

April 28, 2025

Dear OFN Partners,

I want to thank you for your continued partnership and support of OFN on our common purpose of driving affordable capital to low-income and underserved communities across the country. We could not be where we are today without your commitment to OFN and the CDFI industry.

Enclosed are OFN's 2024 audited financials. I am pleased to report that OFN has once again received a clean, unqualified audit opinion with no material findings. Please note that the 2024 audited financials include the consolidation of two off-balance sheet funds that are making Equity Equivalent investments (EQ2s) in CDFIs: CDFI Community Investment Fund I, LLC and Good to Grow CDFI Investment Fund, LLC.

OFN continues to financially perform well, illustrated by our strong net asset position, and solid portfolio and operating performance. A few highlights from 2024 include:

- **Operating Performance:** In 2024, OFN (unconsolidated) achieved an unrestricted operating surplus of \$2.1 million. The primary factors for the overperformance against budget were strong loan portfolio performance resulting in lower-than-expected provisioning for loan losses, unbudgeted Bond Guarantee Program fees earned, and overperformance on investment portfolio interest and dividends.
- **Statement of Financial Position:** As of December 31, 2024, OFN's Total Assets were \$2.67 billion on a consolidated basis and \$2.62 billion on an unconsolidated basis, reflecting increases from 2023 of \$2.31 billion, respectively. Of the increase, \$2.10 billion was related to funding for pass-through grants associated with the Clean Communities Investment Accelerator (CCIA) grant described in the section below. OFN's Adjusted Net Asset Ratio (excluding pass-through grants) at an unconsolidated basis remains at a robust 62% and 38%, with and without CCIA, respectively.
- **Portfolio Activity and Performance:** As of December 31, 2024, OFN had gross on-balance sheet loans outstanding of \$237 million and subsidiaries had EQ2s outstanding of \$39 million. OFN closed \$34 million in loans in 2024, which includes \$21 million in new CDFI loans (52 loans) and 7 loan renewals for \$13 million. The \$18 million change in OFN's on-balance sheet loans in 2024 includes the following activities: \$21 million in loans disbursed; \$3 million of loans repaid during the year. OFN's loan portfolio continues to perform well, had no delinquencies, and a 2.2% allowance for loan losses at December 31, 2024.
- **CDFI Innovation Initiative:** On October 18, 2024, OFN secured a partnership with the Mass Mutual Foundation, receiving a five-year, \$25 million award focused on innovation within the CDFI industry. \$4.19 million of this award was recognized as revenue and \$750 thousand recognized as deferred revenue in the 2024 audited financial statements. The remaining \$20 million will be earned over the remaining life of the award upon meeting certain conditions. On October 18, 2024, OFN also secured a \$1.50 million partnership with the Mastercard Strive



USA Program to support the CDFI Innovation Initiative. \$1.25 million of this partnership is recognized as revenue in the 2024 audited financial statements. These partnerships will support direct investment in CDFI infrastructure to support new industry systems and solutions that create economies that work for all.

- **EPA Clean Community Investment Accelerator (CCIA) Award:** On October 10, 2023, OFN applied for the nationally-competitive CCIA grant funding from the Environmental Protection Agency (EPA) to build the capacity of community lenders through pass-through grants, market-building, and capacity-building activities. OFN was informed that it was selected as the highest-scored CCIA grantee on March 31, 2024, after going through a rigorous review process which included an evaluation of each applicant's program plan, organizational capacity, experience managing third-party capital, and experience managing financial, credit, compliance, and other risks. OFN's award was memorialized in an Assistance Agreement on August 8, 2024. The CCIA grant requires OFN's grant funds to be held at Citibank, under a Financial Agent Agreement between Citibank and the U.S. Treasury Department, and an Account Control Agreement between Citibank, OFN, and the EPA. The funds held at Citibank are reported as \$2.29 billion in Restricted Cash (CCIA) in the accompanying consolidated statement of financial position as of December 31, 2024. See Note 20 for discussion of subsequent events impacting the CCIA program.

Please reach out to me at [kfryatt@ofn.org](mailto:kfryatt@ofn.org) or (202) 573-2123 if you have any questions.

I look forward to continuing our important work with you.

Sincerely,

Kevin Fryatt  
Executive Vice President, Chief Financial Officer

Enclosure:

- 2024 Audited Financials

**OPPORTUNITY FINANCE NETWORK AND SUBSIDIARIES**

**Consolidated Financial Statements and Supplementary Information  
As of and for the Years Ended December 31, 2024 and 2023  
With Independent Auditor's Report and Reports Required by  
The Uniform Guidance**



**MITCHELL TITUS**  
ACHIEVING EXCELLENCE TOGETHER

**OPPORTUNITY FINANCE NETWORK AND SUBSIDIARIES**  
Consolidated Financial Statements and Supplementary Schedules  
Years Ended December 31, 2024 and 2023

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Opportunity Finance Network

### ***Opinion***

We have audited the consolidated financial statements of Opportunity Finance Network and Subsidiaries, which comprise the consolidated statements of financial condition as of December 31, 2024 and 2023, the related consolidated statements of activities, cash flows, and functional expenses 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 Opportunity Finance Network and Subsidiaries as of December 31, 2024 and 2023, and the change in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Opportunity Finance Network and Subsidiaries and to meet our 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 the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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### ***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government 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 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 and *Government 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 Opportunity Finance Network and Subsidiaries' 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 Opportunity Finance Network and Subsidiaries' 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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

### ***Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information and Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform*



*Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) are 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 consolidating information has been subjected to the auditing procedures applied in the audit 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 GAAS. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 28, 2025, on our consideration of Opportunity Finance Network and Subsidiaries' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Opportunity Finance Network and Subsidiaries' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Opportunity Finance Network and Subsidiaries' internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Mitchell Titus, LLP".

April 28, 2025, except for the Schedule of Expenditures of Federal Awards, for which the date is August 27, 2025

## OPPORTUNITY FINANCE NETWORK AND SUBSIDIARIES

Consolidated Statements of Financial Position

As of December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b>ASSETS</b>		
<i>Current assets</i>		
Cash and cash equivalents	\$ 31,585,318	\$ 30,382,000
Restricted cash (CCIA)	2,294,768,710	-
Restricted cash (other)	1,367,500	1,204,500
Certificates of deposit	208,718	208,510
Short-term investments (Notes 2 and 4)	31,914,426	42,793,415
Current portion of loans receivable, net of allowance for loan losses (Notes 5 and 6)	42,816,789	20,022,533
Interest and other receivables	9,379,649	1,095,110
Grants receivable (Note 8)	750,000	-
Other assets	424,453	380,703
Total current assets	<u>2,413,215,563</u>	<u>96,086,771</u>
<i>Noncurrent assets</i>		
Long-term investments (Notes 2 and 4)	3,212,688	3,239,011
CDFI and other investments (Notes 2 and 4)	13,618,312	13,681,849
Loans receivable, net of current portion and allowance for loan losses (Notes 5 and 6)	188,884,375	194,475,604
Equity equivalent investments (Note 7)	39,300,000	39,300,000
Right-of-use assets	2,601,710	3,110,374
Fixed assets, net (Note 9)	584,425	742,260
Total noncurrent assets	<u>248,201,510</u>	<u>254,549,098</u>
<b>Total assets</b>	<u><u>\$ 2,661,417,073</u></u>	<u><u>\$ 350,635,869</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<i>Current liabilities</i>		
Accounts payable and accrued expenses	\$ 3,906,660	\$ 2,595,783
Deferred revenue and advanced payments received	1,014,717	83,201
Funds held for third party	1,367,500	1,204,500
Current portion of notes payable (Note 10)	7,225,000	1,775,000
Current portion of other liabilities (Note 11)	2,833,333	250,000
Total current liabilities	<u>16,347,210</u>	<u>5,908,484</u>
<i>Noncurrent liabilities</i>		
Operating lease liability (Note 15)	3,792,729	4,442,972
Notes payable (Note 10)	159,895,000	148,345,000
Other liabilities (Note 11)	18,583,334	21,416,667
Total noncurrent liabilities	<u>182,271,063</u>	<u>174,204,639</u>
Total liabilities	<u>198,618,273</u>	<u>180,113,123</u>

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

**OPPORTUNITY FINANCE NETWORK AND SUBSIDIARIES**Consolidated Statements of Financial Position (*continued*)

As of December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b>COMMITMENTS AND CONTINGENCIES</b> (Notes 14 and 15)		
<b>NET ASSETS</b> (Note 13)		
<i>Without donor restrictions</i>		
Without donor restrictions	\$ 97,100,601	\$ 86,548,735
Without donor restrictions, board designated	13,500,000	20,000,000
Non-controlling interest in consolidated subsidiaries	<u>37,039,195</u>	<u>37,033,400</u>
Total net assets without donor restrictions	<u>147,639,796</u>	<u>143,582,135</u>
<i>With donor restrictions</i>		
Operating	10,031,474	5,856,686
Operating (CCIA)	187,580,024	-
Program Income (CCIA)	12,182,506	-
Re-granting	5,730,000	17,433,925
Re-granting (CCIA)	2,097,200,000	-
Financing	<u>2,435,000</u>	<u>3,650,000</u>
Total net assets with donor restrictions	<u>2,315,159,004</u>	<u>26,940,611</u>
Total net assets	<u>2,462,798,800</u>	<u>170,522,746</u>
<b>Total liabilities and net assets</b>	<u><u>\$ 2,661,417,073</u></u>	<u><u>\$ 350,635,869</u></u>

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

## OPPORTUNITY FINANCE NETWORK AND SUBSIDIARIES

Consolidated Statements of Activities (*continued*)

Years Ended December 31, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>OPERATING REVENUE AND SUPPORT</b>						
<i>Net financing income</i>						
Interest income - loans	\$ 7,845,864	\$ -	\$ 7,845,864	\$ 7,186,094	\$ -	\$ 7,186,094
Less: Interest expense	(2,334,772)	-	(2,334,772)	(1,991,299)	-	(1,991,299)
Less: Provision for loan losses	(643,042)	-	(643,042)	1,900,620	-	1,900,620
Total net financing income	4,868,050	-	4,868,050	7,095,415	-	7,095,415
<b>OTHER REVENUE AND SUPPORT</b>						
Dues (Note 18)	1,048,741	-	1,048,741	926,626	-	926,626
Fees - Registration (Note 18)	2,907,853	-	2,907,853	1,897,348	-	1,897,348
Fees - Strength (Note 18)	54,824	-	54,824	79,967	-	79,967
Fees - Financial services (Note 18)	3,385,163	-	3,385,163	2,472,847	-	2,472,847
Sponsorships (Note 18)	2,151,250	-	2,151,250	2,152,167	-	2,152,167
Investment income, net	4,619,492	-	4,619,492	3,315,491	-	3,315,491
Grants - operating	-	6,594,000	6,594,000	2,500.00	1,095,000	1,097,500
Grants - operating (CCIA)	-	192,800,000	192,800,000	-	-	-
Program income (CCIA)	-	12,202,995	12,202,995	-	-	-
Donations and in-kind services	16,912	-	16,912	26,006	-	26,006
Net assets released from restrictions (Note 13)	7,659,677	(7,659,677)	-	2,881,255	(2,881,255)	-
Total operating revenue and support	26,711,962	203,937,318	230,649,280	20,849,622	(1,786,255)	19,063,367
<b>OPERATING EXPENSES</b>						
Salaries, payroll taxes, and benefits	10,302,658	-	10,302,658	7,153,891	-	7,153,891
Contractor fees	3,590,812	-	3,590,812	1,035,641	-	1,035,641
Program support (Note 1)	8,722,297	-	8,722,297	4,927,000	-	4,927,000
Professional services	575,415	-	575,415	341,830	-	341,830
Occupancy	631,278	-	631,278	592,112	-	592,112
Operating grants/donation expense	15,000	-	15,000	-	-	-
Total operating expenses	23,837,460	-	23,837,460	14,050,474	-	14,050,474
Reversal of loss on disposal of lease	-	-	-	13,610	-	13,610
Change in net assets - operating	2,874,502	203,937,318	206,811,820	6,812,758	(1,786,255)	5,026,503

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

## OPPORTUNITY FINANCE NETWORK AND SUBSIDIARIES

Consolidated Statements of Activities (*continued*)

Years Ended December 31, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>NON-OPERATING SUPPORT, EXPENSE AND LOSS</b>						
<i>Support - financing and pass-through grants</i>						
Grants and other contributions - financing and pass-through grants	\$ 106,075	\$ 3,849,333	\$ 3,955,408	\$ 103,850	\$ 4,914,484	\$ 5,018,334
Grants and other contributions - financing and pass-through grants (CCIA)	-	2,097,200,000	2,097,200,000	-	-	-
Net assets released from restrictions (Note 13)	16,768,258	(16,768,258)	-	24,203,059	(24,203,059)	-
Expenses - pass-through grants - grants to CDFIs	(14,800,000)	-	(14,800,000)	(15,225,000)	-	(15,225,000)
Change In net assets - non-operating	2,074,333	2,084,281,075	2,086,355,408	9,081,909	(19,288,575)	(10,206,666)
Change in net assets before non-controlling interest capital contributions and distributions	4,948,835	2,288,218,393	2,293,167,228	15,894,667	(21,074,830)	(5,180,163)
Capital contributions from non-controlling interest members (Note 13)	-	-	-	454,545	-	-
Distributions to non-controlling interest members (Note 13)	(891,174)	-	(891,174)	(869,427)	-	(869,427)
Change In net assets	4,057,661	2,288,218,393	2,292,276,054	15,479,785	(21,074,830)	(5,595,045)
<i>Net assets</i>						
Beginning	143,582,135	26,940,611	170,522,746	128,102,350	48,015,441	176,117,791
<b>Ending</b>	<b>\$ 147,639,796</b>	<b>\$ 2,315,159,004</b>	<b>\$ 2,462,798,800</b>	<b>\$ 143,582,135</b>	<b>\$ 26,940,611</b>	<b>\$ 170,522,746</b>

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

**OPPORTUNITY FINANCE NETWORK AND SUBSIDIARIES**Consolidated Statements of Cash Flows *(continued)*

Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 2,292,276,054	\$ (5,595,045)
<i>Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities</i>		
Non-controlling interest capital contributions	-	(454,545)
Non-controlling interest distributions	891,174	869,427
Amortization of accrued loss on disposal of lease	-	(28,458)
Depreciation and amortization	157,835	163,286
Provision for loan losses	643,042	(1,900,620)
Amortization of premiums/discounts on investments	20,293	28,517
Deferred lease incentive expense	(41,932)	87,608
Amortization of deferred lease incentive and tenant allowance	(99,647)	(98,938)
Net realized/unrealized (gain) loss on Investments	(1,099,036)	751,587
<i>(Increase) decrease in</i>		
Interest and other receivables	(8,284,539)	(436,145)
Grants receivable	(750,000)	3,175,000
Other assets	(43,750)	(140,181)
Right of use assets	650,243	(4,442,972)
<i>Increase (decrease) in</i>		
Accounts payable and accrued expenses	1,310,877	1,577,506
Deferred revenue and advanced payments received	931,516	(46,577)
Funds held for third party	163,000	(48,200)
Operating lease liability	(650,243)	4,442,972
Net cash provided by (used in) operating activities	<u>2,286,074,887</u>	<u>(2,095,778)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of furniture and equipment	-	(172,839)
Purchases of certificates of deposit	(208)	(208)
Purchases of Institutional Insured Liquid Deposits	(1,918,795)	(16,716,333)
Purchases of investments	(1,358,899)	(587,013)
Proceeds from sale of Institutional Insured Liquid Deposits	13,000,000	-
Proceeds from sale of investments	1,215,000	530,000
Purchases of CDFI and other investments	-	(5,100,000)
Distributions from CDFI and other investments	1,110,286	619,505
Loans receivable repayments	3,180,681	8,853,762
Loans receivable disbursed	(21,026,750)	(41,907,010)
Equity equivalent investments disbursed	-	(1,500,000)
Net cash used in investing activities	<u>(5,798,685)</u>	<u>(55,980,136)</u>

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

**OPPORTUNITY FINANCE NETWORK AND SUBSIDIARIES**Consolidated Statements of Cash Flows *(continued)*

Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from notes payable and other liabilities	\$ 17,500,000	\$ 35,300,000
Repayment of notes payable and other liabilities	(750,000)	(9,883,333)
Non-controlling interest capital contributions received	-	454,545
Non-controlling interest distributions paid	(891,174)	(869,427)
	<u>15,858,826</u>	<u>25,001,785</u>
Net cash provided by financing activities		
	<u>15,858,826</u>	<u>25,001,785</u>
Increase (decrease) in cash, cash equivalents, and restricted cash	2,296,135,028	(33,074,129)
<i>Cash, cash equivalents, and restricted cash</i>		
Beginning	<u>31,586,500</u>	<u>64,660,629</u>
Ending	<u>\$ 2,327,721,528</u>	<u>\$ 31,586,500</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
<i>Cash paid during the year for</i>		
Interest	<u>\$ 2,247,885</u>	<u>\$ 2,124,079</u>

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

## OPPORTUNITY FINANCE NETWORK AND SUBSIDIARIES

Consolidated Statements of Functional Expenses

For the Year Ended December 31, 2024

	<u>Financial Services</u>	<u>Program</u>	<u>Program Network Services</u>	<u>Voice</u>	<u>Program Sub-total</u>	<u>General and Administrative (Note 12)</u>	<u>Grand Total</u>
Salaries, payroll taxes, and fringe benefits	\$ 2,686,751	\$ 661,976	\$ 2,147,662	\$ 1,599,756	\$ 7,096,145	\$ 3,206,513	\$ 10,302,658
Contractor fees	187,083	1,946,307	615,821	46,425	2,795,636	795,177	3,590,813
Program support (Note 1)	797,805	97,481	5,383,388	845,565	7,124,239	1,598,057	8,722,296
Professional services	144,750	284,243	32,406	27,083	488,482	86,933	575,415
Occupancy	164,816	26,795	125,649	104,659	421,919	209,359	631,278
Interest	2,334,772	-	-	-	2,334,772	-	2,334,772
Provision for loan losses	643,042	-	-	-	643,042	-	643,042
Grants to CDFIs	14,800,000	-	-	-	14,800,000	15,000	14,815,000
<b>Total expenses</b>	<u>\$ 21,759,019</u>	<u>\$ 3,016,802</u>	<u>\$ 8,304,926</u>	<u>\$ 2,623,488</u>	<u>\$ 35,704,235</u>	<u>\$ 5,911,039</u>	<u>\$ 41,615,274</u>

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

## OPPORTUNITY FINANCE NETWORK AND SUBSIDIARIES

Consolidated Statements of Functional Expenses

For the Year Ended December 31, 2023

	Program			Program Sub-total	General and Administrative (Note 12)	Grand Total
	Financial Services	Network Services	Voice			
Salaries, payroll taxes, and fringe benefits	\$ 2,141,224	\$ 1,794,693	\$ 1,462,276	\$ 5,398,193	\$ 1,755,698	\$ 7,153,891
Contractor fees	587,776	404,893	42,972	1,035,641	-	1,035,641
Program support (Note 1)	592,427	3,453,468	438,831	4,484,726	442,274	4,927,000
Professional services	246,463	32,217	28,674	307,354	34,476	341,830
Occupancy	174,614	141,041	125,528	441,183	150,929	592,112
Interest	1,991,299	-	-	1,991,299	-	1,991,299
Provision for loan losses	(1,900,620)	-	-	(1,900,620)	-	(1,900,620)
Grants to CDFIs	15,075,000	150,000	-	15,225,000	-	15,225,000
<b>Total expenses</b>	<b>\$ 18,908,183</b>	<b>\$ 5,976,312</b>	<b>\$ 2,098,281</b>	<b>\$ 26,982,776</b>	<b>\$ 2,383,377</b>	<b>\$ 29,366,153</b>

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

## OPPORTUNITY FINANCE NETWORK AND SUBSIDIARIES

Notes to Consolidated Financial Statements

For the Years Ended December 31, 2024 and 2023

### NOTE 1 ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

#### Organization

Opportunity Finance Network (OFN) was initially formed on July 2, 1986, and re-incorporated on February 9, 2006, in order to change the state of incorporation to Pennsylvania from California. The predecessor corporation to OFN, Opportunity Finance Corporation (formerly National Community Capital Association), was incorporated on July 2, 1986, under the laws of the state of California. OFN incorporated a new organization on February 9, 2006, under the laws of the Commonwealth of Pennsylvania and is a publicly supported organization under Section 501(c)(3) of the Internal Revenue Code (IRC). Effective December 31, 2008, OFN merged with its predecessor organization, Opportunity Finance Corporation.

OFN is the leading national network of community development financial institutions (CDFIs). Through its network of more than 475 members, OFN invests in opportunities that benefit low-income, low-wealth people and communities in all 50 states. OFN's core purpose is to align capital with social, economic and political justice. OFN's mission is to lead CDFIs and their partners to ensure that low-income, low-wealth people and underserved communities have access to affordable, responsible financial products and services. OFN believes that justice for all begins with opportunity for all.

In late 2017, OFN announced its headquarters would be relocated to Washington, DC, from Philadelphia to strengthen its ability to expand partnerships and resources for the CDFI industry. This change was effective in January 2019. OFN continues to maintain a satellite office in Philadelphia, Pennsylvania.

In 2023, OFN was re-certified as a CDFI as part of a required recertification process instituted by the Community Development Financial Institutions Fund (CDFI Fund) of the U.S. Department of the Treasury.

OFN operates in three key program areas:

#### Money

*Expanding access to responsible, affordable capital:* OFN leverages capital to help member CDFIs provide opportunity in underserved markets.

#### Strength

*Building potential for impact:* OFN strengthens the CDFI industry by providing peer learning opportunities, research, innovative networking platforms (CDFI Connect® Community), and signature annual events for CDFI practitioners, partners and investors.

## OPPORTUNITY FINANCE NETWORK AND SUBSIDIARIES

Notes to Consolidated Financial Statements

For the Years Ended December 31, 2024 and 2023

### NOTE 1 ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Organization *(continued)*

##### Voice

*Amplifying the CDFI message and securing stakeholder support:* Across multiple platforms and audiences, OFN's strategic communications and policy advocacy drive the message that CDFI investments transform communities, change lives and increase resources to CDFIs.

OFN has two fund categories:

*General:* Represents resources to carry out the mission of the Organization other than the activities classified as Financing.

*Financing:* Represents resources available for the specific purpose of providing loans and investments to CDFIs.

Within OFN's Financing Fund, OFN started two programs in 2020: Grow with Google Small Business Fund and FJF.

**Grow with Google Small Business Fund:** In June 2020, OFN launched the Grow with Google Small Business Fund in partnership with Google Endeavor, LLC (Google). This program delivers responsible financing through CDFIs to help small businesses and nonprofits hit by the COVID-19 pandemic and other economic challenges. OFN closed a \$170 million lending facility with Google, which includes a \$33.75 million loan to OFN from Google, and a Delegated Servicing Agreement. For each CDFI loan closed, OFN makes a loan to the borrower from the Financing Fund (funded through the Google-OFN loan), amounting to 20% of the overall lending, and Google makes a loan for the other 80% to the borrower. The fund had \$168.75 million outstanding as of December 31, 2024 and 2023. OFN's portion reflected in the Financing Fund is \$33.75 million for both years. OFN also received \$10 million in grants from Google.org in 2020, of which \$8.5 million was used for pass-through grants to CDFIs in conjunction with OFN financing.

## OPPORTUNITY FINANCE NETWORK AND SUBSIDIARIES

Notes to Consolidated Financial Statements

For the Years Ended December 31, 2024 and 2023

### NOTE 1 ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Organization *(continued)*

**Finance Justice Fund (FJF):** The FJF, which launched in November 2020, is OFN's latest CDFI industry capital-building initiative to aggregate capital from corporate and philanthropic sources and aims to make loans and grants to CDFIs, which will serve the most underserved communities. In November 2020, OFN closed a \$100 million lending facility with Twitter, Inc. (Twitter), which included a \$20 million loan to OFN from Twitter, and a Loan Purchase and Delegated Servicing Agreement. Of the Twitter facility, \$20 million of loans are reflected in full in OFN's consolidated statements of financial position as of December 31, 2024 and 2023, because OFN retains all rights and obligations associated with these loans. At December 31, 2024, OFN had funded \$100 million of loans under the Loan Purchase and Delegated Servicing Agreement with Twitter, and transferred \$80 million (80% of each loan) to Twitter as of December 31, 2024, and held \$20 million (20% of each loan) on its consolidated statement of financial position. The loans transferred to Twitter are not reflected in the accompanying consolidated statements of financial position. OFN has no recourse for loans transferred to Twitter. OFN's continuing involvement with transferred loans includes certain asset management services, including monitoring and servicing loans on behalf of Twitter under the Loan Purchase and Delegated Servicing Agreement. OFN earned \$600,000 in asset management fees associated with the transferred loans in 2024 and \$600,000 in 2023. OFN closed other loans payable totaling \$10 million for the FJF in 2023 and there were no new loan closings in 2024. In 2024 and 2023, OFN disbursed \$14,950,000 and \$15,075,000, respectively, for pass-through grants in conjunction with the FJF's loans.

The Inflation Reduction Act of 2022 ("IRA"), Pub. L. No. 117-169, 136 Stat. 1818, amended the Clean Air Act to authorize EPA to make competitive grants under the Greenhouse Gas Reduction Fund ("GGRF"). The EPA administers the GGRF through three different programs: the Clean Communities Investment Accelerator ("CCIA"), the National Clean Investment Fund ("NCIF"), and Solar for All. CCIA grants are used by recipients to provide capital and technical assistance to smaller community lenders working in low-income and disadvantaged communities across the United States, which, in turn, provide financing to support investments in qualifying projects undertaken by their respective lenders.

## OPPORTUNITY FINANCE NETWORK AND SUBSIDIARIES

Notes to Consolidated Financial Statements

For the Years Ended December 31, 2024 and 2023

### NOTE 1 ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Organization *(continued)*

On October 10, 2023, OFN applied for nationally-competitive CCIA grant funding from the EPA. OFN was informed that it was selected as the highest-scored CCIA grantee on March 31, 2024 after going through a rigorous review process which included an evaluation of each applicant's program plan, organizational capacity, experience managing third-party capital, and experience managing financial, credit, compliance, and other risks. Its award was memorialized in an Assistance Agreement on August 8, 2024, which was amended on December 20, 2024. The CCIA grant requires OFN's grant funds to be held at Citibank, under a Financial Agent Agreement ("FAA") between Citibank and the U.S. Treasury Department ("Treasury"), and an Account Control Agreement ("ACA") between Citibank, OFN, and the EPA. The funds held at Citibank are reported as restricted cash (CCIA) in the accompanying consolidated statement of financial position as of December 31, 2024. See Note 20 for discussion of subsequent events impacting the CCIA program.

OFN is the sole member of NCCA General Partner, LLC.

In 2004, OFN formed a wholly controlled organization, NCCA General Partner, LLC, to initially operate as the general partner of CDFI Tax Credit Fund I, LP. CDFI Tax Credit Fund I, LP was formed to manage an initial allocation of New Markets Tax Credits (NMTC) from the U.S. Department of Treasury. Its primary purpose is serving or providing investment capital for "low-income communities" or "low-income persons," consistent with the NMTC program requirements, and was dissolved in 2019 as the transaction under this allocation was fully repaid in 2018. In 2013, OFN formed an additional five entities to receive and manage new allocations under the NMTC program of the U.S. Department of Treasury: Opportunity Fund I, LP, Opportunity Fund II, LP, Opportunity Fund III, LP, Opportunity Fund IV, LP, and Opportunity Fund V, LP. NCCA General Partner, LLC serves as the general partner for these five new entities. In December 2013, OFN applied for and received community development entity (CDE) certification for all five newly formed entities from the CDFI Fund of the U.S. Department of the Treasury. Certification as a CDE means that an organization meets the CDE eligibility requirements set forth in the statute governing the NMTC program and the CDFI Fund's CDE Certification Guidance document (Federal Register Vol. 66, No. 245).

## OPPORTUNITY FINANCE NETWORK AND SUBSIDIARIES

Notes to Consolidated Financial Statements

For the Years Ended December 31, 2024 and 2023

### NOTE 1 ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Organization *(continued)*

These requirements state that a CDE must be a legal entity; must demonstrate a primary mission of serving, or providing investment capital for, low-income communities or low-income persons; and must maintain accountability to low-income communities through representation on the governing Board or advisory Board(s) of the CDE. The CDFI Fund approved a national service area for each of these new CDEs. Transactions in Opportunity Fund III, LP were repaid during 2023, and the fund was inactive as of December 31, 2023 (see Note 14). Transactions in Opportunity Fund I, LP and Opportunity Fund II, LP were repaid during 2021, and these funds were inactive as of December 31, 2021. The remaining two entities were not yet capitalized and are not yet active.

In November 2016, OFN formed CDFI Community Investment Fund I, LLC (CCIF), a Delaware limited liability company, where OFN is the managing member and Woodforest National Bank (Woodforest), which is headquartered in Woodlands, Texas, is the limited member. CCIF was formed to make equity equivalent investments (EQ2) to CDFI and similar development organizations that serve low- and moderate-income populations in the United States and meet the certification requirements established by the CDFI Fund. The initial fund capitalization was \$5,500,000; \$5,000,000 from Woodforest and \$500,000 from OFN. There is an option for additional follow-on investments, up to a fund size of \$22,000,000. As the managing member of the fund, OFN is responsible for underwriting, asset management, and servicing of the investments. As of December 31, 2024, Woodforest made capital contributions of \$10,000,000 in CCIF, American Express National Bank made capital contributions of \$3,000,000 and OFN made capital contributions of \$1,300,000 in CCIF, and CCIF, in turn, made \$14,300,000 in EQ2 to CDFIs.

In October 2018, OFN formed Good to Grow CDFI Investment Fund, LLC (G2G), a Delaware limited liability company, where OFN is the managing member and HSBC Bank USA, N.A. (HSBC) is the limited member. G2G was formed to make EQ2 to CDFIs and similar development organizations that serve low- and moderate-income populations in the United States. The initial fund capitalization was \$25,000,000; \$23,750,000 from HSBC and \$1,250,000 from OFN. As the managing member of the fund, OFN is responsible for underwriting, asset management, and servicing of the investments. As of December 31, 2023, HSBC made capital contributions of \$23,750,000 in G2G and OFN made capital contributions of \$1,250,000 in G2G, and G2G, in turn, made \$25,000,000 in EQ2 to CDFIs. One EQ2 for \$1,000,000 was repaid in December 2020, resulting in \$24,000,000 of EQ2 outstanding at December 31, 2023. In June 2023, the \$1,000,000 repaid in December 2020 was redistributed in EQ2 to a CDFI. As of December 31, 2024, \$25,000,000 of EQ2 were outstanding.

## OPPORTUNITY FINANCE NETWORK AND SUBSIDIARIES

Notes to Consolidated Financial Statements

For the Years Ended December 31, 2024 and 2023

### NOTE 1 ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Consolidation

The consolidated financial statements (collectively, the financial statements) include the accounts of OFN, NCCA General Partner, LLC, CCIF, and G2G (collectively, the Organization). All significant inter-company accounts and transactions have been eliminated in consolidation.

#### Use of Estimates

The consolidated financial statements of the Organization are prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP), and require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of support and expenses during the reported periods. Actual results could differ from those estimates.

#### Cash, Cash Equivalents, and Restricted Cash

The Organization considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

OFN held \$1,367,500 of restricted cash as of December 31, 2024, related to its partnerships with Google and Twitter under the Delegated Services Agreements. This is cash held for Google and Twitter for interest payments from CDFIs on Google and Twitter's portion of loans. OFN holds a corresponding liability account (Funds Held for Third Party) related to this cash.

OFN held \$2,294,768,710 of restricted cash under the Clean Communities Investment Accelerator (CCIA) program as of December 31, 2024. These funds were received from the Environmental Protection Agency for the Greenhouse Gas Reduction Fund (GGRF). The GGRF program is a \$27 billion investment as part of the Inflation Reduction Act to combat the climate crisis. See Note 20 for discussion of subsequent events impacting the CCIA program.

#### Concentration of Credit Risk

The Organization maintains cash in various financial institutions. The balance at each institution is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The cash balances, including restricted cash, in excess of FDIC limits approximated \$2.3 billion as of December 31, 2024.

At December 31, 2024, most of OFN's loans receivable were due from various CDFIs. As such, the ability of the Organization's borrowers to honor their contracts is dependent upon the viability of the individual CDFIs and the CDFI industry.

## OPPORTUNITY FINANCE NETWORK AND SUBSIDIARIES

Notes to Consolidated Financial Statements

For the Years Ended December 31, 2024 and 2023

### NOTE 1 ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Certificates of Deposit

These are deposits held with insured financial institutions and carried at cost.

#### Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated statements of financial position. Interest and dividend income is recognized when earned. Any unrealized gains or losses are reported in the consolidated statements of activities as a change in net assets without donor restrictions, unless explicit donor intent or law restricts their use. Specifically identified cost is used for investments sold.

Investments are recorded at fair value and are classified as Level 1, 2, or 3 (see Note 4).

The Organization determines the fair value of each investment at the consolidated statement of financial position date. Fair value refers to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the market in which the reporting entity transacts. Fair value measurements are separately disclosed by level within the fair value hierarchy. Fair value is best determined based upon quoted market prices. In many instances, however, there are no quoted market prices for the Organization's various financial instruments. In cases where quoted market prices are not available, fair values are estimated using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument.

Recent fair value guidance provides a consistent definition of fair value, focused on exit price in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. Any significant decrease in the volume and level of activity for the asset or liability may require a change in valuation technique or the use of multiple valuation techniques. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires the use of significant judgment.

The fair value is a reasonable point within the range that is most representative of fair value under current market conditions. In accordance with this guidance, the Organization groups its assets and liabilities carried at fair value in three levels as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities.

## OPPORTUNITY FINANCE NETWORK AND SUBSIDIARIES

Notes to Consolidated Financial Statements

For the Years Ended December 31, 2024 and 2023

### NOTE 1 ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Investments *(continued)*

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

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

#### Loans Receivable

##### *Loans*

Loans receivable are stated at the principal amount outstanding, net of amortized deferred loan fees and allowance for losses. Interest income on loans is accrued on the principal outstanding at the loans' stated interest rate. Direct origination costs, if significant, would be deferred and amortized using the effective interest method over the respective lives of the related loans and recorded as an adjustment to loan fee revenue. At December 31, 2024 and 2023, direct origination costs were not deemed significant.

##### *Non-Accrual Loans*

The accrual of interest on outstanding loans is discontinued at the time the loan is 90 days delinquent unless the credit is well secured and in the process of collection. All interest accrued but not collected would be reversed against interest income. In all cases, loans are placed on non-accrual or charged-off at an earlier date if collection of principal or interest is considered doubtful. At December 31, 2024 and 2023, no loans were on non-accrual.

##### *Allowance for Loan Losses*

Financial assets measured at amortized cost (including loans, trade receivables and held- to-maturity debt securities) to be presented at the net amount expected to be collected, through an allowance for credit losses that are expected to occur over the remaining life of the asset, rather than incurred losses.

## OPPORTUNITY FINANCE NETWORK AND SUBSIDIARIES

Notes to Consolidated Financial Statements

For the Years Ended December 31, 2024 and 2023

### NOTE 1 ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Loans Receivable *(continued)*

##### *Allowance for Loan Losses (continued)*

The allowance for loan losses is established through a provision for loan losses charged to expense. In addition, loans deemed to be uncollectible are charged against the allowance. Subsequent recoveries, if any, are credited to the allowance. The allowance is based upon management's periodic review of the expected collectability of loans and is maintained at a level management believes is adequate to absorb estimated potential losses after considering changes in internal and external factors, past loss experience, the nature and volume of the portfolio, and current economic conditions. The allowance, however, is an estimate that could change if there are significant changes in the portfolio and/or economic conditions.

The allowance consists of specific and general components. The specific component relates to loans that would be classified impaired. For such loans, an allowance would be established when the discounted cash flows (or collateral value, less costs of disposal for collateral dependent loans, or observable market price) of the impaired loan is lower than the carrying value of that loan. The general component covers loans not deemed impaired and would be based on historical loss experience adjusted for qualitative factors. These would include internal factors, such as trends in policies, underwriting standards, charge-offs, non-accruals and credit management processes, operating performance and management, as well as external factors, such as national and local economic conditions and industry trends. In the absence of historical losses, management determines the allowance based upon the Organization's risk rating system that considers, among other factors, borrower financial condition and other risks impacting the loan portfolio. As of December 31, 2024 and 2023, no loans in the portfolio were deemed impaired.

A loan would be considered impaired when, based on current information and events, it is probable that the Organization would be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed. Impairment is generally measured on a case-by-case basis using the fair value of the collateral, less estimated costs to sell. If the loan is collateral dependent, the present value of expected future cash flows is discounted at the loan's effective interest rate or the loan's observable market price.

## OPPORTUNITY FINANCE NETWORK AND SUBSIDIARIES

Notes to Consolidated Financial Statements

For the Years Ended December 31, 2024 and 2023

### NOTE 1 ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Loans Receivable *(continued)*

##### *Allowance for Loan Losses (continued)*

Impaired loans also include troubled debt restructurings (TDRs), if any, where management has modified loan terms and made concessions to borrowers in financial difficulty. Consequently, the allowance for loan losses related to TDRs that are performing under the modified terms is based on discounted cash flows using the loan's initial effective interest rate or the fair value of the collateral for certain collateral-dependent loans.

##### *Below-Market Interest Rate Loans*

U.S. GAAP requires that when a nonprofit organization receives or makes loans of cash that carry interest rates below the prevailing market rate, the imputed interest be recorded as contributions received or paid, respectively. OFN both receives and makes loans with stated rates of interest that vary from the prevailing market rates for commercial loans. However, OFN considers its market to be the CDFI industry as opposed to the financial institutions industry in general. Consequently, OFN believes there is no material difference between community development finance market rates and the stated rates of loans in its portfolio. OFN accounts for these loans at the stated rates.

#### Furniture and Equipment

Furniture and equipment are stated at cost. Depreciation is provided on the straight-line basis over the estimated useful lives of three to five years for equipment, seven years for furniture, and five years for software.

#### Deferred Revenue

Deferred revenue consists of amounts received in advance for fees for contracted services. Amounts will be recognized when such services are provided.

#### Contributions and Grants

The Organization accounts for contributions received as net assets without donor restrictions or net assets with donor restrictions depending on the existence or nature of any donor restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions depending on the nature of the restriction.

When the donor restrictions expire (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 consolidated statements of activities as net assets released from restrictions.

## OPPORTUNITY FINANCE NETWORK AND SUBSIDIARIES

Notes to Consolidated Financial Statements

For the Years Ended December 31, 2024 and 2023

### NOTE 1 ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Contributions and Grants *(continued)*

Contributions receivable, which represent unconditional promises to give, are recognized as revenue in the period awarded and as assets, decreases of liabilities, or decreases of expenses depending on the form of the benefits received. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected over periods in excess of one year are recorded at the net present value of the estimated cash flows beyond one year using a risk-adjusted rate of return appropriate for the expected term of the promise to give.

Conditional promises to give, which depend on the occurrence of a specified future and uncertain event to bind the promiser, are recorded when the conditions on which they depend are substantially met.

#### Net Assets

Net assets are classified as net assets without donor restrictions or net assets with donor restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Net assets with donor restrictions are contributions with temporary, donor-imposed time or purpose restrictions. Net assets with donor restrictions become net assets without donor restrictions when the time restrictions expire or the contributions are used for their restricted purpose, at which time they are reported in the consolidated statements of activities as net assets released from restrictions.

#### Non-Controlling Interest in Consolidated Subsidiaries

The non-controlling interest represents the equity interest in CCIF and G2G, exclusive of OFN's interest. OFN consolidates CCIF's and G2G's financial statements as OFN is the managing member and presumed to control the entities as the non-managing member does not have substantive kick-out rights or substantive participating rights.

#### Other Revenue

Dues are billed on a calendar year basis for the current year. Fee revenue for contracted services is recognized as services are provided. Fee revenue for conferences and events is recognized when the event is held (see Note 18).

#### Sponsorships

Sponsorships are considered exchange transactions and recognized as revenue when the related event occurs (see Note 18).

## **OPPORTUNITY FINANCE NETWORK AND SUBSIDIARIES**

Notes to Consolidated Financial Statements

For the Years Ended December 31, 2024 and 2023

### **NOTE 1 ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

#### Grants to Others

Unconditional grants to be awarded to others are recorded as an expense and a liability when approved by the Organization and communicated (promised) to the grantee.

#### Donated Goods and Services

OFN recognizes donated services that either create or enhance nonfinancial assets or require specialized skills provided by individuals possessing those skills, which would typically need to be purchased if not provided by donation. OFN recognized donated legal services in the amounts of \$15,400 and \$26,000 in 2024 and 2023, respectively. These amounts are included in donations and in-kind services in the consolidated statements of activities.

#### Operating, Capital, and Pass-Through Grants

Operating revenue and support include revenue from operating lines of business and grants for operating expenses. Operating expenses include all expenses of OFN, with the exception of pass-through grants to CDFIs.

Capital grants and support are restricted by the donor or designated by the Board for lending capital, which will be used to finance CDFIs or otherwise support the Organization's lending activity.

Re-granting or pass-through grants (revenue and expenses) are defined as grants and donations that the Organization receives from donors that are restricted to re-granting to CDFIs. In 2024 and 2023, pass-through grant revenue and the corresponding pass-through grant expenses relate to CDFI financing and capacity building programs.

#### Program Support Expenses

The expense line item for program support includes all third-party expenses, except contractor fees, professional services, and occupancy. These include event-related costs; travel and meals; staff development; vendors; memberships; public relations; technology; publications; Board-related expenses; recruiting expenses; and office expenses.

## OPPORTUNITY FINANCE NETWORK AND SUBSIDIARIES

Notes to Consolidated Financial Statements

For the Years Ended December 31, 2024 and 2023

### NOTE 1 ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Functional Allocation of Expenses

The costs of delivering our programs and supporting activities are presented on a functional basis in the consolidated statements of functional expenses. Where possible, expenses are directly attributed to specific programs or support services. Costs that cannot be directly assigned are allocated based on actual salaries charged to each cost center. Salaries are allocated according to the actual time and effort reported. Related expenses—including payroll taxes, fringe benefits, occupancy, and certain shared program support costs (such as Board expenses, recruitment, and office operations)—are allocated in proportion to the salary distribution across cost centers.

#### Income Taxes

OFN is generally exempt from federal income taxes under the provisions of Section 501(c)(3) of the IRC. In addition, OFN qualifies for charitable contribution deductions and has been classified as an organization that is not a private foundation. Income that is not related to exempt purposes, less applicable deductions, is subject to federal and state corporate income taxes. The Organization had no significant net unrelated business income for the years ended December 31, 2024 and 2023. NCCA General Partner, LLC is a wholly owned limited liability company of OFN and is a disregarded entity for income tax purposes.

Management evaluated the Organization's tax positions and concluded that the Organization had taken no uncertain tax positions that require adjustment in the consolidated financial statements. Consequently, no accrual for interest and penalties was deemed necessary for the years ended December 31, 2024 and 2023. The Organization files tax returns in the U.S. federal and state jurisdictions. Generally, the Organization is no longer subject to tax examination by the U.S. federal or state tax authorities for years before 2021.

CCIF and G2G, consolidated subsidiaries of OFN, are Delaware limited liability companies. CCIF and G2G have elected to be treated as pass-through entities for income tax purposes and, as such, are not subject to income taxes. Rather, all items of taxable income, deductions, gains, and losses are passed through to and are reported by its members on their respective income tax returns. CCIF and G2G are not required to take any tax positions in order to qualify as pass-through entities. CCIF and G2G are required to file and do file tax returns with the U.S. federal and state jurisdictions.

## OPPORTUNITY FINANCE NETWORK AND SUBSIDIARIES

Notes to Consolidated Financial Statements

For the Years Ended December 31, 2024 and 2023

### NOTE 2 INVESTMENTS AND CDFI AND OTHER INVESTMENTS

Investments consisted of the following at December 31:

	<u>2024</u>	<u>2023</u>
U.S. Treasury securities	\$ 2,057,388	\$ 1,702,562
U.S. Government agency securities	281,882	546,955
Institutional insured liquid deposits	30,962,753	42,043,958
Corporate bonds	1,562,000	1,485,124
Other marketable securities	263,091	253,827
	<u>\$ 35,127,114</u>	<u>\$ 46,032,426</u>
Short-term investments	\$ 31,914,426	\$ 42,793,415
Long-term investments	3,212,688	3,239,011
	<u>\$ 35,127,114</u>	<u>\$ 46,032,426</u>

CDFI and other investments consisted of the following at December 31:

	<u>2024</u>	<u>2023</u>
Common stock – Southern Bancorp, Inc.	\$ 999,996	\$ 999,996
Domestic Small Capital Pay for Success Fund I, LP	38,527	76,495
Lafayette Square USA, Inc.	12,579,769	12,605,338
Economic Justice Partnership	20	20
	<u>\$ 13,618,312</u>	<u>\$ 13,681,849</u>

On December 10, 2018, OFN purchased 101,729 shares of Southern Bancorp, Inc. for \$999,996. The investment does not have a readily determinable fair value and is accounted for at cost with adjustments to fair value when there are observable price changes in orderly transactions or indicators of impairment. Management evaluates periodically for impairment. No indicators of impairment or observable price changes were noted as of December 31, 2024 or 2023.

On January 28, 2019, OFN purchased 375 Class A units and 125 Class B units of the Domestic Small Cap Pay For Success Fund I, LP., becoming a limited partner in the fund. The fund invests in social welfare transactions that will be repaid through a performance-based contract between the borrower and a government authority, insurer, hospital or hospital system, or similar institution. OFN will make payments toward its \$500,000 capital commitment as requested by the fund. No indicators of impairment or observable price changes were noted as of December 31, 2024 or 2023.

## OPPORTUNITY FINANCE NETWORK AND SUBSIDIARIES

Notes to Consolidated Financial Statements

For the Years Ended December 31, 2024 and 2023

### NOTE 2 INVESTMENTS AND CDFI AND OTHER INVESTMENTS *(continued)*

On October 14, 2022, OFN received a donation of 170,993.511 of restricted Common Stock of Lafayette Square USA, Incorporated, a business development corporation. At that time, OFN also received \$12,466,250 in cash to be drawn down by Lafayette Square USA. An additional 344,827.587 shares were purchased in 2023. In 2023, the shares had an unrealized gain of \$96,417. No additional shares were purchased in 2024. In 2024, the shares had an unrealized loss of \$25,569. The investment is valued at fair value based on net asset value (NAV) per share information received from the investee.

Investment income, net consists of the following at December 31:

	<u>2024</u>	<u>2023</u>
Interest income	\$ 3,525,350	\$ 4,076,291
Fees	(4,894)	(9,213)
Realized gains/(losses)	1,078,235	(893,984)
Unrealized gains	20,801	142,397
	<u>\$ 4,619,492</u>	<u>\$ 3,315,491</u>

### NOTE 3 LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

OFN has investment and cash management policies that guide its management of short- and long-term cash and investments. These policies relate to managing both operating and capital liquidity.

OFN has a policy to maintain operating reserves in highly liquid investments or accounts at a level equal to a minimum of three months of operating expenses (excluding loan-loss reserves). In addition, OFN has a policy to maintain liquidity reserves and/or have in place a line of credit equal to either 7.5% of total loans payable (including EQ2) or the total of the six months of notes payable (including EQ2) due to investors and outstanding commitments to borrowers and investees or the total amount required by an investor covenant, whichever is greatest.

In practice, OFN maintains an Operating Fund for its operating activity and a Financing Fund for its lending and investment activity. As of December 31, 2024 and 2023, OFN had \$2,335,887,417 and \$50,592,321, respectively, of cash and short-term investments in its Operating Fund. Of these amounts, \$20,145,913 and \$23,697,210 are without donor restrictions and \$2,315,741,504 and \$26,895,111 are not available due to donor restrictions to cover certain operating expenses, pass-through grant expenses, and other activities at December 31, 2024 and 2023, respectively. See Note 20 for subsequent events information impacting restricted cash for the CCIA program.

## OPPORTUNITY FINANCE NETWORK AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

For the Years Ended December 31, 2024 and 2023

#### NOTE 3 LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES *(continued)*

In its Financing Fund, OFN holds \$26,841,005 and \$26,924,431 in cash and marketable securities as of December 31, 2024 and 2023, respectively. All of this cash and investments is without donor restrictions, and can be used to make loans and for investor repayments. Of its cash and investments in the Financing Fund and Operating Fund, OFN has \$35,127,114 and \$46,032,426, which are invested in short- and long-term investments at December 31, 2024 and 2023, respectively.

To help manage its liquidity needs, OFN has a line of credit from Deutsche Bank for \$10 million. Of this line of credit, \$10 million was undrawn as of December 31, 2024, and is available to meet OFN's operating and capital liquidity needs. Financial assets available to meet cash needs for general expenditure within one year of the consolidated statement of financial position date are as follows:

	<u>2024</u>	<u>2023</u>
Total assets, at December 31, 2024	\$ 2,661,417,073	\$ 350,635,869
Less: Financing Fund assets, net of elimination	(260,062,421)	(242,474,488)
Less: Good to Grow CDFI Investment Fund, LLC assets	(25,201,336)	(25,203,657)
Less: CDFI Community Investment Fund I, LLC assets	<u>(14,430,227)</u>	<u>(14,426,527)</u>
Total assets in general fund	2,361,723,089	68,531,197
Less: Other assets	(424,453)	(380,703)
Less: Right-of-use assets	(2,601,710)	(3,110,374)
Less: Fixed assets	<u>(584,425)</u>	<u>(742,260)</u>
Financial assets in general fund	2,358,112,501	64,297,860
Less: Restricted cash	(1,367,500)	(1,204,500)
Less: Investments not available for operations	(12,579,769)	(12,605,338)
Less: Assets not available due to donor restrictions	<u>(2,315,124,004)</u>	<u>(25,690,611)</u>
<b>Financial assets available to meet cash needs for general expenditures within 1 year</b>	<u>\$ 29,041,228</u>	<u>\$ 24,797,411</u>

## OPPORTUNITY FINANCE NETWORK AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

For the Years Ended December 31, 2024 and 2023

#### NOTE 4 FAIR VALUE MEASUREMENTS

##### Fair Value on a Recurring Basis

The following presents the assets reported on the consolidated statements of financial position at their fair value as of December 31, by level within the fair value hierarchy:

	<b>2024</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<i>Investments</i>				
U.S. Treasury securities	\$ 2,057,388	\$ 2,057,388	\$ -	\$ -
U.S. Government agency securities	281,882	-	281,882	-
Institutional insured liquid deposits	30,962,753	30,962,753	-	-
Corporate bonds	1,562,000	-	1,562,000	-
Other marketable securities	263,091	-	263,091	-
	<u>35,127,114</u>	<u>33,020,141</u>	<u>2,106,973</u>	<u>-</u>
<i>Investments valued using net asset value per share</i>				
CDFI and other investments	12,579,769	-	-	-
	<u>12,579,769</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total investments valued at fair value on a recurring basis</b>	<b><u>\$ 47,706,883</u></b>	<b><u>\$ 33,020,141</u></b>	<b><u>\$ 2,106,973</u></b>	<b><u>\$ -</u></b>
	<b>2023</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<i>Investments</i>				
U.S. Treasury securities	\$ 1,702,562	1,702,562	-	\$ -
U.S. Government agency securities	546,955	-	546,955	-
Institutional insured liquid deposits	42,043,958	42,043,958	-	-
Corporate bonds	1,485,124	-	1,485,124	-
Other marketable securities	253,827	-	253,827	-
	<u>46,032,426</u>	<u>43,746,520</u>	<u>2,285,906</u>	<u>-</u>
<i>Investments valued using net asset value per share</i>				
CDFI and other investments	12,605,338	-	-	-
	<u>12,605,338</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total investments valued at fair value on a recurring basis</b>	<b><u>\$ 58,637,764</u></b>	<b><u>\$ 43,746,520</u></b>	<b><u>\$ 2,285,906</u></b>	<b><u>\$ -</u></b>

##### Investments

The fair value of these securities is the market value provided by recognized broker-dealers based upon quoted prices for identical securities (Level 1) or for similar securities (Level 2). Investments valued at fair value on a recurring basis using NAV per share information reported to OFN are also reported in the table above.

There were no assets or liabilities that were measured at fair value on a non-recurring basis as of December 31, 2024 or 2023.

## OPPORTUNITY FINANCE NETWORK AND SUBSIDIARIES

Notes to Consolidated Financial Statements

For the Years Ended December 31, 2024 and 2023

### NOTE 5 LOANS RECEIVABLE

Loans receivable at December 31 are as follows:

	<u>2024</u>	<u>2023</u>
Loans to CDFIs	\$ 236,840,309	\$ 218,994,240
Less: Allowance for loan losses	5,139,145	4,496,103
	<u>\$ 231,701,164</u>	<u>\$ 214,498,137</u>

Loans to CDFIs are primarily unsecured loans for which interest on loans is calculated using the simple interest method on principal amounts outstanding. In most cases, quarterly payments of interest only, with rates ranging from 2.0% to 5.0%, are due during the term of the loans with lump-sum repayments of principal due upon maturity. Maturities vary through 2034.

Other loans consist of loan participations purchased from member CDFIs. These are amortizing loans secured by the land, real estate, infrastructure and/or improvements. There are no remaining participation loans at December 31, 2023 and 2024.

The weighted-average interest rate on all loans receivables was 2.9% for both the years ended December 2024 and 2023.

### NOTE 6 CREDIT QUALITY

#### Loan Origination/Risk Management

OFN has lending policies and procedures in place that are designed to provide financing capital to support CDFIs within an acceptable level of risk. Management reviews and updates these policies and procedures on a regular basis. The Board of Directors approves any changes to policies. A reporting system supplements the review process by providing management with monthly, quarterly, and annual reports related to loan quality, concentrations of credit, loan delinquencies, and non-performing and potential problem loans. Diversification in the loan portfolio by borrower, purpose, geography, and loan type is a means of managing risk associated with fluctuations in economic conditions.

OFN finances loans to, and in participation with, member CDFIs. For loans to CDFIs, the OFN conducts an analysis of the CDFI's capital structure, asset quality, earnings, operating cash flows, management, liquidity, and impact, as well as the structure of the loan. For participation loans, OFN conducts an analysis of both the member CDFI as well as evaluates the end project's mission, financial status and projections, cash flows, loan structure, and collateral coverage.

## OPPORTUNITY FINANCE NETWORK AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

For the Years Ended December 31, 2024 and 2023

#### NOTE 6 CREDIT QUALITY (continued)

##### Age Analysis of Past Due Loans

The following tables represent an aging of loans by category as of December 31, 2024 and 2023. All of the loans were current as to principal and/or interest payments contractually due:

		2024						
		30-59 Days Past Due	60-89 Days Past Due	90+ Days and Still Accruing	Total Past Due	Current	Total Loans	Non Accrual
CDFI loans	\$	-	-	-	-	\$ 236,840,309	\$ 236,840,309	\$ -
	\$	-	-	-	-	\$ 236,840,309	\$ 236,840,309	\$ -

  

		2023						
		30-59 Days Past Due	60-89 Days Past Due	90+ Days and Still Accruing	Total Past Due	Current	Total Loans	Non Accrual
CDFI loans	\$	-	-	-	-	\$ 218,994,240	\$ 218,994,240	\$ -
	\$	-	-	-	-	\$ 218,994,240	\$ 218,994,240	\$ -

##### Credit Quality Indicators

OFN assigns internal credit classifications at the inception of each loan. These ratings are reviewed by OFN management on a quarterly or annual basis as well as periodic internal reviews when loans are renewed or if the borrower experiences delinquencies in contractual expectations that would cause a downgrade in the quality of the loan. The following definitions summarize the basis for each classification.

##### Outstanding

Credit classification reflects little to no credit risk. This assessment is supported by the borrower's superior asset quality, capitalization, liquidity, and earnings capacity.

##### Strong

Credit classification reflects minimal credit risk. Borrowers in this category show overall solid asset quality with stable or improving delinquencies, substantial net assets, low leverage, surpluses from operations, and stable liquidity.

##### Acceptable +

Credit classification reflects a better-than-average financial strength. The borrower's financial position is sound with consistent performance, although minor vulnerabilities may exist. Overall repayment capacity is strong, with a low to moderate risk of default.

## OPPORTUNITY FINANCE NETWORK AND SUBSIDIARIES

Notes to Consolidated Financial Statements

For the Years Ended December 31, 2024 and 2023

### NOTE 6 CREDIT QUALITY *(continued)*

#### Acceptable

Credit classification reflects a borrower with a satisfactory financial position. While the borrower's financials are generally stable, they may show moderate fluctuations. Repayment capacity is reliable under normal business conditions, but there is a moderate risk of default under adverse circumstances.

#### Acceptable -

Credit classification reflects a below-average but still acceptable financial position. The borrower may show some weaknesses or signs of potential stress. Repayment capacity is adequate but could weaken under adverse conditions, indicating a moderate to high risk of default if difficulties arise.

#### Acceptable with Care

Credit classification reflects borrowers with potential weaknesses that require more frequent staff attention. Watch credits are considered acceptable quality, but may have some, but not all of the characteristics of a substandard credit.

#### Substandard

Credit classification reflects borrowers with identifiable risks that require OFN management's close attention. Deterioration in asset quality, capitalization, earnings, or incidence of operating deficits reflects potential weakness. If left uncorrected, performance may result in deterioration of the repayment prospects at some future date. The potential for credit loss will need to be assessed on a case-by-case basis.

#### Doubtful

Credit classification reflects inherent weaknesses of a substandard credit, plus added characteristics that make collection on the basis of currently existing facts and conditions that are highly questionable. The possibility of loss exists if identified deficiencies are not corrected.

However, important and reasonably specific pending factors may work to the advantage and strengthening of the credit. Potential for credit loss will need to be assessed on a case-by-case basis.

## OPPORTUNITY FINANCE NETWORK AND SUBSIDIARIES

Notes to Consolidated Financial Statements

For the Years Ended December 31, 2024 and 2023

### NOTE 6 CREDIT QUALITY (continued)

#### Doubtful (continued)

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

	<u>2024</u>	<u>2023</u>
	<u>CDFI Loans</u>	<u>CDFI Loans</u>
Outstanding	\$ -	\$ -
Strong	88,089,245	86,738,972
Acceptable +	56,838,637	51,156,818
Acceptable	71,892,427	67,278,450
Acceptable -	14,570,000	11,770,000
Acceptable with care	5,450,000	2,050,000
Substandard	-	-
Doubtful	-	-
	<u>\$ 236,840,309</u>	<u>\$ 218,994,240</u>

#### Allowance for Loan Losses

The following tables summarize the allowance for credit losses as of and for the years ended December 31, 2024 and 2023, by loan category and the amount by category of the loans evaluated individually or collectively for impairment. For the year ended December 31, 2023, the provision for loan losses includes the one-time adjustment related to the implementation of ASU 2016-13, *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The ASU requires financial assets measured at amortized cost (including loans, trade receivables, and held-to-maturity debt securities) to be presented at the net amount expected to be collected, through an allowance for credit losses that are expected to occur over the remaining life of the asset, rather than incurred losses.

	<u>2024</u>	<u>2023</u>
	<u>CDFI Loans</u>	<u>CDFI Loans</u>
<i>Allowance for loan losses</i>		
Beginning balance	\$ 4,496,103	\$ 7,896,860
Charge-offs	-	(1,500,000)
Provision for loan losses	643,042	(1,900,757)
<b>Ending balance</b>	<u>\$ 5,139,145</u>	<u>\$ 4,496,103</u>

## OPPORTUNITY FINANCE NETWORK AND SUBSIDIARIES

Notes to Consolidated Financial Statements

For the Years Ended December 31, 2024 and 2023

### NOTE 6 CREDIT QUALITY (continued)

#### Allowance for Loan Losses (continued)

The following table is a summary of the current and noncurrent portions of the allowance for loan losses at December 31:

	<u>2024</u>	<u>2023</u>
Current	\$ 641,722	\$ 358,148
Noncurrent	<u>4,497,423</u>	<u>4,137,955</u>
	<u>\$ 5,139,145</u>	<u>\$ 4,496,103</u>

The allowance for loan losses as a percentage of loans outstanding was 2.2%, and 2.1% of OFN's loan portfolio at December 31, 2024 and 2023, respectively.

The allowance for loan losses is based on management's estimates of the creditworthiness of its borrowers, current economic conditions, and historical information. Ultimate losses, however, may vary materially from current estimates. Management reviews these estimates on an ongoing basis and, as changes become necessary, adjusts the provision accordingly. The Finance Committee and the Board of Directors review the portfolio and loan-loss reserves at least annually.

Impaired loans include loans modified in TDRs where concessions have been granted to borrowers experiencing financial difficulties. These concessions could include a reduction of interest rate on the loan, payment extensions, forbearance, or other actions intended to maximize collection. At December 31, 2024, and 2023, OFN has no loans that were classified as impaired and no loans classified as TDRs.

#### Loans to Related Interests

OFN extends loans to CDFIs in accordance with its financing and portfolio management policies. Consistent with these policies, OFN may extend loans to organizations whose representatives are elected to OFN's Board of Directors by OFN's members; however, no Board member sits on the Investment Committee that approves all loans. At December 31, 2024 and 2023, loans in the amounts of approximately \$9.7 million and \$18.1 million, respectively, were receivable from CDFIs whose representatives are members of OFN's Board of Directors at December 31, 2024 and 2023.

## OPPORTUNITY FINANCE NETWORK AND SUBSIDIARIES

Notes to Consolidated Financial Statements

For the Years Ended December 31, 2024 and 2023

### NOTE 7 EQUITY EQUIVALENT INVESTMENTS

As of December 31, 2024 and 2023, CCIF had \$14.3 million in EQ2 investments outstanding to 27 CDFIs. The EQ2 are unsecured and due between 2025 and 2033, with extension options to extend the maturity date. All EQ2 carry an interest rate of 3.0% and interest is paid quarterly. As of December 31, 2024, all EQ2 were current on payments. The EQ2 were underwritten based on credit quality and considerations related to geography.

As of December 31, 2024 and 2023, G2G had \$25.0 million outstanding to 21 CDFIs. The EQ2 are unsecured and due between 2028 and 2029, with two one-year options to extend the maturity date. All EQ2 carry an interest rate of 3.0% and interest is paid quarterly. As of December 31, 2024, all EQ2 were current on payments. The EQ2 were underwritten based on credit quality and considerations related to geography.

Management evaluates periodically for impairment. No impairment was noted as of December 31, 2024 or 2023.

### NOTE 8 GRANTS RECEIVABLE

Grants were receivable from the following organizations at December 31:

	<u>2024</u>	<u>2023</u>
DAI Global LLC	\$ 500,000	\$ -
DAFgiving 360	125,000	-
Surdna Foundation	125,000	-
	<u>\$ 750,000</u>	<u>\$ -</u>

Grants receivable are due in the normal course of the Organization's operations and are unsecured.

Grants receivable are due to be collected as follows at December 31:

	<u>2024</u>	<u>2023</u>
Receivable in one year or less	\$ 750,000	\$ -
Receivable in one to five years	-	-
	<u>\$ 750,000</u>	<u>\$ -</u>

## OPPORTUNITY FINANCE NETWORK AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

For the Years Ended December 31, 2024 and 2023

#### NOTE 8 GRANTS RECEIVABLE *(continued)*

In addition, as of December 31, 2024, the Organization has a conditional receivable from the Mass Mutual and DAF giving \$360 of \$17,181,000 and as of December 31, 2023, a conditional receivable from the CDFI Fund of \$718,258. These grants are conditional on the occurrence of a specified future and uncertain event. As such, the conditional grant receivables are not reflected above.

#### NOTE 9 FIXED ASSETS

Fixed assets consisted of the following at December 31:

	<u>2024</u>	<u>2023</u>
Equipment	\$ 1,004,382	\$ 1,004,382
Furniture and fixtures	443,174	443,174
Software	71,433	71,433
Leasehold improvements	<u>799,372</u>	<u>799,372</u>
	2,318,361	2,318,361
Less: Accumulated depreciation	<u>1,733,936</u>	<u>1,576,101</u>
	<u>\$ 584,425</u>	<u>\$ 742,260</u>

Total depreciation and amortization expense for the years ended December 31, 2024 and 2023, was \$157,836 and \$163,286, respectively.

#### NOTE 10 NOTES PAYABLE

The following table is a summary of notes payable at December 31:

<u>Lender</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>	<u>Amount 2024</u>	<u>Amount 2023</u>
Bank of America	1.00%	July 2032	\$ 15,000,000	\$ 15,000,000
Capital One	1.00%	May 2025	1,500,000	1,500,000
Charles Schwab Bank, SSB	3.00%	November 2029	10,000,000	-
Chase New Markets Corporation	1.00%	October 2036	10,000,000	10,000,000
Google Endeavor LLC	1.00%	June, 2030	33,750,000	33,750,000
JPMorgan Chase Bank N.A.	2.00%	October 2031	10,000,000	10,000,000
Nextdoor Inc	0.75%	January 2034	15,000,000	7,500,000
NY Quarterly Meeting of the Religious Society of Friends	3.00%	October 2026	1,000,000	1,000,000
Oportun Inc.	1.00%	September 2026	2,000,000	2,000,000
PNC Bank	2.00%	April 2032	10,000,000	10,000,000
Presbyterian Church	2.00%	November 2025	1,000,000	1,000,000
Prudential Foundation	1.00%	January 2032	5,000,000	5,000,000
Robert Wood Johnson Foundation	0.50%	May 2037	10,000,000	10,000,000
Truist Bank	1.00%	June 2031	10,000,000	10,000,000
Twitter Inc	1.00%	May 2032	20,000,000	20,000,000
Deutsche Bank Trust Company Americas	LIBOR plus 2.00%	December 2026	-	-
Other	0.50% - 3.00%	2025 to 2030	12,870,000	13,370,000
			<u>\$ 167,120,000</u>	<u>\$ 150,120,000</u>
Current portion of notes payable			\$ 7,225,000	\$ 1,775,000
Note payable, noncurrent			159,895,000	148,345,000
			<u>\$ 167,120,000</u>	<u>\$ 150,120,000</u>

## OPPORTUNITY FINANCE NETWORK AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

For the Years Ended December 31, 2024 and 2023

#### NOTE 10 NOTES PAYABLE (continued)

At December 31, 2024, the undrawn amount of the total borrowing available under one revolving line of credit was \$10 million.

The weighted-average interest rate on the loans payable was 1.3% and 1.2% for the years ended December 31, 2024 and 2023, respectively.

Some of OFN's loan agreements include financial covenants, including current ratios, loan-loss reserve ratios, net operating income, and net asset requirements. There are also various reporting requirements. As of December 31, 2024, OFN was in full compliance with all financial covenants to which it was subject.

The minimum annual repayment requirements on notes payable as of December 31, 2024, are as follows:

<u>Year Ending</u>	<u>Amount</u>
2025	\$ 7,225,000
2026	8,195,000
2027	2,575,000
2028	10,100,000
2029	125,000
Thereafter	138,900,000
	<u>\$ 167,120,000</u>

#### NOTE 11 OTHER LIABILITIES

Other liabilities are comprised of EQ2. An EQ2 investment has a renewable long-term maturity or an indefinite evergreen maturity term as of the closing date, has limited call provisions and is fully subordinate to all other OFN liabilities.

Additional information on EQ2 is described in a letter published by the Office of the Comptroller of the Currency on June 27, 1996, and in a technical memo published by OFN in 2001, "An Equity Equivalent Primer." The following is a summary of the EQ2 at December 31:

<u>Lender</u>	<u>Repayment Terms</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount</u>	
				<u>2024</u>	<u>2023</u>
PNC Bank	Quarterly interest only	2.50%	August 2029	\$ 5,000,000	\$ 5,000,000
PNC Bank	Quarterly interest only	1.00%	April 2032	10,000,000	10,000,000
Wells Fargo	Quarterly interest only	2.00%	October 2026	5,000,000	5,000,000
Wells Fargo	Quarterly interest only	2.00%	April 2026	416,667	666,667
Wells Fargo	Quarterly interest only	2.00%	December 2029	1,000,000	1,000,000
				<u>\$ 21,416,667</u>	<u>\$ 21,666,667</u>

## OPPORTUNITY FINANCE NETWORK AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

For the Years Ended December 31, 2024 and 2023

#### NOTE 12 FUNCTIONAL EXPENSES

Total expenses per the consolidated statements of functional expenses are reflected in the consolidated statements of activities as follows for the years ended December 31:

	<u>2024</u>	<u>2023</u>
Included in net financing income	\$ 2,977,814	\$ 90,679
Operating expenses	23,837,460	14,050,474
Expenses – pass-through grants	<u>14,800,000</u>	<u>15,225,000</u>
	<u>\$ 41,615,274</u>	<u>\$ 29,366,153</u>

The 2024 breakout of expenses, as a percent of total functional expenses, are as follows: program expenses (85.80%) and general and administrative expenses (14.20%). The 2023 breakout of expenses, as a percent of total functional expenses, are as follows: program expenses (91.88%) and general and administrative expenses (8.12%). The general and administrative category includes fundraising expenses of \$661,098 and \$520,368 for the years ended December 31, 2024 and 2023, respectively.

#### NOTE 13 NET ASSETS

Net assets without donor restrictions as of December 31 were as follows:

	<u>2024</u>	<u>2023</u>
Net assets without donor restrictions	\$ 97,100,601	\$ 86,548,735
Net assets without donor restrictions, board-designated	13,500,000	20,000,000
Non-controlling interest in consolidated subsidiaries	<u>37,039,195</u>	<u>37,033,400</u>
<b>Total net assets without donor restrictions</b>	<u>\$ 147,639,796</u>	<u>\$ 143,582,135</u>

In 2022, OFN received a \$25,000,000 unrestricted one-time donation. Of that amount, the Board of Directors designated \$12,500,000 toward the General Fund and \$12,500,000 toward the Financing Fund for future use. As of 2024, \$11,000,000 remains designated toward the General Fund, and \$2,500,000 remains designated toward the Financing Fund. As of 2023, \$12,500,000 remains designated toward the General Fund, and \$7,500,000 remains designated toward the Financing Fund.

## OPPORTUNITY FINANCE NETWORK AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

For the Years Ended December 31, 2024 and 2023

#### NOTE 13 NET ASSETS (continued)

The non-controlling interest in consolidated subsidiaries represents Woodforest's and American Express' capital account in CCIF and HSBC's capital account in G2G. OFN presents the non-controlling interest in CCIF and G2G, its consolidated subsidiaries, as a separate line item within net assets in the consolidated statements of financial position. A summary of the members' equity of CCIF and G2G for the years ended December 31, 2024 and 2023, is as follows:

#### CCIF

	<u>OFN</u>	<u>Woodforest</u>	<u>American Express</u>	<u>Total</u>
Balance, January 1, 2023	\$ 1,264,693	\$ 9,802,702	\$ 2,844,274	\$ 13,911,669
Capital contributions	45,455	284,089	170,455	499,999
Net income	29,876	230,166	68,592.00	328,634
Distributions	<u>(29,527)</u>	<u>(228,246)</u>	<u>(67,026.00)</u>	<u>(324,799)</u>
Balance, December 31, 2023	1,310,497	10,088,711	3,016,295	14,415,503
Capital contributions	-	-	-	-
Net income	30,382	233,890	69,928	334,200
Distributions	<u>(30,100)</u>	<u>(231,928)</u>	<u>(69,072)</u>	<u>(331,100)</u>
<b>Balance, December 31, 2024</b>	<u>\$ 1,310,779</u>	<u>\$ 10,090,673</u>	<u>\$ 3,017,151</u>	<u>\$ 14,418,603</u>

#### G2G

	<u>OFN</u>	<u>HSBC</u>	<u>Total</u>
Balance, January 1, 2023	\$ 1,259,071	\$ 23,922,337	\$ 25,181,722
Capital contributions	-	-	-
Net income	30,538	580,212	596,408
Distributions	<u>(30,219)</u>	<u>(574,154)</u>	<u>(596,722)</u>
Balance, December 31, 2023	1,259,390	23,928,395	25,187,785
Capital contributions	-	-	-
Net income	31,219	593,151	624,370
Distributions	<u>(31,061)</u>	<u>(590,174)</u>	<u>(621,235)</u>
<b>Balance, December 31, 2024</b>	<u>\$ 1,259,548</u>	<u>\$ 23,931,372</u>	<u>\$ 25,190,920</u>

Any income received in the funds, including interest and principal payments, net of expenses and reinvestment options, shall be distributed on a quarterly basis; provided that OFN, as managing member, will be entitled to withhold distribution amounts necessary for: (i) creating reserves for reasonable and necessary expenses (ii) creating reasonable reserves for repayment of indebtedness, and (iii) fund a loan-loss reserve. Each distribution would be made to members in proportion to their respective percentage interest. Any loss or deduction would be allocated to the member's capital accounts in a manner consistent with distributions.

## OPPORTUNITY FINANCE NETWORK AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

For the Years Ended December 31, 2024 and 2023

#### NOTE 13 NET ASSETS (continued)

Net assets with donor restrictions at December 31 consist of the following:

	December 31, 2023	Grants and Contributions	Net Assets Released	December 31, 2024
<i>Operating</i>				
Program support	\$ 5,856,686	\$ 6,594,000	\$ (2,456,570)	\$ 9,994,116
Program support (CCIA)	-	205,002,995	(5,203,107)	199,799,888
<i>Financing</i>				
Financing capital - Finance Fund	1,250,000	753,258	(1,968,258)	35,000
Financing capital - General Fund	2,400,000	-	-	2,400,000
<i>Re-granting</i>				
CDFI capacity building	17,433,925	3,096,075.00	(14,800,000)	5,730,000
CDFI capacity building (CCIA)	-	2,097,200,000	-	2,097,200,000
<b>Total net assets with donor restrictions</b>	<b>\$ 26,940,611</b>	<b>\$ 2,312,646,328</b>	<b>\$ (24,427,935)</b>	<b>\$ 2,315,159,004</b>
	<b>December 31, 2022</b>	<b>Grants and Contributions</b>	<b>Net Assets Released</b>	<b>December 31, 2023</b>
<i>Operating</i>				
Program support	\$ 7,642,941	\$ 1,095,000	\$ (2,881,255)	\$ 5,856,686
<i>Financing</i>				
Financing capital - Finance Fund	1,487,500	3,790,559	(4,028,059)	1,250,000
Financing capital - General Fund	7,500,000	-	(5,100,000)	2,400,000
<i>Re-granting</i>				
CDFI capacity building	31,385,000	1,123,925	(15,075,000)	17,433,925
<b>Total net assets with donor restrictions</b>	<b>\$ 48,015,441</b>	<b>\$ 6,009,484</b>	<b>\$ (27,084,314)</b>	<b>\$ 26,940,611</b>

See Note 20 for further discussion of subsequent events impacting the CCIA program.

#### NOTE 14 NEW MARKETS TAX CREDIT PROGRAM

In 2013, OFN received an NMTC program allocation for Round 10 of \$15,000,000 from the CDFI Fund. NCCA General Partner, LLC also serves as the general partner for these five new entities. In December 2013, OFN applied for and subsequently received CDE certification for all five newly formed entities from the CDFI Fund.

In December 2014, OFN closed two NMTC transactions, which were repaid in full in December 2021 and the related entities remain inactive.

In April 2016, OFN closed a third \$5,000,000 transaction under its Round 10 NMTC \$15,000,000 allocation, through Opportunity Fund III, LP, in partnership with South Carolina Community Loan Fund, for an NMTC-related financing to a health foods-related grocery-anchored community shopping.

## OPPORTUNITY FINANCE NETWORK AND SUBSIDIARIES

Notes to Consolidated Financial Statements

For the Years Ended December 31, 2024 and 2023

### NOTE 14 NEW MARKETS TAX CREDIT PROGRAM *(continued)*

As a 0.01% general partner, NCCA General Partner, LLC is entitled to 0.01% of any income of Opportunity Fund III, LP. In addition, as general partner, NCCA General Partner, LLC is entitled to an annual management fee of 0.5% of the aggregate amount of the qualified equity investments. In 2024, NCCA General Partner, LLC has no earnings and, in 2023, earned \$6,250 in management fees related to qualified equity investments under management. In July 2023, transactions related to Opportunity Fund III, LP loans were unwound and repaid and the entity has since been inactive.

### NOTE 15 COMMITMENTS AND CONTINGENCIES

#### Leases

##### *Nature of Leases*

In 2019, OFN moved both its headquarters in Washington, DC, to a new location and its satellite office in Philadelphia to a new location.

OFN entered into a new 11-year lease in August 2019 for its new DC headquarters. This lease includes 15 months of free rent and \$1,025,399 in a tenant improvement allowance. In 2022, OFN also entered a lease amendment for an expansion space within the same property. This lease includes 5.5 months of free rent and \$66,584 in a tenant improvement allowance.

In 2019, OFN entered into a new three-year lease in Philadelphia to better accommodate a smaller Philadelphia-based staff as the headquarters moved to Washington, DC. In 2023, OFN entered into a three-year extension of the Philadelphia lease.

For the years ended December 31, 2024 and 2023, total operating lease costs, as well as operating cash flows from operating leases, amounted to approximately \$693,172 and \$685,859, respectively, before sublease payments and amortization of tenant improvements.

## OPPORTUNITY FINANCE NETWORK AND SUBSIDIARIES

Notes to Consolidated Financial Statements

For the Years Ended December 31, 2024 and 2023

### NOTE 15 COMMITMENTS AND CONTINGENCIES *(continued)*

#### Leases *(continued)*

#### *Nature of Leases (continued)*

At December 31, 2024, total future minimum lease payments under the leases and future sublease rentals are as follows:

<u>Years Ending December 31,</u>	<u>Operating Lease</u>
2025	\$ 614,105
2026	584,158
2027	618,231
2028	660,751
2029	705,403
Thereafter	<u>610,081</u>
	<u>\$ 3,792,729</u>

At December 31, 2024, the undiscounted future cash flows of \$4,341,622 are discounted by a present value adjustment of \$548,893, resulting in an operating lease liability of \$3,792,729 reported in the accompanying consolidated statement of financial position as of December 31, 2024.

The weighted-average remaining lease term for operating leases at December 31, 2024, is 4.31 years. The weighted-average discount rate for operating leases at December 31, 2024, is 0.38%.

#### *Other commitments*

Commitments to extend credit amounted to \$2,353,132 and \$2,199,855 as of December 31, 2024 and 2023, respectively.

In 2019, OFN became a limited partner in Domestic Small Cap Pay for Success Fund I, LP. OFN will make payments toward its \$500,000 capital commitment as requested by the fund. As of December 31, 2024, OFN has \$266,709 remaining on its capital commitment. As a limited partner, OFN does not participate in the management of the fund and has no liability beyond its capital commitment.

## **OPPORTUNITY FINANCE NETWORK AND SUBSIDIARIES**

Notes to Consolidated Financial Statements

For the Years Ended December 31, 2024 and 2023

### **NOTE 16 CDFI FUND BOND GUARANTEE PROGRAM**

The CDFI Bond Guarantee Program (BGP or Bond Program) was enacted through the Small Business Jobs Act of 2010 (Public Law 111-240) on September 27, 2010. The legislation directs the Treasury Department to guarantee the full amount of bonds issued to support CDFIs that make investments for eligible community or economic development purposes. The bonds provide a source of long-term capital to CDFIs. The Federal Financing Bank, a financing arm of the U.S. Treasury, will purchase all of the bonds issued under the BGP, including the OFN Bonds (detailed below), and the U.S. Treasury will guarantee repayment. The bonds will not be remarketed or sold to any other investors.

In 2013, the CDFI Fund approved OFN to serve as a Qualified Issuer and issue a \$100 million, 29.5-year bond on behalf of Clearinghouse CDFI, an eligible CDFI under the Bond Program. In 2014, OFN and Clearinghouse CDFI executed bond documents. As of December 31, 2024 and 2023, Clearinghouse CDFI had drawn down the entire \$100 million under this facility and the amounts outstanding were \$43,049,810 and \$63,360,257, respectively.

In 2015, the CDFI Fund approved OFN to serve as a Qualified Issuer and issue two 29.5-year bonds totaling \$227 million on behalf of two groups of eligible CDFIs under the Bond Program: (1) \$100 million on behalf of Clearinghouse CDFI and (2) \$127 million on behalf of the following seven CDFIs: Community Ventures Corporation, Community Loan Fund of New Jersey, Citizen Potawatomi Community Development Corporation, Bridgeway Capital, Inc., FAHE, Kentucky Highlands Investment Corporation, and the Chicago Community Loan Fund. As of December 31, 2024 and 2023, \$221,297,349 was drawn down in each year under these two bond facilities, and \$163,386,682 and \$170,392,285, respectively, were outstanding.

In 2017, the CDFI Fund approved OFN to serve as a Qualified Issuer and issue a \$145 million, 29.5-year bond on behalf of one group of eight eligible CDFIs under the Bond Program: Building Hope, Coastal Enterprises, Inc., Community First Fund, Florida Community Loan Fund, Greater Minnesota Housing Fund, Homewise, Inc., Housing Trust Silicon Valley, and Impact Seven. During 2019, Coastal Enterprises, Inc. withdrew from the Bond Program, leaving a total bond commitment of \$125 million. As of December 31, 2024 and 2023, \$84,994,232 was drawn down in each year under this facility, and \$71,211,671 and \$74,857,233, respectively, were outstanding.

In 2019, the CDFI Fund approved OFN to serve as a Qualified Issuer and issue a \$100 million, 29.5-year bond on behalf of one group of three eligible CDFIs under the Bond Program: Community Loan Fund of New Jersey, FAHE, and Greater Minnesota Housing Fund. As of December 31, 2024 and 2023, the group of eligible CDFIs drawn down the entire \$100,000,000 and \$87,691,432, respectively.

## **OPPORTUNITY FINANCE NETWORK AND SUBSIDIARIES**

Notes to Consolidated Financial Statements

For the Years Ended December 31, 2024 and 2023

### **NOTE 16 CDFI FUND BOND GUARANTEE PROGRAM** *(continued)*

In 2022, the CDFI Fund approved OFN to serve as a Qualified Issuer and issue a \$130 million, 29.5-year bond on behalf of one group of three eligible CDFIs under the Bond Program: Charter School Development Corporation, Community Ventures Corporation, and Greater Minnesota Housing Fund. As of December 31, 2024 and 2023, \$52,160,564 and \$9,802,000, respectively, were drawn down under this bond facility and \$51,266,605 and \$9,636,588, respectively, were outstanding.

In 2024, the CDFI Fund approved OFN to serve as a qualified Issuer and issue a \$173 million, 29.5-year bond on behalf of one group of seven eligible CDFIs under the bond program: Community First Fund, Greater Minnesota Housing Fund, Renaissance Community Loan Fund, Community Loan Fund of New Jersey, Florida Community Loan Fund, Nonprofit Finance Fund, and Homewise. All seven eligible CDFIs have not been drawn down under this facility.

OFN earned \$1,678,969 and \$771,442 in fees related to the Bond Program for the years ended December 31, 2024 and 2023, respectively.

All bonds issued by OFN, as a Qualified Issuer, under the Bond Program are off-balance-sheet transactions and a 100% non-recourse obligation of OFN. The bonds are payable solely from the payments made by the eligible CDFIs and their related collateral. The bonds are full recourse, on-balance-sheet transactions for the eligible CDFIs. No bond proceeds or bond loan repayment proceeds flow through OFN or accounts controlled by OFN. As a Qualified Issuer, OFN's primary duties are as a program administrator, monitoring eligible CDFIs' compliance with all Bond Program requirements.

### **NOTE 17 DEFERRED COMPENSATION**

OFN has a tax-deferred annuity plan qualified under Section 403(b) of the IRC, which covers all employees of the Organization. For the years ended December 31, 2024 and 2023, OFN contributed \$238,885 and \$55,705, respectively.

## OPPORTUNITY FINANCE NETWORK AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

For the Years Ended December 31, 2024 and 2023

#### NOTE 18 REVENUE RECOGNITION

The following disclosures discuss the Organization's revenue recognition practices.

**Disaggregation of Revenue:** The following table presents the Organization's revenue disaggregated by primary performance obligation:

	2024		2023	
	At a Point in Time	Over Time	At a Point in Time	Over Time
Sponsorships	\$ 2,151,250	\$ -	\$ 2,152,167	\$ -
Registration fees	2,907,853	-	1,897,348	-
Strength fees	-	54,824	-	79,967
Financial services - Bond QI fees, asset management fees	-	2,437,539	-	2,383,425
Financial services - Bond QI closing fees, structuring fees	947,624	-	89,422	-
Dues	-	1,048,741	-	926,626
	<u>\$ 6,006,727</u>	<u>\$ 3,541,104</u>	<u>\$ 4,138,937</u>	<u>\$ 3,390,018</u>

#### Performance Obligations

**Sponsorships:** Sponsorship revenue is generated from organizations that commit to sponsor OFN events, including the annual conference, small business finance forum, regional meetings, and other trainings. The Organization has sponsor brochures and materials that detail various sponsor level amounts and benefits. Revenue is recognized at a point in time when the event takes place.

**Registration Fees:** Registration fees are generated from fees to participants to attend OFN's events, including the annual conference, small business finance forum, regional meetings, and other trainings. Prices vary by event and type of registrant (e.g., members, nonmembers). OFN has websites that detail the registration fees. Revenue is recognized at a point of time when the event takes place.

**Strength Fees:** OFN receives fees for performing certain capacity building services for the CDFI industry. Fees are earned over a period of time based on the estimate of work completed under the contracts.

## OPPORTUNITY FINANCE NETWORK AND SUBSIDIARIES

Notes to Consolidated Financial Statements

For the Years Ended December 31, 2024 and 2023

### NOTE 18 REVENUE RECOGNITION *(continued)*

#### Performance Obligations *(continued)*

**Financial Services Fees: Asset Management and Ongoing Bond Qualified Issuer Fees:** OFN asset management fee revenue is substantially generated from the Organization's involvement in managing the following entities: CCIF, GTG, and three NMTC entities, Opportunity Fund I, Opportunity Fund II, and Opportunity Fund III, as well as fees from its Grow with Google Small Business Fund and FJF. The fees for managing CCIF and G2G are earned based on the outstanding principal amount of EQ2 in the funds, and the fees for the NMTC entities are earned based on fixed amounts specified in the agreements. Revenue is recognized over time for CCIF, G2G, and the NMTC entities as the entities simultaneously receive and consume the benefits provided by the Organization's performance under the agreements. Fees are paid monthly for CCIF and G2G and quarterly for the NMTC entities. A closing fee from Grow with Google was paid and recognized at the closing of the transaction with Google, and asset management fees are earned based on the outstanding principal amount of loans serviced for Google. Closing fees from Twitter and Nextdoor were paid at the closing of the transactions and recognized as loans are made under the FJF, and asset management fees are earned based on the outstanding principal amount of loans serviced for Twitter.

The Organization receives ongoing fees in its role as Qualified Issuer under the Bond Guarantee Program based on responsibilities outlined in the bond loan agreements. The fees are earned based on the outstanding principal amount of bond loans. Revenue is recognized over time as the CDFIs simultaneously receives and consume the benefits provided by the Organization's performance under the agreements. Fees are paid monthly.

**Financial Services: Bond Qualified Issuer Closing Fees:** The Organization receives closing fees from the eligible CDFIs in a bond at the time of closing based on fee agreements with the CDFIs for its role as qualified issuer under the Bond Guarantee Program. Revenue is recognized at a point in time when all obligations are met for bond closing.

**Dues:** The Organization receives Member and Ally dues for certain benefits CDFIs and other partners received for being a Member or Ally of OFN. Revenue is recognized over time as Members and Allies receive and consume the benefits provided by the Organization's over the year.

**Contract Balances:** The timing of revenue recognition, billings, cash collections results in billed accounts receivable, and customer advances (deferred revenue and advanced payments received) on the consolidated statements of financial position. Accounts receivable include amounts due from customers that are unconditional. Deferred revenue and advanced payments received consist of advance payments and billings in excess of revenue recognized. The following table provides information about receivables, and deferred revenue and advanced payments received from contracts with customers as of December 31:

## OPPORTUNITY FINANCE NETWORK AND SUBSIDIARIES

Notes to Consolidated Financial Statements

For the Years Ended December 31, 2024 and 2023

### NOTE 18 REVENUE RECOGNITION *(continued)*

#### Performance Obligations *(continued)*

	<u>2024</u>	<u>2023</u>
Accounts receivable	\$ 8,895,315	\$ 1,100,201
Deferred revenue	1,010,967	80,895

### NOTE 19 INTEREST AND OTHER RECEIVABLES

Program income represents interest earned on the cash held related to the CCIA grant from the EPA. Citibank pays interest at the beginning of the subsequent month. Accordingly, interest is accrued monthly and reflected in the financial statements as program income (CCIA) and interest and other receivables based on the period it was earned.

A summary of the interest and other receivables for the years ended December 31, 2024 and 2023, is as follows:

	<u>2024</u>	<u>2023</u>
Interest receivable - investments	\$ 6,823,671	\$ 26,171
Interest receivable - loans and others	110,601	287,186
Accounts receivables	2,445,377	781,753
	<u>\$ 9,379,649</u>	<u>\$ 1,095,110</u>

### NOTE 20 SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 28, 2025, the date the consolidated financial statements were available to be issued, and noted the following that would warrant disclosure in the consolidated financial statements.

The CCIA Assistance Agreement's Terms and Conditions, the FAA, and the ACA set forth the specific obligations and rights of the respective parties and, in relevant part, constrain the EPA's ability to unilaterally terminate the grant to instances of grantee noncompliance or waste, fraud, and abuse. Despite the clear obligations that the EPA and Citibank have under the operative agreements, since March 3, 2025, Citibank has, at the EPA's request, refused OFN or any other GGRF grant recipient access to any grant funds. Since then, the EPA has failed to provide additional information about the status of OFN's funding. The balance of restricted cash held for the CCIA program as of April 28, 2025 is \$2,316,118,962 and OFN still does not have access to the funds.

## OPPORTUNITY FINANCE NETWORK AND SUBSIDIARIES

Notes to Consolidated Financial Statements

For the Years Ended December 31, 2024 and 2023

### NOTE 20 SUBSEQUENT EVENTS *(continued)*

In March and early April 2025, five of the eight NCIF and CCIA award recipients filed complaints in federal courts against EPA and Citibank, and as detailed further below, OFN filed a similar complaint against those defendants on Monday, April 21<sup>st</sup>. On March 11, 2025, OFN and all other GGRF award recipients received a purported Notice of Termination (“Notice”) from the EPA. Subsequently, a Pursuant to the litigation brought by other GGRF recipients at that time, the U.S. District Court for the District of Columbia issued a Temporary Restraining Order (TRO) preventing the EPA from moving funds or acting on the Notices of Termination, and on April 15, 2025, the Court issued a preliminary injunction and ordered Citibank to disburse the funds to NCIF and CCIA award recipients. On April 17, 2025, the D.C. Court of Appeals stayed parts of the Court’s preliminary injunction order pending the federal government’s appeal.

Despite the suspension of access to funds and purported termination, OFN is still being directed by the EPA to continue meeting programmatic obligations under the Grant Agreement, with no discussion of typical grant close out efforts. Despite requests for additional information, the EPA said that they are unable to discuss litigation, status of the grant, or the availability of funds. Because the EPA has been unwilling to discuss its concerns with OFN, the organization was left with no choice but to file a lawsuit. The OFN complaint argues that the EPA’s actions were arbitrary and capricious, and resulted in unlawful suspension of OFN’s access to legally obligated grant funds and a purported attempt to terminate the grant without a legal basis. Additionally, the lawsuit argues that these actions were in violation of the Constitution, relevant statutes and regulations, and are unsupported by the grant’s terms and conditions.

Despite the lawsuits and a U.S. District Court determination that the EPA’s unlawful actions should be subject to a preliminary injunction, the government has appealed on jurisdictional grounds and believes that the lawsuits must be tried under breach of contract theories in the Court of Federal Claims. In addition, the EPA has indicated its intent to terminate the Citibank Financial Agent Agreement and return the entire fund balance to the U.S. Treasury as well as to terminate the Assistance Agreements for all GGRF grant recipients. All Restricted Cash related to the EPA CCIA Assistance Agreement is therefore considered at risk of return to U.S. Treasury to be subsequently drawn for programmatic purposes or returned to U.S. Treasury because of termination of the Assistance Agreement. The likelihood of such actions is currently unknown, as is the full extent of any breach of contract damages that may be available through the Court of Federal Claims.

## OPPORTUNITY FINANCE NETWORK AND SUBSIDIARIES

Notes to Consolidated Financial Statements

For the Years Ended December 31, 2024 and 2023

### NOTE 20      **SUBSEQUENT EVENTS** *(continued)*

As a result, the extent of the potential impact on OFN's future operations, financial results, and cash flows is highly uncertain and will depend on future developments. However, in review of OFN's Restricted Cash as of December 31, 2024, \$2,294,768,710 is derived from the EPA's CCIA Assistance Agreement, including \$1,846,039,540 related to pass-through Capitalization Subawards, \$255,964,239 related to pass-through Technical Assistance (TA) Subawards, \$39,262,096 related to TA Services, and \$153,502,835 related to Program Administration. OFN has conducted scenario planning exercises to understand the impact of a potential loss of approximately \$2.7 million of CCIA indirect cost recovery related to TA Services and Program Administration within OFN's 2025 operating budget. This potential loss accounts for only 5.1% of OFN's approved 2025 operating budget and therefore would not have a significant impact on OFN's financial condition. Per the CCIA Assistance Agreement Terms and Conditions, OFN expects to be reimbursed for all eligible costs incurred for TA Services and Program Administration.

In light of the uncertainties above and to reduce the potential impact on future operations, financial results, and cash flows, OFN has taken prudent actions to ensure continued compliance under the Assistance Agreement while reducing operating costs and cash flow impact related to CCIA programmatic activity. OFN has paused CCIA-related hiring, paused virtually all CCIA contracts, shifted activities conducted by contractors to internal staff, and has continued to focus on delivering its obligations under the Assistance Agreement.

**SUPPLEMENTARY INFORMATION AND REPORTS REQUIRED  
BY THE UNIFORM GUIDANCE**

## OPPORTUNITY FINANCE NETWORK AND SUBSIDIARIES

### Consolidating Statement of Financial Position

As of December 31, 2024

	General	Financing	Total OFN (1)	CCIF	G2G	Elimination	Total
<b>ASSETS</b>							
<i>Current assets</i>							
Cash and cash equivalents	\$ 7,628,063	\$ 23,628,317	\$ 31,256,380	\$ 127,602	\$ 201,336	\$ -	\$ 31,585,318
Cash (CCIA)	2,294,768,710	-	2,294,768,710	-	-	-	2,294,768,710
Restricted cash	1,367,500	-	1,367,500	-	-	-	1,367,500
Certificates of deposit	208,718	-	208,718	-	-	-	208,718
Short-term investments	31,914,426	-	31,914,426	-	-	-	31,914,426
Current portion of loans receivable, net of allowance for loan losses	-	42,816,789	42,816,789	-	-	-	42,816,789
Interest and other receivables	8,895,315	500,000	9,395,315	2,625	-	(18,291)	9,379,649
Grants receivable	750,000	-	750,000	-	-	-	750,000
Other assets	424,453	-	424,453	-	-	-	424,453
<b>Total current assets</b>	<b>2,345,957,185</b>	<b>66,945,106</b>	<b>2,412,902,291</b>	<b>130,227</b>	<b>201,336</b>	<b>(18,291)</b>	<b>2,413,215,563</b>
<i>Noncurrent assets</i>							
Long-term investments	-	3,212,688	3,212,688	-	-	-	3,212,688
CDFI and other investments	12,579,769	3,608,870	16,188,639	-	-	(2,570,327)	13,618,312
Loans receivable, net of current portion and allowance for loan losses	-	188,884,375	188,884,375	-	-	-	188,884,375
Equity equivalent investments	-	-	-	14,300,000	25,000,000	-	39,300,000
Right-of-use assets	2,601,710	-	2,601,710	-	-	-	2,601,710
Fixed assets, net	584,425	-	584,425	-	-	-	584,425
<b>Total noncurrent assets</b>	<b>15,765,904</b>	<b>195,705,933</b>	<b>211,471,837</b>	<b>14,300,000</b>	<b>25,000,000</b>	<b>(2,570,327)</b>	<b>248,201,510</b>
<b>Total assets</b>	<b>\$ 2,361,723,089</b>	<b>\$ 262,651,039</b>	<b>\$ 2,624,374,128</b>	<b>\$ 14,430,227</b>	<b>\$ 25,201,336</b>	<b>\$ (2,588,618)</b>	<b>\$ 2,661,417,073</b>
<b>LIABILITIES AND NET ASSETS</b>							
<i>Current liabilities</i>							
Accounts payable and accrued expenses	\$ 3,906,660	\$ -	\$ 3,906,660	\$ 7,875	\$ 10,416	\$ (18,291)	\$ 3,906,660
Deferred revenue and advanced payments received	1,010,967	-	1,010,967	3,750	-	-	1,014,717
Funds held for third party	1,367,500	-	1,367,500	-	-	-	1,367,500
Current portion of notes payable	-	7,225,000	7,225,000	-	-	-	7,225,000
Current portion of other liabilities	-	2,833,333	2,833,333	-	-	-	2,833,333
<b>Total current liabilities</b>	<b>6,285,127</b>	<b>10,058,333</b>	<b>16,343,460</b>	<b>11,625</b>	<b>10,416</b>	<b>(18,291)</b>	<b>16,347,210</b>
<i>Noncurrent liabilities</i>							
Operating lease liability	3,792,729	-	3,792,729	-	-	-	3,792,729
Notes payable	-	159,895,000	159,895,000	-	-	-	159,895,000
Other liabilities	-	18,583,334	18,583,334	-	-	-	18,583,334
<b>Total noncurrent liabilities</b>	<b>3,792,729</b>	<b>178,478,334</b>	<b>182,271,063</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>182,271,063</b>
<b>Total liabilities</b>	<b>10,077,856</b>	<b>188,536,667</b>	<b>198,614,523</b>	<b>11,625</b>	<b>10,416</b>	<b>(18,291)</b>	<b>198,618,273</b>

## OPPORTUNITY FINANCE NETWORK AND SUBSIDIARIES

Consolidating Statement of Financial Position (*continued*)

As of December 31, 2024

	<u>General</u>	<u>Financing</u>	<u>Total OFN (1)</u>	<u>CCIF</u>	<u>G2G</u>	<u>Elimination</u>	<u>Total</u>
<b>COMMITMENTS AND CONTINGENCIES</b>							
<b>NET ASSETS</b>							
<i>Without donor restrictions</i>							
Without donor restrictions	\$ 25,521,229	\$ 71,579,372	\$ 97,100,601	\$ 1,310,779	\$ 1,259,548	\$ (2,570,327)	\$ 97,100,601
Without donor restrictions, board designated	11,000,000	2,500,000	13,500,000	-	-	-	13,500,000
Non-controlling interest in consolidated subsidiaries	-	-	-	13,107,823	23,931,372	-	37,039,195
Total net assets without donor restrictions	<u>36,521,229</u>	<u>74,079,372</u>	<u>110,600,601</u>	<u>14,418,602</u>	<u>25,190,920</u>	<u>(2,570,327)</u>	<u>147,639,796</u>
<i>With donor restrictions</i>							
Operating	10,031,474	-	10,031,474	-	-	-	10,031,474
Operating (CCIA)	187,580,024	-	187,580,024	-	-	-	187,580,024
Program Income (CCIA)	12,182,506	-	12,182,506	-	-	-	12,182,506
Re-granting	5,730,000	-	5,730,000	-	-	-	5,730,000
Re-granting (CCIA)	2,097,200,000	-	2,097,200,000	-	-	-	2,097,200,000
Financing	2,400,000	35,000	2,435,000	-	-	-	2,435,000
Total net assets with donor restrictions	<u>2,315,124,004</u>	<u>35,000</u>	<u>2,315,159,004</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,315,159,004</u>
Total net assets	<u>2,351,645,233</u>	<u>74,114,372</u>	<u>2,425,759,605</u>	<u>14,418,602</u>	<u>25,190,920</u>	<u>(2,570,327)</u>	<u>2,462,798,800</u>
<b>Total liabilities and net assets</b>	<u>\$ 2,361,723,089</u>	<u>\$ 262,651,039</u>	<u>\$ 2,624,374,128</u>	<u>\$ 14,430,227</u>	<u>\$ 25,201,336</u>	<u>\$ (2,588,618)</u>	<u>\$ 2,661,417,073</u>

(1) Includes OFN and NCCA General Partner, LLC .

## OPPORTUNITY FINANCE NETWORK AND SUBSIDIARIES

### Consolidating Statement of Activities

Year Ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total OFN (1)	CCIF	G2G	Elimination	Total
<b>OPERATING REVENUE AND SUPPORT</b>							
<i>Net financing income</i>							
Interest income - loans	\$ 6,666,864	\$ -	\$ 6,666,864	\$ 429,000	\$ 750,000	\$ -	\$ 7,845,864
Less: Interest expense	(2,334,772)	-	(2,334,772)	-	-	-	(2,334,772)
Less: Provision for loan losses	(643,042)	-	(643,042)	-	-	-	(643,042)
Total net financing income	3,689,050	-	3,689,050	429,000	750,000	-	4,868,050
<b>OTHER REVENUE AND SUPPORT</b>							
Dues	1,048,741	-	1,048,741	-	-	-	1,048,741
Fees - Registration	2,907,853	-	2,907,853	-	-	-	2,907,853
Fees - Strength	54,824	-	54,824	-	-	-	54,824
Fees - Financial services	3,604,663	-	3,604,663	-	-	(219,500)	3,385,163
Sponsorships	2,151,250	-	2,151,250	-	-	-	2,151,250
Investment income, net	4,681,093	-	4,681,093	-	-	(61,601)	4,619,492
Grants - operating	-	6,594,000	6,594,000	-	-	-	6,594,000
Grants - operating (CCIA)	-	192,800,000	192,800,000	-	-	-	192,800,000
Program income (CCIA)	-	12,202,995	12,202,995	-	-	-	12,202,995
Donations and in-kind services	16,912	-	16,912	-	-	-	16,912
Net assets released from restrictions	7,659,677	(7,659,677)	-	-	-	-	-
Total operating revenue and support	25,814,063	203,937,318	229,751,381	429,000	750,000	(281,101)	230,649,280
<b>OPERATING EXPENSES</b>							
Salaries, payroll taxes and benefits	10,302,658	-	10,302,658	-	-	-	10,302,658
Contractor fees	3,590,812	-	3,590,812	-	-	-	3,590,812
Program support	8,721,367	-	8,721,367	94,800	125,630	(219,500)	8,722,297
Professional services	575,415	-	575,415	-	-	-	575,415
Occupancy	631,278	-	631,278	-	-	-	631,278
Operating grants/donation expense	15,000	-	15,000	-	-	-	15,000
Total operating expenses	23,836,530	-	23,836,530	94,800	125,630	(219,500)	23,837,460
Change in net assets - operating	1,977,533	203,937,318	205,914,851	334,200	624,370	(61,601)	206,811,820

## OPPORTUNITY FINANCE NETWORK AND SUBSIDIARIES

Consolidating Statement of Activities *(continued)*

Year Ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total OFN (1)	CCIF	G2G	Elimination	Total
<b>NON-OPERATING SUPPORT, EXPENSE AND LOSS</b>							
<i>Support - financing and pass-through grants</i>							
Grants and other contributions - financing and pass-through grants	\$ 106,075	\$ 3,849,333	\$ 3,955,408	\$ -	\$ -	\$ -	\$ 3,955,408
Grants and other contributions - financing and pass-through grants (CCIA)	-	2,097,200,000	2,097,200,000	-	-	-	2,097,200,000
Net assets released from restrictions	16,768,258	(16,768,258)	-	-	-	-	-
Expenses - pass-through grants - grants to CDFIs	(14,800,000)	-	(14,800,000)	-	-	-	(14,800,000)
Change in net assets - non-operating	2,074,333	2,084,281,075	2,086,355,408	-	-	-	2,086,355,408
Change in net assets before non-controlling interest capital contributions and distributions	4,051,866	2,288,218,393	2,292,270,259	334,200	624,370	(61,601)	2,293,167,228
Distributions to members	-	-	-	(331,100)	(621,235)	61,161	(891,174)
Change in net assets	4,051,866	2,288,218,393	2,292,270,259	3,100	3,135	(440)	2,292,276,054
<i>Net assets</i>							
Beginning	106,548,735	26,940,611	133,489,346	14,415,502	25,187,785	(2,569,887)	170,522,746
<b>Ending</b>	<b>\$ 110,600,601</b>	<b>\$ 2,315,159,004</b>	<b>\$ 2,425,759,605</b>	<b>\$ 14,418,602</b>	<b>\$ 25,190,920</b>	<b>\$ (2,570,327)</b>	<b>\$ 2,462,798,800</b>

(1) Includes OFN and NCCA General Partner, LLC.

**OPPORTUNITY FINANCE NETWORK AND SUBSIDIARIES**

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2024

<u>Federal Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>			<u>Federal Expenditures</u>	<u>Passed Through to Subrecipients</u>
<b>U.S. Department of Treasury</b>					
Community Development Financial Institutions Fund Direct Program		<b>Balance as of January 1, 2024</b>	<b>New Federal Loans</b>		
Community Development Financial Institutions Bond Guarantee Program					
2014 Bond	21.014	\$ 63,360,257	\$ -		
2015 Bond	21.014	170,392,285	-		
2017 Bond	21.014	74,857,236	-		
2019 Bond	21.014	87,691,432	12,308,568		
2022 Bond	21.014	9,636,588	42,358,564		
		<u>\$ 405,937,798</u>	<u>\$ 54,667,132</u>	<u>\$ 460,604,930</u>	<u>\$ -</u>
Total Community Development Financial Institutions Bond Guarantee Program				460,604,930	-
Community Development Financial Institutions Equitable Recovery Program	21.033	N/A	N/A	1,968,258	-
<b>Environmental Protection Agency</b>					
Greenhouse Gas Reduction Fund Clean Communities Investment Accelerator	66.960	N/A	N/A	5,203,107	-
<b>Total expenditures of federal awards</b>				<u>\$ 467,776,295</u>	<u>\$ -</u>

See notes to schedule of expenditures of federal awards.

## **OPPORTUNITY FINANCE NETWORK AND SUBSIDIARIES**

Notes to Schedule of Expenditures of Federal Awards

Year Ended December 31, 2024

### **NOTE 1 BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Opportunity Finance Network and Subsidiaries (OFN) under programs of the federal government for the year ended December 31, 2024. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). Because the Schedule presents only a selected portion of the operations of OFN, it is not intended to and does not present the financial position, changes in net assets, or cash flows of OFN.

### **NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

### **NOTE 3 INDIRECT COST RATE**

OFN has two major federal programs under the scope of this audit. For the Greenhouse Gas Reduction Fund – Clean Communities Investment Accelerator (CFDA 66.960), OFN elected to use the 10% de minimis indirect cost rate in accordance with the Uniform Guidance. For the Community Development Financial Institutions Bond Guarantee Program (CFDA 21.014), OFN elected not to apply the 10% de minimis indirect cost rate, also in accordance with the Uniform Guidance.

### **NOTE 4 COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS BOND GUARANTEE PROGRAM**

The Community Development Financial Institutions (CDFI) Bond Guarantee Program (Bond Program) was enacted through the Small Business Jobs Act of 2010 (Public Law 111-240) on September 27, 2010. The legislation directs the Treasury Department to guarantee the full amount of bonds issued to support CDFIs that make investments for eligible community or economic development purposes.

#### 2014 Bond

In 2014, the CDFI Fund approved OFN to serve as a qualified issuer and issue a \$100 million, 29.5-year bond on behalf of Clearinghouse CDFI, an eligible CDFI under the Bond Program. As a qualified issuer, OFN's primary duties are as a program administrator, monitoring Clearinghouse CDFIs compliance with all Bond Program requirements. OFN and Clearinghouse CDFI have executed bond loan documents and Clearinghouse CDFI drew down the bond totaling \$100 million during 2014 through 2016.

## OPPORTUNITY FINANCE NETWORK AND SUBSIDIARIES

Notes to Schedule of Expenditures of Federal Awards

Year Ended December 31, 2024

### NOTE 4 COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS BOND GUARANTEE PROGRAM *(continued)*

#### 2014 Bond *(continued)*

During the year ended December 31, 2024, Clearinghouse CDFI made repayments totaling \$20,310,447. As of December 31, 2024, the outstanding amount of the 2014 bond payable is \$43,049,810.

As of December 31, 2024, the amount of \$63,360,257 is included in federal expenditures in the Schedule. The amount represents the outstanding bonds payable balance at December 31, 2023. There were no draws in 2024.

#### 2015 Bonds

In 2015, the CDFI Fund approved OFN to issue eight additional 29.5-year bonds on behalf of eligible CDFIs under the Bond Program totaling \$227 million. OFN issued a second \$100 million bond on behalf of Clearinghouse CDFI and \$127 million on behalf of the following seven CDFIs: Community Ventures Corporation, Community Loan Fund of New Jersey, Inc., Citizen Potawatomi Community Development Corporation, Bridgeway Capital, Inc., Federation of Appalachian Housing Enterprises, Inc., Kentucky Highlands Investment Corporation and The Chicago Community Loan Fund.

OFN and the eligible CDFIs executed bond loan documents, and the eligible CDFIs drew down upon the bonds during 2016 through 2024. The table below represents bond activities during the year ended December 31, 2024:

Eligible CDFI Name	Total Bonds	Outstanding Bonds as of December 31, 2023	Amount Drawn Down in 2024	Repayments in 2024	Outstanding Bonds as of December 31, 2024
Clearinghouse CDFI	\$ 100,000,000	\$ 83,859,664	\$ -	\$ 2,844,534	\$ 81,015,130
Community Loan Fund of New Jersey	28,000,000	23,980,179	-	876,321	23,103,858
Kentucky Highlands Investment Corporation	10,000,000	6,069,394	-	685,152	5,384,242
Citizen Potawatomi Community Development Corporation	16,000,000	13,656,735	-	530,913	13,125,822
The Chicago Community Loan Fund	28,000,000	20,259,977	-	1,249,032	19,010,945
Community Ventures Corporation	15,000,000	9,681,763	-	315,705	9,366,058
Federation of Appalachian Housing Enterprises, Inc.	15,000,000	12,884,573	-	503,944	12,380,629
Bridgeway Capital, Inc.	15,000,000	-	-	-	-
	<u>\$ 227,000,000</u>	<u>\$ 170,392,285</u>	<u>\$ -</u>	<u>\$ 7,005,601</u>	<u>\$ 163,386,684</u>

As of December 31, 2024, the amount of \$170,392,285 is included in federal expenditures in the Schedule. The amount represents the outstanding bonds payable balance at December 31, 2023. There were no draws in 2024.

## OPPORTUNITY FINANCE NETWORK AND SUBSIDIARIES

Notes to Schedule of Expenditures of Federal Awards

Year Ended December 31, 2024

### NOTE 4 COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS BOND GUARANTEE PROGRAM *(continued)*

#### 2017 Bond

In 2017, the CDFI Fund approved OFN to serve as a qualified issuer and issue a \$145 million, 29.5-year bond on behalf of eight eligible CDFIs under the Bond Program: Building Hope. A Charter School Facilities Fund, Coastal Enterprises, Inc., Community First Fund, Florida Community Loan Fund, Inc., Greater Minnesota Housing Fund, Homewise, Inc., Housing Trust Silicon Valley and Impact Seven. During 2019, Coastal Enterprises, Inc. withdrew from the Bond Program, leaving a total bond commitment of \$125 million. The table below represents bond activities during the year ended December 31, 2024:

Eligible CDFI Name	Total Bonds	Outstanding Bonds as of December 31, 2023	Amount Drawn Down in 2024	Repayments in 2024	Outstanding Bonds as of December 31, 2024
Impact Seven	\$ 10,000,000	\$ 5,668,149	\$ -	\$ 172,537	\$ 5,495,612
Housing Trust Silicon Valley	25,000,000	11,035,878	-	1,576,129	9,459,749
Homewise, Inc.	15,000,000	13,302,255	-	402,848	12,899,407
Greater Minnesota Housing Fund	10,000,000	9,480,601	-	271,721	9,208,880
Florida Community Loan Fund, Inc.	30,000,000	13,429,341	-	478,052	12,951,289
Community First Fund	10,000,000	6,995,382	-	225,410	6,769,972
Building Hope... A Charter School Facilities Fund	25,000,000	14,945,630	-	518,866	14,426,764
	<u>\$ 125,000,000</u>	<u>\$ 74,857,236</u>	<u>\$ -</u>	<u>\$ 3,645,563</u>	<u>\$ 71,211,673</u>

As of December 31, 2024, the amount of \$74,857,236 is included in federal expenditures in the Schedule. The amount represents the outstanding bonds payable balance at December 31, 2023. There were no draws in 2024.

#### 2019 Bond

In 2019, the CDFI Fund approved OFN to serve as a qualified issuer and issue a \$100 million, 29.5-year bond on behalf of three eligible CDFIs under the Bond Program: Community Loan Fund of New Jersey, Federation of Appalachian Housing Enterprises Inc. and Greater Minnesota Housing Fund.

The table below represents bond activities during the year ended December 31, 2024:

Eligible CDFI Name	Total Bonds	Outstanding Bonds as of December 31, 2023	Amount Drawn Down in 2024	Repayments in 2024	Outstanding Bonds as of December 31, 2024
Community Loan Fund of New Jersey	\$ 25,000,000	\$ 18,191,432	\$ 6,808,568	\$ -	\$ 25,000,000
Federation of Appalachian Housing Enterprises Inc.	20,000,000	14,500,000	5,500,000	-	20,000,000
Greater Minnesota Housing Fund	55,000,000	55,000,000	-	1,644,794	53,355,206
	<u>\$ 100,000,000</u>	<u>\$ 87,691,432</u>	<u>\$ 12,308,568</u>	<u>\$ 1,644,794</u>	<u>\$ 98,355,206</u>

## OPPORTUNITY FINANCE NETWORK AND SUBSIDIARIES

Notes to Schedule of Expenditures of Federal Awards

Year Ended December 31, 2024

### NOTE 4 COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS BOND GUARANTEE PROGRAM *(continued)*

#### 2019 Bond *(continued)*

As of December 31, 2024, the amount of \$100,000,000 is included in federal expenditures in the Schedule. The amount represents the outstanding bonds payable balance at December 31, 2023, of \$87,691,432 plus the 2024 draw down of \$12,308,568.

#### 2022 Bond

In 2022, the CDFI Fund approved OFN to serve as a qualified issuer and issue a \$130 million, 29.5-year bond on behalf of three eligible CDFIs under the Bond Program: Charter School Development Corporation, Greater Minnesota Housing Fund and Community Ventures Corporation

<u>Eligible CDFI Name</u>	<u>Total Bonds</u>	<u>Outstanding Bonds as of December 31, 2023</u>	<u>Amount Drawn Down in 2024</u>	<u>Repayments in 2024</u>	<u>Outstanding Bonds as of December 31, 2024</u>
Charter School Development Corporation	\$ 70,000,000	\$ 9,636,588	\$ 24,040,000	\$ 728,547	\$ 32,948,041
Greater Minnesota Housing Fund	50,000,000	-	18,318,564	-	18,318,564
Community Ventures Corporation	10,000,000	-	-	-	-
	<u>\$ 130,000,000</u>	<u>\$ 9,636,588</u>	<u>\$ 42,358,564</u>	<u>\$ 728,547</u>	<u>\$ 51,266,605</u>

As of December 31, 2024, the amount of \$51,995,152 is included in federal expenditures in the Schedule. The amount represents the outstanding bonds payable balance at December 31, 2023, of \$9,636,588 plus the 2024 draw down of \$42,358,564.



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Opportunity Finance Network

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated financial statements of Opportunity Finance Network and Subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2024, the related consolidated statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated April 28, 2025.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered Opportunity Finance Network and Subsidiaries' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Opportunity Finance Network and Subsidiaries' internal control. Accordingly, we do not express an opinion on the effectiveness of Opportunity Finance Network and Subsidiaries' internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Opportunity Finance Network and Subsidiaries' consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Mitchell Titus, LLP*

April 28, 2025



**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM  
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE THE UNIFORM GUIDANCE**

**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Opportunity Finance Network

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Opportunity Finance Network and Subsidiaries' compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Opportunity Finance Network and Subsidiaries' major federal programs for the year ended December 31, 2024. Opportunity Finance Network and Subsidiaries' major federal programs are identified in the Summary of Auditor's Results section of the accompanying schedule of findings and questioned costs.

In our opinion, Opportunity Finance Network and Subsidiaries complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Opportunity Finance Network and Subsidiaries and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Opportunity Finance Network and Subsidiaries' compliance with the compliance requirements referred to above.

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### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Opportunity Finance Network and Subsidiaries' federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Opportunity Finance Network and Subsidiaries' compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Opportunity Finance Network and Subsidiaries' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Opportunity Finance Network and Subsidiaries' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Opportunity Finance Network and Subsidiaries' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Opportunity Finance Network and Subsidiaries' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.



### Report on Internal Control over Compliance

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor’s Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Mitchell Titus, LLP*

August 27, 2025



**OPPORTUNITY FINANCE NETWORK AND SUBSIDIARIES**  
Schedule of Findings and Questioned Costs *(continued)*  
Year Ended December 31, 2024

**SECTION II—CONSOLIDATED FINANCIAL STATEMENT FINDINGS**

No matters were reported.

**SECTION III—FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

No matters were reported.

