

**Accion Opportunity Fund Community
Development and Subsidiaries**

Consolidated Financial Statements

June 30, 2025 and 2024



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Accion Opportunity Fund Community Development and
Subsidiaries

Opinion

We have audited the accompanying consolidated financial statements of Accion Opportunity Fund Community Development and Subsidiaries (the "Organization"), which comprise the consolidated statements of financial position as of June 30, 2025 and 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Accion Opportunity Fund Community Development and Subsidiaries as of June 30, 2025 and 2024, 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. 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 Accion Opportunity Fund Community Development and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Accion Opportunity Fund Community Development's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

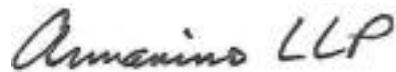
Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Accion Opportunity Fund Community Development'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Accion Opportunity Fund Community Development'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.



San Jose, California

September 29, 2025

Accion Opportunity Fund Community Development and Subsidiaries
Consolidated Statements of Financial Position
June 30, 2025 and 2024
(In thousands)

	<u>2025</u>	<u>2024</u>
ASSETS		
Cash and cash equivalents	\$ 33,477	\$ 22,014
Restricted cash (Note 5)	33,549	21,613
Investments (Note 4)	5,231	3,729
Loans receivable - small business, net of allowance for credit losses \$14,067 and \$11,118, respectively (Note 7)	170,419	142,087
Contribution receivable, net (Note 6)	6,800	21,008
Related party receivable	50	-
Small business interest and fees receivable	1,763	1,309
Prepaid expenses and other	1,809	1,776
Property and equipment, net (Note 9)	2,878	2,033
Operating lease right-of-use assets	464	877
Investment in LLCs	<u>921</u>	<u>898</u>
Total assets	<u>\$ 257,361</u>	<u>\$ 217,344</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 8,488	\$ 8,034
Operating lease liabilities	495	916
Notes payable (Notes 10 and 11)	<u>176,053</u>	<u>148,603</u>
Total liabilities	<u>185,036</u>	<u>157,553</u>
Net assets		
Without donor restrictions	61,863	43,438
With donor restrictions (Note 12)	<u>10,462</u>	<u>16,353</u>
Total net assets	<u>72,325</u>	<u>59,791</u>
Total liabilities and net assets	<u>\$ 257,361</u>	<u>\$ 217,344</u>

The accompanying notes are an integral part of these consolidated financial statements.

Accion Opportunity Fund Community Development and Subsidiaries
Consolidated Statement of Activities
For the Year Ended June 30, 2025
(In thousands)

	Without Donor Restrictions	With Donor Restrictions	Total
Earned revenues and contributions			
Interest income			
Interest from loan programs	\$ 23,766	\$ -	\$ 23,766
Investment income	<u>2,268</u>	<u>-</u>	<u>2,268</u>
Total interest income	26,034	-	26,034
Less: interest expense	<u>4,507</u>	<u>-</u>	<u>4,507</u>
Net interest margin	<u>21,527</u>	<u>-</u>	<u>21,527</u>
 Provision for credit losses	 13,341	 -	 13,341
 Other earned revenues			
Loan and other program income	7,166	-	7,166
Income from loan sales	4,355	-	4,355
NMTC program income	2,003	-	2,003
Other income	<u>514</u>	<u>-</u>	<u>514</u>
Total other earned revenues	<u>14,038</u>	<u>-</u>	<u>14,038</u>
Net earned revenues	<u>22,224</u>	<u>-</u>	<u>22,224</u>
 Contributions and grants			
Contributions	25,035	4,888	29,923
Contributions from related parties	1,050	-	1,050
Government contracts and grants	-	178	178
In-kind contributions	711	-	711
Net assets released from restriction	<u>10,957</u>	<u>(10,957)</u>	<u>-</u>
Total contributions and grants	<u>37,753</u>	<u>(5,891)</u>	<u>31,862</u>
Total earned revenues and contributions	<u>59,977</u>	<u>(5,891)</u>	<u>54,086</u>
 Expenses			
Program services	32,386	-	32,386
Support services			
Management and general	7,657	-	7,657
Fundraising	<u>1,509</u>	<u>-</u>	<u>1,509</u>
Total support services	<u>9,166</u>	<u>-</u>	<u>9,166</u>
Total expenses	<u>41,552</u>	<u>-</u>	<u>41,552</u>
 Change in net assets	 18,425	 (5,891)	 12,534
 Net assets, beginning of year	 <u>43,438</u>	 <u>16,353</u>	 <u>59,791</u>
 Net assets, end of year	 <u>\$ 61,863</u>	 <u>\$ 10,462</u>	 <u>\$ 72,325</u>

The accompanying notes are an integral part of these consolidated financial statements.

Accion Opportunity Fund Community Development and Subsidiaries
Consolidated Statement of Activities
For the Year Ended June 30, 2024
(In thousands)

	Without Donor Restrictions	With Donor Restrictions	Total
Earned revenues and contributions			
Interest income			
Interest from loan programs	\$ 16,521	\$ -	\$ 16,521
Investment income	<u>3,665</u>	<u>-</u>	<u>3,665</u>
Total interest income	20,186	-	20,186
Less: interest expense	<u>3,865</u>	<u>-</u>	<u>3,865</u>
Net interest margin	<u>16,321</u>	<u>-</u>	<u>16,321</u>
Provision for credit losses	10,548	-	10,548
Other earned revenues			
Loan and other program income	4,854	-	4,854
Income from loan sales	1,175	-	1,175
NMTC program income	2,141	-	2,141
Other income	783	-	783
Service income from related parties	<u>677</u>	<u>-</u>	<u>677</u>
Total other earned revenues	<u>9,630</u>	<u>-</u>	<u>9,630</u>
Net earned revenues	<u>15,403</u>	<u>-</u>	<u>15,403</u>
Contributions and grants			
Contributions	3,074	11,397	14,471
Government contracts and grants	-	200	200
In-kind contributions	1,372	-	1,372
Net assets released from restriction	<u>19,485</u>	<u>(19,485)</u>	<u>-</u>
Total contributions and grants	<u>23,931</u>	<u>(7,888)</u>	<u>16,043</u>
Total earned revenues and contributions	<u>39,334</u>	<u>(7,888)</u>	<u>31,446</u>
Expenses			
Program services	32,017	-	32,017
Support services			
Management and general	8,139	-	8,139
Fundraising	<u>2,274</u>	<u>-</u>	<u>2,274</u>
Total support services	<u>10,413</u>	<u>-</u>	<u>10,413</u>
Total expenses	<u>42,430</u>	<u>-</u>	<u>42,430</u>
Change in net assets	(3,096)	(7,888)	(10,984)
Net assets, beginning of year	48,534	24,241	72,775
CECL transition adjustment	<u>(2,000)</u>	<u>-</u>	<u>(2,000)</u>
Net assets, end of year	<u>\$ 43,438</u>	<u>\$ 16,353</u>	<u>\$ 59,791</u>

The accompanying notes are an integral part of these consolidated financial statements.

Accion Opportunity Fund Community Development and Subsidiaries
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2025
(In thousands)

	Program Services	Management and General	Fundraising	Total
Personnel expenses	\$ 16,353	\$ 4,458	\$ 1,077	\$ 21,888
Program operating	8,256	5	-	8,261
Donations	2,190	-	-	2,190
Provision for credit losses	13,341	-	-	13,341
Interest	4,507	-	-	4,507
Information technology	2,493	1,183	74	3,750
Depreciation and amortization	422	236	31	689
Professional services	1,397	978	58	2,433
Occupancy	284	158	21	463
Marketing	444	138	164	746
Special events	11	10	30	51
Parking and travel	82	68	22	172
Other	454	423	32	909
Total	<u>50,234</u>	<u>7,657</u>	<u>1,509</u>	<u>59,400</u>
Less: interest included with revenues on the consolidated statement of activities	(4,507)	-	-	(4,507)
Less: provision for credit losses included with revenues on the consolidated statement of activities	<u>(13,341)</u>	<u>-</u>	<u>-</u>	<u>(13,341)</u>
Total	<u>\$ 32,386</u>	<u>\$ 7,657</u>	<u>\$ 1,509</u>	<u>\$ 41,552</u>
Percentage of total	<u>78.0 %</u>	<u>18.4 %</u>	<u>3.6 %</u>	<u>100.0 %</u>

The accompanying notes are an integral part of these consolidated financial statements.

Accion Opportunity Fund Community Development and Subsidiaries
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2024
(In thousands)

	Program Services	Management and General	Fundraising	Total
Personnel expenses	\$ 16,435	\$ 4,426	\$ 1,875	\$ 22,736
Program operating	6,547	6	-	6,553
Donations	2,674	50	-	2,724
Provision for credit losses	10,548	-	-	10,548
Interest	3,865	-	-	3,865
Information technology	2,736	1,500	111	4,347
Depreciation and amortization	313	212	37	562
Professional services	1,910	1,113	70	3,093
Occupancy	261	176	31	468
Marketing	709	57	63	829
Special events	45	-	27	72
Parking and travel	116	112	19	247
Other	271	487	41	799
Total	46,430	8,139	2,274	56,843
Less: interest included with revenues on the consolidated statement of activities	(3,865)	-	-	(3,865)
Less: provision for credit losses included with revenues on the consolidated statement of activities	(10,548)	-	-	(10,548)
Total	<u>\$ 32,017</u>	<u>\$ 8,139</u>	<u>\$ 2,274</u>	<u>\$ 42,430</u>
Percentage of total	<u>75.5 %</u>	<u>19.2 %</u>	<u>5.3 %</u>	<u>100.0 %</u>

The accompanying notes are an integral part of these consolidated financial statements.

Accion Opportunity Fund Community Development and Subsidiaries
Consolidated Statements of Cash Flows
For the Years Ended June 30, 2025 and 2024
(In thousands)

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities		
Change in net assets	\$ 12,534	\$ (10,984)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	689	562
Provision for credit losses	13,341	10,548
Gain on sale of loans	(3,868)	(653)
(Increase) decrease in contribution receivable	14,208	(804)
(Increase) decrease in related party receivable	(50)	807
Increase in small business interest and fees receivable	(454)	(121)
Increase in prepaid expenses and other	(63)	(735)
Increase in accounts payable and accrued expenses	454	1,644
Net cash provided by operating activities	<u>36,791</u>	<u>264</u>
Cash flows from investing activities		
Disbursements under loan programs	(135,417)	(96,928)
Collections under loan programs	66,759	56,684
Proceeds from sale of loans	30,852	7,707
Purchases of investments	(1,502)	(16,627)
Proceeds from disposition of investments	-	20,000
Acquisition of property and equipment	(1,534)	(967)
Net cash used in investing activities	<u>(40,842)</u>	<u>(30,131)</u>
Cash flows from financing activities		
Proceeds from notes payable	40,100	21,695
Repayment of notes payable	(12,650)	(21,775)
Net cash provided by (used in) financing activities	<u>27,450</u>	<u>(80)</u>
Net increase (decrease) in cash, cash equivalents and restricted cash	23,399	(29,947)
Cash, cash equivalents and restricted cash, beginning of year	<u>43,627</u>	<u>73,574</u>
Cash, cash equivalents and restricted cash, end of year	<u>\$ 67,026</u>	<u>\$ 43,627</u>
Cash, cash equivalents and restricted cash consisted of the following:		
Cash and cash equivalents	\$ 33,477	\$ 22,014
Restricted cash	<u>33,549</u>	<u>21,613</u>
	<u>\$ 67,026</u>	<u>\$ 43,627</u>
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	\$ 4,316	\$ 3,865

The accompanying notes are an integral part of these consolidated financial statements.

Accion Opportunity Fund Community Development and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2025 and 2024
(In thousands)

1. ORGANIZATION AND BACKGROUND

Accion Opportunity Fund Community Development and Subsidiary (the "Organization" or "AOFCD"), is a Community Development Financial Institution certified by the U.S. Department of the Treasury and was previously named Opportunity Fund Community Development. The Organization was formed as a for-profit organization on December 8, 1993. On September 30, 2000, the Organization converted to a California nonprofit public benefit corporation. Since then, the Organization has been classified as a publicly supported, tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and is exempt from California franchise taxes under Revenue and Taxation Code Section 23701d. With the purpose of significantly expanding its mission outreach in the United States, effective February 28, 2020, the Organization combined with Accion Opportunity Fund ("AOF", formerly Accion, The US Network, Inc.), a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, incorporated in the state of Delaware. AOFCD is a member-controlled organization and AOF is its sole member.

The Organization's mission is to drive economic mobility by delivering affordable capital and responsible financial solutions to determined entrepreneurs and communities. The Organization relies on earned revenue from interest and fee income generated by its mission-oriented programs as well as charitable donations from individuals and institutions to fund the costs of its operations. The Organization also borrows funds from individuals and institutions to use for its small business lending program and for general operating expenses. The Organization maintains offices in California and its programs primarily reach clients and borrowers in California but also in forty-three other states.

On May 22, 2025, AOFCD established Learn with AOF Foundation (the "Foundation"), a not-for-profit organized under the laws of the state of California. The subsidiary was formed to provide or sponsor educational programs and other opportunities focused on small business. AOFCD is the sole member of the Foundation, and accordingly, the financial statements of the Foundation are consolidated in these financial statements. All significant intercompany balances and transactions have been eliminated in consolidation.

Small Business Lending Program

The Organization makes loans to small businesses that lack access to affordable credit from traditional sources. Since inception, the Organization has made over 35,380 loans totaling \$1,066 million to small businesses whose owners are primarily people of color and low and moderate income. Many loans to California-based borrowers are enrolled in a credit loss backstop program partially funded by the State of California as part of its Capital Access Program (see Note 8 - CASH FOR CREDIT LOSS RESERVES).

The Organization sells participations in its loan portfolio. The purpose of these sales is to manage credit concentration in the Organization's portfolio and to generate liquidity to provide for additional loan growth. Loans are typically sold at a premium over face value and the Organization retains the servicing of the loans, for which it charges a monthly fee.

Accion Opportunity Fund Community Development and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2025 and 2024
(In thousands)

1. ORGANIZATION AND BACKGROUND (continued)

New Market Tax Credits Program

In 2003, the Organization was certified by the U.S. Department of Treasury Community Development Financial Institution Fund ("CDFI Fund") as a Community Development Entity ("CDE") under its New Market Tax Credit ("NMTC") program. As of June 30, 2025, the Organization has received a cumulative total of \$558 million of tax credit allocations. The Organization through its subsidiary CDE, the LCD New Markets Fund, LLC, uses these allocations to attract new capital to support large real estate projects providing high community impact in low-income areas. As of June 30, 2025 and 2024, the Organization has deployed \$522 million and \$498 million in Qualified Equity Investments ("QEIs"), respectively.

Ratings

The Organization is rated by AERIS, a national organization which provides ratings, data, and advisory services to support investment in CDFIs. As analyzed June 30, 2023, the Organization is rated AA-, four-star. AA- is a rating of Financial Strength and Performance demonstrating the Organization "has very strong financial strength, performance, and risk management practices relative to its size, complexity, and risk profile." Four-star is the highest possible impact rating, demonstrating "exceptional alignment of its impact mission, strategies, activities, and data." AERIS has not yet updated the Organization's rating for fiscal years ending June 30, 2024 and 2025.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The consolidated financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Basis of presentation

The Organization presents information regarding its consolidated financial position and activities according to two classes of net assets:

- *Net assets without donor restrictions* - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.
- *Net assets with donor restrictions* - Net assets with donor-imposed time or purpose restrictions. Restricted net assets with donors' restrictions become unrestricted when the time restriction expires or the donor stipulated purpose has been accomplished, at which time they are reported in the consolidated statement of activities as net assets released from restrictions.

Accion Opportunity Fund Community Development and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2025 and 2024
(In thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Principles of consolidation

The consolidated financial statements include the accounts of two subsidiaries, LCD New Markets Fund, LLC (the "LLC") and the Foundation. The Organization is the managing member of both subsidiaries with a 99% interest in the LLC and 100% interest in the Foundation. The LLC is a Delaware limited liability company that was formed in April 2003 and the Foundation was formed as not-for-profit organized under the laws of the state of California in 2025. All material intercompany balances and transactions have been eliminated in consolidation.

Use of estimates

The preparation of consolidated financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Investments in NMTC Entities

There are 18 NMTC entities, over which the Organization exercises significant influence, and are included in the consolidated financial statements using the equity method of accounting. The investment is recorded at cost then adjusted for the Organization's proportionate share of undistributed earnings or losses (see Note 16 - NEW MARKETS TAX CREDITS COMMITMENTS). The Organization has a 0.01% financial interest in each of these entities. As of June 30, 2025 and 2024, the Organization has related-party receivables from certain of these entities related to asset management fees and operating advances totaling \$0 thousand.

In fiscal year 2025 and 2024, AOFCF closed four and one entities, respectively, when the projects were unwound and reached the end of the seven-year NMTC compliance period. There are eight shelf entities that have not yet been utilized in an NMTC project yet as of June 30, 2025.

The limited liability companies were formed in the State of Delaware to qualify as CDEs under the provisions of Section 45D of the Internal Revenue Code and to make qualified Low Income Community Investments from the proceeds of QEIs received from the NMTC Investor Entities.

Accion Opportunity Fund Community Development and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2025 and 2024
(In thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment in Acceso Loan Fund, LLC

On December 9, 2019, the Organization entered into an agreement with Acceso Loan Fund, LLC, a Delaware limited liability company ("Acceso"). Acceso is organized to provide loans to small businesses that would otherwise have difficulty accessing capital, particularly minority owned businesses by (i) investing in loans to small businesses, (ii) managing and monitoring such investments, and (iii) engaging in any other activities incidental or ancillary thereto or otherwise permitted by the Delaware Act as the Manager deems necessary or advisable. The Organization's capital investment in Acceso has been made through a generous contribution from a corporate donor. The Organization accounted for the investment activities using the equity method of accounting. As of June 30, 2025 and 2024, the balance of investment in Acceso was \$900 thousand and \$871 thousand, respectively.

Cash and cash equivalents

The Organization considers all highly liquid investments with initial maturities of three months or less at the date of purchase to be cash equivalents. The Organization maintains cash and cash equivalents with commercial banks and other major financial institutions. By policy, the Organization invests in low risk highly liquid investments at top rated financial institutions. Only limited deposits exceed Federal Deposit Insurance Corporation ("FDIC") limits of \$250 thousand. Management believes it is not exposed to any significant risk on its cash accounts.

Restricted cash

Restricted cash consists of cash accounts that are required by the donor to be maintained for a specific purpose or loan program. This program cash is not to be used for operating purposes.

Contribution and grants revenue recognition

Contributions and grants that are restricted by the donor are reported as an increase in net assets without donor restrictions during the reporting period in which the restrictions are met, otherwise such support is reported as an increase in net assets with donor restrictions. All other contributions and grants are recognized as revenue when received or promised without conditions.

Conditional contributions and grants are not recognized until they become unconditional, which is when donor stipulated barriers are overcome and the Organization is entitled to the assets transferred or promised. There were no conditional contributions and grants as of June 30, 2025 and 2024.

Accion Opportunity Fund Community Development and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2025 and 2024
(In thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Loan program revenue recognition

Loan interest revenue is recognized using the contractual maturity and the stated interest rate on the loan. Loan origination fees are earned when the loan transaction is funded.

In-kind contributions

Donated facilities, equipment, and services are reflected in the accompanying consolidated financial statements at fair market value at the time of receipt. Donated services are recognized if the services received create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Other volunteer services that do not meet these criteria are not recognized in the consolidated financial statements.

During the years ended June 30, 2025 and 2024, the Organization received referral broker's fees valued at \$711 thousand and \$672 thousand, respectively, and consulting services valued at \$0 thousand and \$700 thousand, respectively. The Organization values these in-kind professional services based on estimated current rates for similar referral and consulting services.

Contributions receivable

Contributions receivable consist of unconditional pledges that have not yet been received. The Organization records a present value discount for the future cash flows of these pledges, if material to the consolidated financial statements. As of June 30, 2025 and 2024, a present value discount of \$128 thousand and \$551 thousand was recorded to the consolidated financial statements, respectively. The Organization annually evaluates the collectability of contributions receivable. As of June 30, 2025 and 2024, an allowance of \$104 thousand and \$275 thousand was recorded for doubtful accounts for contributions receivable to the consolidated financial statements, respectively.

Loans receivable

Loans receivable are stated at the principal amount outstanding net of the allowance for credit losses (see Note 7 - LOANS RECEIVABLE AND CREDIT LOSS RESERVE). Interest income on a loan is accrued on the principal outstanding at the loan's stated interest rate.

The Organization prepares an annual assessment of its originations fee income and the costs associated with the origination of loans to evaluate whether the capitalization and amortization of these fees and costs is material to the consolidated financial statements. The net amount of deferred origination fees and costs, if any, would be reported as part of the loans receivable balance. For the periods ending June 30, 2025 and 2024, the Organization did not defer any origination fees or costs because they were immaterial to the consolidated financial statements taken as a whole.

Accion Opportunity Fund Community Development and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2025 and 2024
(In thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Sale and assignment of loans receivable

The Organization sells participations in its loan portfolio and retains a percentage of ownership of 5-10% in each loan along with the servicing. As of June 30, 2025 and 2024, the Organization has not recorded a servicing asset or servicing liability as the fees the Organization earns approximates adequate compensation for the costs associated with servicing the participated loans.

Allowance for credit losses

The Organization recognizes credit losses on financial assets measured at amortized cost based on the Current Expected Credit Losses ("CECL") model, as prescribed by Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 326.

The allowance for credit losses represents management's estimate of expected credit losses over the contractual term of financial assets, incorporating historical data, current conditions, and reasonable and supportable forecasts. The allowance is intended to reflect the estimated credit risk inherent in the Organization's financial asset portfolio and is subject to ongoing monitoring and reassessment.

The Organization utilizes a loss rate approach in determining its lifetime expected credit losses on its loans to customers. This method is used for calculating an estimate of losses based primarily on historical loss experience. In determining its loss rates, the Organization evaluates information related to its historical losses, adjusted for current conditions and further adjusted for the period of time that it can reasonably forecast. The Organization may extrapolate the loss rate for a product when its loss history doesn't have a full life cycle. Qualitative factors, such as changes in economic conditions and industry trends, are incorporated into the estimation process to reflect the current credit environment.

Financial assets are grouped based on similar risk characteristics and credit risk management practices. Factors considered in grouping financial assets include product type, asset class, geographic location, and credit risk profiles. The rationale for grouping decisions is documented and ensures consistency in the application of the CECL model across asset categories. The Organization also continually evaluates such grouping decisions and adjusts as needed from period to period as risk characteristic change.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Allowance for credit losses (continued)

Credit exposures deemed to be uncollectible are charged to the allowance when management believes collectability of the principal is unlikely which usually occurs when the loan is 150 days delinquent for working capital loans, and 120 days delinquent for trucking loans. Recoveries from the borrower, or the underlying collateral, of loans previously charged off are credited to the allowance. Recoveries from cash credit loss reserve funded by the California Capital Access Program ("CalCAP") are also credited to credit loss (see Note 8 - CASH FOR CREDIT LOSS RESERVES). Management evaluates the adequacy of the allowance based on historical losses by product or channel along with consideration of the adequacy of cash credit loss reserves available. The allowance for credit losses is presented in Note 7 - LOANS RECEIVABLE AND CREDIT LOSS RESERVE.

Investments

The Organization invests in marketable securities and fixed income instruments. Investments are recorded at fair value. Unrealized gains and losses represent market fluctuations and are recorded on a monthly basis through the consolidated statement of activities. Interest and dividend income are recognized when earned (see Note 4 - INVESTMENTS).

Fair value measurements

Investments are shown at their estimated fair value in accordance with FASB ASC 820, "Fair Value Measurements and Disclosures." Fair value 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. Realized gains and losses are recorded using the specific identification method upon the sale of investment assets. The fair value of investments is subject to ongoing fluctuation. The amount ultimately realized upon disposition will differ from the amounts reported in these consolidated financial statements.

Certain items are carried at cost on the consolidated statement of financial position, which approximates fair value due to their short-term, highly liquid nature. These items include cash and cash equivalents, interest and fees receivable, prepaid expenses, accounts payable and accrued expenses.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other organizations, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, equipment, and intangibles

Acquired property, equipment, and intangible assets exceeding \$10 thousand are capitalized and recorded at amortized cost. Donated assets are valued at their estimated fair market value on the date donated. Expenses for repairs that materially extend the useful life of an asset are capitalized at cost.

Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the assets which are five years for furniture, five years for computers and software, and four years for intangibles. Leasehold improvements are amortized using the straight-line method over the lesser of the assets' estimated useful lives or the term of the applicable lease.

Impairment of long-lived assets

The Organization reviews property, equipment, and intangible assets for impairment whenever events or changes in circumstances indicate that the carrying value of the property, equipment, and intangible assets may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the asset to future net cash flows, undiscounted and without interest, expected to be generated by the asset. If assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the fair value of the asset. As of June 30, 2025 and 2024, there were no events or changes in circumstances indicating that the carrying amount of property, equipment, and intangible assets may not be recoverable.

Functional expense allocation

The costs of providing the various program and supporting services have been summarized on a functional basis in the consolidated statement of activities and consolidated statement of functional expenses. Accordingly, certain costs have been allocated, based on estimates of time, space, and other factors, among the classifications.

Income tax status

The Organization is exempt from federal income taxes under the provisions of Section 501(c) (3) of the Internal Revenue Code. In addition, the Organization qualifies for charitable contribution deductions and has been classified as an organization that is not a private foundation. Income which is not related to exempt purposes less applicable deductions, is subject to federal and state corporate income taxes. The Organization had no unrelated business income for the years ended June 30, 2025 and 2024, respectively.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax status (continued)

The Organization is exempt from California state income taxes under the provision of Section 23701d of the Revenue and Taxation Code. The Organization may be liable for income taxes based on income earned in other states and in which it has not yet applied for exemption. As of June 30, 2025 and 2024, the Organization assessed the amount of state taxes, if any, to be immaterial to its consolidated financial statements and did not accrue any tax liability in its consolidated statement of financial position.

Uncertain tax positions

The Organization is subject to potential examination by taxing authorities for income tax returns filed in the U.S. federal jurisdiction and the State of California. The tax years that remain subject to potential examination for the U.S. federal jurisdiction are years ended June 30, 2021, and forward. The State of California tax jurisdiction is subject to potential examination for years ended June 30, 2020 and forward. As of June 30, 2025 and 2024, management did not identify any uncertain tax positions.

3. LIQUIDITY

The Organization presents a classified consolidated statement of financial position where the current assets are listed by order of liquidity and purpose.

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3. LIQUIDITY (continued)

The financial assets that are available within one year of June 30, 2025 and 2024, respectively, for operations and programs needs are as follows:

	2025		2024	
	Operations	Programs	Operations	Programs
Available Cash and Investments				
Cash and cash equivalents	\$ 33,477	\$ -	\$ 22,014	\$ -
Loan funds	-	23,860	-	17,317
Investments	<u>5,231</u>	<u>-</u>	<u>3,729</u>	<u>-</u>
Total available cash and investments	<u>38,708</u>	<u>23,860</u>	<u>25,743</u>	<u>17,317</u>
Receivables - current				
Loans receivable	-	47,198	-	35,165
Contributions receivable	105	2,666	336	8,284
Due from related parties	-	50	-	-
Small business interest and fees receivable	<u>1,763</u>	<u>-</u>	<u>1,309</u>	<u>-</u>
Total receivables - current	<u>1,868</u>	<u>49,914</u>	<u>1,645</u>	<u>43,449</u>
Total financial assets available for use within one year	<u>\$ 40,576</u>	<u>\$ 73,774</u>	<u>\$ 27,388</u>	<u>\$ 60,766</u>

Program funds in the table above exclude cash for credit loss reserves as outlined in Note 8 - CASH FOR CREDIT LOSS RESERVES. The Organization's management reports on its operating and program liquidity position on a quarterly basis to the Finance Committee of the Board. The Organization manages its liquidity to be in compliance with its loan covenants. The Organization's loan covenants require it to keep at least 90 days of operating cash on hand. For the periods ended June 30, 2025 and 2024, the Organization was in compliance with these loan covenants. To help manage the Organization's liquidity needs, it has operating lines of credit in the amount of \$10 million, of which \$0 is drawn and has committed loan program credit facilities in the aggregate amount of \$28 million of which \$21 million was drawn as of June 30, 2025.

Accion Opportunity Fund Community Development and Subsidiaries
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4. INVESTMENTS

The Organization follows the provisions of the Fair Value Measurements and Disclosure topic of the FASB ASC (820-10-35). These standards establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs consist of significant unobservable inputs. All investments are at quoted prices in active markets for identical assets (Level 1 input).

Investments consisted of the following:

	<u>2025</u>	<u>2024</u>
Money market	\$ 2,534	\$ 2,153
Mutual funds	2,697	1,077
US Treasury bill	<u>-</u>	<u>499</u>
Total investments	<u>\$ 5,231</u>	<u>\$ 3,729</u>

Investment income during the year consisted of the following:

	<u>2025</u>	<u>2024</u>
Net realized, unrealized and dividend income	\$ 2,196	\$ 3,621
Interest income	<u>72</u>	<u>44</u>
Total investment income	<u>\$ 2,268</u>	<u>\$ 3,665</u>

5. RESTRICTED CASH

Restricted cash consisted of the following:

	<u>2025</u>	<u>2024</u>
Cash for loan program	\$ 23,860	\$ 17,317
Cash for credit loss reserves (1)	<u>9,689</u>	<u>4,296</u>
Total cash - programs	<u>\$ 33,549</u>	<u>\$ 21,613</u>

(1) The Organization and the State of California's CalCAP program (see Note 8 - CASH FOR CREDIT LOSS RESERVES) jointly own a cash account held at a commercial bank. Each entity owns its individual contributions made to the program when enrolling eligible loans. The amounts recorded on the consolidated statement of financial position represent only the Organization's contributions to this account.

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6. CONTRIBUTIONS RECEIVABLE

Future collections of contributions receivable are expected as follows:

<u>Year ending June 30,</u>	
2026	\$ 5,412
2027	<u>1,620</u>
	7,032
Less: present value discount and allowance	<u>(232)</u>
Total contributions receivable, net of discount and allowance	<u>\$ 6,800</u>

For the years ended June 30, 2025 and 2024, the Organization received contributions primarily from a small number of individual and corporate donors.

The Organization considers members of the board of directors, the executive team, and their immediate family members to be related parties. For the years ended June 30, 2025 and 2024, contributions from these related parties included in revenue totaled \$160 thousand and \$0, respectively. Additionally, contribution receivable from related parties as of June 30, 2025 and 2024 totaled \$2 million and \$6 million, respectively.

7. LOANS RECEIVABLE AND CREDIT LOSS RESERVE

Small business loans

The Organization offers loans to small businesses from \$15 to \$250 thousand with fixed interest rates ranging from 8.99% to 29.99% and terms of up to 72 months. During the years ended June 30, 2025 and 2024, the Organization disbursed \$135 million to 2,655 borrowers and \$97 million to 1,806 borrowers in the Small Business Program, respectively.

The Organization has an industry concentration in trucking loans. For the years ended June 30, 2025 and 2024, the Organization originated 70% and 62%, respectively, of trucking-related loans as a percentage of total loan originations. As of June 30, 2025 and 2024, the Organization's trucking-related loans receivable as a percentage of total loans receivable was 71% and 66%, respectively.

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7. LOANS RECEIVABLE AND CREDIT LOSS RESERVE (continued)

Small business loans (continued)

Small business program loans receivable are as follows:

	<u>2025</u>	<u>2024</u>
Total portfolio under management	\$ 226,121	\$ 189,911
Less third parties' portfolios under management (1)	<u>(41,635)</u>	<u>(36,706)</u>
	184,486	153,205
Less allowance for credit losses	<u>(14,067)</u>	<u>(11,118)</u>
 Total net loans receivable	 <u><u>\$ 170,419</u></u>	 <u><u>\$ 142,087</u></u>

(1) Balance of loan participations owned by third parties / investors. In fiscal year 2025 and 2024, the Organization sold participations in 595 loans for a total of \$31 million, and 265 loans for a total of \$8 million, respectively.

Loan modifications

As a result of an evaluation of a borrower's financial circumstances, the Organization may modify the terms of a loan that the Organization otherwise would not consider but for the borrower's financial difficulties.

As of June 30, 2025, there were 282 loan modifications in the Organization's small business portfolio accounting for a total of \$7 million, and representing 4.00% of the total portfolio. As of June 30, 2024, there were 218 loan modifications accounting for \$4 million, and representing 2.34% of the total portfolio.

Aging schedule

2025 aging schedule by category

	<u>Balance</u>	<u>Current</u>	<u>31 - 60 Days</u>	<u>61 - 90 Days</u>	<u>91 - 120 Days</u>	<u>121 - 150 Days</u>	<u>150+ Days</u>
Small business loans	\$ 177,189	\$ 171,748	\$ 2,222	\$ 1,068	\$ 918	\$ 1,081	\$ 152
Small business loans - loan modifications	<u>7,297</u>	<u>5,549</u>	<u>792</u>	<u>414</u>	<u>111</u>	<u>163</u>	<u>268</u>
 Total loans receivable	 <u><u>\$ 184,486</u></u>	 <u><u>\$ 177,297</u></u>	 <u><u>\$ 3,014</u></u>	 <u><u>\$ 1,482</u></u>	 <u><u>\$ 1,029</u></u>	 <u><u>\$ 1,244</u></u>	 <u><u>\$ 420</u></u>
		96.11 %	1.63 %	0.80 %	0.56 %	0.67 %	0.23 %

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7. LOANS RECEIVABLE AND CREDIT LOSS RESERVE (continued)

Aging schedule (continued)

2024 aging schedule by category

	<u>Balance</u>	<u>Current</u>	<u>31 - 60 Days</u>	<u>61 - 90 Days</u>	<u>91 - 120 Days</u>	<u>121 - 150 Days</u>	<u>150+ Days</u>
Small business loans	\$ 149,623	\$ 144,389	\$ 1,533	\$ 1,471	\$ 1,149	\$ 851	\$ 230
Small business loans - loan modifications	<u>3,582</u>	<u>2,900</u>	<u>264</u>	<u>75</u>	<u>140</u>	<u>83</u>	<u>120</u>
Total loans receivable	<u>\$ 153,205</u>	<u>\$ 147,289</u>	<u>\$ 1,797</u>	<u>\$ 1,546</u>	<u>\$ 1,289</u>	<u>\$ 934</u>	<u>\$ 350</u>
		96.14 %	1.17 %	1.01 %	0.84 %	0.61 %	0.23 %

Allowance for credit losses

The Organization maintains both an allowance for credit losses and cash credit loss reserves (see Note 8 - CASH FOR CREDIT LOSS RESERVES) which together are adequate to cover probable losses inherent in its loan portfolio.

The following table summarizes the allowance for credit losses:

	<u>2025</u>	<u>2024</u>
Balance, beginning of year	\$ 11,118	\$ 7,786
CECL adjustment	-	2,000
Loans charged-off	(11,893)	(17,013)
Provision for credit losses	13,341	10,548
Loans recoveries	<u>1,501</u>	<u>7,797</u>
Balance, end of year	<u>\$ 14,067</u>	<u>\$ 11,118</u>

The following table summarizes the activities of allowance for credit losses by segment for the year ended June 30, 2025:

	<u>Equipment Finance</u>	<u>Working Capital</u>	<u>Other</u>	<u>Total</u>
Loans charged-off	\$ (4,826)	\$ (4,547)	\$ (2,520)	\$ (11,893)
Provision for credit losses	\$ 7,795	\$ 5,436	\$ 110	\$ 13,341
Loans recoveries	\$ 41	\$ 565	\$ 895	\$ 1,501

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7. LOANS RECEIVABLE AND CREDIT LOSS RESERVE (continued)

Allowance for credit losses (continued)

The following table summarizes the activities of allowance for credit losses by segment for the year ended June 30, 2024:

	Equipment Finance	Working Capital	Other	Total
Loans charged-off	\$ (8,169)	\$ (4,360)	\$ (4,484)	\$ (17,013)
Provision for credit losses	\$ 3,660	\$ 4,488	\$ 2,400	\$ 10,548
Loans recoveries	\$ 6,664	\$ 113	\$ 1,020	\$ 7,797

8. CASH FOR CREDIT LOSS RESERVES

The Organization participates in a State of California program called the California Capital Access Program ("CalCAP") that has been funded in part by the Small Business Credit Initiative ("SSBCI"). SSBCI is a federal program that provides funding to states to expand access to credit for small businesses. Through this program the state provides cash reserves that protect the Organization against potential credit losses. When an enrolled loan is deemed uncollectable, the Organization can claim up to 100% of the loss to the available CalCAP cash reserves. A significant majority of the Organization's loans to California-based businesses are enrolled in this program.

In June 2025, the Organization received final settlement proceeds from the California Capital Access Program ("ARB Program"). The State of California remitted \$956 thousand due under the program, and the program has since been fully closed. No further obligations or receivables remain outstanding as of June 30, 2025.

Cash for credit loss reserves consist of the following:

	2025	2024
AOFCF contributions to CalCAP SSBCI 2 Reserve	\$ 9,689	\$ 4,296
State contributions to CalCAP SSBCI 2 Reserve (1)	7,698	2,572
State contributions to CalCAP ARB Reserve (2)	-	9,371
Total cash for credit loss reserves	<u>\$ 17,387</u>	<u>\$ 16,239</u>

(1) Reserves for small business loans with general purpose. This portion of the reserve is not included in the Organization's consolidated statement of financial position.

(2) State reserves for loans extended to businesses in the trucking industry with the purpose of meeting environmental standards of the State of California. The Organization is not required to contribute to this reserve and it is not included in the consolidated statement of financial position.

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9. PROPERTY AND EQUIPMENT, NET

Property and equipment consisted of the following:

	<u>2025</u>	<u>2024</u>
Furniture	\$ 121	\$ 121
Computers and equipment	429	362
Software	5,811	4,344
Software-in-kind	2,655	2,655
Intangible asset	1,600	1,600
Leasehold improvements	<u>177</u>	<u>177</u>
	10,793	9,259
Accumulated depreciation and amortization	<u>(7,915)</u>	<u>(7,226)</u>
 Total property and equipment, net	 <u><u>\$ 2,878</u></u>	 <u><u>\$ 2,033</u></u>

Depreciation and amortization expense for the years ended June 30, 2025 and 2024 were \$689 thousand and \$562 thousand, respectively.

10. REVOLVING LINES OF CREDIT

The Organization has entered into multiple agreements with banks and other financial institutions for lines of credit totaling \$38 million. These lines of credit mature between June 2026 and December 2030 and carry annual interest rates between 3.00% and 6.40%. The aggregate outstanding balances as of June 30, 2025 and 2024, were \$21 million and \$18 million, respectively.

11. NOTES PAYABLE

The Organization has entered into multiple notes payable agreements with various institutions for a total of \$144 million. These notes payable mature between August 2025 and June 2035 and carry annual interest rates between 0.00% and 6.19%.

The Organization entered into multiple agreements with individual investors in the amount of \$11 million. These impact investments mature between August 2025 and October 2029 and carry annual interest rates between 0.78% and 4.25%.

Certain of the notes payable agreements require the Organization to comply with various financial covenants. The Organization was in compliance, or received a temporary waiver, on all covenants as of June 30, 2025 and 2024.

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11. NOTES PAYABLE (continued)

Future maturities of all debts are as follows:

<u>Year ending June 30,</u>		
2026		\$ 48,057
2027		23,814
2028		41,282
2029		6,500
2030		7,400
Thereafter		<u>49,000</u>
		176,053
Current portion		<u>(48,057)</u>
Total long-term notes payable		<u>\$ 127,996</u>

12. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were for the following purposes:

	<u>Balance at June 30, 2024</u>	<u>Additions to Restrictions</u>	<u>Releases from Restrictions</u>	<u>Balance at June 30, 2025</u>
Small business operating	\$ 8,304	\$ 4,473	\$ (7,293)	\$ 5,484
Time-restricted				
operating grants	<u>8,049</u>	<u>593</u>	<u>(3,664)</u>	<u>4,978</u>
	<u>\$ 16,353</u>	<u>\$ 5,066</u>	<u>\$ (10,957)</u>	<u>\$ 10,462</u>

Net assets with donor restrictions were for the following purposes:

	<u>Balance at June 30, 2023</u>	<u>Additions to Restrictions</u>	<u>Releases from Restrictions</u>	<u>Balance at June 30, 2024</u>
Small business operating	\$ 13,749	\$ 6,602	\$ (12,047)	\$ 8,304
Time-restricted				
operating grants	<u>10,492</u>	<u>4,995</u>	<u>(7,438)</u>	<u>8,049</u>
	<u>\$ 24,241</u>	<u>\$ 11,597</u>	<u>\$ (19,485)</u>	<u>\$ 16,353</u>

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13. RELATED PARTY TRANSACTIONS

AOFCF provides certain administrative, development and program related services to AOF and receives reimbursement for the associated expenses. For the years ended June 30, 2025 and 2024, AOFCF recorded \$327 thousand and \$677 thousand in reimbursement from AOF, respectively. As of June 30, 2025 and 2024, AOFCF had a receivable of \$0 thousand for the reimbursement.

In addition, AOF occasionally makes grants to AOFCF to support its mission to drive economic mobility. AOFCF will also occasionally make cash payments for AOF grants which it subsequently disburses to grantees or makes grants on behalf of AOF in advance of receiving payment from AOF. AOFCF records a corresponding revenue for the grants from and cash payments made for AOF. For the years ended June 30, 2025 and 2024, contributions from AOF included in revenue totaled \$1,050 thousand and \$0, respectively.

14. RETIREMENT PLAN

The Organization provides a defined contribution 403(b) retirement savings plan ("Plan") for all eligible full-time and part-time employees. The Plan provides for employee contributions, through a salary reduction agreement, plus employer contributions at the Organization's discretion. During the years ended June 30, 2025 and 2024, the Organization contributed approximately \$817 thousand and \$567 thousand, respectively, to the Plan for participating employees.

15. LEASES

In December 2022, the Organization has a non-cancelable operating lease for office facilities and office equipment in the City of San Jose effective July 1, 2023, with a monthly rent of \$28 thousand. The lease will expire in July 2026.

The Organization also has a non-cancelable operating lease for office facilities and office equipment in the city of Commerce effective July 1, 2021, with a monthly rent of \$8 thousand. The lease will expire in November 2026.

Additional information related to the two leases are as follows:

Operating right-of-use obtained in exchange for operating lease liability	\$ 464
Operating lease liabilities	495
Discount rate	2.55 %
Weighted average remaining term	1.4 years

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15. LEASES (continued)

The scheduled minimum lease payments under the lease terms are as follows:

<u>Year ending June 30,</u>	
2026	\$ 454
2027	<u>48</u>
	502
Less: imputed interest	<u>(7)</u>
	<u>\$ 495</u>

Lease expenses for the years ended June 30, 2025 and 2024, were \$463 thousand and \$468 thousand, respectively.

16. NEW MARKETS TAX CREDITS COMMITMENTS

The Organization provides indemnifications for its various NMTC projects in an event of a tax benefit recapture. The NMTC tax benefit recapture risk is based on the initial QEI amount, adjusted based on the life of the project. The indemnification period ends after ten years and nine months: seven years of the tax benefit period and three years nine months after the last tax return showing benefits has been filed.

The following recapture events may trigger indemnification by AOFCD: (1) the CDE ceases to be a qualified CDE; (2) the CDE fails to invest the substantially all the QEI in Qualified Loan Income Community Investments ("QLICIs") (the "substantially all test"), or (3) the QEI is redeemed before the end of the tax credit period. Management has taken significant steps to mitigate these potential indemnification risks and believes that the likelihood of a recapture event is remote.

Total amounts currently at risk are \$104 million and future amounts are \$37 million. The maturity dates range from September 2025 through January 2036 at which time the Organization is no longer liable.

17. SUBSEQUENT EVENTS

Subsequent events have been evaluated through the date of the consolidated financial statements, September 29, 2025, which is the date the consolidated financial statements were available to be issued.

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17. SUBSEQUENT EVENTS (continued)

In August 2025, the Organization was awarded a grant totaling \$15 million, to be received in the form of stablecoins. The Organization intends to liquidate the stablecoins into cash over time in accordance with a redemption schedule stipulated by the donor. The Organization will convert the digital assets into cash over time in line with that schedule, and proceeds will be used to further the Organization's mission in community development lending and small business educational activities.

The Organization filed, and has subsequently received approval for, its Phase 1 application of the process to sponsor and establish a federally chartered credit union. The National Credit Union Administration ("NCUA") has invited the Organization to proceed with a Phase 2 application. As the charter sponsor, the Organization is providing resources and oversight to support the application. As of the date the consolidated financial statements were available to be issued, the application process remains preliminary and no charter has been granted.