Hood & Strong

Advisory, Tax
and Assurance

Community Vision Capital & Consulting

September 30, 2024 and 2023

Independent Auditors' Report,
Consolidated Financial Statements and
Supplementary Information

Community Vision Capital & Consulting

Independent Auditors' Report,
Consolidated Financial Statements and Supplementary Information

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Independent Auditors' Report

THE BOARD OF DIRECTORS
COMMUNITY VISION CAPITAL & CONSULTING
San Francisco, California

Opinion

We have audited the consolidated financial statements of **COMMUNITY VISION CAPITAL & CONSULTING (the Organization)**, which comprise the consolidated statement of financial position as of September 30, 2024 and 2023, and the related consolidated statement of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of September 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization 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 Consolidated 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 the Organization's ability to continue as a going concern for one year from the date of this report.

Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with GAAS, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization’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 the Organization’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 these consolidated financial statements as a whole. The accompanying supplementary information (pages 34-35) is presented for purposes of additional analysis and is not a required part of the consolidated 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 financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated 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 financial statements or to the consolidated 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 financial statements as a whole.

Hood & Strong LLP

San Francisco, California
January 22, 2025

Community Vision Capital & Consulting

Consolidated Statement of Financial Position

September 30, 2024 and 2023

	2024			2023		
	General Fund	Loan Fund	Total	General Fund	Loan Fund	Total
Assets						
Current Assets:						
Cash and cash equivalents	$ 4,529,330	$ 18,436,624	$ 22,965,954	$ 2,664,074	$ 8,170,142	$ 10,834,216
Contributions receivable	460,000		460,000	1,470,000		1,470,000
Accrued interest and other receivables, net	654,546		654,546	672,531	407,364	1,079,895
Prepaid expenses and other assets	269,491		269,491	362,222		362,222
Investments (Note 4)	9,126,799	36,943,370	46,070,169	8,456,356	21,911,624	30,367,980
Funds held in trust (Note 3)	2,609,707		2,609,707	3,380,209		3,380,209
Loans receivable - current portion, net of allowance for credit loss (Note 6)		21,308,562	21,308,562		13,650,563	13,650,563
Total current assets	17,649,873	76,688,556	94,338,429	17,005,392	44,139,693	61,145,085
Loans Receivable - long-term portion, net of allowance for credit loss (Note 6)	1,183,219	61,542,313	62,725,532	1,144,622	62,926,597	64,071,219
Other Long Term Receivables (Note 7)	1,279,711		1,279,711	1,279,711		1,279,711
Program Related Investments - notes receivable, net of allowance for credit loss (Note 2)	94,800		94,800	241,808		241,808
Operating lease right-of-use asset	949,814		949,814	725,927		725,927
Property Held for Sale (Note 7)	2,427,899		2,427,899	2,427,899		2,427,899
Total assets	$ 23,585,316	$ 138,230,869	$ 161,816,185	$ 22,825,359	$ 107,066,290	$ 129,891,649
Liabilities and Net Assets						
Current Liabilities:						
Accounts payable and accrued expenses	$ 1,146,569	$ 153	$ 1,146,722	$ 906,391	$ 23,597	$ 929,988
Accrued interest payable	624,256	66,096	690,352	631,872	1,278	633,150
Deferred revenue and other liabilities	219,645	1,001,396	1,221,041	417,560	1,597,930	2,015,490
Funds held in trust (Note 3)	2,609,707		2,609,707	3,380,209		3,380,209
Notes payable - current portion (Note 8)		15,438,152	15,438,152		18,868,720	18,868,720
Total current liabilities	4,600,177	16,505,797	21,105,974	5,336,032	20,491,525	25,827,557
Operating lease liabilities	955,980		955,980	725,927		725,927
Deferred revenue and other liabilities, net of current portion		2,704,187	2,704,187		3,444,747	3,444,747
Notes Payable, net of current portion (Note 8)	879,092	87,018,878	87,897,970	922,382	61,275,869	62,198,251
Total liabilities	6,435,249	106,228,862	112,664,111	6,984,341	85,212,141	92,196,482
Net Assets:						
Without donor restrictions:						
Board-designated reserve (Note 2)	3,000,000	3,000,000	6,000,000	3,000,000		3,000,000
Undesignated	8,380,055	29,002,007	37,382,062	3,821,687	21,854,149	25,675,836
Total without donor restrictions	11,380,055	32,002,007	43,382,062	6,821,687	21,854,149	28,675,836
With donor restrictions (Note 10)	5,770,012		5,770,012	9,019,331		9,019,331
Total net assets	17,150,067	32,002,007	49,152,074	15,841,018	21,854,149	37,695,167
Total liabilities and net assets	$ 23,585,316	$ 138,230,869	$ 161,816,185	$ 22,825,359	$ 107,066,290	$ 129,891,649

See accompanying notes to the consolidated financial statements.

Community Vision Capital & Consulting

Consolidated Statement of Activities and Changes in Net Assets

Years Ended September 30, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:						
New markets tax credit fees (Note 14)	$ 308,800		$ 308,800	$ 431,804		$ 431,804
Consulting and contract fees	347,997		347,997	502,197		502,197
Loan fees	324,355		324,355	354,449		354,449
Grants and contributions	251,338	$ 788,837	1,040,175	253,964	$ 1,856,400	2,110,364
Government contract revenue	1,540,730		1,540,730	1,741,165		1,741,165
Other income	48,935		48,935	682,704		682,704
Interest income - notes receivable	4,613,845		4,613,845	4,050,291		4,050,291
Investment income, net (Note 4)	4,763,740		4,763,740	2,419,754		2,419,754
In-kind contributions	350,003		350,003	362,147		362,147
Net assets released from restrictions (Note 10)	4,038,156	(4,038,156)	-	4,949,962	(4,949,962)	-
Total support and revenue	16,587,899	(3,249,319)	13,338,580	15,748,437	(3,093,562)	12,654,875
Expenses:						
Program services:						
Capital Solutions	11,637,516		11,637,516	9,143,013		9,143,013
New markets tax credits	92,118		92,118	232,635		232,635
Real estate solutions	1,824,523		1,824,523	2,638,125		2,638,125
Communications and impact	1,164,056		1,164,056	630,243		630,243
Capitalization	687,168		687,168	502,161		502,161
Total program services	15,405,381	-	15,405,381	13,146,177	-	13,146,177
Supporting services:						
Management and general	1,075,897		1,075,897	1,120,575		1,120,575
Fundraising	400,395		400,395	627,596		627,596
Total supporting services	1,476,292	-	1,476,292	1,748,171	-	1,748,171
Total expenses	16,881,673	-	16,881,673	14,894,348	-	14,894,348
Change in Net Assets	(293,774)	(3,249,319)	(3,543,093)	854,089	(3,093,562)	(2,239,473)
Other Changes:						
Equity contribution (Note 7)			-	2,427,899		2,427,899
Grants and contributions (Note 11)	15,000,000		15,000,000			-
Total Change in Net Assets	14,706,226	(3,249,319)	11,456,907	3,281,988	(3,093,562)	188,426
Net Assets, beginning of year	28,675,836	9,019,331	37,695,167	25,393,848	12,112,893	37,506,741
Net Assets, end of year	$ 43,382,062	$ 5,770,012	$ 49,152,074	$ 28,675,836	$ 9,019,331	$ 37,695,167

See accompanying notes to the consolidated financial statements.

Community Vision Capital & Consulting

Consolidated Statement of Functional Expenses

Year Ended September 30, 2024

	Program services						Supporting services		
	Capital Solutions	New markets tax credits	Real estate solutions	Communications and impact	Capitalization	Program services total	Management and general	Fundraising	Total
Salaries and benefits	$ 2,180,200	59,724	1,274,519	913,334	336,215	$ 4,763,992	$ 679,360	240,303	$ 5,683,655
Interest	1,808,376					1,808,376			1,808,376
Consultants and legal	344,193	7,679	266,502	119,303	82,218	819,895	219,334	62,323	1,101,552
Office expenses	330,773	17,314	126,464	57,748	39,777	572,076	94,172	26,303	692,551
Rent	131,240	2,244	62,048	33,185	15,349	244,066	27,435	9,896	281,397
Travel, outreach, and other	241,630	3,142	37,321	11,864	9,338	303,295	31,142	52,687	387,124
Depreciation	17,398	460	11,963	6,529	3,143	39,493	5,578	2,026	47,097
Provision for credit losses	6,396,871					6,396,871			6,396,871
Bad debt expense	127,822		5,225			133,047			133,047
In-kind legal and technological services	59,013	1,555	40,481	22,093	201,128	324,270	18,876	6,857	350,003
Total expenses	$ 11,637,516	$ 92,118	$ 1,824,523	$ 1,164,056	$ 687,168	$ 15,405,381	$ 1,075,897	$ 400,395	$ 16,881,673

Year Ended September 30, 2023

	Program services						Supporting services		
	Capital Solutions	New markets tax credits	Real estate solutions	Communications and impact	Capitalization	Program services total	Management and general	Fundraising	Total
Salaries and benefits	$ 2,223,123	$ 52,668	$ 1,865,880	$ 468,107	$ 278,960	$ 4,888,738	$ 687,768	$ 509,080	$ 6,085,586
Interest	1,483,259					1,483,259			1,487,035
Consultants and legal	433,128	91,039	205,638	35,716	27,018	792,539	224,305	22,893	1,251,611
Office expenses	309,186	42,022	231,616	41,346	15,162	639,332	102,766	35,278	905,216
Rent	194,847	23,971	114,339	32,821	5,079	371,057	41,930	19,265	342,290
Travel, outreach, and other	513,485	9,070	145,712	34,021	9,059	711,347	40,776	29,937	782,061
Depreciation	12,319	2,815	13,392	3,702	596	32,824	4,676	2,262	39,762
Provision for credit losses	2,876,805					2,876,805			3,104,592
Bad debt expense	1,015,364					1,015,364			534,048
In-kind legal and technological services	81,497	11,050	61,548	14,530	166,287	334,912	18,354	8,881	362,147
Total expenses	$ 9,143,013	$ 232,635	$ 2,638,125	$ 630,243	$ 502,161	$ 13,146,177	$ 1,120,575	$ 627,596	$ 14,894,348

See accompanying notes to the consolidated financial statements.

Community Vision Capital & Consulting

Consolidated Statement of Cash Flows

Years Ended September 30,	2024	2023
Cash Flows from Operating Activities:		
Change in net assets	$ 11,456,907	$ 188,426
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	47,097	39,762
Amortization of operating lease right-of-use asset	117,845	
Provision for credit losses	6,396,871	2,876,805
Capital contribution		(2,427,899)
Realized and unrealized gains on investments	(3,400,112)	(1,436,535)
Changes in operating assets and liabilities:		
Contributions receivable	1,010,000	183,333
Accrued interest and other receivables, net	425,349	(1,673,417)
Prepaid expenses and other assets	45,634	(45,816)
Accounts payable and accrued expenses	216,734	(98,830)
Accrued interest payable	57,202	605,116
Lease obligations	(111,679)	
Deferred revenue and other liabilities	(1,535,009)	2,838,659
Net cash provided by operating activities	14,726,839	1,049,604
Cash Flows from Investing Activities:		
Purchases of investments	(20,049,013)	(663,790)
Proceeds from sale of investments	7,746,936	4,367,584
Loan disbursements to borrowers	(27,977,206)	(33,506,276)
Loan principal payments from borrowers	15,415,031	14,275,607
Purchase of fixed assets		(33,038)
Net cash used in investing activities	(24,864,252)	(15,559,913)
Cash Flows from Financing Activities:		
Proceeds from notes payable	30,374,694	11,439,963
Repayments of notes payable	(8,105,543)	(3,993,706)
Net cash provided by financing activities	22,269,151	7,446,257
Net Change in Cash and Cash Equivalents	12,131,738	(7,064,052)
Cash and Cash Equivalents, beginning of year	10,834,216	17,898,268
Cash and Cash Equivalents, end of year	$ 22,965,954	$ 10,834,216
Supplemental Cash Flow Information:		
Cash paid for interest during the year	$ 1,792,570	$ 1,270,776
Non-Cash Transactions		
Acquisition of operating lease liabilities	$ 341,732	$ 725,927

See accompanying notes to the consolidated financial statements.

Note 1 - Nature of Organization:

Community Vision Capital & Consulting (the Organization) was formed as a California nonprofit corporation in 1987. As a certified Community Development Financial Institution (CDFI), the Organization's mission is to promote economic justice and alleviate poverty by increasing the financial resilience and sustainability of community-based nonprofits and enterprises. Through flexible financial products and sound advice, the Organization creates opportunities to make socially responsible investments that revitalize Northern California communities.

In January 2018, the Organization formed a wholly-owned subsidiary, Credit Enhancement 1, LLC (CE1) (a California limited liability company), for the purpose of managing a program for food enterprise related financing (FreshWorks).

In September 2023, the Organization formed a wholly-owned subsidiary, 3105 San Pablo, LLC (a California limited liability company), for the purpose of holding a specific parcel of real estate related to a New Markets Tax Credit transaction.

The following is a summary of the Organization's programs:

Programs

Capital Solutions: The Organization provides flexible and responsive financing to support nonprofits and enterprises that are rooted in and benefit low-income communities. The Organization provides financing in five primary sectors: affordable housing, community facilities, human services, inclusive economic development, and food systems. The types of loans offered by the Organization include real estate acquisition, construction, and permanent financing; as well as working capital loans and lines of credit. Integral to the Organization's lending program, the Organization also provides technical assistance to its borrowers as needed to help them understand their financial position and appropriate use of debt financing. The department also manages a number of deeply concessionary lending programs for special purposes. The department also evaluates, designs, and implements innovative new programs and strategies and manages a number of mission-aligned grant and loan programs on behalf of private foundations, local government agencies, and other third parties.

New Markets Tax Credit: The Organization is certified by the U. S. Department of Treasury - Community Development Financial Institutions Fund (CDFI Fund) as a Community Development Entity (CDE) for the purpose of participating in its New Markets Tax Credit (NMTC) Program. The Organization uses tax credit allocations to generate new equity capital investments to support real estate projects that are rooted in and benefit low-income communities, including multi-tenant nonprofit centers, nonprofit community facilities, grocery stores, food enterprises, and mixed-use affordable housing developments.

Real Estate Solutions: The Organization provides advising and training to nonprofit organizations rooted in communities of color and low-income communities. The program offers advising services to help community organizations and small businesses develop real estate strategies and strengthen their financial management capacity. Additionally, the program runs peer-based cohort programs that offer training, network building, and 1:1 support to community-based real estate actors.

Communications and Impact—The organization evaluates programs and initiatives on an ongoing basis. It develops and distributes information about its programs both internally and externally via multiple channels.

Capitalization: The Organization provides a socially responsible investment opportunity for individuals and organizations interested in putting their capital to work in low-income communities in Northern and Central California. The Organization uses loans and contributions to capitalize its revolving loan fund. The Organization's investors and contributors include individuals, trusts, foundations, nonprofit organizations, religious organizations, health organizations, corporations, and financial institutions.

Note 2 - Summary of Significant Accounting Policies:

Basis of Presentation and Description of Net Assets

The Organization reports using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and provides information regarding its financial position and activities according to two classes of net assets. The Organization has no net assets with donor restrictions that are required to be maintained in perpetuity.

Net Assets Without Donor Restrictions

The portion of net assets that is neither subject to time or donor-imposed restrictions and may be expended for any purpose in performing the objective of the Organization. Net assets without donor restrictions may be designated for use by the Board of Directors. The Board of Directors has designated $3,000,000 in net assets without donor restrictions for a five-month operating reserve and future program development and another $3,000,000 in net assets for loan fund liquidity for a total of $6,000,000.

Net Assets With Donor Restrictions

These are the portion of net assets for which use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization.

Principles of Consolidation

The accompanying consolidated financial statements include all amounts and operations of Community Vision Capital & Consulting, Credit Enhancement 1, LLC, and 3105 San Pablo LLC, both wholly-owned subsidiaries (collectively, the Organization). Intercompany transactions and accounts have been eliminated in consolidation.

Revenue Recognition

Contributions are recognized as support and revenues when they are received or unconditionally pledged. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying Consolidated Statement of Activities and Changes in Net Assets as net assets released from restrictions. Certain contributions are reported as support without donor restrictions when the restriction is met in the same period as the contribution is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

The Organization uses the allowance method to account for uncollectible contributions based on historical experience and an evaluation of the outstanding receivables at the end of the year. Contributions are expected to be collected in fiscal year 2025. At September 30, 2024 and 2023, management determined that no allowance is necessary.

A portion of the Organization’s revenue is derived from cost-reimbursable federal and state contracts and grants which are conditioned upon certain performance requirements and/or incurring qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the Consolidated Statement of Financial Position. The Organization was awarded cost reimbursable grants of $3,706,000 that have not been recognized as revenue at September 30, 2024 because qualifying expenditures have not yet been incurred.

The Organization receives in-kind donations of software and technological services as well as pro bono legal services for work on commercial real estate transactions, securities offerings, and general corporate work. Services contributed to the Organization are recorded at their estimated fair value if they would have been purchased had they not been donated and required a specialized skill. For the year ended September 30, 2024, in-kind contributions of $350,003 primarily consisted of legal and professional services of $190,633 and software licenses of $159,370. For the year ended September 30, 2023 in-kind contributions of $362,147 primarily consisted of legal and professional services of $206,073 and software licenses of $156,074. The value of legal, advertising and software licenses is based on market rates typically charged for those items in the normal course of business for similar services and products. In-kind contributions were received without donor restrictions and were utilized in the following functional areas: Lending, Consulting, Management & General and Development.

Cash and Cash Equivalents

Cash is defined as cash in demand deposits accounts as well as cash on hand. Cash equivalents are highly liquid investments that are readily convertible to known amounts of cash. The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. Management believes that the Organization is not exposed to any significant cash credit risk.

Loans Receivable

Loans receivable are reported at their outstanding principal balances adjusted for charge-offs, allowance for credit losses, and unearned interest, if any.

Interest income is accrued on principal loan balances. The Organization accrues interest on past due loans at the regular rate of interest or at the default rate of interest for loans that are in default. Loans may be placed on nonaccrual status when any portion of the principal or interest is ninety days past due or earlier when concern exists as to the ultimate collectability of principal or interest, as evaluated at least quarterly. The Organization makes every effort to collect all interest payments from the borrower even after loans are placed on nonaccrual status for accounting purposes.

Loans return to accrual status when principal and interest become current and are anticipated to be fully collectible. Payments received on nonaccrual loans receivable are applied first to outstanding principal or interest depending on the circumstances of each particular loan.

Loan origination fees are recognized immediately, which management has determined is not materially different from U.S. GAAP. Management has the intent and ability to hold these loans until maturity or payoff.

Allowance for Credit Losses

Management's determination of the allowance for credit losses rests upon various judgments and assumptions, including current and future projected economic conditions, prior loss experience, the value of the underlying collateral, continuing review of the portfolio of loan and commitments, and evaluation of credit risk related to certain individual borrowers. Management considers the allowance for credit losses adequate to cover losses inherent in loans and loan commitments. However, because of uncertainties associated with these judgments and assumptions, it is reasonably possible that management's estimate of credit losses inherent in the loan portfolio and the related allowance may change materially in the near term. The allowance is increased or decreased by the provision (recapture) for allowance in credit losses, which is charged to expense.

As part of its regular monitoring process, the Organization assigns a potential loss percentage to each loan. The allowance in credit losses for the revolving loan fund was estimated at 9.61% and 9.11% as of September 30, 2024 and 2023, respectively. The allowance for credit losses is reported separately for current and non-current portions of loans receivable based on a pro-rata allocation made using the ratio of the corresponding outstanding principal balances of the respective notes receivable.

Given current economic conditions, the Organization established an allowance for uncollectible accrued interest and other receivables several years ago based upon a review of outstanding receivables, historical collection information, and current and future economic uncertainty. The allowance for accrued interest and other receivables, net was as follows as of September 30:

	2024	2023
Accrued interest and other receivables	$ 662,831	$ 1,097,752
Allowance for uncollectible accounts	(8,285)	(17,857)
	$ 654,546	$ 1,079,895

Program Related Investments – Notes Receivable

Program related investments are investments that would not be made were it not for the relationship of the investment to the Organization's programmatic mission. Although the underlying investments may or may not have a profit motive, that is not the primary focus of the investment by the Organization.

The Organization's Program Related Investments provide forgivable predevelopment loans at 0% interest to nonprofit organizations for affordable housing and community facility development projects as well as subordinated loans to small businesses for a variety of operating purposes.

Program related investments are carried at cost less an estimate for expected credit losses, based upon a review of all outstanding amounts on a regular basis. Management determines the allowance for credit losses by considering historical experience, an evaluation of specific notes receivables, an organization's financial condition and current economic conditions, current forecasts of future economic conditions over the time horizon the Organization is exposed to credit risk, and payment terms or conditions that may materially affect future forecasts. Notes receivables are written off when deemed uncollectible. Recoveries of notes receivables previously written off are recorded as income when received.

As of September 30, 2024 and 2023 total amounts outstanding under this program, net of allowance, were $94,800 and $241,808, respectively. As of September 30, 2024 and 2023 the Organization established a credit loss allowance of $379,200 and $241,808 for these loans.

Investments

Investments are stated at fair value. The values of debt and equity securities and mutual funds are based on their quoted market prices. Certain investments are measured at cost. Gains and losses that result from market fluctuations are recognized in the Consolidated Statement of Activities and Changes in Net Assets in the period such fluctuations occur. Dividend and interest income are accrued when earned.

Fair Value Measurements

The Organization carries certain assets and liabilities at fair value. Fair value is defined as 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. The Organization classifies its financial assets and liabilities according to three levels and maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value.

Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities that the entity has the ability to access at the measurement date.

Level 2 - Observable inputs other than quoted prices included within Level 1 for the asset or liability, either directly or indirectly.

Level 3 - Unobservable inputs for the asset or liability that are not corroborated by market data.

Fixed Assets

Fixed assets are stated at cost, if purchased or, at estimated fair value if donated. Depreciation is computed using the straight-line method, over the estimated useful lives of the assets, which range from three to five years. Depreciation expense during 2024 and 2023 were $47,097 and $39,762, respectively.

Subordinate Notes Payable

Subordinate notes payable are subordinated promissory notes with a rolling term (maturity) feature that lenders are classifying as Equity Equivalent Investments (EQ2). EQ2s are unique to the CDFI industry. They were created as a mechanism for not-for-profit CDFI's to acquire equity-like capital.

Below Market Interest Rate Loans

U.S. GAAP requires not-for-profit organizations to record interest expense (income) and contribution revenue (expense) in connection with loans that are interest-free, or that have below-market interest rates. The Organization believes there is no material difference between prevailing community development finance market rates and the stated rates of loans receivable in its portfolios, notes payable, or other liabilities. Consequently, no adjustments have been made to the consolidated financial statements to reflect rate differentials.

Income Taxes

The Organization is exempt from federal income taxes on related income under Section 501(c)(3) of the Internal Revenue Code and from California franchise and/or income taxes under Section 23701(d) of the California Revenue and Taxation Code.

As of September 30, 2024 and 2023, management evaluated the Organization's tax positions and concluded that the Organization had maintained its tax-exempt status and had taken no uncertain tax positions that require adjustment to or disclosure in the consolidated financial statements.

Allocation of Functional Expenses

The costs of providing program services and supporting services are summarized on a functional basis in the Consolidated Statement of Functional Expenses. Accordingly, certain costs are allocated among program services and supporting services based on the estimates of employees' time incurred and on usage of resources.

Leases

The Organization determines whether an arrangement is or includes a lease and categorizes leases as either operating or finance leases at their commencement. The Organization does not have any financing leases. The Organization elected not to recognize right-of-use (ROU) assets and lease liabilities for leases with a term of 12 months or less. Operating right-of-use lease assets represent the Organization's right to use an underlying asset during the lease term and operating lease liabilities represent the Organization's obligation to make payments arising from the lease. Operating leases are recorded in operating right-of-use assets and operating lease liabilities on the Statement of Financial Position.

Operating lease right-of-use assets and operating lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. The discount rate used to derive the present value is based on the risk-free rate for the period comparable to the lease term. Renewal periods are included in calculating the right of use assets and liabilities when they are reasonably certain of exercise. Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term.

<u>Use of Estimates</u>

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

<u>Recent Accounting Pronouncements</u>

Pronouncement Adopted

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which creates a new credit impairment standard for financial assets. The ASU requires loans and trade receivables measured at amortized cost to be presented at the net amount expected to ultimately be collected. The allowance for credit losses includes all losses that are expected to occur over the remaining life of the asset, rather than incurred losses through the date of the consolidated financial statements. Changes in the allowance for credit losses are recorded in the statement of income as the amounts expected to be collected change. Contribution pledges recorded as receivable are excluded from the new impairment standard. The Organization has adopted this pronouncement effective October 1, 2023, and an allowance for credit losses was recorded on its consolidated financial statements.

<u>Subsequent Events</u>

The Organization evaluated subsequent events from September 30, 2024 through January 22, 2025, the date these consolidated financial statements were available to be issued and has determined that there were no material subsequent events that required recognition or additional disclosures in these consolidated financial statements.

Note 3 - Funds Held in Trust:

The Organization receives and distributes assets under certain mission-aligned intermediary arrangements. The Organization holds such funds as funds held in trust. Distributions of such funds are managed by the Organization according to the guidelines of the specific programs. These funds are invested in money market accounts.

The Organization manages targeted grant pools for varying purposes. The Organization underwrites and coordinates grants for these pools in accordance with the conditions imposed by the original source of the funds. The Organization also disburses, monitors, tracks, and reports on these grants.

On occasion, the Organization also includes reserve funds for various transactions where the Organization is authorized to release the funds based on the terms of the transaction.

A summary of activity in these programs is as follows for the years ended September 30:

	2024	2023
Funds held in trust, beginning of year	$ 3,380,209	$ 4,880,132
Grant funds received	688,290	2,410,637
Grants disbursed	(1,538,903)	(3,976,034)
Interest income	80,111	65,474
Funds held in trust, end of year	$ 2,609,707	$ 3,380,209

Note 4 - Investments:

Investments consisted of the following at September 30:

	2024	2023
Cash and cash equivalents	$ 22,638,989	$ 264,804
Mutual and exchange traded funds	13,940,051	11,406,801
Fixed income	7,291,292	14,697,575
Mortgage pool, collateralized mortgage obligations, and asset backed securities	1,619,476	3,415,636
Privately-held stock	580,361	493,562
	46,070,169	30,278,378
Certificates of deposit		89,602
	$ 46,070,169	$ 30,367,980

The Organization's investments are made in accordance with an investment policy that has been approved by the Board of Directors. The Finance Committee monitors the investment strategy and portfolio performance on an ongoing basis and provides regular updates to the Board of Directors.

Investment income, net consisted of the following for the years ended September 30:

	2024	2023
Interest and dividends from investments	$ 1,400,868	$ 1,022,650
Management fees	(37,240)	(39,431)
Net realized and unrealized gain	3,400,112	1,436,535
	$ 4,763,740	$ 2,419,754

The Organization maintains the following loan fund balances in cash and cash equivalents and investments allocated for the following purposes at September 30:

	2024	2023
Undisbursed to closed loans (Note 6)	$ 4,563,065	$ 3,062,032
Committed loans (Note 6)	1,200,000	200,000
Liquidity reserves	3,000,000	3,000,000
Available for lending	43,616,928	23,819,734
	$ 52,379,993	$ 30,081,766
Cash and cash equivalents	$ 15,436,624	$ 8,170,142
Investments	36,943,369	21,911,624
	$ 52,379,993	$ 30,081,766

Note 5 - Fair Value of Measurements:

The table below summarizes the Organization's assets measured at fair value on a recurring basis at September 30, 2024:

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 22,638,989			$ 22,638,989
Mutual and exchange-traded funds	13,940,051			13,940,051
Fixed income		$ 7,291,292		7,291,292
Mortgage pools, collateralized mortgage, obligation and assets backed securities		1,619,476		1,619,476
Privately held stock			$ 580,361	580,361
	36,579,040	8,910,768	580,361	46,070,169
Funds held in trust:				
Money market funds (Note 3)	2,609,707			2,609,707
Total assets held at fair value	$ 39,188,747	$ 8,910,768	$ 580,361	$ 48,679,876

The fair value schedule above does not include certificates of deposit. Certificates of deposit are excluded from fair value measurements as they do not meet the definition of an equity security.

The table below summarizes the Organization's assets measured at fair value on a recurring basis at September 30, 2023:

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 264,804			$ 264,804
Mutual and exchange-traded funds	11,406,801			11,406,801
Fixed income		$ 14,697,575		14,697,575
Mortgage pools, collateralized mortgage, obligation and asset backed securities		3,415,636		3,415,636
Privately held stock			$ 493,562	493,562
	11,671,605	18,113,211	493,562	30,278,378
Funds held in trust:				
Money market funds (Note 3)	3,380,209			3,380,209
Total assets held at fair value	$ 15,051,814	$ 18,113,211	$ 493,562	$ 33,658,587

The fair value schedule above does not include certificates of deposit. Certificates of deposit are excluded from fair value measurements as they do not meet the definition of an equity security.

Note 6 - Loans Receivable, Net of Allowances:

Loans receivable were as follows at September 30:

	2024	2023
Affordable/supportive housing	$ 23,805,741	$ 22,834,930
Community facilities	54,583,213	43,911,844
Food financing	6,666,758	11,268,651
Economic development	7,787,769	7,385,930
Total loans receivable	92,843,481	85,401,355
Less allowance for credit losses	(8,809,387)	(7,679,573)
	84,034,094	77,721,782
Less current portion, net of allowance for credit losses	(21,308,562)	(13,650,563)
Long-term portion, net of allowance for credit losses	$ 62,725,532	$ 64,071,219

At September 30, 2024, loans receivables, net of allowance for credit losses, consisted of secured and unsecured notes with interest rates ranging from 0% to 7.7%.

Annual maturities of notes receivable are as follows:

Year Ending September 30,	
2025	$ 25,177,600
2026	13,046,927
2027	13,769,209
2028	11,542,868
2029	4,994,430
Thereafter	24,312,447
	$ 92,843,481

Loan Origination/Risk Management

The Organization has certain lending policies and procedures in place designed to provide financing capital within an acceptable level of risk. Management reviews these policies and procedures on a regular basis. The Loan Committee recommends and the Board of Directors approves any changes to these policies. A reporting system supplements the review process by providing management and Board members with frequent reports related to loan quality, concentrations 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.

Age Analysis of Past Due Loans

The following table represents an aging of loans as of September 30:

	2024	2023
60-89 days past due	$ 949,236	$ 1,019,950
Non-accrual		3,635,552
Total past due	949,236	4,655,502
Current	91,894,245	80,745,853
Total loans	$ 92,843,481	$ 85,401,355

Credit Quality

As part of the on-going monitoring of the credit quality of the Organization’s portfolio, management classifies loans into risk categories based on relevant information about the ability of borrowers to service their debt and comply with various terms of their loan agreements. The Organization considers current financial information, historical payment experience, collateral value, credit documentation, public information, and current economic trends. Loans are reviewed at least quarterly and more frequently, if necessary, in order to monitor and adjust the loan’s risk profile.

The following definitions summarize the basis for each classification:

Strong/Acceptable – The loan is adequately protected by the current worth and paying capacity of the borrower (or guarantors, if any) or by the fair value, less cost to acquire and sell, of any collateral in a timely manner.

Watch – A loan that has potential weaknesses and requires closer monitoring by management. If left uncorrected, performance may result in deterioration of the repayment prospects for the loan or in the Organization's credit position at some future date. Watch loans are not adversely classified and do not expose the Organization to sufficient risk to warrant adverse classification.
Special Mention – A loan with the minimum acceptable level of risk where closer monitoring is necessary and restructuring is likely. Special Mention loans are adversely classified with a reasonable risk of some loss or longer repayment horizon than initially intended.

Substandard – A loan with definite weaknesses that puts repayment at risk. These loans may be inadequately protected by the current sound worth and paying capacity of the borrower or of the collateral pledged. These loans are characterized by the possibility that the Organization will sustain some loss of principal and/or interest if the risks are not addressed.

Doubtful – A loan that has weaknesses similar to the substandard category with the added risk that the weaknesses make collection in full, on the basis of currently known facts, conditions and values, highly questionable and improbable. The possibility of loss is extremely likely, but it is not identified presently due to pending factors.

The following table summarizes the loan portfolio and the internally assigned credit quality ratings at September 30:

	2024	2023
Strong/acceptable	$ 65,336,761	$ 61,208,454
Watch	23,359,498	16,854,511
Special Mention		594,911
Substandard	4,147,222	5,994,900
Doubtful		748,579
Total loans	$ 92,843,481	$ 85,401,355

Allowance for Credit Losses

Changes in the allowance for credit losses were as follows for the years ended September 30:

	2024	2023
Beginning balance	$ 7,679,573	$ 7,428,083
Charge-offs	(5,267,057)	(2,625,315)
Provision for allowance for credit losses	6,396,871	2,876,805
Ending balance	$ 8,809,387	$ 7,679,573

During the year ended September 30, 2024, charge-offs of $5,267,057 consist of loan write-offs of $4,090,881, while the remaining $1,176,176 was offset with the reserve.

During the year ended September 30, 2023, charge-offs of $2,625,315 consist of loan write-offs of $955,365, while the remaining $1,669,950 was offset with the reserve.

The Organization expects significant recovery on loans due to state guarantees. The Organization will recognize recoveries as income as they materialize.

Troubled Debt Restructures

A troubled debt restructure is a loan where the Organization granted a concession that would not otherwise have been considered but for the borrower's financial difficulties. Once a loan is modified as a troubled debt restructure it remains in that category until such time as it is repaid or charged-off.

During the years ended September 30, 2024 and 2023, the Organization did not restructure any troubled debt. As of September 30, 2024 and 2023, the balance of all loans restructured during or prior to fiscal years 2024 and 2023 was $544,706 and $1,876,715, respectively.

During 2024 and 2023, the Organization received $1,332,009 and $385,089 respectively, in repayment on loans that had been restructured in the current or a prior fiscal year.

Commitments to Extend Credit

In the normal course of business, to meet the financing needs of its borrowers, the Organization is a party to commitments to extend credit. Those instruments involve, to varying degrees, elements of credit, liquidity and interest rate risk in excess of the amount recognized in the accompanying statement of financial position. The Organization uses the same credit policies in making commitments to extend credit as it does for extension of credits reflected on the statement of financial position. The Organization's exposure to credit loss in the event of nonperformance by the other party for commitments to extend credit is represented by the contractual amount of those instruments. Commitments to extend credit include new loan commitments, line of credit and construction loan agreements to lend to a borrower as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses. Since some of the commitments may expire without being fully drawn upon, the total commitment amounts do not necessarily represent future cash requirements.

At September 30, 2024 and 2023, the Organization had a total of $5,763,065 and $3,262,032, respectively, in loan commitments that had not yet been disbursed. These undisbursed loan commitments included 5 revolving lines of credit with total undrawn balances of $979,500 for 2024 and $1,120,000 for 2023. It also included 14 pre-development, acquisition, construction or equipment loans (or interest reserves related thereto) totaling $3,583,565 for 2024 and $2,142,032 for 2023. See Note 4.

The Organization evaluates each borrower's creditworthiness on a case-by-case basis. The amount of collateral obtained, if any, is based on management's credit evaluation of the borrower.

Note 7 - Property Held For Sale:

During the year ended September 30, 2023, the Organization executed a deed-in-lieu of foreclosure on a property due to the insolvency of an unrelated entity (the Project), resulting in a loan write-off of $1,973,360. Additionally, a further loss of $750,000 was recognized on outstanding loans in the FreshWorks program. An offsetting $750,000 was also recognized as income, since the five FreshWorks lenders share in the loss and FreshWorks is not part of the general loan fund. Community Vision's share of this loss was $68,181 of which $26,144 was recovered after year end.

The Project involved a total loan of $6,100,000 which was reduced to $5,350,000, distributed among Community Vision and two other participating parties. An agreement was established among them to receive a prorated share of the proceeds upon the property's sale and settlement of outstanding costs paid by the Organization. The Organization is projected to receive approximately 49.18% of any proceeds after settling costs.

The loans described above were part of a larger, more complex transaction that also included New Markets Tax Credits. To safeguard the New Market Tax Credits (NMTC) associated with the Project's investor, the Organization established a wholly-owned LLC (3105 San Pablo LLC), to assume ownership of the property. This acquisition, completed on September 26, 2023, amounted to $2,427,899 was recorded as a capital contribution. As part of this portion of the transaction, the Organization also paid $1,279,711 to NCCLF Sub-CDE 21, LLC (CDE-21) to secure the NMTC's. The owner of CDE-21 has committed to adjusting the leveraged loan to the anticipated proceeds from the CDE at the conclusion of the NMTC's compliance period in December 2025, with the deposit reverting to the Organization at the conclusion of the compliance period.

As of September 30, 2024, 3105 San Pablo LLC held a payable to the Organization that amounted to $1,482,559, and the related receivables and payables were eliminated for consolidation purposes. The organization is currently in the process of marketing this asset and expects to sell it in 2025.

Note 8 - Notes Payable:

Notes payable were as follows at September 30:

	2024	2023
Public and private foundations	$ 29,791,862	$ 18,053,892
Health system organizations	6,175,818	1,433,876
Financial institutions	36,525,000	32,525,000
Corporations and other organizations	5,975,118	6,045,071
Religious organizations	4,681,206	3,955,207
Individuals and trusts	20,187,118	19,053,925
	103,336,122	81,066,971
Less current portion	(15,438,152)	(18,868,720)
Notes payable, net of current portion	$ 87,897,970	$ 62,198,251

The Notes Payable balance includes subordinated promissory notes with a rolling term (maturity) feature that lenders are classifying as Equity Equivalent Investments (EQ2). If the EQ2 notes continue to comply with the requirements described in their respective agreements, the notes will retain the rolling term feature ranging from two to five years beyond their original maturity dates. The notes bear interest from 0% to 3% per annum and are unsecured and subordinate to all other liabilities. As of September 30, 2024 and 2023, the Organization had a total of $12,250,000 of subordinated promissory notes.

Annual maturities of notes payable are as follows:

Year Ending September 30,	
2025	$ 15,438,152
2026	10,268,665
2027	24,362,330
2028	6,124,903
2029	23,272,419
Thereafter	23,869,653
	$ 103,336,122

Certain loan agreements contain restrictive financial covenants that require, among other things, maintenance of minimum amounts and ratios of liquidity, net assets, net income, delinquent loans and loss reserves. There are also various reporting requirements. As of September 30, 2024 and 2023, the Organization was in compliance with all material financial covenants to which it was subject.

At September 30, 2024 and 2023, the Organization had a total of $44,000,000 and $24,000,000 of available and committed funds in the general loan pool that had not yet been borrowed.

Note 9 - Operating Leases:

As part of its acquisition of a deed-in-lieu of foreclosure (see Note 7) 3105 San Pablo, LLC assumed a 30-year parking lot lease on September 27, 2023. The monthly payment increases from approximately $3,000 at the beginning of the lease to approximately $6,300 at the end of the lease.

The Organization entered into a lease for its office facilities under a noncancellable operating lease, which expires on November 30, 2026. The monthly payment increases from $9,700 at the beginning of the lease to approximately $10,200 at the end of the lease.

Rental expense for the office and parking lot leases for the years ended September 30, 2024 and 2023 amounted to $287,745 and $510,077, respectively.

Maturities of the operating lease liability is as follows:

Year Ending September 30,		
2025	$	156,664
2026		161,370
2027		60,709
2028		41,430
2029		42,673
Thereafter		1,122,808
Total lease payments		1,585,654
Less interest		(629,674)
Operating lease liability	$	955,980

The weighted average remaining lease term as of September 30, 2024 was approximately 19 years. The weighted average discount rate as of September 30, 2024 was 4.9%.

Note 10 - Net Assets With Donor Restrictions:

Net assets with donor restrictions were available for the following purposes at September 30:

	2024	2023
Real Estate Solutions	$ 915,950	$ 1,009,331
Capital Solutions	20,729	376,667
General operations — time restrictions	4,833,333	7,633,333
	$ 5,770,012	$ 9,019,331

Net assets are released from donor restrictions by incurring expenditures satisfying the net assets with donor restriction purposes, or by occurrences of other events specified by donors. Net assets released from donor restrictions were as follows for the years ended September 30:

	2024	2023
Real Estate Solutions	$ 882,218	$ 866,600
Capital Solutions	355,938	383,362
General operations — time restricted	2,800,000	3,700,000
	$ 4,038,156	$ 4,949,962

Note 11 - Availability of Financial Assets and Liquidity:

The Organization's financial assets available within one year for general expenditures were as follows:

Financial assets at September 30,	2024	2023
Cash and cash equivalents	$ 22,965,954	$ 10,834,216
Contributions receivable	460,000	1,470,000
Accrued interest and other receivables, net	654,546	1,079,895
Investments	46,070,169	30,367,980
Funds held in trust	2,609,707	3,380,209
Loans receivable, net	84,034,094	77,721,782
Program related investments, net	94,800	241,808
Total financial assets	156,889,270	125,095,890
Less amounts not available to be used within one year:		
Funds held in trust	(2,609,707)	(3,380,209)
Restricted cash for CEI	(10,799)	(294,168)
Loan and notes receivable — long-term, net	(62,725,532)	(64,071,219)
Program related investments — long-term, net	(94,800)	(241,808)
Illiquid investments	(580,361)	(493,562)
Net assets with purpose and time restrictions	(5,770,012)	(9,019,331)
Deferred revenue — cash received in advance	(3,705,583)	(5,011,401)
Board designated	(6,000,000)	(3,000,000)
Add net assets with purpose restrictions to be met in less than one year:		
Net assets with purpose and time restrictions	4,671,837	4,286,331
CDFI Fund Awards restricted for specific loans	1,001,396	1,111,566
Conditional grants and deferred revenue	41,000	307,578
	(75,782,561)	(79,806,223)
Financial assets available to meet cash needs for general expenditure and loan commitments within one year	$ 81,106,709	$ 45,289,667

Operating Liquidity

The Organization strives to maintain financial assets to meet 150 days of operating expenses (approximately $3,000,000). As part of its liquidity plan, excess cash is invested in short-term investments, including government credit, money market accounts and certificates of deposit. Certain financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the date of the consolidated financial statements. There are also net assets without donor restrictions designated as an operating reserve by the Board of Directors, which could be undesignated by the Board of Directors and made available for general operations as needed.

Loan Fund Liquidity

The Organization fulfills loan commitments through repayments on current loans receivable and by deploying cash and cash equivalents as well as investments already dedicated to the Loan Fund (see Note 4). Accordingly, available cash and cash equivalents and investments are included in these liquidity calculations. The Organization also has special purpose funds for qualifying loans. Those funds are included as available in the liquidity calculation above as the Organization expects to make loans that fulfill those requirements in the coming year. In addition, the Organization manages loan fund liquidity by accessing undrawn credit facilities for lending when available (see Note 8) and membership in the Federal Home Loan Bank of San Francisco. The Organization received a gift from an anonymous donor in the amount of $15,000,000 that will be utilized for operations and the loan capital fund.

Note 12 - Retirement Plan:

The Organization's employees participate in a 403(b) defined contribution plan (the "Plan"). Employees are eligible to contribute to the Plan on their dates of hire. The Organization's contributions, which cover employees who complete six months of service, are discretionary. Employees' contributions are fully vested at all times, whereas the Organization's contributions vest over three years. The Organization contributed $210,395 and $221,323 for the years ended September 30, 2024 and 2023, respectively.

Note 13 - Related Party Transactions:

The Organization operates a revolving loan fund that provides socially motivated investors with an opportunity to be part of the Organization's mission of financing affordable housing, community facilities, small business enterprises, and vital human services. Qualified institutions and individuals invest in the form of fixed rate loans. The Organization aggregates these loans into a blind capital pool which the Organization uses to finance appropriate community and economic development projects.

One member of the Board of Directors chose to support the Organization's mission by lending money to the Organization's capital pool. In additional several board members are affiliated with institutions that invest in the Organization's revolving loan pool. These loans are included in notes payable on the accompanying consolidated financial statements. These loans were accepted on terms that conform to the Organization's standard policies for accepting loans into the investment pool.

The loans extended by the Organization from the capital pool to finance appropriate community and economic development projects include loans to organizations that have connections with the members of the Board of Directors. These loans were made on terms that conform to the Organization's standard lending policies.

Such transactions are subject to the Organization's conflict of interest policy and each loan received or made by the Organization is reviewed in advance for any potential conflict of interest or legal issues. As such, Board members are required to disclose potential conflicts of interest annually and throughout the year as circumstances change. Board members are also required to recuse themselves from voting on transactions for which they may have such a conflict.

Note 14 - New Markets Tax Credit Fees:

As of September 30, 2024 and 2023, the Organization had received New Markets Tax Credit Program (Program) allocations totaling $218,000,000 (cumulatively), respectively. The Program is administered by the Community Development Financial Institutions (CDFI) Fund pursuant to Section 45D of the Internal Revenue Code. In accordance with the terms of the Program, the Organization formed 26 for-profit community development entities (collectively the CDE LLCs), 24 of which had been activated as of September 30, 2024 and 2023. Eleven of the activated entities were dissolved prior to September 30, 2022 as individual transactions reached the end of their respective compliance periods.

Active CDEs as of September 30, 2024:

NCCLF NMTC Sub-CDE 18, LLC
NCCLF NMTC Sub-CDE 19, LLC
NCCLF NMTC Sub-CDE 20, LLC
NCCLF NMTC Sub-CDE 21, LLC
NCCLF NMTC Sub-CDE 22, LLC
NCCLF NMTC Sub-CDE 23, LLC
NCCLF NMTC Sub-CDE 24, LLC

NCCLF NMTC Sub-CDE 25, LLC and NCCLF NMTC Sub-CDE 26, LLC were formed for the NMTC allocations but had conducted no financial activity as of September 30, 2021.

Additionally, NCCLF NMTC Sub-CDEs 13, 14, 15 16 & 17 were dissolved during the years ended September 30, 2024 and 2023, and Community Vision NMTC Sub-CDE I, II, III, IV, V, VI, VII, VIII, IX, X, and XII were dissolved in prior years.

The CDE LLCs were formed as California limited liability companies in which the Loan Fund serves as the managing member with a 0.01% interest and unrelated investor members are regular members with a 99.99% interest. The Organization does not consolidate these entities due to the rights granted to the investor members as defined in the respective operating agreements. The investor members' rights overcome the presumption of control of the managing member.

As of September 30, 2024 and 2023, the total amount of the Organization's aggregated investment in all the CDE LLCs was $3,061 and $3,862, respectively. The fiscal year end for all the CDE LLCs is December 31, and each is subject to various compliance requirements, such as annual audits or compilations, once it has been activated. Below is a summary of the unaudited interim financial information for these companies for the interim nine-month periods ended September 30:

	2024	2023
Total Assets	$ 60,098,699	$ 67,431,963
Total Liabilities	$ 1,417,254	$ 166,016
Total Members' Equity	$ 56,581,446	$ 67,265,947
Total Revenue	$ 722,625	$ 1,508,248
Total Expenses	$ 452,506	$ 638,352
Total Net Income	$ 270,119	$ 869,896

The active CDE LLCs have made qualified low-income community investments (QLICIs) within the meaning of the NMTC programs and IRC Section 45D. The Loan Fund entered into agreements with the investor members who provided approximately $68,020,000 in cumulative qualified equity investments (QEIs) as of September 30, 2024 to make QLICIs from the active CDE LLCs. By making these QLICIs, the CDE LLCs enable investor members to claim approximately $26,527,800 of NMTC over a seven-year credit period. In connection with obtaining allocation, establishing the CDE LLCs, and making sub-allocation to the CDE LLCs, the Loan Fund did not earn any upfront fees in connection with obtaining allocation, establishing the CDE LLCs, and making sub-allocation to the CDE LLCs.

Terms of the agreements with the investor members require the Loan Fund to maintain certain covenants to avoid recapture of NMTC and possible reimbursement of a portion of upfront fees it has received. At September 30, 2024 and 2023, the Loan Fund is in compliance with all covenants that would cause a recapture of NMTC and management expects to maintain compliance throughout the seven-year life of each NMTC.

Note 15 - Credit Enhancements & Loan Guarantees:

The Organization serves as the executive for the California FreshWorks program (FreshWorks), a healthy food financing initiative that provides investment to improve healthy food access in California's low-income communities. Deploying capital via a network of lenders that have agreed to common mission guidelines and target geographies, FreshWorks provides credit enhancement in the form of loan participations and loan guarantees for eligible projects.

As of September 30, 2024, no additional participation loans will be funded under this program; however, the current participations will be retained until maturity.

During the year ended September 30, 2023, the FreshWorks Program wrote off one loan in the amount of $750,000 with the network lenders sharing proportionally in the loss. Partial recovery is available via a grant from the California Endowment. Community Vision's loss on this loan was $68,181 of which $26,144 was recovered after year end.

A network lender can also apply for a loan guarantee for an eligible project for up to a maximum amount of $500,000 or 25% or the loan principal balance. These guarantees are administered by the Organization. Capital for the guarantees has been pledged by the Organization and The California Endowment in aggregate amounts limited to $1,750,000 and $500,000, respectively. In addition, The California Endowment has provided a $250,000 grant commitment that serves as a loss reserve for the loan guarantee program. Should a guarantee be called upon after the loss reserve grant is exhausted, the pro-rata shares of the amount to be funded by the Organization and The California Endowment are 77.78% and 22.22% respectively.

To date the Organization has provided three loan guarantees to network lenders for a loan to a not-for-profit organization. As of September 30, 2024 and 2023, there were no outstanding guaranteed amounts. The Organization considers the guarantee to be part of its program activities. The loss reserve grant commitment noted above provides a reserve for this guarantee and the Organization does not consider an additional reserve necessary as of September 30, 2024 and 2023.

Community Vision Capital & Consulting

Consolidating Statement of Financial Position
(See Independent Auditors' Report on Supplemental Information)

September 30, 2024

	Community Vision	Credit Enhancement	3105 San Pablo, LLC	Eliminations	Consolidated
Assets					
Current Assets:					
Cash and cash equivalents	$ 22,955,155	$ 10,799			$ 22,965,954
Contributions receivable	460,000				460,000
Accrued interest and other receivables, net	2,438,910	2,322		$ (1,786,686)	654,546
Prepaid expenses and other assets	269,491				269,491
Investments (Note 4)	46,070,169				46,070,169
Funds held in trust (Note 3)	2,609,707				2,609,707
Loans receivable - current portion, net of allowance for credit loss (Note 6)	21,308,562				21,308,562
Total current assets	96,111,994	13,121		(1,786,686)	94,338,429
Loans Receivable - long-term portion, net of allowance for credit loss (Note 6)	61,542,313	1,183,219			62,725,532
Other Long Term Receivables (Note 7)	1,279,711				1,279,711
Program Related Investments - net of allowance (Note 2)	94,800				94,800
Right of Use Asset	242,390		$ 707,424		949,814
Property Held for Sale (Note 7)			2,427,899		2,427,899
Total assets	$ 159,271,208	$ 1,196,340	$ 3,135,323	$ (1,786,686)	$ 161,816,185
Liabilities and Net Assets					
Current Liabilities:					
Accounts payable and accrued expenses	$ 1,146,722		$ 1,482,559	$ (1,482,559)	$ 1,146,722
Accrued interest payable	690,352				690,352
Deferred revenue and other liabilities	1,221,041				1,221,041
Funds held in trust (Note 3)	2,609,707				2,609,707
Notes payable - current portion (Note 8)	15,438,152				15,438,152
Total current liabilities	21,105,974	-	1,482,559	(1,482,559)	21,105,974
Operating lease liability	248,556		707,424		955,980
Deferred revenue and other liabilities, net of current portion	2,704,187				2,704,187
Notes Payable, net of current portion (Note 8)	87,018,878	$ 1,183,219		(304,127)	87,897,970
Total liabilities	111,077,595	1,183,219	2,189,983	(1,786,686)	112,664,111
Net Assets:					
Without donor restrictions:					
Board designated (Note 2)	6,000,000				6,000,000
Undesignated	36,423,601	13,121	945,340		37,382,062
Total without donor restrictions	42,423,601	13,121	945,340	-	43,382,062
With donor restrictions (Note 10)	5,770,012				5,770,012
Total net assets	48,193,613	13,121	945,340	-	49,152,074
Total liabilities and net assets	$ 159,271,208	$ 1,196,340	$ 3,135,323	$ (1,786,686)	$ 161,816,185

Community Vision Capital & Consulting

Consolidating Statement of Activities and Changes in Net Assets
(See Independent Auditors' Report on Supplemental Information)

Year Ended September 30, 2024

	Community Vision	Credit Enhancement 1, LLC	3105 San Pablo, LLC	Eliminations	Consolidated
Revenue and Support:					
New markets tax credit fees (Note 14)	$ 308,800				$ 308,800
Consulting and contract fees	347,997				347,997
Loan fees	324,355				324,355
Grants and contributions	1,040,175				1,040,175
Government contract revenue	1,540,730				1,540,730
Other income	54,241			$ (5,306)	48,935
Interest income - notes receivable	4,586,865	$ 26,980			4,613,845
Investment income, net (Note 4)	4,763,740				4,763,740
In-kind contributions	350,003				350,003
Total support and revenue	13,316,906	26,980		(5,306)	13,338,580
Expenses:					
Program services:					
Capital solutions	11,267,924	40,527	$ 334,371	(5,306)	11,637,516
New markets tax credits	92,118				92,118
Real estate solutions	1,824,523				1,824,523
Communications and impact	1,164,056				1,164,056
Capitalization	687,168				687,168
Total program services	15,035,789	40,527	334,371	(5,306)	15,405,381
Supporting services:					
Management and general	1,075,897				1,075,897
Fundraising	400,395				400,395
Total supporting services	1,476,292	-	-	-	1,476,292
Total expenses	16,512,081	40,527	334,371	(5,306)	16,881,673
Change in Net Assets	(3,195,175)	(13,547)	(334,371)		(3,543,093)
Other Changes:					
Grants and contributions (Note 11)	15,000,000				15,000,000
Total Change in Net Assets	11,804,825	(13,547)	(334,371)		11,456,907
Net Assets, beginning of year	36,388,788	26,668	1,279,711		37,695,167
Net Assets, end of year	$ 48,193,613	$ 13,121	$ 945,340	$ -	$ 49,152,074