

Clearinghouse Community Development Financial Institution Companies

**Consolidated Financial Statements
with Report of Independent Auditors
December 31, 2024 and 2023**



Report of Independent Auditors

To the Board of Directors of
Clearinghouse Community Development Financial Institution Companies:

Opinion

We have audited the accompanying consolidated financial statements of Clearinghouse Community Development Financial Institution Companies, a California corporation, which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the related consolidated statements of income, stockholders' equity and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Clearinghouse Community Development Financial Institution Companies as of December 31, 2024 and 2023, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Clearinghouse Community Development Financial Institution Companies and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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 Clearinghouse Community Development Financial Institution Companies' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Clearinghouse Community Development Financial Institution Companies' 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 Clearinghouse Community Development Financial Institution Companies' ability to continue as a going concern for a reasonable period of time.

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

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information in the Supplementary Information is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and results of the individual companies, 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 audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Novogradac & Company LLP

Long Beach, California
March 31, 2025

CLEARINGHOUSE COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION COMPANIES
CONSOLIDATED BALANCE SHEETS
December 31, 2024 and 2023

	2024	2023
ASSETS		
Cash and cash equivalents	\$ 53,723,000	\$ 51,852,000
Restricted cash	19,381,000	18,408,000
Loans receivable, net, before allowance for credit losses	727,656,000	649,614,000
Less: allowance for credit losses	(22,234,000)	(21,122,000)
Accrued interest receivable	5,189,000	4,287,000
Other receivables and prepaid expenses	2,791,000	3,513,000
Due from related parties	-	649,000
Fixed assets, net	1,419,000	1,661,000
Operating investments	23,908,000	23,960,000
Investment in other companies	5,173,000	3,913,000
Other real estate owned	9,132,000	4,659,000
Deferred taxes	9,642,000	9,721,000
	\$ 835,780,000	\$ 751,115,000
TOTAL ASSETS		
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Accounts payable and accrued expenses	\$ 9,055,000	\$ 6,986,000
Unamortized award funds	4,862,000	7,979,000
Accrued interest payable	3,220,000	2,947,000
Due to related parties	6,000	1,000
Lines of credit	86,329,000	40,829,000
Notes payable, Class A stockholders	-	18,000,000
Notes payable, Federal Home Loan Bank of San Francisco	105,596,000	76,096,000
Notes payable, Bond Guarantee Program, net of unamortized debt issuance costs	331,612,000	316,153,000
Other notes payable - net of unamortized debt issuance costs	150,441,000	164,803,000
	691,121,000	633,794,000
TOTAL LIABILITIES		
STOCKHOLDERS' EQUITY		
Common stock, no par value		
Class A	68,461,000	48,172,000
Class C	3,580,000	3,580,000
Retained earnings	72,618,000	65,569,000
	144,659,000	117,321,000
TOTAL STOCKHOLDERS' EQUITY		
	\$ 835,780,000	\$ 751,115,000
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		

see accompanying notes

CLEARINGHOUSE COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION COMPANIES

CONSOLIDATED STATEMENTS OF INCOME

For the years ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
INTEREST INCOME		
Interest on loans receivable	\$ 46,738,000	\$ 37,707,000
Interest-bearing deposits	1,551,000	804,000
Total interest income	<u>48,289,000</u>	<u>38,511,000</u>
INTEREST EXPENSE	<u>(27,737,000)</u>	<u>(22,567,000)</u>
Net interest income	20,552,000	15,944,000
PROVISION FOR CREDIT LOSSES	<u>(4,603,000)</u>	<u>(3,842,000)</u>
Net interest income after provision for credit losses	15,949,000	12,102,000
NON INTEREST INCOME		
Award income	6,615,000	4,700,000
Gain from debt retirement	2,307,000	-
NMTC sponsor fees	1,880,000	2,080,000
Management fees	934,000	1,337,000
Loan fees	479,000	148,000
Other income	386,000	295,000
Flow-through income from investment in other companies	2,000	-
Net loss from operating investments	<u>(401,000)</u>	<u>(278,000)</u>
Total non interest income	12,202,000	8,282,000
NON INTEREST EXPENSES		
Compensation and related benefits	12,896,000	9,996,000
General and administrative	1,780,000	1,304,000
Professional fees	1,507,000	788,000
Insurance	1,050,000	1,012,000
Marketing	360,000	347,000
Rent	243,000	238,000
Charitable contributions	156,000	133,000
Depreciation	49,000	62,000
Impairment of OREO	-	137,000
Total non interest expenses	<u>18,041,000</u>	<u>14,017,000</u>
Income before provision for income taxes	10,110,000	6,367,000
Provision for income taxes	<u>(2,443,000)</u>	<u>(1,717,000)</u>
Net income	<u>\$ 7,667,000</u>	<u>\$ 4,650,000</u>

see accompanying notes

CLEARINGHOUSE COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION COMPANIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
For the years ended December 31, 2024 and 2023

	Common Stock		Retained Earnings	Total Stockholders' Equity
	Class A	Class C		
BALANCE, JANUARY 1, 2023	\$ 47,646,000	\$ 3,580,000	\$ 61,352,000	\$ 112,578,000
Issuance of Class A common stock	350,000	-	-	350,000
Net income	-	-	4,650,000	4,650,000
Cash dividend	-	-	(257,000)	(257,000)
Stock dividend	176,000	-	(176,000)	-
	<hr/>	<hr/>	<hr/>	<hr/>
BALANCE, DECEMBER 31, 2023	48,172,000	3,580,000	65,569,000	117,321,000
Issuance of Class A common stock	20,019,000	-	-	20,019,000
Net income	-	-	7,667,000	7,667,000
Cash dividend	-	-	(348,000)	(348,000)
Stock dividend	270,000	-	(270,000)	-
	<hr/>	<hr/>	<hr/>	<hr/>
BALANCE, DECEMBER 31, 2024	<u>\$ 68,461,000</u>	<u>\$ 3,580,000</u>	<u>\$ 72,618,000</u>	<u>\$ 144,659,000</u>

see accompanying notes

CLEARINGHOUSE COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 7,667,000	\$ 4,650,000
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for credit losses	4,603,000	3,842,000
Amortization of award funds	(6,615,000)	(4,700,000)
Interest expense - debt issuance costs	253,000	257,000
Gain on debt retirement	(2,307,000)	-
Flow-through income from investment in other companies	(2,000)	-
Flow-through loss from investment in operating investments	44,000	57,000
Impairment of OREO	-	137,000
Depreciation	49,000	62,000
Depreciation - operating investment	173,000	74,000
Amortization of ASC 842 leased assets - operating lease	209,000	194,000
Change in:		
Accrued interest receivable	(902,000)	(196,000)
Other receivables and prepaid expenses	722,000	(1,077,000)
Due from related parties	649,000	(4,000)
Deferred taxes	79,000	(1,760,000)
Accounts payable and accrued expenses	2,069,000	1,449,000
Unamortized award funds	3,498,000	4,549,000
Accrued interest payable	273,000	637,000
Due to related parties	5,000	-
Net cash provided by operating activities	10,467,000	8,171,000
CASH FLOWS FROM INVESTING ACTIVITIES		
Originations and disbursements of loans receivable	(127,667,000)	(172,258,000)
Payoffs and amortization of loans receivable	41,356,000	71,100,000
Payoffs of PPP loans receivable	305,000	232,000
Purchases of fixed assets	(16,000)	(10,000)
Purchases of investments in other companies, net	(1,258,000)	(1,011,000)
Purchases and disbursements to operating investments, net	(165,000)	(1,438,000)
Net cash used in investing activities	(87,445,000)	(103,385,000)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of debt issuance costs	(88,000)	(109,000)
Proceeds from lines of credit	83,500,000	56,000,000
Payments of lines of credit	(38,000,000)	(39,000,000)
Proceeds from other notes payable	15,200,000	16,063,000
Payments of other notes payable	(29,662,000)	(23,466,000)
Payments of notes payable, Class A stockholders	(18,000,000)	-
Federal Home Loan Bank of San Francisco advances	50,500,000	59,000,000
Federal Home Loan Bank of San Francisco repayments	(21,000,000)	(30,000,000)
Bond Guarantee Program advances	50,000,000	83,000,000
Bond Guarantee Program repayments	(32,299,000)	(15,870,000)
Issuance of Class A common stock	20,019,000	350,000
Class A cash dividend	(348,000)	(257,000)
Net cash provided by financing activities	79,822,000	105,711,000
Net change in cash, cash equivalents and restricted cash	2,844,000	10,497,000
Cash, cash equivalents and restricted cash at beginning of year	70,260,000	59,763,000
Cash, cash equivalents and restricted cash at end of year	\$ 73,104,000	\$ 70,260,000
Cash and cash equivalents	\$ 53,723,000	\$ 51,852,000
Restricted cash	19,381,000	18,408,000
Total cash, cash equivalents and restricted cash	\$ 73,104,000	\$ 70,260,000

see accompanying notes

CLEARINGHOUSE COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2024 and 2023
(continued)

	2024	2023
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid for interest	\$ 27,361,000	\$ 21,811,000
Cash paid for income taxes	\$ 1,635,000	\$ 3,092,000
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Class A stock dividend	\$ 270,000	\$ 176,000
Real estate foreclosed	\$ 4,473,000	\$ -

see accompanying notes

**CLEARINGHOUSE COMMUNITY DEVELOPMENT
FINANCIAL INSTITUTION COMPANIES**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

1. Organization and purpose

Clearinghouse Community Development Financial Institution (“CDFI”) and its wholly-owned subsidiaries, as listed below (collectively, the “Company”), are headquartered in Lake Forest, California. CDFI operates in a national service area as a direct lender for affordable housing, community development and other, nontraditional credit needs. CDFI’s mission is to provide economic opportunities and improve the quality of life for lower-income individuals and communities through innovative and affordable financing that is unavailable in the conventional market. The majority of CDFI’s loans are to nonprofit and other organizations that (1) provide affordable housing to low-income individuals, (2) create jobs in economically disadvantaged areas, or (3) are otherwise engaged in community development activities. The U.S. Department of the Treasury (“Treasury”) has certified CDFI as a Community Development Financial Institution.

CDFI has several primary lines of business including core lending and new markets tax credits (“NMTC”) deployment. Core lending is primarily real estate-based lending that benefits lower-income individuals and communities unable to obtain credit from banks or other traditional lenders.

In 2023, CDFI’s bylaws were amended to provide for thirteen directors. The directors are nominated and elected by CDFI’s common stock shareholders via pro rata vote of existing shareholders.

CDFI’s wholly-owned subsidiaries are as follows:

- CDFI Service Corporation
- Clearinghouse NMTC, LLC (“CDFI NMTC LLC”)
- Clearinghouse CREC (Sub 4), LLC (“CREC Sub 4”)
- Alamo OZ Fund, LLC
- Alamo QOZB, LLC
- 34 E. Jackson OZ Fund, LLC
- 34 E. Jackson QOZB, LLC
- Mary Hammond Center LLC
- Pine and Pacific, LLC

CDFI holds 75% controlling partnership interest in Pacific Ave, LP, which is consolidated in these financial statements.

CDFI Service Corporation’s primary purpose is to liquidate assets acquired by CDFI. As of December 31, 2024 and 2023, CDFI Service Corporation had an OREO balance of \$9,132,000 and \$4,659,000, respectively. This amount is included in other real estate owned on the consolidated balance sheets. For the years ended December 31, 2024 and 2023, there were impairment losses recognized of \$0 and \$137,000, respectively.

CDFI NMTC LLC’s sole purpose is to make equity investments in and manage NMTC community development entities (“NMTC CDEs”). CDFI has incorporated the NMTC CDEs for the purpose of facilitating transactions resulting from federal and state of Nevada NMTC allocations awarded to CDFI. CDFI has been awarded \$783,000,000 and \$19,765,000 of federal and state of Nevada allocations, and deployed \$702,000,000 and \$19,765,000, respectively, to qualified active low-income community businesses since its inception.

**CLEARINGHOUSE COMMUNITY DEVELOPMENT
FINANCIAL INSTITUTION COMPANIES**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

1. Organization and purpose (continued)

The CREC Sub 4 was created for the primary purpose of purchasing and investing in income producing real estate property. As of December 31, 2024 and 2023, the CREC Sub 4 had purchased and invested in commercial property, as further discussed in Note 5.

The Company creates and manages entities to make equity investments in properties primarily located in Opportunity Zones, as further discussed in Note 5. The purpose of these entities is to attract tax deferred capital gains and other investor capital into distressed areas.

2. Summary of significant accounting policies and nature of operations

Basis of accounting

The Company prepares its consolidated financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Principles of consolidation

The consolidated financial statements include the accounts of CDFI and its wholly-owned subsidiaries CDFI Service Corporation, CDFI NMTC LLC, Alamo OZ Fund, LLC, Alamo QOZB, LLC, 34 E. Jackson OZ Fund, LLC, 34 E. Jackson QOZB, LLC, Mary Hammond Center LLC, Pine and Pacific, LLC, and CREC Sub 4. In addition, the Company is required to consolidate Pacific Ave, LP in which CDFI is deemed to have control. All significant intercompany accounts and transactions have been eliminated in consolidation. Unconsolidated investments are accounted for by the equity and cost methods of accounting.

Cash and cash equivalents

Cash and cash equivalents include all cash balances on deposit with financial institutions and short-term, highly liquid investments that are readily convertible to known amounts of cash and are so near to maturity that they present insignificant risk of changes in value because of changes in interest rates. The majority of cash is deposited with CDFI shareholder banks.

Restricted cash is not considered cash and cash equivalents, and includes cash pledged to BGP, as defined in Note 9C, or otherwise contractually restricted.

Concentrations of risk, including economic, geographic and credit risk

The Company maintains cash in bank deposit accounts that, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company monitors the financial statements and regulatory filings of those institutions for which the amount on deposit exceeds the federal insured limit.

Generally, the Company originates loans secured by various types of real estate, including single family residential, multi family residential, commercial, and construction real estate (Note 3). The Company periodically reviews its concentration among individual loan segments and individual loans. Although the Company establishes an allowance for credit losses believed to be appropriate for risk concentrations, future operations could be affected by adverse changes in credit risk from loans receivable (Note 4).

**CLEARINGHOUSE COMMUNITY DEVELOPMENT
FINANCIAL INSTITUTION COMPANIES**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

2. Summary of significant accounting policies and nature of operations (continued)

Concentrations of risk, including economic, geographic and credit risk (continued)

The Company primarily lends throughout the American Southwest, including California, Nevada, Texas, Arizona, New Mexico, and Native American markets. Future operations could be affected by changes in economic or other conditions in those markets.

The Company's concentration in its largest borrowers has increased over time. As of December 31, 2024 and 2023, the largest ten borrowers, on average, have outstanding balances of \$26,339,000 and \$22,666,000, respectively. In total, these comprise 35.9% and 34.5%, respectively, of the Company's loan portfolio. Please refer to further discussion of loans receivable at Note 3.

Fixed assets and depreciation

The Company records all fixed assets at cost, less accumulated depreciation. Depreciation for leasehold improvements is computed on a straight-line basis over the lives of the underlying leases, which range from 3 to 5 years. Depreciation for property and equipment is computed on a straight-line basis over the estimated useful lives of the property and equipment, which range from 3 to 5 years. Depreciation for sitework is computed on a straight-line basis over an estimated useful life of 15 years. Depreciation for buildings and building improvements is computed on a straight-line basis over the estimated useful lives of the buildings and building improvements, which range from 39 to 40 years. Depreciation expense for the years ended December 31, 2024 and 2023 was \$49,000 and \$62,000, respectively.

Income taxes

The Company files a consolidated income tax return for the federal government and various states. The consolidated financial statements provide for the tax effects of transactions reported and consist both of taxes currently due and deferred taxes.

Deferred tax assets and liabilities are determined based on temporary differences between financial statement asset and liability amounts and their respective tax bases. Temporary differences are differences between the tax bases of assets and liabilities and their reported amounts in the consolidated financial statements that will result in taxable or deductible amounts in future years. Deferred taxes represent the future tax return consequences of those differences, which will either be deductible or taxable when the assets and liabilities are recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized during such period as an adjustment to provision for income taxes. Deferred taxes are estimated using enacted laws and rates. The Company's temporary differences result from provision for credit loss deductions, accrued bonuses and payroll, impairment losses, and other miscellaneous income and expenses, which result in a net deferred income tax asset.

A valuation allowance is established if, based on the weight of the available evidence, it is more likely than not that some portion or all of the deferred income tax assets will not be realized. The valuation allowance reduces deferred tax assets to the amount the Company expects to realize. As of December 31, 2024 and 2023, there was no valuation allowance.

**CLEARINGHOUSE COMMUNITY DEVELOPMENT
FINANCIAL INSTITUTION COMPANIES**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

2. Summary of significant accounting policies and nature of operations (continued)

Income taxes (continued)

Due to the inherent complexities arising from the nature of the Company's business, the amount recognized is subject to significant management judgments and estimates with respect to the likely outcome of uncertain tax positions. The Company evaluates its uncertain tax positions. The Company recognizes the consolidated financial statement effect of a tax position when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. A loss contingency is recognized when it is probable that a liability has been incurred as of the date of the consolidated financial statements and the amount of the loss can be reasonably estimated. The amount recognized is an estimate subject to management judgment with respect to the likely outcome of the uncertain tax position. The amount that is ultimately sustained for an individual uncertain tax position or for all uncertain tax positions in the aggregate could differ from the amount recognized.

Federal and state tax authorities generally have the right to examine and audit the previous three years of tax returns filed. Any interest or penalties assessed to the Company are recorded in operating expenses. For the years ended December 31, 2024 and 2023, no interest or penalties from federal or state tax authorities are reflected in the accompanying consolidated financial statements.

Revenue recognition

The Company recognizes interest income on loans receivable and cash deposits as it is earned. Interest income on loans generally accrues on the net principal balance, based on the interest convention specified in terms of the loan agreements. The accrual of interest is discontinued when a loan becomes 90 days delinquent or, in management's opinion, the borrower may be unable to make payments as they become due. When the accrual of interest is discontinued, all unpaid accrued interest is reversed. Interest income is subsequently recognized only to the extent cash payments are received and the principal balance is believed to be collectible.

Unearned income, loan origination fees and unamortized premiums or discounts on purchased loans are deferred and the net amount amortized as an adjustment of the respective loan's yield. The Company amortizes these amounts over the contractual life of the respective loan using the effective interest method.

Loan fees include loan recoveries, late fees, servicing fees, prepayment fees, and the unamortized portion of loan origination fees, commitment fees, and discounts upon prepayment. The Company recognizes loan fees in the period they are earned, in accordance with the terms of the loan agreements.

The Company earns management fees for the management of related entities. Management fees are recognized in the period they are earned, in accordance with the terms of the respective management agreements.

Investment income is based on the performance of the companies in which the Company has made investments. Investment income is recognized in accordance with the method of accounting used for each investment, as discussed below.

**CLEARINGHOUSE COMMUNITY DEVELOPMENT
FINANCIAL INSTITUTION COMPANIES**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

2. Summary of significant accounting policies and nature of operations (continued)

Revenue recognition (continued)

Revenue from certain grants or awards with performance obligations is recognized as the underlying performance obligations are satisfied. These performance obligations are identified in the underlying agreements, can be varied in nature, and are generally satisfied ratably through performance until completion. As of December 31, 2024 and 2023, unrecognized revenue from these sources totaled \$4,862,000 and \$7,979,000, respectively. For the years ended December 31, 2024 and 2023, the Company recognized \$6,615,000 and \$4,700,000, respectively, from the performance of obligations related to these grants or awards.

Investments in other companies

The Company owns interests in other companies, as further discussed in Note 7. The Company has determined that the other companies are variable interest entities and the Company is not the primary beneficiary. As a result, the Company is not required to consolidate its investment in the other companies. This conclusion was based on the determination that the Company does not have the power to direct the activities that most significantly impact the other companies' economic performance. The Company's maximum exposure to loss as a result of its involvement with the investment is limited to the current investment balance.

The Company investments in Federal Home Loan Bank of San Francisco and in FVLCRUM are recorded at cost pursuant to the measurement alternative provided by FASB ASC 321. The fair value of the investments is not estimated if there are no identified changes in circumstances that may have a significant adverse effect on the fair value of the investment.

The Company periodically invests in the rehabilitation of historic buildings, for which it qualifies for historic tax credits ("HTCs") under Internal Revenue Code ("IRC") Section 47. The HTCs are earned ratably over a five-year period or entirely on the placed in service date ("PIS") of the rehabilitated building, if qualified under the transition rule, and result in a dollar for dollar reduction of federal income taxes payable. The HTCs are subject to recapture if the Company disinvests within five years of the PIS.

The Company accounts for all other investments in other companies using the equity method of accounting, which requires that the investments are recorded at cost and adjusted for the Company's allocable share of income or loss, additional investments, and cash distributions from the other companies. Because the Company has no obligation to fund liabilities of the other companies beyond its investment, including loans and advances, investments in the other companies may not be reduced below zero. To the extent that equity losses are incurred when the Company's carrying value of its investment has reached a zero balance, any losses will be suspended to be used against future income.

The Company has implemented policies and practices for assessing impairment for its investments. Periodically, the carrying values are evaluated to determine if any impairment in value exists. If impairment exists, the carrying value is reduced to its estimated fair value, based on the net present value of estimated future cash flows and tax benefits expected to be received. For the years ended December 31, 2024 and 2023, there were no impairment losses.

**CLEARINGHOUSE COMMUNITY DEVELOPMENT
FINANCIAL INSTITUTION COMPANIES**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

2. Summary of significant accounting policies and nature of operations (continued)

Loans receivable and allowance for credit losses

Loans receivable are reported at the principal amount outstanding, net of unearned income, deferred loan origination fees, holdbacks, unamortized premiums or discounts on purchased loans, and an allowance for credit losses.

In 2023, the Company adopted ASU 2016-13, in which loans receivable are measured at amortized cost basis and presented at the amount expected to be collected, net of deferred loan origination fees and unearned discounts, as applicable. The Company records an allowance for credit losses based on losses expected to arise over the contractual term of the financial asset.

In developing estimates for expected credit losses, management considers historical loss information updated for current conditions and reasonable and supportable forecasts that affect expected collectability using the discounted cash flow approach. Management considers factors such as the borrower's financial condition, the borrower's ability to make scheduled interest or principal payments based on the current and forecasted direction of the economic and business environment, the remaining payment terms of the loan, the remaining time to maturity, the value of underlying collateral and other qualitative factors. Although management uses many factors to estimate credit losses, because of uncertainties associated with local economic conditions, collateral values, and future cash flows, it is reasonably possible that a material change could occur in the allowance for credit loan losses in the near term. However, the amount of the change that is reasonably possible cannot be estimated.

The Company considers a loan impaired when, based on current information or factors, it is probable that the Company will not collect all principal and interest due according to the loan agreement. Management considers many factors in determining whether a loan is impaired, such as payment history, borrower financial condition, and value of collateral. Loans that are contractually delinquent less than 90 days are generally not considered impaired, unless the borrower has filed bankruptcy or the Company is aware of specific information indicating loan impairment. The Company reviews delinquent loans to determine impaired accounts. When a loan is determined to be specifically impaired, the Company measures impairment by either using the fair value of collateral if the loan is collateral dependent, or the present value of expected cash flows discounted at the loan's effective interest rate, or, if available, at the loan's observable market price, as further described in the fair value measurement note. As of December 31, 2024 and 2023, the allowance for specifically impaired loans was \$0 and \$2,963,000, respectively.

As of December 31, 2024 and 2023, the total allowance including current estimated credit losses and specifically impaired loans was \$22,234,000 and \$21,122,000, respectively.

**CLEARINGHOUSE COMMUNITY DEVELOPMENT
FINANCIAL INSTITUTION COMPANIES**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

2. Summary of significant accounting policies and nature of operations (continued)

Loans receivable and allowance for credit losses (continued)

Assets are written off when the Company deems the loan receivable to be uncollectible. Write-offs are recognized as a deduction from the allowance for credit losses. Expected recoveries of amounts previously written off, which do not exceed the aggregate of previous write-offs, are included in determining the allowance account. For the years ended December 31, 2024 and 2023, the amounts determined to be uncollectible and written off were \$3,491,000 and \$0, respectively.

In response to the COVID-19 pandemic in 2020, the Company granted various loan modifications, to help relieve borrowers from the economic impacts of the COVID-19 pandemic. These modifications generally deferred three to six months of interest which is payable at loan maturity. In accordance with the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the Company elected not to apply troubled debt restructuring classification to loan modifications after March 31, 2020, for loans that were otherwise current before the pandemic. The Company accrued interest for these affected loans throughout the deferral period. As of December 31, 2024 and 2023, loans so modified carried deferred interest balances of \$1,335,000 and \$1,474,000, respectively.

Other receivables and prepaid expenses

Other receivables are stated at the net realizable value. Management closely monitors outstanding balances and provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that remain outstanding after management has used reasonable collection efforts are generally written off through a charge to the valuation allowance and a credit to the receivable. As of December 31, 2024 and 2023, there was no allowance for doubtful accounts.

Fair value measurement

The Company reports balances that are required or permitted to be measured at fair market value in accordance with existing accounting pronouncements. Fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based upon the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, the following three levels of the fair value hierarchy are used: (1) the fair value is based on quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date; (2) the fair value is based on significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data; and (3) the fair value is based on significant unobservable inputs that reflect the Company's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

**CLEARINGHOUSE COMMUNITY DEVELOPMENT
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2. Summary of significant accounting policies and nature of operations (continued)

Fair value measurement (continued)

Management has determined that fair value classification and disclosure is appropriate only for specifically impaired loans and OREO assets. All other assets, such as loans receivable, operating investments, and investment in other companies, are recorded at historical cost or under the equity method of accounting. The fair value of the specifically impaired loans and OREO assets are based on significant unobservable inputs (level 3). As of December 31, 2024 and 2023, the carrying value of specifically impaired loans, net of impairment, was \$0 and \$4,039,000 respectively. As of December 31, 2024 and 2023, the carrying value of OREO assets, net of impairment, was \$9,132,000 and \$4,659,000, respectively.

Use of estimates

The preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change in the near term are the allowance for credit losses and estimates of future tax rates.

Leases

The Company determines if an arrangement is a lease at inception. An arrangement is a lease if the arrangement conveys a right to direct the use of and to obtain substantially all of the economic benefits from the use of an asset for a period of time in exchange for consideration.

Operating lease right-of-use assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. The Company uses its incremental borrowing rate at the commencement date in determining the present value of lease payments. Using the incremental borrowing rate requires judgment and is based on the current WSJ Prime rate at commencement.

The operating lease right-of-use asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. The Company's lease agreement does not contain any material residual value guarantees or material restrictive covenants. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Company elected the practical expedient to not record its short-term lease on its consolidated balance sheet.

Subsequent events

Subsequent events have been evaluated through March 31, 2025, which is the date the consolidated financial statements were available to be issued, and there are no subsequent events requiring disclosure.

**CLEARINGHOUSE COMMUNITY DEVELOPMENT
FINANCIAL INSTITUTION COMPANIES**
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3. Loans receivable

The Company's loan portfolio is composed of loans that are primarily secured by commercial real estate. This collateral is concentrated in certain local markets, such as California, Texas, and the American Southwest. As of December 31, 2024 and 2023, substantially all loans were secured by real estate first trust deeds with initial loan-to-value ratios not greater than 80% and debt service coverage ratios of not less than 1.10.

The Company's loan portfolio consisted of the following at December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Loan receivable	\$ 790,681,000	\$ 697,570,000
Paycheck Protection Program loans	<u>33,000</u>	<u>338,000</u>
Total loans receivable	790,714,000	697,908,000
Construction holdbacks	(43,552,000)	(34,683,000)
Interest holdbacks	<u>(6,165,000)</u>	<u>(5,533,000)</u>
Gross loans receivable, net of unfunded holdbacks	740,997,000	657,692,000
Funded holdbacks	<u>(7,038,000)</u>	<u>(2,606,000)</u>
Gross loans receivable, net of funded holdbacks	733,959,000	655,086,000
Unearned net loan fees	<u>(6,303,000)</u>	<u>(5,472,000)</u>
Total loans receivable, net, before allowance for credit losses	727,656,000	649,614,000
Allowance for credit losses	<u>(22,234,000)</u>	<u>(21,122,000)</u>
Total loans receivable, net	<u>\$ 705,422,000</u>	<u>\$ 628,492,000</u>

Unearned net loan fees include fees that were charged to borrowers at origination, which the Company amortizes over the life of the respective loans. Discounts and premiums on any purchased loans are included as the difference between the note amount and the purchase amount at the time of purchase, adjusted for refinancing after purchase, if any. The Company amortizes purchase discounts and premiums over the life of the respective loans.

Holdbacks are amounts that are contractually available to borrowers, but that have not been disbursed. These amounts have been committed to borrowers, who generally have the right to draw upon them under the terms of the loan agreement. Holdbacks also include amounts reserved to pay interest on the outstanding portion of loans, which are included in the net loans receivable balance under the terms of the respective loan agreements.

For the years ended December 31, 2024 and 2023, the Company's loan portfolio had a weighted-average coupon of 7.08% and 6.38%, respectively.

**CLEARINGHOUSE COMMUNITY DEVELOPMENT
FINANCIAL INSTITUTION COMPANIES**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

4. Allowance for credit losses

The Company's allowance for credit losses ("ACL") was as follows for the years ended December 31:

	2024	2023
Balance, beginning	\$ 21,122,000	\$ 17,280,000
Provision for credit losses	4,603,000	3,842,000
Loans charged off	(3,491,000)	-
Balance, ending	\$ 22,234,000	\$ 21,122,000

During 2024 and 2023, the Company had average outstanding balances of loans past due over 90 days of approximately \$8,306,000 and \$7,690,000, respectively. For the years ended December 31, 2024 and 2023, the Company recognized interest income from these loans of approximately \$405,000 and \$281,000, respectively.

5. Operating investments

On May 19, 2015, the Board of Directors approved a plan to create the Clearinghouse Real Estate Company ("CREC"), consisting of various individual CREC Subs, to purchase real estate with the intent to stabilize, revitalize and improve communities. The Company expects to hold these properties for the production of income, with future evaluation for sale at a later date.

The Company primarily invests in residential and commercial rental real estate development projects through lower tier entities which themselves qualify as qualified opportunity zone businesses, located in "qualified opportunity zones" ("Opportunity Zones"), as designated by the Tax Cuts and Jobs Act. The Company also invests in land in Opportunity Zones with the intention of it being used in a qualified opportunity zone business. The Company intends to maintain Qualified Opportunity Fund ("QOF") status which will allow it to provide certain tax benefits available to investors through the Internal Revenue Code of 1986, as amended, particularly the rules relating to Opportunity Zones set forth in Sections 1400Z-1 and 1400Z-2 and any other Treasury regulations or other U.S. Internal Revenue Service guidance promulgated thereunder. During 2024 and 2023, the Company made additional contributions to Opportunity Zone investments in the amount of \$0 and \$2,487,000, respectively.

During 2024, the Company completed the renovation of a historic building in an Opportunity Zone. During the measurement period, the Company incurred \$5,413,000 of qualified rehabilitation expenditures, which allow the Company to claim \$1,083,000 of federal HTC's and \$1,353,000 of Texas state HTC's. These federal credits can be used to reduce income taxes payable, in the manner described in Note 2, and the state credits can be sold, with the proceeds therefrom recorded as income or a reduction of the asset's basis.

**CLEARINGHOUSE COMMUNITY DEVELOPMENT
FINANCIAL INSTITUTION COMPANIES**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

5. Operating investments (continued)

A combined summary of the financial position of the operating investments and the results of their operations as of and for the years ended December 31, 2024 and 2023 included in these consolidated financial statements was as follows:

	<u>2024</u>	<u>2023</u>
Fixed assets, net	\$ 23,080,000	\$ 22,810,000
Other assets	<u>828,000</u>	<u>1,150,000</u>
Operating investments	23,908,000	23,960,000
Cash, restricted cash, and other assets	233,000	191,000
Other assets	<u>70,000</u>	<u>1,198,000</u>
 Total assets	 <u>\$ 24,211,000</u>	 <u>\$ 25,349,000</u>
 Other liabilities	 \$ 11,887,000	 \$ 11,870,000
Members' capital	<u>12,324,000</u>	<u>13,479,000</u>
Total liabilities and members' capital	<u>\$ 24,211,000</u>	<u>\$ 25,349,000</u>
 Revenue	 \$ 305,000	 \$ 267,000
Expenses	<u>(706,000)</u>	<u>(545,000)</u>
Net loss from operating investments	<u>\$ (401,000)</u>	<u>\$ (278,000)</u>

6. Fixed assets

Fixed assets, net, generally comprises land, buildings, and equipment used for the production of income in the normal course of the Company's business. This includes office property occupied by the Company, other leasehold improvements, and equipment. Such assets are not held for appreciation nor the production of income directly, although some property may be rented to produce income. As of December 31, 2024 and 2023, fixed assets consisted of the following:

	<u>2024</u>	<u>2023</u>
Land	\$ 950,000	\$ 950,000
Buildings	461,000	461,000
ASC 842 leased assets – operating lease	-	209,000
Leasehold improvements	708,000	708,000
Property and equipment	<u>1,106,000</u>	<u>1,090,000</u>
Total fixed assets	3,225,000	3,418,000
Less: accumulated depreciation	<u>(1,806,000)</u>	<u>(1,757,000)</u>
Total fixed assets, net	<u>\$ 1,419,000</u>	<u>\$ 1,661,000</u>

For the years ended December 31, 2024 and 2023, depreciation expense for fixed assets, net was \$49,000 and \$62,000, respectively.

**CLEARINGHOUSE COMMUNITY DEVELOPMENT
FINANCIAL INSTITUTION COMPANIES**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

7. Investment in other companies

The Company has investments in other companies. These investments are accounted for as discussed in Note 2. The other companies are:

Federal Home Loan Bank of San Francisco

As a condition of membership, the Company is required to purchase stock in Federal Home Loan Bank of San Francisco (“FHLB-SF”). The amount of stock required is generally increased as the amount of borrowings or advances increases and decreased by any redemptions by the FHLB-SF. As of December 31, 2024 and 2023, the Company had stock investments of \$3,687,000 and \$2,838,000, respectively. For the years ended December 31, 2024 and 2023, the Company earned dividends of \$282,000 and \$193,000, respectively.

NMTC CDEs

CDFI NMTC LLC and CDFI are the managing members of the NMTC CDEs with ownership interests of generally 0.01%. The NMTC CDEs have been organized to encourage and assist qualified individuals, corporations and financial institutions to invest in qualified active low income community businesses located primarily in California, Nevada, Arizona, New Mexico and Native American lands in the Western United States, which investments constitute qualified low-income community investments under the NMTC provisions of IRC Section 45D. As of December 31, 2024 and 2023, CDFI’s aggregate investment balance, net of distributions, was \$(13,000). This amount is included in investment in other companies on the consolidated balance sheets.

A combined summary of the financial position of the NMTC CDEs and the results of their operations as of and for the years ended December 31, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Total assets	\$ 200,589,000	\$ 192,120,000
Liabilities	\$ 125,000	\$ 152,000
Members’ equity	<u>200,464,000</u>	<u>191,968,000</u>
Total liabilities and members’ equity	<u>\$ 200,589,000</u>	<u>\$ 192,120,000</u>
Revenues	\$ 3,290,000	\$ 3,103,000
Expenses	<u>(1,651,000)</u>	<u>(1,342,000)</u>
Net income	<u>\$ 1,639,000</u>	<u>\$ 1,761,000</u>
Company’s share of income, included in flow through income from investment in other companies	<u>\$ -</u>	<u>\$ -</u>

**CLEARINGHOUSE COMMUNITY DEVELOPMENT
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7. Investment in other companies (continued)

Investments in HTC Companies and Other Companies

The Company from time to time makes additional investments in order to support its strategic goals. These investments include contributions to entities eligible to receive Historic Tax Credits, which provide a reduction in the Company’s income tax liability, contributions to loan funds which sponsor community development services, and investments in other companies. As of December 31, 2024 and 2023, the total investment balance was \$328,000 and \$334,000, respectively. For the years ended December 31, 2024 and 2023, income from investments in HTC and other companies was \$2,000 and \$0, respectively.

FVLCRUM

On December 10, 2021, the Company entered into a subscription agreement with FVLCRUM Fund, LP (“FVLCRUM”) for a commitment up to \$3,000,000. FVLCRUM was created to make equity investments in minority owned business principally involved in government contracting, healthcare and franchising sectors to generate positive community development impacts benefitting low-income persons and communities. The Company makes contributions as FVLCRUM closes new investments or accrues partnership expenses. As of December 31, 2024 and 2023, the Company had contributed a total of \$1,171,000 and \$754,000, respectively, to its investment in FVLCRUM. For the years ended December 31, 2024 and 2023, the Company earned management fee income of \$500,000 and \$444,000, respectively, which is included in management fees in the accompanying consolidated statements of income.

A summary of the Company’s investment in other companies for the years ended December 31, 2024 and 2023 was as follows:

	<u>2024</u>	<u>2023</u>
FHLB-SF	\$ 3,687,000	\$ 2,838,000
NMTC CDEs	(13,000)	(13,000)
HTC Companies and Other Companies	328,000	334,000
FVLCRUM	<u>1,171,000</u>	<u>754,000</u>
Total Investments in Other Companies	<u>\$ 5,173,000</u>	<u>\$ 3,913,000</u>

8. Lines of credit

First Foundation Bank

On July 19, 2016, the Company entered into a business loan agreement with First Foundation Bank for a \$10,000,000 revolving line of credit, which was later increased to \$12,000,000. On August, 28, 2024, the revolving line of credit was renewed with an extended maturity date of August 1, 2025. Interest accrued at the greater of the WSJ Prime Rate plus 0.50%, or a floor rate of 4.25%. As of December 31, 2024 and 2023, the interest rate was 8% and 9%, respectively. As of December 31, 2024 and 2023, the outstanding balance on the line of credit was \$0.

**CLEARINGHOUSE COMMUNITY DEVELOPMENT
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8. Lines of credit (continued)

State Bank of India (California)

On July 28, 2021, the Company entered into a loan agreement with State Bank of India (California) (“SBOI”) for a \$2,500,000 line of credit. On October 28, 2024, the line of credit was renewed with an extended maturity date of October 28, 2025. On August 9, 2023, the Company entered a second loan agreement with SBOI for a \$5,000,000 line of credit. On October 28, 2024, the line of credit was renewed with an extended maturity date of October 28, 2025. Interest for both lines of credit accrues at the WSJ Prime Rate less 0.25%. As of December 31, 2024 and 2023, the interest rate was 7.5% and 8.75%, respectively. As of December 31, 2024 and 2023, the outstanding balance on the lines of credit was \$0.

Charles Schwab Bank

On December 31, 2014, the Company entered into a loan and security agreement with Charles Schwab Bank for a revolving credit facility. On December 14, 2023, the revolving credit facility was renewed to a maximum amount of \$45,000,000. On November 7, 2024, the maturity date was extended to November 7, 2029. The proceeds are to be used to fund construction loans in certain western states. Interest accrues at the greater of a floor rate of 3.00%, or the Federal Funds Target Range plus 1.75%. As of December 31, 2024 and 2023, the interest rate was 5.75% and 6.75%, respectively. The revolving credit facility potentially amortizes through November 7, 2029 subject to the Company’s election and the satisfaction of certain conditions. As of December 31, 2024 and 2023, the outstanding balance on the line of credit was \$36,329,000 and \$13,829,000, respectively.

Wells Fargo Bank, N.A.

On October 29, 2021, the Company entered into a loan and security agreement with Wells Fargo Bank, N.A. for a line of credit. The line of credit has a maximum amount of \$25,000,000. The line of credit was renewed with an extended maturity date of February 19, 2028. Interest shall accrue at the rate equal to the Benchmark (initially the Secured Overnight Financing Rate (SOFR)) plus 2.0%; however, if Wells Fargo Bank, N.A. makes a Benchmark Unavailable Determination, as defined in the loan agreement, the interest rate shall equal to the Federal Funds Rate plus 2.0%. As of December 31, 2024 and 2023, the interest rate was 7.21% and 7.33%, respectively. As of December 31, 2024 and 2023, the outstanding balance on the line of credit was \$25,000,000 and \$12,000,000, respectively.

Small Business Investment Corporation, dba New Mexico Small Business Investment Corporation

On April 1, 2022, the Company entered into a loan agreement with Small Business Investment Corporation, dba New Mexico Small Business Investment Corporation (“NMSBIC”) for a line of credit. NMSBIC shall make advances of funds up to a maximum principal amount in accordance to the terms and conditions of the loan agreement. On April 30, 2024, the line of credit was increased to a maximum amount of \$20,000,000. Interest shall accrue at a fixed rate of 2.00% per annum. All unpaid principal and interest shall be due and payable on April 1, 2032. As of December 31, 2024 and 2023, the outstanding balance on the line of credit was \$20,000,000 and \$15,000,000, respectively.

**CLEARINGHOUSE COMMUNITY DEVELOPMENT
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8. Lines of credit (continued)

JPMorgan Chase Bank, N.A.

On August 9, 2024, the Company entered into a loan and security agreement with JPMorgan Chase Bank, N.A. for a line of credit. The line of credit has a maximum amount of \$5,000,000 with a maturity date of August 7, 2026. Interest shall accrue at the rate equal to the Benchmark (initially the Secured Overnight Financing Rate (SOFR)); however, if a Benchmark Transition Event occurs, as defined in the loan agreement, the Benchmark rate shall be the Alternate Rate, as defined in the loan agreement. As of December 31, 2024, the interest rate was 6.48%. As of December 31, 2023, the outstanding balance on the line of credit was \$5,000,000.

For all lines of credit in total, minimum future principal payments are as follows:

Years ending December 31,	
2025	\$ 29,541,000
2026	14,082,000
2027	9,083,000
2028	6,812,000
2029	6,811,000
Thereafter	<u>20,000,000</u>
Total	<u>\$ 86,329,000</u>

9. Notes payable

A. Notes payable, Class A stockholders

Notes payable, Class A stockholders reflect payable commitments resulting from the remaining balance of a private placement memorandum, (“Third PPM”), and from its respective Credit Agreement, the terms of which are described below. The Third PPM was approved in 2003 and enabled investors to select the ratio of lending commitment to new equity based upon certain criteria specified in that PPM. Under the Third PPM, there was a credit agreement (“Third Credit Agreement”) which provides for variable interest rates. The rate adjusts annually based upon the weekly 10 year CMT plus 10 basis points, generally, with a maximum periodic cap of 100 basis points, a lifetime cap of 500 basis points and no floor. The Third Credit Agreement was partially prepaid in 2008 and 2009 and the Board of Directors established a plan for repayment of all principal no later than December 2024. As of December 31, 2024 and 2023, the Third Credit Agreement had a weighted average interest rate of 4.29% and 3.54%, respectively.

As of December 31, 2024 and 2023, balances outstanding under these notes payable totaled \$0 and \$18,000,000, respectively.

In connection with this agreement, CDFI had agreed to, among other things, maintain certain financial ratios, limit expenses and restrict the use of proceeds from the borrowings.

**CLEARINGHOUSE COMMUNITY DEVELOPMENT
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9. Notes payable (continued)

B. Other notes payable

Loan	Year-end interest rate	Payment terms	2024	2023
<u>Opportunity Finance Network</u>				
Under the terms of all agreements, CDFI is required to use the proceeds of the loans for community development projects in economically distressed areas.				
In May 2006, CDFI entered into an unsecured loan agreement with Opportunity Finance Network (“OFN”). The principal is due and payable on December 31, 2026.	4.00%	Interest only, quarterly in arrears	\$ 4,000,000	\$ 4,000,000
On March 26, 2010, CDFI entered into an unsecured loan agreement with OFN. The principal is due and payable on June 30, 2025.	3.00%	Interest only, quarterly in arrears	\$ 1,450,000	\$ 1,450,000
On March 26, 2010, CDFI entered into an unsecured loan agreement with OFN. The principal is due and payable on June 30, 2029.	5.00%	Interest only, quarterly in arrears	\$ 1,050,000	\$ 1,050,000
On May 14, 2021, the CDFI entered into an unsecured loan agreement with OFN. The principal is due and payable in three equal annual installments beginning May 14, 2029 through May 14, 2031.	3.00%	Interest only, quarterly in arrears	\$ 5,000,000	\$ 5,000,000
On July 10, 2024, the CDFI entered into an unsecured loan agreement with OFN. The principal is due and payable on July 10, 2029.	3.25%	Interest only, quarterly in arrears	\$ 200,000	\$ -
Opportunity Finance Network subtotal			\$ 11,700,000	\$ 11,500,000

**CLEARINGHOUSE COMMUNITY DEVELOPMENT
FINANCIAL INSTITUTION COMPANIES**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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9. Notes payable (continued)

B. Other notes payable (continued)

Loan	Year-end interest rate	Payment terms	2024	2023
<p><u>Bank of America, N.A.</u> On March 30, 2012, CDFI entered into a loan and security agreement with Bank of America, N.A. for a revolving credit facility. The proceeds are to be used to fund loans for community development projects in economically distressed areas. The facility was amended on December 29, 2016 to include total borrowing capacity of up to \$30,000,000, and accrues interest at the Bank of America Cost of Funds Rate plus 1.5% per annum, which is then fixed at the time of an advance. Borrowings under the facility amortize to the earlier of the facility maturity date of June 29, 2028, or the maturity of the underlying security. All unpaid principal and interest is due at maturity.</p> <p>On December 18, 2019, CDFI executed an additional loan agreement with Bank of America for a revolving credit facility totaling \$25,000,000. The proceeds of the loan are to be used to fund loans for community development projects in economically distressed areas. Borrowings under the facility amortize to the earlier of the facility maturity date of June 18, 2031, or the maturity of the underlying security. All unpaid principal and interest is due at maturity. Interest will accrue at a Base Rate plus 1.50%. The Base Rate will be based on the term of the underlying security.</p>	2.27%	Interest, monthly in arrears Principal, quarterly per amortization schedule	\$ 9,455,000	\$ 22,226,000
<p><u>Partners Bank of California</u> On November 26, 2018, the Company entered into a loan agreement with Partners Bank of California. On June 6, 2022, this note was amended to extend maturity date to May 1, 2024. During 2024, the loan matured and was paid off.</p>	4.75%	Interest only, monthly	\$ -	\$ 2,800,000

**CLEARINGHOUSE COMMUNITY DEVELOPMENT
FINANCIAL INSTITUTION COMPANIES**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

9. Notes payable (continued)

B. Other notes payable (continued)

Loan	Year-end interest rate	Payment terms	2024	2023
<u>State Bank of India (California)</u> On August 9, 2023, CDFI entered into two promissory notes with SBOI, each in the amount of \$5,000,000. The loans bear interest at a fixed rate of 7.5%. The notes mature on July 28, 2025 and July 28, 2028, respectively. All unpaid principal and interest are due upon the respective maturities.	7.50%	Interest paid monthly, amortized quarterly	\$ 9,500,000	\$ 9,900,000
<u>Foothills Bank</u> On August 15, 2018, CDFI entered into an unsecured loan agreement with State Bank of Arizona, now Foothills Bank. On August 15, 2023, the loan was renewed at the increased amount of \$4,000,000 and extended to August 15, 2025. All unpaid principal and interest are due when the loan matures.	6.50%	Interest only, semi-annually in arrears	\$ 4,000,000	\$ 4,000,000
<u>Calvert Impact Capital, Inc.</u> On November 2, 2010, CDFI entered into an unsecured loan agreement with Communities at Work, L.P., now known as Calvert Impact Capital, Inc. The proceeds are to be used to fund loans for community development projects in economically distressed areas. The loan has been extended to June 30, 2025.	5.75%	Interest only, monthly	\$ 8,000,000	\$ 8,000,000
<u>Pacific Mercantile Bank</u> On October 5, 2015, CDFI entered into an unsecured loan agreement with Pacific Mercantile Bank, as later amended. The proceeds are to be used to provide loans to entities that provide affordable housing to low-income individuals, create jobs in economically disadvantaged areas, or otherwise engage in community development activities. The note accrued interest at WSJ Prime minus 0.25%. During 2024, the loan matured and was paid off.	8.25%	Interest only, quarterly	\$ -	\$ 4,500,000

**CLEARINGHOUSE COMMUNITY DEVELOPMENT
FINANCIAL INSTITUTION COMPANIES**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

9. Notes payable (continued)

B. Other notes payable (continued)

Loan	Year-end interest rate	Payment terms	2024	2023
<u>Citizens Business Bank</u> On July 8, 2019, CDFI entered into a loan agreement with Citizens Business Bank. During 2024, the loan matured and was paid off.	5.00%	Interest, quarterly Principal, \$500,000 annually	\$ -	\$ 3,000,000
On August 21, 2024, CDFI entered into a loan agreement with Citizens Business Bank. The note matures on August 21, 2025. All unpaid principal and interest are due when the loan matures.	7.25%	Interest, quarterly Principal, \$1,000,000 semi-annually	\$ 10,000,000	\$ -
<u>CalPrivate Bank</u> On December 27, 2019 CDFI entered into a loan agreement with CalPrivate Bank. The note had a maturity date of January 1, 2025 and was paid off in 2024.	5.00%	Principal and interest, monthly per amortization schedule	\$ -	\$ 1,191,000
<u>Toyota Financial Savings Bank</u> On July 10, 2019, CDFI entered into a loan agreement with Toyota Financial Savings Bank. The note matures on June 1, 2029. All unpaid principal and interest are due when the loan matures.	6.30%	Interest only, quarterly	\$ 3,500,000	\$ 3,500,000
On October 1, 2020, CDFI entered into a loan agreement with Toyota Financial Savings Bank. The note matures on September 1, 2025. All unpaid principal and interest are due when the loan matures.	3.50%	Interest only, quarterly	\$ 4,000,000	\$ 4,000,000

**CLEARINGHOUSE COMMUNITY DEVELOPMENT
FINANCIAL INSTITUTION COMPANIES**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

9. Notes payable (continued)

B. Other notes payable (continued)

Loan	Year-end interest rate	Payment terms	2024	2023
<u>Manufacturers Bank</u> On August 23, 2016, CDFI entered into an unsecured loan agreement with Manufacturers Bank. The proceeds are to be used to fund loans for community development projects in economically distressed areas. On August 31, 2022, the agreement was amended to increase the loan to \$10,000,000 and the interest rate to 5.46% and extend the maturity date to September 1, 2025.	5.46%	Interest only, quarterly in arrears	\$ 10,000,000	\$ 10,000,000
<u>HSBC Bank</u> On March 31, 2020, CDFI entered into a revolving credit agreement with HSBC Bank USA for a line of credit in the maximum amount of \$20,000,000. On March 1, 2022, the agreement was amended to extend the revolving line of credit period to March 31, 2024 and extend the maturity date to March 31, 2027. The loan may be extended to March 31, 2032, subject to the satisfaction of certain conditions.	3.50%	Interest only, quarterly	\$ 20,000,000	\$ 20,000,000
<u>Erich and Hannah Sachs Foundation</u> On November 8, 2023, CDFI entered into a promissory note with Erich and Hannah Sachs Foundation. The note matures on September 14, 2026. All unpaid principal and interest are due when the loan matures.	5.06%	Interest only, quarterly in arrears	\$ 1,000,000	\$ 1,000,000
<u>Phoenix Merchandise Mart 1946, LLC</u> On April 30, 2021, 34 E Jackson QOZB LLC entered into a loan agreement with Phoenix Merchandise Mart 1946, LLC. The note is secured by the deed of trust on the property. During 2024, the loan matured and was paid off.	3.00%	Interest only, monthly in arrears	\$ -	\$ 5,000,000

**CLEARINGHOUSE COMMUNITY DEVELOPMENT
FINANCIAL INSTITUTION COMPANIES**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

9. Notes payable (continued)

B. Other notes payable (continued)

Loan	Year-end interest rate	Payment terms	2024	2023
<u>Barings LLC</u> On May 25, 2022, the Company entered into a loan agreement with Barings LLC and the institutions listed in the agreement as initial lenders. Subject to the terms and conditions of the loan agreement, the initial lenders made available a term loan in an aggregate principal amount of \$50,000,000. The note matures on July 1, 2032. All unpaid principal and interest are due when the loan matures.	3.90%	Interest only, semi-annually	\$ 50,000,000	\$ 50,000,000
<u>Texas Mezzanine Fund, Inc.</u> On September 26, 2022, Alamo QOZB, LLC entered into a loan agreement with Texas Mezzanine Fund, Inc. The note is secured by the deed of trust on the property. The note matures on October 1, 2027. All unpaid principal and interest are due when the loan matures.	4.68%	Interest only, monthly in arrears	\$ 1,950,000	\$ 1,950,000
<u>Woodforest Bank</u> In September 2023, the CDFI entered into a loan agreement with Woodforest National Bank for the purpose of providing lending capital for affordable housing and community development. The note matures in September 2026. All unpaid principal and interest are due when the loan matures.	5.50%	Interest only, monthly in arrears	\$ 3,000,000	\$ 3,000,000
<u>JPMorgan Chase Bank, N.A</u> On August 9, 2024, CDFI entered into a loan agreement with JPMorgan Chase Bank, in the amount of \$5,000,000. The loans bear interest at a fixed rate of the Secured Overnight Financing Rate (SOFR) plus 2.0%. The note matures on August 7, 2026. All unpaid principal and interest are due when the loan matures.	5.83%	Interest only, quarterly	\$ 5,000,000	\$ -
Other notes payable total			\$ 151,105,000	\$ 165,567,000
Less: unamortized debt issuance costs, net			(664,000)	(764,000)
Other notes payable, net of unamortized debt issuance costs			<u>\$ 150,441,000</u>	<u>\$ 164,803,000</u>

**CLEARINGHOUSE COMMUNITY DEVELOPMENT
FINANCIAL INSTITUTION COMPANIES**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

9. Notes payable (continued)

B. Other notes payable (continued)

Debt issuance costs are being amortized to interest expense over the terms of the loans. During 2024 and 2023, amortization expense for debt issuance costs was \$188,000 and \$201,000, respectively.

C. CDFI Fund Bond Guarantee Program

During 2014, the Company became eligible to participate in the CDFI Fund’s Bond Guarantee Program (“BGP”). The BGP allows the Company to draw separate borrowings (“Advances”) up to a specified amount as the Company originates qualifying Secondary Loans, as defined under the terms of respective BGP agreements (“BGP Facilities”). The Advances are in turn secured by the assignment of those Secondary Loans plus a cash reserve of 3% of the Advance amount. Each Advance is priced at the time of the Advance based on the then current Federal Financing Bank rate, plus additional risk premia and servicing fees. Each Advance has a term, as selected by the Company, of between ten and thirty years from the date of the respective BGP Facility, is generally interest only for the first two years, and thereafter commences amortization based on its respective maturity date. Payments under the BGP facilities are semi-annual in arrears.

During 2020, the Company received a fourth BGP Facility allowing an additional \$100,000,000 of Advances. This new BGP Facility carries substantially similar terms to prior BGP Facilities. As of December 31, 2024 and 2023, the Company had total undrawn BGP Facilities of \$4,000,000 and \$54,000,000, respectively.

Advances may, at the Company’s discretion, be repaid at fair market value under prevailing Advance rates as determined by the CDFI Fund, with any difference between the book and market value of the Advances recognized as a gain or loss upon debt retirement. During 2024, the Company repaid \$17,592,000 of Advances at a discount, resulting in the recognition of a gain upon debt retirement of \$2,307,000.

For the year ended December 31, 2024, Advances under the BGP Facilities totaled \$332,746,000. These Advances had a weighted average yield of 3.95%, and a weighted average maturity date of December 2043. For the year ended December 31, 2023, Advances under the BGP Facilities totaled \$317,352,000. These Advances had a weighted average yield of 3.71%, and a weighted average maturity date of July 2043.

Advances consist of the following as of December 31,

	<u>2024</u>	<u>2023</u>
Principal balance	\$ 332,746,000	\$ 317,352,000
Less: unamortized debt issuance costs	<u>(1,134,000)</u>	<u>(1,199,000)</u>
Note payable, net of unamortized debt issuance costs	<u>\$ 331,612,000</u>	<u>\$ 316,153,000</u>

Debt issuance costs are being amortized to interest expense over the terms of the Advances. During 2024 and 2023, amortization expense for debt issuance costs was \$65,000 and \$56,000, respectively.

**CLEARINGHOUSE COMMUNITY DEVELOPMENT
FINANCIAL INSTITUTION COMPANIES**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

9. Notes payable (continued)

D. Federal Home Loan Bank of San Francisco

In February 2011, the Company was admitted as a member of the FHLB-SF. This membership allowed the Company a financing availability at December 31, 2024 and 2023 of \$106,000,000 and \$81,000,000, respectively. The Company was required to make a stock investment and to pledge certain specific loans as collateral sufficient to support the Company's borrowing capacity. The Company may borrow against this borrowing capacity, at its discretion, in maturities ranging from overnight to five years. As of December 31, 2024 and 2023, the Company had made stock investments in FHLB-SF as described in Note 7.

The Company entered into various fixed rate advances with FHLB-SF. The advances may carry a variety of interest rates and maturities. As of December 31, 2024, the weighted average maturity was October 2028, and the weighted average interest rate is 4.11%. As of December 31, 2023, the weighted average maturity was December 2028, and the weighted average interest rate was 4.00%. As of December 31, 2024 and 2023, the Company has outstanding fixed rate advances of \$58,096,000 and \$29,096,000, respectively.

As of December 31, 2024 and 2023, the Company had entered into overnight advances from the FHLB-SF, with interest rates of 4.78% and 5.70%, respectively. The rate is reset daily based on market interest rates and interest is payable on the last calendar day of each month. These advances renew automatically each day. The Company may repay these advances or extend their maturity at management's discretion with twenty four hours advance notice. As of December 31, 2024 and 2023, the Company has outstanding overnight advances of \$47,500,000 and \$47,000,000, respectively.

E. Future minimum principal payments

Future minimum principal payment requirements for all notes payable over the next five years are as follows:

Year ending December 31,

	Note 9B Other notes payable	Note 9C BGP	Note 9D FHLB-SF*	Total
2025	\$ 42,200,000	\$ 14,887,000	\$ 8,587,000	\$ 65,674,000
2026	19,351,000	15,279,000	12,928,000	47,558,000
2027	5,054,000	15,441,000	14,928,000	35,423,000
2028	4,750,000	15,341,000	36,725,000	56,816,000
2029	4,750,000	15,515,000	24,628,000	44,893,000
Thereafter	75,000,000	256,283,000	7,800,000	339,083,000
Total	<u>\$ 151,105,000</u>	<u>\$ 332,746,000</u>	<u>\$ 105,596,000</u>	<u>\$ 589,447,000</u>

*FHLB-SF overnight advances, as described above, may be repaid or renewed at the Company's discretion, but must be supported by loans receivable collateral acceptable to the FHLB-SF. Overnight advances are required to be repaid to the extent that the underlying collateral amortizes, matures, or otherwise repays, and additional acceptable collateral is not available.

**CLEARINGHOUSE COMMUNITY DEVELOPMENT
FINANCIAL INSTITUTION COMPANIES**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

10. Common stock

CDFI is authorized to issue three classes of common stock, Classes A, B and C, which have the following authorized, issued and outstanding shares at December 31:

	Class A	Class B	Class C
Authorized, 2024 and 2023	10,000,000	1,000,000	1,000,000
Issued and outstanding, 2024	640,885	-	35,800
Issued and outstanding, 2023	437,989	-	35,800

During 2023, CDFI's amended its bylaws to provide its Class A and Class B Common Stockholders with equal rights, including the equal right to vote on each of CDFI's thirteen directors. Class C Common Stockholders have rights equal to Class A and Class B Common Stockholders except for the right to vote for directors or upon any other matters.

For the year ended December 31, 2024, CDFI issued 200,296 Class A shares at \$100 per share and its stockholders relinquished 107 Class A shares at \$100 per share for net proceeds of \$20,019,000. For the year ended December 31, 2023, CDFI issued 3,500 Class A shares at \$100 per share for proceeds of \$350,000.

For the years ended December 31, 2024 and 2023, CDFI declared dividends of \$1 per share on 618,178 and 432,721 shares, respectively. Dividends are payable in cash or Class A common stock at the option of the stockholder. Stock dividends are issued for each \$100 of dividends, rounded down. For the years ended December 31, 2024 and 2023, stock and cash dividends were made as follows:

	2024		2023	
	Shares	Amount	Shares	Amount
Stock dividends (conversion of paid dividends at \$1 per share into stock issued at \$100 per share)	2,707	\$ 270,000	1,768	\$ 176,000
Cash dividends (\$1 per share)		348,000		257,000
Total		\$ 618,000		\$ 433,000

11. Income taxes

The provision for income taxes for the years ended December 31, 2024 and 2023 was as follows:

	2024	2023
Current income tax expense	\$ (2,364,000)	\$ (3,477,000)
Deferred income tax expense	(79,000)	1,760,000
Total provision for income taxes	\$ (2,443,000)	\$ (1,717,000)

**CLEARINGHOUSE COMMUNITY DEVELOPMENT
FINANCIAL INSTITUTION COMPANIES**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

11. Income taxes (continued)

The tax effects of temporary differences that give rise to significant portions of deferred taxes at December 31, 2024 and 2023, are as follows:

Deferred tax assets (liabilities)	<u>2024</u>	<u>2023</u>
Accrued bonuses and payroll	\$ 1,712,000	\$ 924,000
Accrued interest receivable	288,000	224,000
Accumulated depreciation	(15,000)	17,000
Allowance for credit losses	6,000,000	5,729,000
Deferred gain from Opportunity Zones	(291,000)	(291,000)
Deferred state taxes	458,000	246,000
Investment in other companies	156,000	233,000
OREO valuation allowance	112,000	112,000
Unamortized award income	<u>1,222,000</u>	<u>2,527,000</u>
Net deferred tax asset	<u>\$ 9,642,000</u>	<u>\$ 9,721,000</u>

The total provision for income taxes differs from the amount of income tax determined by applying the U.S. federal income tax rate of 21% and an approximate state income tax rate of 6% for 2024 and 5% for 2023 to pretax income for the years ended December 31, 2024 and 2023, as follows:

	<u>2024</u>	<u>2023</u>
Provision for federal income taxes	\$ (2,191,000)	\$ (1,382,000)
Permanent differences	366,000	22,000
Estimated state taxes, net of federal benefit	<u>(618,000)</u>	<u>(357,000)</u>
Total provision for income taxes	<u>\$ (2,443,000)</u>	<u>\$ (1,717,000)</u>

Management believes that the Company has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities.

12. Related-party transactions

The Company has transactions with many of its stockholders in the normal course of business because most of the Company's stockholders are banks with offices in or around the Company's principal market area. The Company had the following balances and transactions with certain of its stockholders:

	<u>2024</u>	<u>2023</u>
Balance at December 31		
Cash and cash equivalents on deposit	\$ 37,879,000	\$ 41,781,000
Lines of credit	66,329,000	25,829,000
Notes payable	38,500,000	48,891,000
Restricted cash on deposit	2,551,000	3,221,000
Due to/from NMTC CDEs	242,000	255,000

**CLEARINGHOUSE COMMUNITY DEVELOPMENT
FINANCIAL INSTITUTION COMPANIES**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

12. Related-party transactions (continued)

	2024	2023
Transactions for the years ended December 31		
Interest earned on cash balances and certificates of deposit	\$ 1,270,000	\$ 647,000
Interest paid on notes payable	6,131,000	3,621,000
Rent paid	212,000	206,000

Due to NMTC CDEs

Pursuant to the operating agreement, NMTC CDEs may make advances to the Company. The advances do not bear interest and are payable upon the availability of sufficient cash flows from the Company. As of December 31, 2024 and 2023, the NMTC CDEs were owed \$6,000 and \$0, respectively.

Management fees

Pursuant to various management agreements, the Company earns annual management fees for services performed in connection with managing the NMTC CDEs, exit fees upon the successful dissolution of prior NMTC CDEs after the NMTC compliance period, and may make advances to the NMTC CDEs. These advances do not bear interest and are payable upon the availability of sufficient cash flows from the NMTC CDEs. As of December 31, 2024 and 2023, the outstanding balance of such advances was \$0. For the years ended December 31, 2024 and 2023, the management fees earned were \$434,000 and \$893,000, respectively, which are included in management fees in the accompanying consolidated statements of income.

13. Commitments

Leases

The Company leases its office space in several cities in which it is operating, under various lease agreements.

The Company accounts for the facilities leases as operating leases. As of December 31, 2024, the balance of the right of use asset and lease liability was \$0. As of December 31, 2023, the balance of the right of use asset and lease liability was \$209,000 and \$205,000, respectively. The right of use asset and lease liability are included in the fixed assets and accounts payable and accrued expenses on the accompanying consolidated balance sheets, respectively.

In December 2024, the Company entered into a month-to-month lease agreement with Rama Holding L.P. to lease office space for \$18,000 each month.

For the years ended December 31, 2024 and 2023, lease costs relating to these leases were \$243,000 and \$238,000, respectively, which are included in rent expense in the accompanying consolidated statements of income.

**CLEARINGHOUSE COMMUNITY DEVELOPMENT
FINANCIAL INSTITUTION COMPANIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023**

14. Award income

CDFI Financial Assistance award

The Company periodically receives awards from CDFI Fund Financial Assistance (“FA”) awards to assist the Company in providing loans to businesses operating in underserved communities and businesses that benefit individuals with disabilities. During 2023, the Company received an FA award of \$1,550,000. For the years ended December 31, 2024 and 2023, the Company recognized award income of \$840,000 and \$166,000, respectively. As of December 31, 2024 and 2023, unrecognized award revenue was \$710,000 and \$1,550,000, respectively.

CDFI Capital Magnet Fund award

The Company periodically receives Capital Magnets Fund (“CMF”) awards to assist the Company in providing capital to fund low-income housing construction. During 2020, the Company received a CMF award of \$3,000,000. During 2021 the Company received a CMF award of \$2,000,000. During 2022, the Company received a CMF award of \$4,000,000. Award income from the CMF award is recognized as performance obligations are satisfied. For the years ended December 31, 2024 and 2023, the Company recognized CMF award income of \$2,178,000 and \$1,534,000, respectively. As of December 31, 2024 and 2023, unrecognized CMF award revenue was \$4,052,000 and \$6,229,000, respectively.

Finance Justice Fund

The Company receives a grant from OFN in implementation of the Finance Justice Fund program to assist the Company in working to support access to capital for communities experiencing disproportionately high rates of poverty and disinvestment through the United States. During 2021, the Company received an OFN grant of \$200,000. During 2024, the Company received an OFN grant of \$100,000. For the years ended December 31, 2024 and 2023, the Company recognized award income of \$200,000 and \$0, respectively. As of December 31, 2024 and 2023, unrecognized award revenue was \$100,000 and \$200,000, respectively.

Equitable Recovery Program

During 2023, the Company received a grant from the CDFI Equitable Recovery Program (“ERP”) of \$6,197,000, of which \$3,000,000 was received in 2023, to assist the Company in providing the ability to help low- and moderate-income communities recover from the COVID-19 pandemic and invest in long-term prosperity. For the years ended December 31, 2024 and 2023, the Company recognized award income of \$3,197,000 and \$3,000,000, respectively. As of December 31, 2024 and 2023, unrecognized award revenue was \$0.

CA Innovation and Investment Program

During 2024, the Company received a grant from the California Innovation and Investment Program (“Cal IIP”) of \$200,000 to assist the Company in providing technical assistance and capital access to economically disadvantaged communities in California. For the years ended December 31, 2024 and 2023, the Company recognized award income of \$200,000 and \$0, respectively. As of December 31, 2024 and 2023, unrecognized award revenue was \$0.

SUPPLEMENTARY INFORMATION

CLEARINGHOUSE COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION COMPANIES
SUPPLEMENTARY INFORMATION
Consolidating Balance Sheets
December 31, 2024

	Clearinghouse CDFI	CDFI Service Corporation	Clearinghouse NMTC, LLC	CREC LLCs	Alamo OZ Fund, LLC	Alamo QOZB, LLC	34 E. Jackson OZ Fund, LLC	34 E. Jackson QOZB, LLC	Mary Hammond Center LLC	Pine and Pacific, LLC	Pacific Ave, LP	Intercompany Elimination	Consolidated Before CREC and OZ Reclassification	CREC Reclassification	OZ Reclassification	Consolidated
ASSETS																
Cash and cash equivalents	\$ 53,378,000	\$ 111,000	\$ 1,000	\$ -	\$ -	\$ 39,000	\$ -	\$ 11,000	\$ 127,000	\$ 20,000	\$ 36,000	\$ -	\$ 53,723,000	\$ -	\$ -	\$ 53,723,000
Restricted cash	19,381,000	-	-	-	-	-	-	-	-	-	-	-	19,381,000	-	-	19,381,000
Loans receivable, net, before allowance for credit losses	727,656,000	-	-	-	-	-	-	-	-	-	-	-	727,656,000	-	-	727,656,000
Less: allowance for credit losses	(22,234,000)	-	-	-	-	-	-	-	-	-	-	-	(22,234,000)	-	-	(22,234,000)
Accrued interest receivable	5,189,000	-	-	-	-	-	-	-	-	-	-	-	5,189,000	-	-	5,189,000
Other receivables and prepaid expenses	2,711,000	17,000	-	-	-	-	-	59,000	2,000	-	2,000	-	2,791,000	-	-	2,791,000
Due from related parties	23,126,000	4,000	69,000	-	-	-	-	-	-	4,000	-	(23,203,000)	-	-	-	-
Fixed assets, net	1,419,000	-	-	-	-	6,772,000	-	6,869,000	2,394,000	5,000	7,508,000	-	24,967,000	-	(23,548,000)	1,419,000
Operating investments	13,539,000	-	-	-	-	-	-	-	-	-	-	-	13,539,000	-	10,369,000	23,908,000
Investment in other companies	5,085,000	-	165,000	-	1,700,000	-	2,000,000	-	-	7,048,000	-	(24,004,000)	(8,006,000)	-	13,179,000	5,173,000
Other real estate owned	-	9,132,000	-	-	-	-	-	-	-	-	-	-	9,132,000	-	-	9,132,000
Deferred taxes	9,642,000	-	-	-	-	-	-	-	-	-	-	-	9,642,000	-	-	9,642,000
TOTAL ASSETS	\$ 838,892,000	\$ 9,264,000	\$ 235,000	\$ -	\$ 1,700,000	\$ 6,811,000	\$ 2,000,000	\$ 6,939,000	\$ 2,523,000	\$ 7,077,000	\$ 7,546,000	\$ (47,207,000)	\$ 835,780,000	\$ -	\$ -	\$ 835,780,000
LIABILITIES AND STOCKHOLDERS' EQUITY																
LIABILITIES																
Accounts payable and accrued expenses	\$ 8,309,000	\$ 617,000	\$ -	\$ -	\$ -	\$ 70,000	\$ -	\$ 49,000	\$ 16,000	\$ -	\$ -	\$ (6,000)	\$ 9,055,000	\$ -	\$ -	\$ 9,055,000
Unamortized award funds	4,862,000	-	-	-	-	-	-	-	-	-	-	-	4,862,000	-	-	4,862,000
Accrued interest payable	3,212,000	-	-	-	-	8,000	-	-	-	-	-	-	3,220,000	-	-	3,220,000
Due to related parties	101,000	12,979,000	502,000	57,000	20,000	3,416,000	21,000	5,623,000	132,000	50,000	535,000	(23,430,000)	6,000	-	-	6,000
Lines of credit	86,329,000	-	-	-	-	-	-	-	-	-	-	-	86,329,000	-	-	86,329,000
Notes payable, Class A stockholders	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Notes payable, Federal Home Loan Bank of San Francisco	105,596,000	-	-	-	-	-	-	-	-	-	-	-	105,596,000	-	-	105,596,000
Notes payable, Bond Guarantee Program - net of unamortized debt issuance co.	331,612,000	-	-	-	-	-	-	-	-	-	-	-	331,612,000	-	-	331,612,000
Other notes payable - net of unamortized debt issuance costs	148,510,000	-	-	-	-	1,931,000	-	-	-	-	-	-	150,441,000	-	-	150,441,000
TOTAL LIABILITIES	688,531,000	13,596,000	502,000	57,000	20,000	5,425,000	21,000	5,672,000	148,000	50,000	535,000	(23,436,000)	691,121,000	-	-	691,121,000
STOCKHOLDERS' EQUITY																
Common stock, no par value	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Class A	68,461,000	-	-	-	-	-	-	-	-	-	-	-	68,461,000	-	-	68,461,000
Class C	3,580,000	-	-	-	-	-	-	-	-	-	-	-	3,580,000	-	-	3,580,000
Capital within consolidated group	-	20,000	1,000	(3,224,000)	1,700,000	1,700,000	2,000,000	2,000,000	2,487,000	7,045,000	7,045,000	(20,774,000)	-	-	-	-
Retained earnings	78,320,000	(4,352,000)	(268,000)	3,167,000	(20,000)	(314,000)	(21,000)	(733,000)	(112,000)	(18,000)	(34,000)	(2,997,000)	72,618,000	-	-	72,618,000
TOTAL STOCKHOLDERS' EQUITY	150,361,000	(4,332,000)	(267,000)	(57,000)	1,680,000	1,386,000	1,979,000	1,267,000	2,375,000	7,027,000	7,011,000	(23,771,000)	144,659,000	-	-	144,659,000
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 838,892,000	\$ 9,264,000	\$ 235,000	\$ -	\$ 1,700,000	\$ 6,811,000	\$ 2,000,000	\$ 6,939,000	\$ 2,523,000	\$ 7,077,000	\$ 7,546,000	\$ (47,207,000)	\$ 835,780,000	\$ -	\$ -	\$ 835,780,000

CLEARINGHOUSE COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION COMPANIES
SUPPLEMENTARY INFORMATION
Consolidating Balance Sheets
December 31, 2023

	Clearinghouse CDFI	CDFI Service Corporation	Clearinghouse NMTC, LLC	CREC LLCs	Alamo OZ Fund, LLC	Alamo QOZB, LLC	34 E. Jackson OZ Fund, LLC	34 E. Jackson QOZB, LLC	Mary Hammond Center LLC	Pine and Pacific, LLC	Pacific Ave LP	Intercompany Elimination	Consolidated Before CREC and OZ Reclassification	CREC Reclassification	OZ Reclassification	Consolidated
ASSETS																
Cash and cash equivalents	\$ 51,545,000	\$ 93,000	\$ 1,000	\$ -	\$ -	\$ 59,000	\$ -	\$ 14,000	\$ 86,000	\$ 46,000	\$ 8,000	\$ -	\$ 51,852,000	\$ -	\$ -	\$ 51,852,000
Restricted cash	18,408,000	-	-	-	-	-	-	-	-	-	-	-	18,408,000	-	-	18,408,000
Loans receivable, net, before allowance for credit losses	649,614,000	-	-	-	-	-	-	-	-	-	-	-	649,614,000	-	-	649,614,000
Less: allowance for credit losses	(21,122,000)	-	-	-	-	-	-	-	-	-	-	-	(21,122,000)	-	-	(21,122,000)
Accrued interest receivable	4,287,000	-	-	-	-	-	-	-	-	-	-	-	4,287,000	-	-	4,287,000
Other receivables and prepaid expenses	2,354,000	-	-	-	-	-	-	-	-	-	-	-	2,354,000	-	-	2,354,000
Due from related parties	13,766,000	3,000	69,000	-	-	-	47,000	6,000	731,000	375,000	-	(13,204,000)	649,000	-	-	649,000
Fixed assets, net	1,661,000	-	-	-	-	6,439,000	-	6,869,000	2,457,000	130,000	7,264,000	-	24,820,000	-	(23,159,000)	1,661,000
Operating investments	14,318,000	-	-	-	-	-	-	-	-	-	-	-	14,318,000	-	9,642,000	23,960,000
Investment in other companies	3,824,000	-	165,000	-	1,700,000	-	2,000,000	-	-	7,403,000	-	(24,696,000)	(9,604,000)	-	13,517,000	3,913,000
Other real estate owned	-	4,659,000	-	-	-	-	-	-	-	-	-	-	4,659,000	-	-	4,659,000
Deferred taxes	9,721,000	-	-	-	-	-	-	-	-	-	-	-	9,721,000	-	-	9,721,000
TOTAL ASSETS	\$ 748,376,000	\$ 4,755,000	\$ 235,000	\$ -	\$ 1,700,000	\$ 6,498,000	\$ 2,000,000	\$ 6,930,000	\$ 2,549,000	\$ 8,325,000	\$ 7,647,000	\$ (37,900,000)	\$ 751,115,000	\$ -	\$ -	\$ 751,115,000
LIABILITIES AND STOCKHOLDERS' EQUITY																
LIABILITIES																
Accounts payable and accrued expenses	\$ 6,673,000	\$ 288,000	\$ -	\$ -	\$ -	\$ 5,000	\$ -	\$ 10,000	\$ 16,000	\$ -	\$ -	\$ (6,000)	\$ 6,986,000	\$ -	\$ -	\$ 6,986,000
Unamortized award funds	7,979,000	-	-	-	-	-	-	-	-	-	-	-	7,979,000	-	-	7,979,000
Accrued interest payable	2,939,000	-	-	-	-	8,000	-	-	-	-	-	-	2,947,000	-	-	2,947,000
Due to related parties	97,000	7,894,000	502,000	57,000	15,000	2,942,000	17,000	573,000	131,000	927,000	277,000	(13,431,000)	1,000	-	-	1,000
Lines of credit	40,829,000	-	-	-	-	-	-	-	-	-	-	-	40,829,000	-	-	40,829,000
Notes payable, Class A stockholders	18,000,000	-	-	-	-	-	-	-	-	-	-	-	18,000,000	-	-	18,000,000
Notes payable, Federal Home Loan Bank of San Francisco	76,096,000	-	-	-	-	-	-	-	-	-	-	-	76,096,000	-	-	76,096,000
Notes payable, Bond Guarantee Program - net of unamortized debt issuance costs	316,153,000	-	-	-	-	-	-	-	-	-	-	-	316,153,000	-	-	316,153,000
Other notes payable - net of unamortized debt issuance costs	157,879,000	-	-	-	-	1,924,000	-	5,000,000	-	-	-	-	164,803,000	-	-	164,803,000
TOTAL LIABILITIES	626,645,000	8,182,000	502,000	57,000	15,000	4,879,000	17,000	5,583,000	147,000	927,000	277,000	(13,437,000)	633,794,000	-	-	633,794,000
STOCKHOLDERS' EQUITY																
Common stock, no par value																
Class A	48,172,000	-	-	-	-	-	-	-	-	-	-	-	48,172,000	-	-	48,172,000
Class C	3,580,000	-	-	-	-	-	-	-	-	-	-	-	3,580,000	-	-	3,580,000
Capital within consolidated group	-	20,000	1,000	(3,224,000)	1,700,000	1,701,000	2,000,000	2,000,000	2,487,000	7,401,000	7,401,000	(21,487,000)	-	-	-	-
Retained earnings	69,979,000	(3,447,000)	(268,000)	3,167,000	(15,000)	(82,000)	(17,000)	(653,000)	(85,000)	(3,000)	(31,000)	(2,976,000)	65,569,000	-	-	65,569,000
TOTAL STOCKHOLDERS' EQUITY	121,731,000	(3,427,000)	(267,000)	(57,000)	1,685,000	1,619,000	1,983,000	1,347,000	2,402,000	7,398,000	7,370,000	(24,463,000)	117,321,000	-	-	117,321,000
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 748,376,000	\$ 4,755,000	\$ 235,000	\$ -	\$ 1,700,000	\$ 6,498,000	\$ 2,000,000	\$ 6,930,000	\$ 2,549,000	\$ 8,325,000	\$ 7,647,000	\$ (37,900,000)	\$ 751,115,000	\$ -	\$ -	\$ 751,115,000

CLEARINGHOUSE COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION COMPANIES
SUPPLEMENTARY INFORMATION
Consolidating Statements of Income
For the year ended December 31, 2024

	Clearinghouse CDFI	CDFI Service Corporation	Clearinghouse NMTC, LLC	CREC LLCs	Alamo OZ Fund, LLC	Alamo QOZB, LLC	34 E. Jackson OZ Fund LLC	34 E. Jackson QOZB LLC	Mary Hammond Center LLC	Pine and Pacific, LLC	Pacific Ave, LP	Intercompany Elimination	Consolidated Before CREC and OZ Reclassification	CREC Reclassification	OZ Reclassification	Consolidated
INTEREST INCOME																
Interest on loans receivable	\$ 46,738,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 46,738,000	\$ -	\$ -	\$ 46,738,000
Interest-bearing deposits	1,551,000	-	-	-	-	-	-	-	-	-	-	-	1,551,000	-	-	1,551,000
Total interest income	48,289,000	-	-	-	-	-	-	-	-	-	-	-	48,289,000	-	-	48,289,000
INTEREST EXPENSE																
	(27,737,000)	-	-	-	-	(90,000)	-	(60,000)	-	-	-	-	(27,887,000)	-	150,000	(27,737,000)
Net interest income (expense)	20,552,000	-	-	-	-	(90,000)	-	(60,000)	-	-	-	-	20,402,000	-	150,000	20,552,000
PROVISION FOR CREDIT LOSSES																
	(4,603,000)	-	-	-	-	-	-	-	-	-	-	-	(4,603,000)	-	-	(4,603,000)
Net interest income after provision for credit losses	15,949,000	-	-	-	-	(90,000)	-	(60,000)	-	-	-	-	15,799,000	-	150,000	15,949,000
NON INTEREST INCOME																
Award income	6,615,000	-	-	-	-	-	-	-	-	-	-	-	6,615,000	-	-	6,615,000
Gain on debt retirement	2,307,000	-	-	-	-	-	-	-	-	-	-	-	2,307,000	-	-	2,307,000
NMTC sponsor fees	1,880,000	-	-	-	-	-	-	-	-	-	-	-	1,880,000	-	-	1,880,000
Management fees	934,000	-	-	-	-	-	-	-	-	-	-	-	934,000	-	-	934,000
Loan fees	479,000	-	-	-	-	-	-	-	-	-	-	-	479,000	-	-	479,000
Other income	386,000	-	-	-	-	121,000	-	30,000	153,000	-	-	-	690,000	-	(304,000)	386,000
Flow-through income from investment in other companies	3,000	-	-	-	-	-	-	-	-	1,000	-	(1,000)	3,000	-	(1,000)	2,000
Net loss from operating investments	(24,000)	-	-	-	-	-	-	-	-	-	-	(20,000)	(44,000)	-	(357,000)	(401,000)
Total non interest income	12,580,000	-	-	-	-	121,000	-	30,000	153,000	1,000	-	(21,000)	12,864,000	-	(662,000)	12,202,000
NON INTEREST EXPENSES																
Compensation and related benefits	12,896,000	-	-	-	-	-	-	-	-	-	-	-	12,896,000	-	-	12,896,000
General and administrative	1,719,000	61,000	-	-	-	111,000	-	46,000	110,000	2,000	-	-	2,049,000	-	(269,000)	1,780,000
Professional fees	654,000	844,000	-	-	5,000	3,000	4,000	4,000	1,000	14,000	3,000	-	1,532,000	-	(25,000)	1,507,000
Insurance	1,050,000	-	-	-	-	-	-	-	-	-	-	-	1,050,000	-	-	1,050,000
Marketing	360,000	-	-	-	-	-	-	-	-	-	-	-	360,000	-	-	360,000
Rent	243,000	-	-	-	-	39,000	-	-	6,000	-	-	-	288,000	-	(45,000)	243,000
Charitable contributions	156,000	-	-	-	-	-	-	-	-	-	-	-	156,000	-	-	156,000
Depreciation	49,000	-	-	-	-	110,000	-	-	63,000	-	-	-	222,000	-	(173,000)	49,000
Impairment of OREO	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental real estate operating expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total non interest expenses	17,127,000	905,000	-	-	5,000	263,000	4,000	50,000	180,000	16,000	3,000	-	18,553,000	-	(512,000)	18,041,000
Income (loss) before provision for income taxes	11,402,000	(905,000)	-	-	(5,000)	(232,000)	(4,000)	(80,000)	(27,000)	(15,000)	(3,000)	(21,000)	10,110,000	-	-	10,110,000
Provision for income taxes	(2,443,000)	-	-	-	-	-	-	-	-	-	-	-	(2,443,000)	-	-	(2,443,000)
Net income (loss)	\$ 8,959,000	\$ (905,000)	\$ -	\$ -	\$ (5,000)	\$ (232,000)	\$ (4,000)	\$ (80,000)	\$ (27,000)	\$ (15,000)	\$ (3,000)	\$ (21,000)	\$ 7,667,000	\$ -	\$ -	\$ 7,667,000

CLEARINGHOUSE COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION COMPANIES
SUPPLEMENTARY INFORMATION
 Consolidating Statements of Income
 For the year ended December 31, 2023

	Clearinghouse CDFI	CDFI Service Corporation	Clearinghouse NMTC, LLC	CREC LLCs	Alamo OZ Fund, LLC	Alamo QOZB, LLC	34 E. Jackson OZ Fund, LLC	34 E. Jackson QOZB, LLC	Mary Hammond Center LLC	Pine and Pacific, LLC	Pacific Ave, LP	Intercompany Elimination	Consolidated Before CREC Reclassification	CREC Reclassification	OZ Reclassification	Consolidated
INTEREST INCOME																
Interest on loans receivable	\$ 37,707,000	\$ -	\$ -	\$ 4,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37,711,000	\$ (4,000)	\$ -	\$ 37,707,000
Interest-bearing deposits	804,000	-	-	-	-	-	-	-	-	-	-	-	804,000	-	-	804,000
Total interest income	38,511,000	-	-	4,000	-	-	-	-	-	-	-	-	38,515,000	(4,000)	-	38,511,000
INTEREST EXPENSE	(22,567,000)	-	-	-	-	-	-	(138,000)	-	-	-	-	(22,705,000)	-	138,000	(22,567,000)
Net interest income (expense)	15,944,000	-	-	4,000	-	-	-	(138,000)	-	-	-	-	15,810,000	(4,000)	138,000	15,944,000
PROVISION FOR CREDIT LOSSES	(3,842,000)	-	-	-	-	-	-	-	-	-	-	-	(3,842,000)	-	-	(3,842,000)
Net interest income after provision for credit losses	12,102,000	-	-	4,000	-	-	-	(138,000)	-	-	-	-	11,968,000	(4,000)	138,000	12,102,000
NON INTEREST INCOME																
Award income	4,700,000	-	-	-	-	-	-	-	-	-	-	-	4,700,000	-	-	4,700,000
Gain on debt retirement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
NMTC sponsor fees	2,080,000	-	-	-	-	-	-	-	-	-	-	-	2,080,000	-	-	2,080,000
NMTC management fees	1,337,000	-	-	-	-	-	-	-	-	-	-	-	1,337,000	-	-	1,337,000
Loan fees	148,000	-	-	-	-	-	-	-	-	-	-	-	148,000	-	-	148,000
Other income	358,000	-	-	475,000	-	-	-	13,000	153,000	-	-	(441,000)	558,000	(97,000)	(166,000)	295,000
Flow-through income from investment in other companies	2,000	-	-	-	-	-	-	-	-	2,000	-	(2,000)	2,000	-	(2,000)	-
Net loss from operating investments	(130,000)	-	-	-	-	-	-	-	-	-	-	73,000	(57,000)	63,000	(284,000)	(278,000)
Total non interest income	8,495,000	-	-	475,000	-	-	-	13,000	153,000	2,000	-	(370,000)	8,768,000	(34,000)	(452,000)	8,282,000
NON INTEREST EXPENSES																
Compensation and related benefits	9,996,000	-	-	-	-	-	-	-	-	-	-	-	9,996,000	-	-	9,996,000
General and administrative	1,302,000	2,000	-	-	-	3,000	-	44,000	156,000	-	15,000	-	1,522,000	-	(218,000)	1,304,000
Professional fees	283,000	494,000	-	-	5,000	3,000	6,000	3,000	1,000	1,000	16,000	-	812,000	-	(24,000)	788,000
Insurance	1,012,000	-	-	-	-	-	-	-	-	-	-	-	1,012,000	-	-	1,012,000
Marketing	347,000	-	-	-	-	-	-	-	-	-	-	-	347,000	-	-	347,000
Rent	238,000	-	-	-	-	-	-	-	9,000	-	-	-	247,000	-	(9,000)	238,000
Charitable contributions	133,000	-	-	-	-	-	-	-	-	-	-	-	133,000	-	-	133,000
Depreciation	62,000	-	-	11,000	-	-	-	-	63,000	-	-	-	136,000	(11,000)	(63,000)	62,000
Impairment of OREO	-	137,000	-	-	-	-	-	-	-	-	-	-	137,000	-	-	137,000
Rental real estate operating expenses	-	-	-	27,000	-	-	-	-	-	-	-	-	27,000	(27,000)	-	-
Total non interest expenses	13,373,000	633,000	-	38,000	5,000	6,000	6,000	47,000	229,000	1,000	31,000	-	14,369,000	(38,000)	(314,000)	14,017,000
Income (loss) before provision for income taxes	7,224,000	(633,000)	-	441,000	(5,000)	(6,000)	(6,000)	(172,000)	(76,000)	1,000	(31,000)	(370,000)	6,367,000	-	-	6,367,000
Provision for income taxes	(1,717,000)	-	-	-	-	-	-	-	-	-	-	-	(1,717,000)	-	-	(1,717,000)
Net income (loss)	\$ 5,507,000	\$ (633,000)	\$ -	\$ 441,000	\$ (5,000)	\$ (6,000)	\$ (6,000)	\$ (172,000)	\$ (76,000)	\$ 1,000	\$ (31,000)	\$ (370,000)	\$ 4,650,000	\$ -	\$ -	\$ 4,650,000