loans classified as liquidation have all the weaknesses inherent in those classified as substandard with the added characteristic that the weaknesses make collection or liquidation in full, on the basis currently existing facts, conditions, and value, highly questionable and improbable.

Note 9. Reserve for PCLP Loan Losses (Continued)

The risk categories of PCLP loans were as follows:

December 31, 2024	Pass	Special Mention	Substandard	Liquidation	Total
PCLP Shared					
Loan Exposure	$11,548,689	$1,538,539	$49,838	$53,550	$13,190,616

December 31, 2023	Pass	Special Mention	Substandard	Liquidation	Total
PCLP Shared					
Loan Exposure	$13,142,868	$1,640,570	$147,568	$16,351	$14,947,357

Note 10. Concentration of Credit Risk and Concentration of Contributions

Both members of Momentus Capital maintain cash in various financial institutions. Cash balances at each financial institution are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000. At times, these balances exceed the insurance limit provided by the FDIC. Momentus Capital's management believes it limits any significant credit risk by placing its deposits with high quality financial institutions.

As indicated in Note 7, a substantial portion of the loan portfolio is represented by loans to affordable housing projects. Most affordable housing loans have reserves established to mitigate risk of borrower payment issues. In addition, a substantial portion of the loan portfolio is represented by loans to charter schools. The viability of the borrowers and their ability to honor their contracts is dependent upon their ability to retain their charters. Approximately 19% and 19% of the portfolio represents loans made to entities associated with the NMTC program at December 31, 2024 and 2023, respectively. Approximately 67% and 84% of the CDC portfolio represents loans made in the state of California at December 31, 2023 and 2022, respectively. Approximately 20% and 22% of the Capital Impact Partners' portfolio represents loans made in the state of California and approximately 18% and 19% in the state of Michigan at December 31, 2024 and 2023.

CDC receives the majority of its revenue in the form of processing and servicing fees on loans guaranteed by the SBA. As with any government-related program, there is a risk that funding could be reduced or discontinued.

During the years ended December 31, 2024 and December 31 2023, approximately $45,000,000, or 72% of total with or without donor restricted grants and contributions, was from one donor and $16,190,000, or approximately 59% of total with or without donor restricted grants and contributions, were from two donors, respectively.

Note 11. Related Party Transactions

NCB and NCB Financial Savings Bank (NCB, FSB): Capital Impact Partners and its subsidiaries maintain cash accounts with NCB, FSB. Balances totaled $30,907,254 and $20,817,150 as of December 31, 2024 and 2023, respectively.

In the normal course of business, Capital Impact Partners, NCB and NCB, FSB will sell and purchase loan participations from each other. Capital Impact Partners' balance was $13,600,332 and $14,098,250 as of December 31, 2024 and 2023, respectively.

ROC USA, LLC: ROC USA Capital is a wholly-owned subsidiary of ROC USA, LLC (see Note 4). Capital Impact Partners has purchased loan participations from ROC USA Capital in the ordinary course of business. The balance for the purchased loan participation from ROC USA Capital as of December 31, 2024 and 2023, was $6,563,171 and $6,693,856, respectively. Capital Impact Partners services these loans; however, per an agreement between Capital Impact Partners and ROC USA, LLC, Capital Impact Partners does not earn a servicing fee.

CSFP: In December 2011, Capital Impact Partners purchased a $500,000 participation in a $3,500,000 investment made by the Charter School Financing Partnership, in which Capital Impact Partners is a 20% partner. Capital Impact Partners appoints one of the five managers of CSFP's Board of Managers.

Note 11. Related Party Transactions (Continued)

Develop Detroit: In 2018, Capital Impact Partners entered into an agreement to invest $500,000 in Develop Detroit, a nonprofit developer in Detroit, Michigan. The balance recorded as of December 31, 2024 and 2023, was $359,476 and $363,094, respectively. A member of Capital Impact Partners executive management is a board member of the Housing Partnership Network, in which Develop Detroit is a lending affiliate within the Housing Partner Network.

Workforce Affordable Housing Fund I, LLC: In July 2019, Capital Impact Partners became a 96% non-controlling member in the Investment in WAHF. The NHP Foundation is the 4% controlling member. A member of Capital Impact Partners executive management team is a trustee of The NHP Foundation. The balance recorded as of December 31, 2024 and 2023, was $19,227,386 and $20,926,261, respectively.

CDC / Capital Impact Partners: In the normal course of business, Capital Impact Partners and CDC share labor, as outlined in a shared services agreement established in 2022.

Capital Impact Partners utilized a portion of CDC labor and is recorded as Inter-company management fee in the Consolidated and Combined Statements of Functional Expenses. For the year ended December 31, 2024 and 2023, activity totaled $318,918 and $306,468, respectively.

CDC utilized a portion of Capital Impact Partners labor and is recorded as Inter-company fee income in the Consolidated and Combined Statements of Activities and Changes in Net Assets. For the year ended December 31, 2024 and 2023, activity totaled $3,742,764 and $3,395,383, respectively.

During 2024, Capital Impact Partners issued two bridge loans to CDC to cover disbursements. As of December 31, 2024, and 2023, Capital Impact Partners intercompany loans receivable totaled $16,800,000 and $2,500,000, respectively.

All intercompany activities are eliminated in the Consolidated and Combined Statements of Activities and Changes in Net Assets.

Capital Impact Partners and CDC cross guarantee most of the other party's debt, and co-borrowers on the remaining obligations enabling each organization to benefit from the combined financial strength of both organizations.

Other: In the normal course of business, members of the Board of Directors may be related to cooperatives or banks receiving or eligible to receive loans. Momentus Capital has conflict of interest policies, which require, among other things, that a board member be disassociated from decisions that pose a conflict of interest, or the appearance of a conflict of interest.

Loans to applicants who are affiliated with a member of Capital Impact Partners are subject to the same eligibility and credit criteria, as well as the same loan terms and conditions, as all other loan requests. Any new loan made to an organization related to a member of the Board is reported to the Finance, Audit and Risk Committee at the next regular meeting. An analysis of the activity during the year ended December 31, 2024, for the aggregate amount of these loans is as follows:

Balance, December 31, 2022	$ 14,229,056
Net changes	(1,107,067)
Balance, December 31, 2023	13,121,989
Net changes	859,015
Balance, December 31, 2024	$ 13,981,004

Note 12. Other Assets

Included in other assets as of December 31, 2024 and 2023, are the following

December 31, 2024	Capital Impact Partners	CDC	Total
Land, building, software development, furnitures and fixtures, and leasehold improvements, net	$ 1,034,808	$ 7,356,122	$ 8,390,930
Investment in a nonprofit organization	-	105,151	105,151
Deposits and prepaid expenses	1,383,381	1,960,480	3,343,861
Recoverable grant	625,000	-	625,000
Other assets	10,570	2,065,903	2,076,473
	$ 3,053,759	$ 11,487,656	$ 14,541,415

December 31, 2023	Partners	CDC	Total
Land, building, software development, furnitures and fixtures, and leasehold improvements, net	$ 1,261,173	$ 6,782,621	$ 8,043,794
Investment in a nonprofit organization	-	207,007	207,007
Deposits and prepaid expenses	2,071,586	560,369	2,631,955
Recoverable grant	300,000	-	300,000
Other assets	10,570	1,726,331	1,736,901
	$ 3,643,329	$ 9,276,328	$ 12,919,657

Note 13. Leases

Capital Impact Partners and CDC have operating leases for six corporate offices. Leases have remaining lease terms of 1 year to 9 years, some of which include options to extend the leases for up to 5 years.

December 31, 2024	Capital Impact Partners	CDC	Total
Operating lease cost - fixed	$ 1,404,669	$ 376,598	$ 1,781,267
Operating lease cost - variable	150,418	-	150,418
	$ 1,555,087	$ 376,598	$ 1,931,685
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flows from operating leases	$ 1,542,639	$ 419,039	$ 1,961,678
Weighted average remaining lease term			
Operating leases	8 years	2 Years	
Weighted average discount rate			
Operating leases	3.49%	0.59%	
Right of use assets	$ 8,425,267	$ 376,598	$ 8,801,865

December 31, 2023	Capital Impact Partners	CDC	Total
Operating lease cost - fixed	$ 1,197,485	$ 499,734	$ 1,697,219
Operating lease cost - variable	170,649	-	170,649
	$ 1,368,134	$ 499,734	$ 1,867,868
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flows from operating leases	$ 1,277,539	$ 558,175	$ 1,835,714
Non-cash investing and financing activities:			
Additions to right of use assets obtained from operating lease	$ 2,341,792	$ -	$ 2,341,792
Weighted average remaining lease term			
Operating leases	8 years	3 years	
Weighted average discount rate			
Operating leases	3.30%	0.82%	
Right of use assets	$ 9,428,191	$ 499,734	$ 9,927,925

Because Capital Impact Partners generally does not have access to the rate implicit in the lease, the incremental borrowing rate is utilized as the discount rate.

Maturities of lease liabilities were as follows:

Years ending December 31:	Capital Impact Partners	CDC	Total
2025	$ 1,617,895	$ 198,797	$ 1,816,692
2026	1,568,619	164,904	1,733,523
2027	1,513,679	46,231	1,559,910
2028	1,554,383	12,793	1,567,176
2029	1,517,451	-	1,517,451
Thereafter	4,689,511	-	4,689,511
Total lease payments	12,461,538	422,725	12,884,263
Less imputed interest	(1,639,914)	(3,686)	(1,643,600)
	$ 10,821,624	$ 419,039	$ 11,240,663

Note 13. Leases (Continued)

Undiscounted maturities of lease liabilities as of December 31, 2023 was $14,609,980.

Lease incentives are amortized using the straight-line method over the respective lease term and are presented in the Consolidated and Combined Statements of Activities and Changes in Net Assets as part of lease expense.

Note 14. Refundable Advance Liability

Capital Impact Partners reports a refundable advance liability for funds received from conditional contributions from various grantors. These contributions remain classified as a refundable advance until the agreed upon conditions or barriers are met. The refundable advance liability balance was $8,336,547 and $9,735,754 as of December 31, 2024 and 2023, respectively.

Note 15. Notes and Bond Payable, Revolving Lines of Credit, Subordinated Debt, Investor Notes, and Other Borrowings

Notes and bond payable, revolving lines of credit, Investor Notes, subordinated debt, and other borrowings as of December 31, 2024, consist of the following:

	December 31, 2024	December 31, 2023	Interest Rate Range / Average Rate	Maturity Date Range
Revolving lines of credit	$ 83,000,000	$ 69,500,000	6.15%-6.36%	August 2026 - September 2027
Unsecured - fixed rate	64,289,530	68,786,736	0% - 4.75%	May 2025 - August 2032
Investor Notes	380,296,000	265,412,000	1.00% - 6.00%	February 2025 - July 2037
Subordinated debt	14,500,000	14,500,000	2.00% - 3.00%	August 2026 - October 2035
Federal Home Loan Bank borrowing	24,000,000	24,000,000	4.24%	June 2027 - December 2029
Bond payable	10,000,000	5,000,000	4.66%	October 2034
CDC notes payable - secured	8,110,257	7,652,838	0.35%-7.25%	September 2026 - March 2033
CDC notes payable - unsecured	47,850,152	38,059,294		January 2024 - December 2032
	632,045,939	492,910,868		
Investor Notes issuance cost	(3,166,501)	(2,606,852)	1.00% - 6.00%	
Elimination for intercompany activity	(16,800,000)	(2,500,000)		
	$612,079,438	$487,804,016		

Capital Impact Partners has certain debt agreements that contain both operational and financial covenants requiring Capital Impact Partners to maintain minimum cash and cash equivalents balances and certain financial ratios. As of December 31, 2024, total commitments and unavailable undrawn balance for all notes payables and revolving lines of credit is $ 865,292,527 and $212,269,223, respectively.

Investor Notes: In 2024, Capital Impact Partners offered Investor Notes, continuous from its 2020 offering, for up to $250,000,000. The Investor Notes are offered through registered broker-dealers and are available for purchase in book-entry form, which means they may be purchased electronically through the investor's brokerage account and settled through the DTC. The Investor Notes were issued in increments of $1,000 or more and pay interest at a various fixed interest rates. The terms for the Investor Notes were one-year, three-year, five-year, seven-year, ten-year, fifteen-year and twenty-year maturities.

US Bank has been designated as the trustee to the indenture governing the Investor Notes and serves as a paying agent for the Investor Notes. The Investor Notes are senior to the subordinated loans. At December 31, 2024 and 2023, the Investor Note holders held $380,296,000 and $265,412,000, respectively, of the total Investor Notes payable balance. Interest rates range between 1.00% and 6.00%. Aggregate annual maturities of Investor Notes over each of the next five years and thereafter, as of December 31, 2024, are as follows:

Note 15. Notes and Bond Payable, Revolving Lines of Credit, Subordinated Debt, Investor Notes, and Other Borrowings (Continued)

Years ending December 31:		
2025	$	108,333,000
2026		48,659,000
2027		75,564,000
2028		63,039,000
2029		53,625,000
Thereafter		31,076,000
	$	380,296,000

FHLB borrowing: As a member bank, Capital Impact Partners may request advances from FHLBank Atlanta. As of December 31, 2024, the outstanding balance was $24,000,000 secured by Mortgage Backed Securities in the amount of $27,613,025. As of December 31, 2023, the outstanding balance was $24,000,000 secured by Mortgage Backed Securities in the amount of $29,581,714. As of December 31, 2024, and 2023, Capital Impact Partners recognized a gain on FHLB debt extinguishment of $0 and $352,238, respectively, and included in the Consolidated Statements of Activities and Changes in Net Assets.

Borrowings: Aggregate annual maturities of Capital Impact Partners' borrowings over each of the next five years and thereafter, as of December 31, 2024, are as follows:

Years ending December 31:		
2025	$	116,122,530
2026		57,159,000
2027		181,314,000
2028		74,289,000
2029		82,375,000
Thereafter		64,826,000
	$	576,085,530

Aggregate annual maturities of CDC's borrowings over each of the next five years and thereafter, as of December 31, 2024, are as follows:

Year Ended December 31,		
2025	$	17,883,889
2026		22,434,997
2027		1,742,046
2028		3,242,278
2029		2,964,259
Thereafter		7,692,940
Total	$	55,960,409

U.S. GAAP requires interest expense and contribution revenue to be reported in connection with loans of cash to not-for-profit organizations that are interest free or that have below-market interest rates. The contribution is recognized at the time the loan is made and amortized using the effective interest method. The accretion increases interest expense and notes payable.

For the Ford Foundation note received in 2014, Capital Impact Partners recognized interest expense of $2,794 and $19,396 for the years ended December 31, 2024 and 2023, respectively.

Note 16. Notes Payable – Subsidiaries

The notes payable under DNF, LLC and FPIF, LLC are with sole recourse to DNF, LLC and FPIF, LLC and include no obligation for repayment on the part of Capital Impact Partners.

Note 16. Notes Payable – Subsidiaries (Continued)

Subsidiary	Lender	Commitment	December 31, 2024	December 31, 2023	Interest Rate	Final Maturity Date	Payment Details
DNF, LLC	JPMorgan Chase	$ -	$ 19,120,355	$ 19,693,922	2.00%	June 2029	Monthly interest, with consecutive quarterly principal payments beginning in June 2024
FPIF, LLC	FPIF Feeder Facility LP	-	-	4,500,000	N/A	N/A	Monthly interest and principal
		$ -	$ 19,120,355	$ 24,193,922			

Aggregate annual maturities of subsidiary borrowings over each of the next five years and thereafter, as of December 31, 2024, are as follows:

Years ending December 31:	
2025	$ 2,114,657
2026	210,860
2027	670,355
2028	232,169
2029	15,892,314
	$19,120,355

Note 17. Other Borrowings

As of December 31, 2024, and 2023, other borrowings on the Consolidated and Combined Statements of Financial Position totaled $101,510 and $261,949, respectively, consisting of the guaranteed portion of SBA loans sold in the secondary market that could not be accounted for as loan sales according to current accounting guidance. Consistent with this accounting treatment, the premium received for these transfers are recorded as a liability and amortized over the estimated life of the loan into interest income. As of December 31, 2024, the premium has been fully amortized.

Note 18. Net Assets with Donor Restrictions

At December 31, 2024 and 2023, net assets with donor restrictions consisted of the following:

Purpose	2024	2023
Capital Impact Partners:		
Educational Program	$ 17,440,260	$ 16,916,626
Entrepreneur and Developer Program	2,472,048	2,282,508
Housing Program	15,916,685	17,212,653
National Programs	9,802,106	7,754,525
Various	163,464	1,155,015
Total Capital Impact Partners	$ 45,794,563	$ 45,321,327
CDC Small Business Finance Corp:		
Loan loss reserves	$ 5,288,133	$ 5,240,395
Technical assistance (BAS)	-	113,135
Lending programs	30,491	28,365
Corporate programs	-	162,354
Total CDC Small Business Finance Corp.	$ 5,318,624	$ 5,544,249
Total	$ 51,113,187	$ 50,865,576

Note 19. Fees

As explained in Note 1, material revenue streams are reported separately on the Consolidated and Combined Statements of Activities and Changes in Net Assets. Revenue is either recognized at a point in time or over a period of time.

At December 31, 2024 and 2023, fees consisted of the following:

	2024	2023
Fees – recognized at point in time		
NMTC suballocation fees	$ 1,077,126	$ 1,322,874
Unused fee income	6,110	-
Fund management fees	87,007	47,992
Covenant waiver fees	-	500
Portfolio amendment / modification fees	91,500	85,182
Administrative fees	54,249	-
Organization fee income	267,058	-
Advisory fee income	275,915	270,638
Liquidation success fees	234,810	1,932,959
	2,093,775	3,660,145
Fees – recognized over time		
Guarantee Fees	2,975	2,975
	2,975	2,975
Total	$ 2,096,750	$ 3,663,120

Note 20. New Markets Tax Credit Program

During 2005, Capital Impact Partners implemented its NMTC program and has 28 and 29 limited liability companies ("LLCs") that are CDEs, through December 31, 2024 and 2023, respectively.

The LLCs were formed to obtain qualified equity investments from investors and make qualified investments in Qualified Active Low-Income Community Businesses ("QALICB") in accordance with the terms of the NMTC program pursuant to Section 45D of the Internal Revenue Code. Investors made capital contributions of approximately $28,723,350 and $35,276,650 to these LLCs during 2024 and 2023, respectively, in anticipation of receiving new markets tax credits of approximately $11,202,107 and $13,757,894 in 2024 and 2023, respectively. Capital Impact Partners serves as the managing member of these LLCs, contributed nominal capital and has financial interests in the NMTC entities noted below.

During 2024, six of the NMTC entities reached their seven-year transaction period and were completely dissolved. In connection with the dissolution of these entities, Capital Impact Partners incurred a loss of $6,977, which is reflected in the Consolidated Statements of Activities and Changes in Net Assets for the year ended December 31, 2024.

During 2023, no NMTC entities reached their seven-year transaction period and completely dissolved.

Note 20. New Markets Tax Credit Program ("NMTC") (Continued)

Capital Impact Partners serves as the managing member of the following LLCs which includes LLCs with Chase NMTC entities below:

Impact CDE 55 LLC	Impact CDE 73 LLC
Impact CDE 56 LLC	Impact CDE 74 LLC
Impact CDE 57 LLC	Impact CDE 75 LLC
Impact CDE 61 LLC	Impact CDE 76 LLC
Impact CDE 63 LLC	Impact CDE 77 LLC
Impact CDE 64 LLC	Impact CDE 78 LLC
Impact CDE 65 LLC	Impact CDE 79 LLC
Impact CDE 66 LLC	Impact CDE 80 LLC
Impact CDE 67 LLC	Impact CDE 81 LLC
Impact CDE 68 LLC	Impact CDE 82 LLC
Impact CDE 69 LLC	Impact CDE 83 LLC
Impact CDE 70 LLC	Impact CDE 84 LLC
Impact CDE 71 LLC	Impact CDE 85 LLC
Impact CDE 72 LLC	Impact CDE 86 LLC

At December 31, 2024 and 2023, Capital Impact Partners had a .01% interest in each of the above entities.

The investment balance as of December 31, 2024 and 2023 are $27,731 and $22,005, respectively.

The following is a summary of the audited financial information of these companies as of and for the years ended December 31, 2024:

	2024	2023
Total assets	$ 209,113,589	$ 219,695,182
Total liabilities	499,828	327,183
Members' capital	208,613,761	219,367,999
Total revenue	4,117,460	3,524,368
Total expenses	2,364,864	2,015,495
Net income	1,752,596	1,508,873

Under the agreements with the LLCs, Capital Impact Partners earns fees for its initial services including investor syndication, LLC organization, loan origination, and NMTC sub-allocation. Capital Impact Partners also earns continuing fees for loan servicing. As explained in Note 16 material revenue streams recognized at a point in time or recognized over time are reported separately on the Consolidated Statements of Activities and Changes in Net Assets. During the years ended December 31, 2024 and 2023, Capital Impact Partners earned $1,120,036 and $980,099, respectively, of servicing fees from these LLCs. In addition, Capital Impact Partners reflected accounts receivable of $ 440,980 and $234,757, as of December 31, 2024 and 2023, respectively.

In most of the agreements with the LLCs, Capital Impact Partners could be responsible for reimbursing the LLCs in the event of recapture and/or loss of the tax credits for failure to comply with Section 45D of the Internal Revenue Code as a result of errors made by Capital Impact Partners in its role as Managing Member. In most cases, the amount of reimbursement is limited to fees received or a multiple thereof. Capital Impact Partners has retained qualified consultants and implemented control systems to minimize the potential of any such recapture. Management believes the likelihood of recapture is remote and no liabilities have been recorded as of December 31, 2024 and 2023.

To date, Capital Impact Partners has been awarded twelve NMTC allocations, totaling $792,000,000.

Note 20. New Markets Tax Credit Program (“NMTC”) (Continued)

During 2023, Small Business Finance NMTC, LLC, who used CDC SBF and CDC Direct Capital staff to deploy and service loans, implemented its NMTC program and was awarded one NMTC allocation, totaling $25,000,000. During the year ending December 31, 2024 and 2023, Direct Capital earned servicing fees for servicing the NMTC loans totaling $90,253 and $$45,409, respectively. Investors made capital contributions of approximately $24,065,294 and $15,331,650 to the program during 2024 and 2023, respectively, in anticipation of receiving new markets tax credits.

Note 21. Commitments and Contingencies

Capital Impact Partners is a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers or business partners. These financial instruments include commitments to extend credit and standby letters of credit. These instruments involve, to varying degrees, elements of credit risk in excess of the amount recognized in the balance sheet. The contract or notional amounts of these instruments reflect the extent of Capital Impact Partners’ involvement in these particular classes of financial instruments. Capital Impact Partners’ exposure to credit loss, in the event of nonperformance by the other party, is represented by the contractual or notional amount of those instruments. Capital Impact Partners uses the same credit policies in making commitments and conditional obligations as they do for on-balance sheet instruments.

In the normal course of business, Capital Impact Partners makes commitments to extend term loans and lines of credit, which are not reflected in the accompanying financial statements. The commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being completely drawn upon, the total commitment amounts do not necessarily represent future cash requirements. Capital Impact Partners evaluates each customer’s creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by Capital Impact Partners upon extension of credit, is based on management’s credit evaluation of the borrower. At December 31, 2024 and 2023, these outstanding commitments totaled $89,196,384 and $97,258,796, respectively.

In the normal course of business, CDC Small Business Finance makes commitments to extend term loans which are not reflected in the accompanying financial statements. The commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being completely drawn upon, the total commitment amounts do not necessarily represent future cash requirements. CDC Small Business Finance evaluates each customer’s creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by CDC Small Business Finance upon extension of credit, is based on management’s credit evaluation of the borrower. At December 31, 2024 and 2023, these outstanding commitments totaled $6,101,706 and $6,649,733, respectively.

Credit exposure related to these commitments is evaluated utilizing the same criteria as the allowance for loan loss for its loans receivable. Financial exposure related to these commitments is reported as liability for unfunded commitments on the Consolidated and Combined Statements of Financial Position and unfunded commitment expense on the Consolidated and Combined Statements of Activities and Changes in Net Assets, respectively. The liability for unfunded commitments is reclassified as a component of loans receivable, net of allowance for loan loss as the commitments convert to performing loans receivable on the Consolidated and Combined Statements of Financial Position.

Note 22. Employee Benefits

Capital Impact Partners’ employees participate in the non-contributory defined contribution retirement plan and the 401(k) plan. Under the non-contributory defined contribution retirement plan, Capital Impact Partners contributes 6% of a participant’s annual salary into the plan. Total expenses for the retirement plan for the years ended December 31, 2024 and 2023, were $1,113,147 and $869,757, respectively. The employee thrift plan is organized under IRS Code Section 401(k) and Capital Impact Partners contributes up to 6% of each participant’s annual salary. Contributions and expenses were $1,099,684 and $979,945 for 2024 and 2023, respectively.

Note 22. Employee Benefits (Continued)

CDC's employees participate in the non-contributory defined contribution retirement plan and the 401(k) plan. Under the non-contributory defined contribution retirement plan, CDC contributes 6% of a participant's annual salary into the plan. Total expenses for the retirement plan for the year ending December 31, 2024 and 2023 was $868,266 and $784,984. The employee thrift plan is organized under IRS Code Section 401(k) and CDC contributes up to 6% of each participant's annual salary. Contributions and expenses were $805,804 and $714,984 for 2024 and 2023. Employee benefits are included in salaries and benefits on the Statements of Functional Expenses.

Note 23. Functional Allocation of Expenses

The costs of providing the programs and other activities have been summarized on a functional basis in the Consolidated and Combined Statements of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The consolidated financial statements report expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. All expenses, excluding depreciation, are allocated on the basis of estimates of headcount, time and effort.

The following schedules presents expenses by function for the years ended December 31, 2024 and 2023:

Capital Impact Partners and Subsidiaries and CDC Small Business Finance Corp.

Combined Statements of Functional Expenses
Year Ended December 31, 2024

	Program Expenses		Support Expenses		
	Innovative Community Lending Program	Technical Assistance	Management and General	Fundraising	Total
Capital Impact Partners					
Interest expense	$ 27,083,575	$ -	$ -	$ -	$ 27,083,575
Provision for credit loss	9,805,409	-	-	-	9,805,409
Salaries and benefits	15,838,438	3,059,404	13,462,705	2,124,874	34,485,421
Inter-company management fee	-	-	287,026	31,892	318,918
Professional fees	292,421	-	1,390,006	99,105	1,781,532
Contractual services	433,585	868,649	1,643,398	245,175	3,190,807
Corporate development	110,555	-	914,819	100,193	1,125,567
Lease expense	587,047	-	888,751	79,289	1,555,087
Insurance	-	-	400,159	31,836	431,995
Travel and entertainment	360,810	-	433,930	37,594	832,334
Training and tuition	63,936	-	312,979	32,695	409,610
Grant expense	-	7,158,649	-	-	7,158,649
Depreciation	92,050	-	210,656	-	302,706
Technology	30,912	-	1,293,242	120,046	1,444,200
Other	109,464	-	893,572	61,267	1,064,303
	$ 54,808,202	$ 11,086,702	$ 22,131,243	$ 2,963,966	$ 90,990,113

	Program Expenses					Support Expenses	
	Community Loan Program	Loan processing & Servicing	Software	Technical Assistance Program	Total	Management and General	Total
CDC Small Business Finance							
Labor costs	$ 6,573,492	$ 9,289,632	$ 3,926,644	$ -	$ 19,789,768	$ 6,076,570	$ 25,866,338
Technology	131,462	62,030	172,759	-	366,251	728,544	1,094,795
Marketing	123,980	268,996	28,543	-	421,519	-	421,519
Lending costs	672,931	586,505	322,996	-	1,582,432	164,932	1,747,364
Occupancy	111,353	220,965	16,313	-	348,631	303,623	652,254
Depreciation	-	-	4,412	-	4,412	883,272	887,684
Legal, professional, insurance	154,840	1,473,501	529,463	20,181	2,177,985	826,635	3,004,620
Miscellaneous expenses	114,109	247,367	170,144	-	531,620	411,711	943,331
Interest expense	3,046,156	6,042	-	-	3,052,198	83,848	3,136,046
Provision for credit loss	3,491,371	33,113	-	-	3,524,484	-	3,524,484
	$ 14,419,694	$ 12,188,151	$ 5,171,274	$ 20,181	$ 31,799,300	$ 9,479,135	$ 41,278,435

Functional expense omits $4,666,682 of intercompany elimination activity

Note 23. Functional Allocation of Expenses (Continued)

Capital Impact Partners and Subsidiaries and CDC Small Business Finance Corp.

Combined Statements of Functional Expenses
Year Ended December 31, 2023

	Program Expenses		Support Expenses		
	Innovative Community Lending Program	Technical Assistance	Management and General	Fundraising	Total
Capital Impact Partners					
Interest expense	$ 16,489,064	$ -	$ -	$ -	$ 16,489,064
Provision for credit loss	(308,991)	-	-	-	(308,991)
Salaries and benefits	15,632,551	2,363,701	12,643,421	1,447,823	32,087,496
Inter-company management fee	-	-	275,821	30,647	306,468
Professional fees	142,578	-	1,461,118	99,333	1,703,029
Contractual services	834,200	1,243,593	2,061,621	301,862	4,441,276
Corporate development	103,414	-	819,512	90,627	1,013,553
Lease expense	487,943	-	802,426	77,765	1,368,134
Insurance	-	-	392,445	34,474	426,919
Travel and entertainment	409,167	-	515,397	43,097	967,661
Training and tuition	73,835	-	214,609	22,174	310,618
Grant expense	-	18,536,832	-	-	18,536,832
Depreciation	60,287	-	136,147	-	196,434
Technology	50,189	-	1,116,420	107,838	1,274,447
Other	278,364	-	851,615	64,704	1,194,683
	$ 34,252,601	$ 22,144,126	$ 21,290,552	$ 2,320,344	$ 80,007,623

	Program Expenses					Support Expenses	
	Community Loan Program	Loan processing & Servicing	Software	Technical Assistance Program	Total	Management and General	Total
CDC Small Business Finance							
Labor costs	$ 6,077,145	$ 8,283,022	$ 3,400,673	$ -	$ 17,760,840	$ 6,104,014	$ 23,864,854
Technology	82,547	222,460	94,401	-	399,408	871,010	1,270,418
Marketing	59,973	387,335	6,461	-	453,769	62,351	516,120
Lending costs	656,195	509,168	72,692	-	1,238,055	125,416	1,363,471
Occupancy	97,336	322,247	15,446	-	435,029	288,742	723,771
Depreciation	-	-	3,833	-	3,833	683,412	687,245
Legal, professional, insurance	324,702	998,602	190,960	16,156	1,530,420	866,901	2,397,321
Miscellaneous expenses	76,980	207,587	124,963	-	409,530	249,933	659,463
Interest expense	1,041,659	206,284	-	-	1,247,943	97,790	1,345,733
Provision for credit loss	963,760	742,678	-	-	1,706,438	-	1,706,438
	$ 9,380,297	$ 11,879,383	$ 3,909,429	$ 16,156	$ 25,185,265	$ 9,349,569	$ 34,534,834

Functional expense omits $5,738,909 of intercompany elimination activity

Note 24. Fair Value

Fair value measurements: Capital Impact Partners uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. In accordance with accounting guidance, the fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in many instances, there are no quoted market prices for Capital Impact Partners' various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument.

If there has been a significant decrease in the volume and the level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires the use of significant judgment. The fair value is a reasonable point within the range that is most representative of fair value under current market conditions. A three-level hierarchy exists for fair value measurements based upon the inputs to the valuation of an asset or liability. The classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

Level 1: Valuation is based on quoted prices in active markets for identical assets or liabilities.

Level 2: Valuation is determined from observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument.

Level 3: Valuation is derived from model-based and other techniques in which one significant input is unobservable in the market and which may be based on Capital Impact Partners' own estimates about assumptions that a market participant would use to value the asset or liability.

Fair value on a recurring basis: The table below presents the financial assets and liabilities measured at fair value on a recurring basis:

	December 31, 2024	Level 1	Level 2	Level 3
Assets:				
Money market fund	$ 3,042,609	$ 3,042,609	$ -	$ -
Marketable equity securities	577,897	577,897	-	-
Real estate investment trust	2,079,981	-	-	2,079,981
Other investments	286,672	-	-	286,672
Mortgage-backed securities	34,029,460	-	34,029,460	-
U.S. Small Business Administration loans	3,112,569	-	3,112,569	-
Confirmation of Originator Fees	113,872	-	113,872	-
	$ 43,243,060	$ 3,620,506	$ 37,255,901	$ 2,366,653

	December 31, 2023	Level 1	Level 2	Level 3
Assets:				
Marketable equity securities	$ 495,215	$ 495,215	$ -	$ -
Real estate investment trust	2,113,113	-	-	2,113,113
Other investments	286,671	-	-	286,671
Mortgage-backed securities	33,822,580	-	33,822,580	-
U.S. Treasury Securities	4,017,701	-	4,017,701	-
	$ 40,735,280	$ 495,215	$ 37,840,281	$ 2,399,784

Note 24. Fair Value (Continued)

The following is a description of the valuation methodologies used for instruments measured at fair value. These valuation methodologies were applied to all of Capital Impact Partners' financial assets and liabilities that are carried at fair value on a recurring basis.

Marketable equity securities: The fair value of these securities is the market value based on quoted market prices, or market prices provided by recognized broker dealers. Therefore, these assets are classified as Level 1.

Real estate investment trust ("REIT"): The fair value of the REIT is based upon a dividend yield capitalization method of establishing fair value developed by the REIT and communicated to its investors. It reflects the nature of the REIT's business, and measures the REIT's ability to produce cash flow to pay dividends. Under the dividend yield capitalization methodology, the expected dividends for the upcoming 12 months are projected, imputing a dividend payout ratio of 90%. This imputed forward-looking dividend is then capitalized at the Dow Jones Corporate Financials Index yield – a composite of 32, long-term bond issuances from established, creditworthy financial institutions. Fair value is derived by capitalizing the projected dividend per share at this market yield and is also supported by the REIT's net asset valuation ("NAV") under the rational that, the REIT is, at a minimum, worth the liquidation value of its assets. Therefore, these assets are classified as Level 3 and use Level 3 inputs to fair value.

Mortgage-Backed Securities: These securities receive interest income based on their stated interest rates and are classified as Level 2 instruments, as there are no quoted market prices in active markets for identical assets. The fair value is determined using models and other valuation methodologies, which are corroborated by market data.

Other investments: The fair value of other investments is generally based upon the ending capital value evidenced by the issuers' K-1 or audited financial statements. In some instances, equity method is used as most closely approximating fair value. Therefore, these assets are classified as Level 3.

U.S. Small Business Administration loans: U.S. Small Business Administration loans ("SBA Loans") and Confirmation of Originator Fees ("COOFs") are classified within Level 2 of the fair value hieararchy because they are valued using inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities.

Guarantee liability: The fair value of a guarantee liability is based the present value of the difference between the net contractual cash flows required under a debt instrument, and the net contractual cash flows that would have been required without the guarantee.

There was no change in the valuation techniques used to measure fair value of investments in the years ended December 31, 2024 and 2023. There were no transfers into or out of Level 3 during the years ended December 31, 2024 and 2023.

Changes in Level 3 assets and liabilities measured at fair value on a recurring basis are summarized as follows:

	2024	2023
Beginning balance at January 1	$ 2,399,784	$ 2,355,424
Total net (losses) gains included in change in net assets	(33,131)	44,360
Ending balance at December 31	$ 2,366,653	$ 2,399,784

Fair value on a nonrecurring basis: Certain financial instruments and liabilities are not measured at fair value on an ongoing basis but are subject to fair value adjustments in certain circumstances (for example, when there is evidence of impairment). The table below presents the assets measured at fair value on a nonrecurring basis.

Note 24. Fair Value (Continued)

December 31, 2024

Capital Impact Partners		Total		Level 1		Level 2		Level 3
Assets:								
Impaired loans, net of specific reserves	$	6,036,215	$	-	$	-	$	6,036,215

CDC		Total		Level 1		Level 2		Level 3
Assets:								
Impaired loans, net of specific reserves	$	1,735,610	$	-	$	-	$	1,735,610

December 31, 2023

Capital Impact Partners		Total		Level 1		Level 2		Level 3
Assets:								
Impaired loans, net of specific reserves	$	4,225,220	$	-	$	-	$	4,225,220

CDC		Total		Level 1		Level 2		Level 3
Assets:								
Impaired loans, net of specific reserves	$	346,219	$	-	$	-	$	346,219

Impaired Loans Net of Specific Reserves, which are measured for impairment using the loan's observable market price or the fair value of the collateral for collateral-dependent loans. Appraised and reported values may be discounted based on management's historical knowledge, changes in market conditions from the time of valuation, and/or management's expertise and knowledge of the client and client's business. Based on this information, impaired loans, net of specific reserves, are valued using Level 3 inputs. The valuation allowance for impaired loans is included in the allowance for loan losses in the Consolidated and Combined Statements of Financial Position.

Note 25. Noncontrolling Interest in Consolidated Subsidiaries

Capital Impact Partners presents the noncontrolling interest in CIIF, its consolidated subsidiary, as a separate line item within net assets in the Consolidated and Combined Statements of Financial Position as of December 31, 2024. As of December 31, 2024 Capital, Impact Partners increased its manager membership ownership from 30% to 87%.

A summary of the 2024 and 2023 activity follows:

	CIIF		
	CIP	Annaly	Total
Balance, December 31, 2022	$ 8,947,508	$ 20,572,345	$ 29,519,853
Net income	406,431	1,012,132	1,418,563
Distributions	(390,665)	(1,012,132)	(1,402,797)
Balance, December 31, 2023	8,963,274	20,572,345	29,535,619
Net income	392,936	547,328	940,264
Distributions	(535,913)	(19,838,560)	(20,374,473)
Balance, December 31, 2024	$ 8,820,297	$ 1,281,113	$ 10,101,410

Note 25. Noncontrolling Interest in Consolidated Subsidiaries (Continued)

Distributions of $6,802 and $245,512 were payable from CIIF to Annaly as of December 31, 2024 and 2023, respectively.

Note 26. Subsequent Events

Capital Impact Partners and CDC has evaluated their subsequent events (events occurring after December 31, 2024) through March 27, 2025, which represents the date the financial statements were issued.

On February 7, 2025, subsequent to the balance sheet date of December 31, 2024, CDC entered into a definitive agreement to sell its ownership interest in Ventures to Lenders Cooperative, Inc. The transaction closed on February 7, 2025, and the total consideration received was approximately $11,500,000, subject to customary adjustments.

The sale is expected to result in a gain of approximately $11,418,405 which will be recognized in the financial statements for the fiscal year ending December 31, 2025. The divestiture is aligned with the Company's strategic initiatives to focus on core operations.

Management has evaluated the impact of this transaction on the Company's financial position and has determined that it does not affect the going concern assumption.

Capital Impact Partners and Subsidiaries and CDC Small Business Finance Corp.

Combining Statement of Financial Position
December 31, 2024

	Capital Impact Partners	CDC Small Business Finance	Eliminations	Total
Assets				
Cash and cash equivalents – unrestricted	$ 100,043,027	$ 11,765,234	$ -	$ 111,808,261
Cash and cash equivalents – restricted	26,847,156	16,861,230	-	43,708,386
Accounts and interest receivable, net	10,808,212	4,474,938	(1,716,546)	13,566,604
Contributions receivable	-	-	-	-
Investments	47,358,811	385,399	-	47,744,210
Mortgage-Backed Securities	34,029,460	-	-	34,029,460
Loans receivable	557,337,088	91,102,206	-	648,439,294
Less: allowance for credit losses	(16,914,877)	(4,870,857)	-	(21,785,734)
Loans receivable, net	540,422,211	86,231,349	-	626,653,560
Loans receivable – subsidiaries	15,938,096	-	-	15,938,096
Loans receivable - intercompany	16,800,000	-	(16,800,000)	-
Loans available for sale	-	4,044,738	-	4,044,738
Other real estate owned	658,498	-	-	658,498
Other assets	3,053,759	11,487,656	-	14,541,415
Right of use assets	8,425,267	376,598	-	8,801,865
Total assets	$ 804,384,497	$ 135,627,142	$ (18,516,546)	$ 921,495,093
Liabilities and Net Assets				
Liabilities:				
Accounts payable and accrued expenses	$ 10,201,921	$ 9,104,603	$ (1,716,546)	$ 17,589,978
Refundable advance liability	8,336,547	-	-	8,336,547
Loan loss reserve for PCLP program	-	791,437	-	791,437
Due to Small Business Administration	-	256,192	-	256,192
Deposits	-	365,897	-	365,897
Revolving lines of credit	83,000,000	-	-	83,000,000
Notes payable	64,289,530	55,960,409	(16,800,000)	103,449,939
Investor Notes, net	377,129,499	-	-	377,129,499
Subordinated debt	14,500,000	-	-	14,500,000
Federal Home Loan Bank borrowing	24,000,000	-	-	24,000,000
Bond loan payable	10,000,000	-	-	10,000,000
Notes payable – subsidiaries	19,120,355	-	-	19,120,355
Other borrowings	-	101,510	-	101,510
Liability for CECL - loan commitments	2,596,742	499,456	-	3,096,198
Lease liabilities	10,821,624	419,039	-	11,240,663
Total liabilities	623,996,218	67,498,543	(18,516,546)	672,978,215
Net assets:				
Without donor restrictions	133,312,603	62,809,975	-	196,122,578
Noncontrolling interest in consolidated subsidiaries	1,281,113	-	-	1,281,113
Total without donor restrictions	134,593,716	62,809,975	-	197,403,691
With donor restrictions	45,794,563	5,318,624	-	51,113,187
Total net assets	180,388,279	68,128,599	-	248,516,878
Total liabilities and net assets	$ 804,384,497	$ 135,627,142	$ (18,516,546)	$ 921,495,093

See Independent Auditor's Report

Capital Impact Partners and Subsidiaries and CDC Small Business Finance Corp.

Combining Statement of Activities and Changes in Net Assets
Year Ended December 31, 2024

	Capital Impact Partners	CDC Small Business Finance	Eliminations	Total
Changes in net assets without donor restrictions:				
Financial activity:				
Financial income:				
Interest income on loans	$ 38,758,453	$ 8,973,459	$ -	$ 47,731,912
Loan fees	569,969	-	-	569,969
Investments income, net	3,065,482	299,078	-	3,364,560
Gain on equity method investments	942,906	-	-	942,906
Gain on NMTC unwind	6,977	-	-	6,977
Gain on sale of securities	1,041,401	-	-	1,041,401
Total financial income	44,385,188	9,272,537	-	53,657,725
Financial expense:				
Interest expense	27,083,575	3,136,046	-	30,219,621
Provision for credit losses	9,805,409	3,524,484	-	13,329,893
Total financial expense	36,888,984	6,660,530	-	43,549,514
Net financial income	7,496,204	2,612,007	-	10,108,211
Revenue and support:				
Net processing and servicing fees	1,737,007	15,529,806	-	17,266,813
Fees	1,861,940	234,810	-	2,096,750
Asset management fees from investments	3,014,780	-	-	3,014,780
Contract revenue	635,780	-	-	635,780
Contributions	45,155,925	584,089	-	45,740,014
Gain on sale of 7a loans	-	4,513,586	-	4,513,586
Software licensing and support	-	4,552,362	-	4,552,362
Inter-company fee income	3,742,764	318,918	(4,061,682)	-
Other income	91,919	5,556,192	-	5,648,111
Net assets released from donor restrictions	17,876,926	1,224,099	-	19,101,025
Total revenue and support	74,117,041	32,513,862	(4,061,682)	102,569,221
Non-financial expenses:				
Innovative community lending program	17,919,218	25,202,437	(1,316,125)	41,805,530
Technical assistance	11,086,702	20,181	-	11,106,883
Total non-financial program expenses	29,005,920	25,222,618	(1,316,125)	52,912,413
Support expenses:				
Management and general	22,131,243	9,395,287	(3,318,665)	28,207,865
Fundraising	2,963,966	-	(31,892)	2,932,074
Total non-financial expenses	54,101,129	34,617,905	(4,666,682)	84,052,352
Change in net assets without donor restrictions before noncontrolling interest activities	27,512,116	507,964	605,000	28,625,080
Noncontrolling interest – distributions	(19,838,560)	-	-	(19,838,560)
Change in net assets without donor restrictions	7,673,556	507,964	605,000	8,786,520
Change in net assets with donor restrictions:				
Investment income, net	683,517	-	-	683,517
Contributions and grant revenue	17,666,645	998,474	(605,000)	18,060,119
Net assets released from donor restrictions	(17,876,926)	(1,224,099)	-	(19,101,025)
Change in net assets with donor restrictions	473,236	(225,625)	(605,000)	(357,389)
Change in net assets	8,146,792	282,339	-	8,429,131
Net assets, beginning	172,241,487	67,846,260	-	240,087,747
Cumulative change in accounting policy	-	-	-	-
Net assets, ending	$ 180,388,279	$ 68,128,599	$ -	$ 248,516,878

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Community Advantage Loan Loss Reserve
December 31, 2024

Total of guaranteed portion of sold Community Advantage Loans approved prior to 10/1/18	$ 8,211,802	
Reserves required at 0%		$ -
Total of unguaranteed portion of sold and unsold Community Advantage Loans	$ 32,375,843	
Reserves required at 3.7%		$ 1,197,906
Total of guaranteed portion of sold Community Advantage Loans approved after 10/1/18	$ 96,624,209	
Reserves required at 0%		$ -
Total of guaranteed portion of unsold Community Advantage Loans approved after 10/1/18	$ 18,763,694	
Reserves required at 0%		$ -
Total reserves required for Community Advantage Loans		$ 1,197,906
Restricted cash balances maintained in separate bank account	(1)	$ 5,900,683
Net excess of restricted cash over required reserves		$ 4,702,777

(1) Balance is maintained at a commercial bank and is in excess of federally insured limits.

Capital Impact Partners and Subsidiaries and CDC Small Business Finance Corp.

Supplementary Information

Combining Statement of Financial Position
December 31, 2023

	Capital Impact Partners	CDC Small Business Finance	Eliminations	Total
Assets				
Cash and cash equivalents – unrestricted	$ 44,233,703	$ 16,905,804	$ -	$ 61,139,507
Cash and cash equivalents – restricted	26,424,133	9,034,680	-	35,458,813
Accounts and interest receivable, net	7,455,892	7,475,371	(420,695)	14,510,568
Contributions receivable	-	-	-	-
Investments	41,473,089	469,160	-	41,942,249
Mortgage-Backed Securities	33,822,580	-	-	33,822,580
Loans receivable	499,585,126	82,762,321	-	582,347,447
Less: allowance for credit losses	(12,573,430)	(3,828,051)	-	(16,401,481)
Loans receivable, net	487,011,696	78,934,270	-	565,945,966
Loans receivable – subsidiaries	19,868,695	-	-	19,868,695
Loans receivable - intercompany	2,500,000	-	(2,500,000)	-
Loans available for sale	-	2,419,888	-	2,419,888
Other real estate owned	658,498	-	-	658,498
Other assets	3,643,329	9,276,328	-	12,919,657
Right of use assets	9,428,191	499,734	-	9,927,925
Total assets	$ 676,519,806	$ 125,015,235	$ (2,920,695)	$ 798,614,346
Liabilities and Net Assets				
Liabilities:				
Accounts payable and accrued expenses	$ 10,847,230	$ 8,097,695	$ (420,695)	$ 18,524,230
Refundable advance liability	9,735,754	-	-	9,735,754
Loan loss reserve for PCLP program	-	896,841	-	896,841
Due to Small Business Administration	-	159,957	-	159,957
Deposits	-	925,429	-	925,429
Revolving lines of credit	69,500,000	-	-	69,500,000
Notes payable	68,786,736	45,712,132	(2,500,000)	111,998,868
Investor Notes, net	262,805,148	-	-	262,805,148
Subordinated debt	14,500,000	-	-	14,500,000
Federal Home Loan Bank borrowing	24,000,000	-	-	24,000,000
Bond loan payable	5,000,000	-	-	5,000,000
Notes payable – subsidiaries	24,193,922	-	-	24,193,922
Other borrowings	-	261,949	-	261,949
Liability for CECL - loan commitments	2,917,764	556,797	-	3,474,561
Lease liabilities	11,991,765	558,175	-	12,549,940
Total liabilities	504,278,319	57,168,975	(2,920,695)	558,526,599
Net assets:				
Without donor restrictions	106,347,815	62,302,011	-	168,649,826
Noncontrolling interest in consolidated subsidiaries	20,572,345	-	-	20,572,345
Total without donor restrictions	126,920,160	62,302,011	-	189,222,171
With donor restrictions	45,321,327	5,544,249	-	50,865,576
Total net assets	172,241,487	67,846,260	-	240,087,747
Total liabilities and net assets	$ 676,519,806	$ 125,015,235	$ (2,920,695)	$ 798,614,346

See Independent Auditor's Report

Capital Impact Partners and Subsidiaries and CDC Small Business Finance Corp.

Supplementary Information

Capital Impact Partners and Subsidiaries and CDC Small Business Finance Corp.

Combining Statement of Activities and Changes in Net Assets
Year Ended December 31, 2023

	Capital Impact Partners	CDC Small Business Finance	Eliminations	Total
Changes in net assets without donor restrictions:				
Financial activity:				
Financial income:				
Interest income on loans	$ 26,888,711	$ 6,914,017	$ -	$ 33,802,728
Loan fees	389,267	-	-	389,267
Investments income (loss), net	3,554,364	147,016	-	3,701,380
Loss on equity method investments	770,537	-	-	770,537
Total financial income	31,602,879	7,061,033	-	38,663,912
Financial expense:				
Interest expense	16,489,064	1,345,733	-	17,834,797
Provision for (recovery of) loan losses	(308,991)	1,706,438	-	1,397,447
Total financial expense	16,180,073	3,052,171	-	19,232,244
Net financial income	15,422,806	4,008,862	-	19,431,668
Revenue and support:				
Net processing and servicing fees	1,580,738	14,027,366	-	15,608,104
Fees	1,730,161	1,932,959	-	3,663,120
Asset management fees from investments	1,568,719	-	-	1,568,719
Contract revenue	1,244,007	-	-	1,244,007
Contributions	94,000	336,736	-	430,736
Gain on sale of 7a loans	-	2,712,844	-	2,712,844
Software licensing and support	-	4,275,889	-	4,275,889
Gain on debt extinguishment	352,238	-	-	352,238
Inter-company fee income	3,395,383	306,468	(3,701,851)	-
Other income	256,694	4,838,619	(38,650)	5,056,663
Net assets released from donor restrictions	32,177,179	2,332,517	-	34,509,696
Total revenue and support	42,399,119	30,763,398	(3,740,501)	69,422,016
Non-financial expenses:				
Innovative community lending program	18,072,528	22,214,728	(2,541,669)	37,745,587
Technical assistance	22,144,126	16,156	-	22,160,282
Total non-financial program expenses	40,216,654	22,230,884	(2,541,669)	59,905,869
Support expenses:				
Management and general	21,290,552	9,251,779	(3,166,593)	27,375,738
Fundraising	2,320,344	-	(30,647)	2,289,697
Total non-financial expenses	63,827,550	31,482,663	(5,738,909)	89,571,304
Change in net assets without donor restrictions before noncontrolling interest activities	(6,005,625)	3,289,597	1,998,408	(717,620)
Noncontrolling interest – distributions	(1,012,132)	-	-	(1,012,132)
Change in net assets without donor restrictions	(7,017,757)	3,289,597	1,998,408	(1,729,752)
Change in net assets with donor restrictions:				
Investment income, net	304,422	-	-	304,422
Contributions and grant revenue	27,851,484	2,347,408	(1,998,408)	28,200,484
Net assets released from donor restrictions	(32,177,179)	(2,332,517)	-	(34,509,696)
Change in net assets with donor restrictions	(4,021,273)	14,891	(1,998,408)	(6,004,790)
Change in net assets	(11,039,030)	3,304,488	-	(7,734,542)
Net assets, beginning	185,569,093	64,649,368	-	250,218,461
Cumulative change in accounting policy	(2,288,576)	(107,596)	-	(2,396,172)
Net assets, ending	$ 172,241,487	$ 67,846,260	$ -	$ 240,087,747

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